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ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

COMPANY INFORMATION

Directors	M P Donnelly C Howells E Klonarides W K B Ward-Brew
Company secretary	Anglo American Corporate Secretary Limited Intertrust Corporate Services (Jersey) Limited
Registered number	121469
Registered office	44 Esplanade St Helier Jersey JE4 9WG
Administration office	20 Carlton House Terrace London United Kingdom SW1Y 5AN
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London United Kingdom E14 5HP

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

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ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their annual report and the financial statements for the year ended 31 December 2017.

Principal activity

The Company's principal activity is as an investment holding company.

Dividends paid

There were no dividends paid in the year under review (2016 - \$NIL).

Results

The statement of comprehensive income for the year is set out on page 3.

Directors

The directors who served during the year were:

M P Donnelly
C Howells
E Klonarides
W K B Ward-Brew

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 10 August 2018 and signed on its behalf.



Claire Murphy
For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to 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 financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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 (Jersey) Law 1991. 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.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
Administrative expenses		1,722	(6,930)
Exceptional items		(154,650)	(25,500)
Operating loss	4	(152,928)	(32,430)
Interest receivable and similar income	5	2,975	871
Loss before tax		(149,953)	(31,559)
Tax on loss	6	-	(625)
Loss for the financial year		(149,953)	(32,184)
Total comprehensive income for the year		(149,953)	(32,184)

The notes on pages 7 to 16 form part of these financial statements.

The results relate to continuing operations of the Company.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
Fixed assets			
Investments	8	1	1
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due within one year	9	300,446	297,471
Cash at bank and in hand	10	39	39
		<u>300,485</u>	<u>297,510</u>
Creditors: amounts falling due within one year	11	(154,650)	(1,722)
Net current assets		<u>145,835</u>	<u>295,788</u>
Total assets less current liabilities		<u>145,836</u>	<u>295,789</u>
Net assets		<u>145,836</u>	<u>295,789</u>
Capital and reserves			
Called up share capital	13	50,200	50,200
Share premium account	14	277,773	277,773
Profit and loss account	14	(182,137)	(32,184)
		<u>145,836</u>	<u>295,789</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 August 2018.


C Howells
Director

The notes on pages 7 to 16 form part of these financial statements.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2017	50,200	277,773	(32,184)	295,789
Comprehensive income for the year				
Loss for the year	-	-	(149,953)	(149,953)
Total comprehensive income for the year	-	-	(149,953)	(149,953)
At 31 December 2017	50,200	277,773	(182,137)	145,836

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2016	50,000	-	(3,482,027)	(3,432,027)
Comprehensive income for the year				
Loss for the year	-	-	(32,184)	(32,184)
Total comprehensive income for the year	-	-	(32,184)	(32,184)
Shares issued during the year	200	3,759,800	-	3,760,000
Transfer to/from profit and loss account	-	(3,482,027)	3,482,027	-
Total transactions with owners	200	277,773	3,482,027	3,760,000
At 31 December 2016	50,200	277,773	(32,184)	295,789

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Anglo American Exploration Colombia Limited is a private company limited by shares, incorporated in Jersey and centrally managed and controlled from the United Kingdom.

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 (Jersey) Law 1991.

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
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Going concern

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. Anglo American Services (UK) Ltd have confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Anglo American plc.

The directors of the Company therefore feel that the Company will have sufficient funds, taking account of possible changes in trading performance and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

2.5 Valuation of investments

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.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 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.

2.8 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

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Financial instruments (continued)

to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

2.9 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.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

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.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.11 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.12 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.

2.13 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.

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. There are no key sources of estimation uncertainty.

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 8 for further information.

4. Operating loss

The operating loss is stated after charging:

	2017	2016
	\$	\$
Exchange differences	11	310

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Interest receivable

	2017	2016
	\$	\$
Interest receivable from group companies	2,975	864
Other interest receivable	-	7
	2,975	871

6. Taxation

The UK rate of corporation tax has been presented within the rate reconciliation below as the most applicable rate due to the company being UK resident for tax purposes.

