Camec Finance Limited

(Registered number: 6662004)

Annual Report for the year ended 31 December 2017

Camec Finance Limited

Contents

Camec Finance Limited

Strategic Report for the year ended 31 December 2017

The Directors present their Strategic Report of Camec Finance Limited (the "Company") for the year ended 31 December 2017.

Review of the business and future developments
The Company is a fully owned subsidiary company of ENRC Africa Holdings Limited ('Parent') with no principal activity. The Directors do not anticipate any significant changes to the Company's principal activities in the future.

The results of the Company show a result of US$nil for the financial year ended 31 December 2017 (2016:US$nil). The Company has total shareholders' funds of US$nil as at 31 December 2017 and 2016.

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Eurasian Resources Group S.à r.l., '(ERG S.à r.l.'), and its subsidiaries ('the Group') and are not managed separately. For ERG S.à r.l., these are discussed in the Group's annual report, which does not form part of this report. Refer to note 7 in the financial statements for Company policies on financial risk management, together with details of financial instruments.

Capital risk management
From the perspective of the Company, capital management is integrated with the principal risks of ERG S.à r.l. and is not managed separately. Liquidity, compliance with banks' covenants, valuation of investments are the key areas of the Directors' attention and are the basis for key performance indicators. Refer to note 7 in the financial statements for Company policies on capital risk management.

Key performance indicators (KPIs)
Given the nature of the Company's business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Environmental and employee matters
Given the nature of the Company's business the Directors believe that there are no significant environmental matters that are likely to have an effect on the current or future performance of the Company. There are no employees employed by the Company.

On behalf of the board

P. Aggleton

Paul Aggleton
Director
Camec Finance Limited
5th Floor
6 St. Andrew Street
London, EC4A 3AE
United Kingdom
Date: 25 June, 2018

Directors' Report for the year ended 31 December 2017

The Directors present their annual report and the audited financial statements of Camec Finance Limited (the "Company") for the year ended 31 December 2017.

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

Paul Aggleton
Dmitry Melnikov (appointed 29 March 2017)

Dividends
The Directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: US$nil).

Called up share capital
At 31 December 2017 and 31 December 2016, the Company's authorised, issued and fully paid share capital is US$222 million consisting of 222,064,659 shares of US$1 par value each.

Going concern
Refer to the Principal accounting policies in note 1 of the financial statements for the assessment of going concern.

Future outlook
Refer to the Strategic Report for further details.

Qualifying third party indemnity provisions
The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as a Director of the Company. These indemnities are qualifying third party indemnity provisions within the meaning given to that term by Section 234 of the Companies Act 2006. These indemnity provisions were in force during the year and remain in force at the time this report is approved.

Research and development
During the year, the Company did not undertake any research and development activities (2016: nil).

Statement of directors' responsibilities
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 then 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.

Directors' Report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities (continued)
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.

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.

Disclosure of information to auditors
Each of the Directors in office at the date of approval of this report confirms that:

1) as far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

2) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (1) to (4) of the Companies Act 2006.

Independent auditors
The independent auditors, PricewaterhouseCoopers LLP, having indicated their willingness to continue in office and will be deemed to be re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

P. Aggleton

Paul Aggleton
Director
Camec Finance Limited
5th Floor
6 St. Andrew Street,
London, EC4A 3AE
United Kingdom
Date: 25 June, 2018

Independent auditors' report to the members of Camec Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion, Camec Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result 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, which comprise: the statement of financial position as at 31 December 2017; the income statement, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a 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 2017 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 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. 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.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2018

Camec Finance Limited

Income statement

In millions of US$	Note	Year ended 31 December 2017	2016
Impairment loss	4	**(4)**	(2)
Operating loss		**(4)**	(2)
Interest receivable and similar income from a group undertaking		**4**	2
Result before taxation		**-**	-
Income tax expense	5	**-**	-
Result for the financial year		**-**	-
Result for the financial year attributable to:			
Equity holders of the Company		**-**	-

Statement of comprehensive income

In millions of US$	Year ended 31 December 2017	2016
Result for the financial year	**-**	-
Total comprehensive income for the year	**-**	-
Total comprehensive income attributable to:		
Equity holders of the Company	**-**	-

Camec Finance Limited

Statement of financial position

In millions of US$	Note	As at 31 December 2017	2016
Current assets			
Amount owed by Group undertaking	6	-	-
Total current assets		-	-
Net current assets		-	-
Capital and reserves			
Called up share capital	8	**222**	222
Other reserves		**861**	861
Accumulated losses		**(1,083)**	(1,083)
Total shareholders' funds		-	-

