ENRC Business & Technology Services UK Limited

(Registered number: 07017645)

Annual Report for the year ended 31 December 2017

ENRC Business & Technology Services UK Limited

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ENRC Business & Technology Services UK Limited

Strategic Report for the year ended 31 December 2017

The sole Director presents the Strategic Report of ENRC Business & Technology Services UK Limited ("the Company") for the year ended 31 December 2017.

Review of the business and future developments

Until 2014, the principal activity of the Company was to provide project management services for the development of an IT platform for Eurasian Resources Group S.à r.l. ("ERG S.à r.l.") and its subsidiaries (the 'Group'); the Company was reimbursed for this through its parent company ENRC Management (UK) Limited. During 2014, the operations of the Company ceased and all employees were discharged. As at 31 December 2017 and 2016, the Company has no substantial activities and has entered into the process of winding down.

The results of the Company show £nil for the financial year ended 31 December 2017 (2016: £nil). The Company has a total shareholders' deficit of £16,115,036 as at 31 December 2017 (2016: £16,115,036 deficit).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. For Eurasian Resources Group S.à r.l., these are discussed in the Group's annual report which does not form part of this report and is available publicly from the Luxembourg Registre de Commerce et des Societies. Refer to the principal accounting policies in note 1 for the assessment of going concern.

Key performance indicators

Given the nature of the Company's business, the sole Director is of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board:

P. Aggleton

Paul Aggleton
Sole Director
ENRC Business & Technology Services UK Limited
5th Floor
6 St Andrew Street
London, EC4A 3AE
Date: 25 June, 2018.

ENRC Business & Technology Services UK Limited

Director's Report for the year ended 31 December 2017

The Sole Director presents his Report and the audited financial statements of ENRC Business & Technology Services UK Limited (the "Company") for the year ended 31 December 2017.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Director

The Sole Director of the Company who was in office during the year and up to the date of signing the financial statements was:

Paul Aggleton

Dividends

The Sole Director of the Company does not recommend the payment of a dividend for the year ended 31 December 2017 (2016: £nil).

Share capital

At 31 December 2017 and 2016, the Company's authorised and issued share capital is £2 consisting of 2 shares of £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 more information.

Qualifying third party indemnity provisions

The Company has entered into deeds of indemnity for the benefit of the Sole Director of the Company in respect of liabilities to which he may become liable in his capacity as a Sole 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 didn't undertake any research and development activities (2016: £nil).

Statement of Director's responsibilities

The Sole Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Statement of Director's responsibilities (continued)

Company law requires the Sole Director to prepare financial statements for each financial year. Under that law the Sole Director has 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 Sole Director must not approve the financial statements unless he is 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 Sole Director is 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.

The Sole Director is 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 Sole Director is 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

The Sole Director in office at the date of approval of this report confirms that:

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

2) the Sole Director has taken all the steps that he ought to have taken as a Sole Director in order to make himself 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

Sole Director
ENRC Business & Technology Services UK Limited
5th Floor
6 St. Andrew Street
London EC4A 3AE
United Kingdom
Date: 25 June, 2018.

Independent auditors' report to the members of ENRC Business & Technology Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, ENRC Business & Technology Services UK 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is 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 Director's 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 Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's 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 Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Statement of director's responsibilities set out on page 4, the director is 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 director is 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 director is 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 director either intends 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 director's 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

ENRC Business & Technology Services UK Limited

Income statement

In £	Year ended 31 December 2017	2016
Administrative expenses	-	-
Operating expenses	-	-
Income tax expense	-	-
Result for the year	-	-
Result for the year attributable to:		
Equity holders of the Company	-	-

Statement of comprehensive income

In £	Year ended 31 December 2017	2016
Result for the year	-	-
Total comprehensive result for the year	-	-
Total comprehensive result for the year attributable to:		
Equity holders of the Company	-	-

The notes on pages 11 to 14 are an integral part of the financial statements.

ENRC Business & Technology Services UK Limited

Statement of financial position

In £	Note	As at 31 December 2017	2016
Current assets			
Amounts owed by Group undertakings	2	**2**	2
Total current assets		**2**	2
Current liabilities			
Amounts owed to Group undertakings	3	**(16,115,038)**	(16,115,038)
Total current liabilities		**(16,115,038)**	(16,115,038)
Net liabilities		**(16,115,036)**	(16,115,036)
Capital and reserves			
Share capital	4	**2**	2
Accumulated losses		**(16,115,038)**	(16,115,038)
Total shareholders' deficit		**(16,115,036)**	(16,115,036)

The financial statements on pages 8 to 14 were approved and signed by the sole Director on 25 June, 2018 .

Paul Aggleton
Sole Director

ENRC Business & Technology Services UK Limited

Registered number 07017645

ENRC Business & Technology Services UK Limited

Statement of changes in equity

In £	Share capital	Accumulated losses	Total shareholders' deficit
Balance as at 1 January 2016	2	(16,115,038)	(16,115,036)
Result for the year and total comprehensive expense	-	-	-
Balance as at 31 December 2016	2	(16,115,038)	(16,115,036)
Result for the year and total comprehensive result	-	-	-
Balance as at 31 December 2017	**2**	**(16,115,038)**	**(16,115,036)**

The notes on page 11 to 14 are an integral part of the financial statements.

1. Principal Accounting Policies

General information

Until 2014, the principal activity of the Company was to provide project management services for development of an IT platform for Eurasian Resources Group S.à. r.l. ("ERG S.à. r.l.") and its subsidiaries (the 'Group') and it is reimbursed for this through its parent company ENRC Management (UK) Limited. Since the end of 2014, the Company has no substantial activities and has entered into the process of winding down.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' (FRS101).

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.

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

Going concern

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 Sole Director has 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.

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.

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

Going concern (continued)

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.

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.

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 British Pound Sterling. 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 foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the end of 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.

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.

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

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. **Amounts owed by Group undertakings**

The amount owed by a parent entity at 31 December 2017 was £2 (at 31 December 2016: £2).

3. **Amounts owed to Group undertakings**

The amount owed to a parent entity at 31 December 2017 was £16,115,038 (at 31 December 2016: £16,115,038) and relates to cash advances for working capital requirements. It is interest free and repayable on demand.

4. **Share capital**

At 31 December 2017 and 2016, the Company's authorised, issued and fully paid share capital is £2 consisting of 2 shares of £1 par value each.

5. **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 Companies House in the United Kingdom.

The immediate parent entity of the Company is ENRC Management (UK) Limited incorporated in the United Kingdom.