	2017	2016
	\$	\$
Foreign tax		
Foreign tax on income for the year	-	625
Total current tax	-	625

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax of 19.25% (2016 - 20%). The differences are explained below:

	2017 \$	2016 \$
Loss before tax	<u>(149,953)</u>	<u>(31,559)</u>
Loss multiplied by standard rate of corporation tax of 19.25% (2016 - 20%)	(28,866)	(6,312)
Effects of:		
Impairment of investments	29,770	5,100
Losses no longer available	-	535
Group relief (claimed)/surrendered for nil consideration	(904)	677
Foreign tax suffered	-	625
Total tax charge for the year	<u>-</u>	<u>625</u>

Factors that may affect future tax charges

On 26 October 2015, the Finance (No. 2) Act 2015 was substantively enacted and provided for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and a further 1% reduction to 18% from 1 April 2020. On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for a reduction in the main rate of UK corporation tax to 17% from 1 April 2020.

7. Exceptional items

	2017 \$	2016 \$
Impairment expense	154,650	25,500
	<u>154,650</u>	<u>25,500</u>

After a review of the net asset value of the Company's investments as at 31 December 2017, the Company has recognised an impairment expense of \$154,650 (2016 - \$25,500) on its investment in Anglo American Colombia Exploration S.A.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Fixed asset investments

	Investments in associates \$
Cost or valuation	
At 1 January 2017	3,317,826
Additions	154,650
At 31 December 2017	<u>3,472,476</u>
Impairment	
At 1 January 2017	3,317,825
Charge for the period	154,650
At 31 December 2017	<u>3,472,475</u>
Net book value	
At 31 December 2017	<u><u>1</u></u>
At 31 December 2016	<u><u>1</u></u>

Participating interests

Associates

Name	Registered office	Class of shares	Holding	Principal activity
Anglo American Colombia Exploration S.A.	Colombia S.A.s, Edificio K2, 7th Floor Calle 97A, No. 9A-50, Colombia	Ordinary	14.97%	Investment company

During the year, the Company invested \$154,650 in Anglo American Colombia Exploration S.A.

After a review of the net asset value of the Company's investments as at 31 December 2017, the Company has recognised an impairment charge of \$154,650 (2016 - \$25,500) on its investment in Anglo American Colombia Exploration S.A.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Debtors

	2017 \$	2016 \$
Amounts owed by group undertakings	300,446	297,471
	<u>300,446</u>	<u>297,471</u>

The Company has facility agreements with affiliated undertakings of which \$300,446 had been advanced at year end. The balance bears interest at a market related rate. The classification of the amounts owed is based on the repayment terms.

10. Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank and in hand	39	39
	<u>39</u>	<u>39</u>

11. Creditors: Amounts falling due within one year

	2017 \$	2016 \$
Amounts owed to group undertakings	154,650	-
Accruals	-	1,722
	<u>154,650</u>	<u>1,722</u>

The Company has facility agreements with affiliated undertakings of which \$154,650 had been drawn at year end. The classification of the amounts owed is based on the repayment terms.

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Financial instruments

	2017 \$	2016 \$
Financial assets		
Cash	39	39
Loans and receivables measured at amortised cost	300,446	297,471
	<u>300,485</u>	<u>297,510</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(154,650)	(1,722)
	<u>(154,650)</u>	<u>(1,722)</u>

Loans and receivables measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and accruals.

13. Share capital

	2017 \$	2016 \$
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,004 Ordinary shares of \$50 each	<u>50,200</u>	<u>50,200</u>

14. Reserves

Share premium account

Share premium represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Profit and loss account

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

ANGLO AMERICAN EXPLORATION COLOMBIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Ultimate parent undertaking and controlling party

The immediate parent company is Anglo American Exploration Overseas Holdings Limited, a company registered in Jersey. The registered address of the immediate parent company is 44 Esplanade, St Helier, JE4 9WG, Jersey.

The 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 both the immediate and ultimate parent companies may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN, the registered address of the ultimate parent company.