The financial statements on pages 8 to 17 were approved by the Board of Directors on 25 June, 2018 and were signed on its behalf by:

P. Aggleton

Paul Aggleton
Director

Camec Finance Limited Registered number 6662004

Camec Finance Limited

Statement of changes in equity

	Attributable to equity holders of the Company			
In millions of US$	Called up share capital	Other reserves	Accumulated losses	Total shareholders' funds
Balance as at 1 January 2016	222	861	(1,083)	-
Result for the financial year and total comprehensive income for the year	-	-	-	-
Balance as at 31 December 2016	222	861	(1,083)	-
Result for the financial year and total comprehensive income for the year	-	-	-	-
Balance as at 31 December 2017	**222**	**861**	**(1,083)**	**-**

Notes to the Financial Statements for the year ended 31 December 2017

1. Principal Accounting Policies

General information

The Company is a fully owned subsidiary company of ENRC Africa Holdings Limited ('Africa Holdings') with no principal activity. The Company is a private limited company and is incorporated and domiciled in the United Kingdom. The registered office of the Company is 5th Floor, 6 St. Andrew Street, London EC4A 3AE.

Basis of accounting

These financial statements are for the year ended 31 December 2017.

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable using the Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements. Therefore, these financial statements include financial information about the Company as an individual undertaking rather than as a group.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

FRS101 disclosure exemptions

The following disclosure exemptions have been adopted under the FRS 101 reduced Disclosure framework:

IFRS 2, 'Share based payments': paragraphs 45(b) and 46 to 52
IFRS 7, 'Financial instruments: Disclosures'
IFRS 13, 'Fair value measurement': paragraphs 91 to 99
IAS 1, 'Presentation of Financial Statements': paragraphs 38; 10(d); 16; 38A; 38B-D; 111; and 134-136
IAS 7, 'Statement of Cash flows'
IAS 8, 'Accounting policies, changes in accounting estimates and errors': paragraphs 30 and 31
The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
IAS 36, 'Impairment of Assets': paragraphs 130 (f) (ii), 130 (f) (iii), 134 (d)-(f), 135 (c)-(e).

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017 have had a material impact on the company.

Going concern basis

ERG S.à r.l., the Company's ultimate parent company, has provided a letter of support for the Company, confirming their intention to provide support and assistance to enable the Company to meet its liabilities as they fall due and to carry on its business without significant curtailment of operations for the foreseeable future and not less than 12 months from the date of the approval of the Company's statutory financial statements, as long as the entity remains part of ERG S.à r.l. consolidated group (the Group). The Directors have relied on this letter in forming a conclusion on going concern. The Group accounts included the following disclosure.

The Group has reviewed the liquidity available for the period until 30 June 2019. Throughout the period under review the Group generates sufficient cash flow to maintain a position above minimum working capital requirements. During 2017 and 2018 commodity prices continued to improve considerably which has given the Group additional headroom when considering its liquidity.

1. **Principal Accounting Policies** (continued)

Going concern basis (continued)

During the year the Group secured additional €105 million funding under its Prepayment facility with VTB Capital Trading and received a US$50 million advance payment under the offtake agreement with Gerald Metals.

In February 2017 China Nonferrous Metal Industry's Foreign Engineering and Construction Company Limited ('NFC China') and NFC Development ('DRC') Company Limited S.à r.l. ('NFC DRC') started the works under an Engineering, Procurement and Construction contract (the 'EPC Contract') signed with the Group for the purpose of the construction of Metalkol RTR project. The project will further enhance Group's long-term, stable supplies of quality cobalt and copper products to the market. As of 31 December 2017 US$169 million was incurred under EPC contract through acknowledgment of debt by issuance of the promissory notes.

A number of finance lease agreements were also concluded by the Group, including two agreements with Rail Leasing LLP for a total amount of US$72 million.

On 13 April 2017, the Group amended a US$50 million offtake agreement with NFC Kazakhstan dated 31 May 2016. The maturity of the facility was extended until 31 December 2019.

On 28 April 2017 and 27 July 2017, the Group entered into an amendment and restatement and amendment agreement respectively to its US$2,647 million facility agreement with Sberbank of Russia. Under the revised terms, the maturity of the facility was extended until November 2022 with an option of further extension until November 2025 and total commitment has been increased to US$2,902 million. Other amendment agreement was signed on 26 January 2018 which further reduced the interest rate and discontinued the deferral of interest.

On 4 October 2017, the Group amended its revolving credit facility with Eurasian Development Bank originally signed on 4 October 2016. Under the revised terms, the facility has an applicable interest rate of 6.0% per annum and is repayable in 2022 by bullet repayment.

On 13 February 2018, the Group amended its US$3,014 million facility with VTB bank. The interest rate of the facility as well as the portion of deferred interest has been further decreased.

The Group's loan facility agreements include a considerable number of various financial and non-financial covenants. As of 31 December 2016 the Group did not comply with certain non-financial covenants. The Group was working with its main lenders to obtain waivers in respect of outstanding breaches with a view to have all outstanding breaches remedied by the end of 2017, which has been achieved, except for a waiver regarding historic cross defaults from the certain lender, which was issued on 30 March 2018. The Managers have made a judgment of interpretation of the law in considering the debt of that lender, which has impact on classification of the borrowings of the Group due to the cross-default provisions. The Managers concluded that the Group has the right to unconditionally defer settlement of the liability for at least 12 months after the reporting date at 31 December 2017.

The Group appreciates the dependence of liquidity on commodity prices in our key markets and ability to raise additional funding when required. To ensure adequate liquidity is available to meet contractual obligations, the Group ensures continuing focus on operational efficiency, working capital improvements and allocation and spending of capital expenditures budget.

1. **Principal Accounting Policies** (continued)

Going concern basis (continued)

The Managers consider that the Group can access adequate resources to continue its business operations for the foreseeable future and that the preparation of the Group's consolidated financial statements under the going concern basis is appropriate and accordingly the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

Based on the Group's conclusion on its ability to continue as a going concern, and the letter of support from the ultimate parent company which is an intent of support, the Directors of the Company consider that the Company has access to adequate resources to continue its operations in its current capacity for the foreseeable future and that the preparation of these financial statements under the going concern basis is appropriate and accordingly it will be able to realise its assets and discharge its liabilities in the normal course of business.

1. Principal Accounting Policies (continued)

Foreign currencies

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'). The functional and presentation currency of the Company is US dollars. At 31 December 2017, the exchange rate was £1 = US$1.3499 (2016: £1 = US$1.2295) and the average rate for the year was £1 = US$ 1.2867 (2016: £1 = US$1.3511).

Transactions denominated in currencies other than US dollars are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US dollars are translated using the rate of exchange ruling at the end of the reporting period date. Exchange differences are charged or credited to the income statement in the year in which they arise.

Financial assets and liabilities

Receivables, including amounts owed by group companies, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Payables, including amounts owed to group companies, are initially recorded at fair value, net of transaction costs incurred, and subsequently re-measured at amortised cost using the effective interest method.

Finance income and expenses are accounted for on an accruals basis using the effective interest method.

Taxation including deferred tax

Current tax in respect of the taxable profit or loss for a year is provided using the tax rates that have been enacted or substantively enacted by the end of the reporting period date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period date, except where otherwise prescribed by the financial reporting standards. Deferred tax liabilities are generally recognised in respect of all timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured using the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the end of reporting period date. Deferred tax is recognised on an undiscounted basis.

Current and deferred tax are recognised in the income statement for the year except to the extent that it is attributable to a gain or a loss recognised directly in the statement of comprehensive income in which case tax attributable to that gain or loss is also recognised directly in the statement of comprehensive income.

Dividends

Dividends payable are recognised as a liability and deducted from equity at the end of the reporting period date only if they have been approved before or on that date. Dividends are disclosed when they have been proposed before the end of the reporting period date or when declared after that date but before the financial statements are authorised for issue.

2. Critical accounting judgements, estimates and assumptions in applying accounting policies

In the application of the Company's accounting policies, which are described in note 1, the Directors of the Company make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. This estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company makes estimates, judgements and assumptions conceming the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The Company assesses at the end of each reporting period whether there is objective evidence that an investment, financial asset or group of assets is impaired. An asset or a group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

3. Key management personnel remuneration and auditors' remuneration

Key management personnel ('KMP') are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. They include the directors. For the year ending 31 December 2017, the allocation made, including amount paid by other Group companies, being short-term employee benefits, under separate employment contract but not recharged, for KMP services provided to the Company was US$12,000 (2016: US$6,000).

The fee of the statutory financial statements audit of the Company for 2017 is US$14 thousand (2016: US$14 thousand). This fee has been borne by a fellow Group company. No other fees from UK or foreign-based accounting firms were recognised in relation to the audit of the 2017 financial statements.

4. Impairment loss

	Year ended 31 December	
In millions of US$	**2017**	2016
Impairment of amount owed by a group undertaking	**(4)**	(2)
Impairment	**(4)**	(2)

The impairment loss relates to 2017 interest income from a group undertaking of US$4 million (2016: US$2 million), arising on the loan balance of US$62 million (2016: US$58 million). Refer to note 6.

5. Income tax expense

The tax assessed for the year differs from the loss on ordinary activities before taxation multiplied by the applicable rate of corporation tax in the UK of 19.25% pro rata (2016: 20%). The differences are explained below:

	Year ended 31 December	
In millions of US$	**2017**	2016
Reconciliation of total tax charge		
Result before taxation	-	-
Notional tax on result before taxation at the applicable rate of UK corporation tax of 19.25% in 2017 (2016: 20%)	-	-
Effects of:		
Items not deductible for tax purposes	**1**	-
Group relief for nil payment	**(1)**	-
Total tax charge for the year	**-**	-

The Company has realised a taxable profit of US$4 million. Upon group relief surrender by UK group companies, no UK corporation tax is due for the financial year 2017.

Factors affecting future tax charges

The main UK corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013. Further reductions in the applicable rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015 were enacted on 17 July 2013. The main UK corporation tax rate has been reduced from 20% to 19% with effect from 1 April 2017. A further reduction in the applicable rate of corporation tax to 17% with effect from 1 April 2020 was also enacted in 2016.

On the basis that the Company does not have any recognised deferred tax assets or liabilities at the end of the reporting period date, no re-measurement of these balances is necessary.

6. Amount owed by Group undertaking

	As at 31 December	
In millions of US$	**2017**	2016
Amount owed by Group undertaking	**62**	58
Impairment provision against amount owed by Group undertaking	**(62)**	(58)
Total amount owed by Group undertaking	**-**	-

The amount due from a fellow Group undertaking of US$62 million bears interest at 7.31%. The initial repayment is in January 2021, and is renewed automatically each year unless there is a written notice from either party to the loan agreement to the contrary.

A review of the loan receivable was undertaken as at 31 December 2017 and based on the financial position of the Group undertaking there was evidence to suggest that it was probable that the amount receivable would not be recovered. The Company has impaired the value of the loan receivable down to nil based on the evidence available as at 31 December 2017. This evidence included an analysis of the financial position and future outlook of this company. The financial position as at 31 December 2017 represented the fair value of the assets and liabilities held by the company as at 31 December 2017, therefore based on the evidence available to the Company the amount after impairment charges was considered to be recoverable.

All financial indebtedness owed to the company by any other member of the Group is pledged as security for the Group's outstanding debt of US$2,964 million.

7. Financial Risk Management

Principal risks

Financial risk management is the responsibility of the Company and the Company's ultimate parent entity, ERG S.à r.l. There have been no significant changes to any risk exposures from the previous year and as such no changes in the processes for managing risk.

Credit risk

Credit risk is managed on group basis. Reference is made to note 4 and note 7 for the Company's assessment of its loan receivable.

Capital risk management

Capital risk is managed at the ultimate parent entity level. In order to maintain or adjust the capital structure, ERG S.à r.l. may adjust the amount of returned capital to shareholders, issue new shares or sell assets to manage its debt level. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from 2016.

The capital structure of the Company consists of equity, comprising issued capital, reserves and retained losses.

Liquidity Risk

The Company considers liquidity risk to be minimal due to the support from its ultimate parent entity.

8. Called up share capital

At 31 December 2017 and 2016, the Company's authorised, issued and fully paid share capital is US$222 million consisting of 222,064,659 shares of US$1 par value each.

9. Ultimate parent company

The Company's ultimate parent company and controlling party is Eurasian Resources Group S.à r.l., ('ERG S.à r.l.'). ERG S.à r.l. is the smallest and largest Group to consolidate these financial statements. Eurasian Resources Group S.à r.l. is incorporated in Luxembourg. Copies of Eurasian Resources Group S.à r.l.'s consolidated financial statements are available from the Luxembourg Registre de Commerce et des Societes, L-2961 Luxembourg.

The immediate parent entity of the Company is ENRC Africa Holdings Limited incorporated in the United Kingdom.