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Registered number: 121268

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MINORCO PERU HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



MINORCO PERU HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A E Brennan (appointed 16 September 2020) G Ingram (appointed 7 May 2021) E Klonarides J P Maher (appointed 6 October 2020) W K B Ward-Brew (resigned 30 April 2021)
Company secretary	Anglo American Corporate Secretary Limited Ogier Global Company Secretary (Jersey) Limited
Registered number	121268
Registered office	3rd Floor 44 Esplanade St Helier Jersey JE4 9 WG
Administration office	17 Charterhouse Street London United Kingdom EC1N 6RA
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London United Kingdom E14 5HP

MINORCO PERU HOLDINGS LIMITED

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MINORCO PERU HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Jersey law and generally accepted accounting practice.

Company law requires the directors to prepare financial statements for each financial year which 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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 (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.

Principal activity

The principal activity of Minorco Peru Holdings Limited (the "Company") is as an investment holding company.

Dividends paid

There were no dividends paid in the year under review (2019 - \$NIL).

Results

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

Directors

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

A E Brennan (appointed 16 September 2020)
G Ingram (appointed 7 May 2021)
E Klonarides
J P Maher (appointed 6 October 2020)
W K B Ward-Brew (resigned 30 April 2021)

MINORCO PERU HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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. The Company's cash flow forecasts for the period to the end of June 2022, with considerations given to the uncertainty of the impact of Covid-19 pandemic on the wider macroeconomic environment and trading performance of the Group, show that the Company maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions.

The directors have also received support from Anglo American Services (UK) Ltd. for use to the extent that it is necessary, including but not limited to, not seeking repayment of amounts advanced to the Company by the Group unless alternative financing has been secured by the Company. This support will remain in place for the foreseeable future, including the period of 12 months from authorisation of the Company's financial statements.

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 25 June 2021 and signed by its order.



M Loosley
For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

MINORCO PERU HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Exceptional administrative expenses	4	(2,624,900)	(2,034,228)
Operating loss		<u>(2,624,900)</u>	<u>(2,034,228)</u>
Interest receivable and similar income	5	1	3
Loss before tax		<u>(2,624,899)</u>	<u>(2,034,225)</u>
Taxation	6	-	-
Loss for the financial year		<u>(2,624,899)</u>	<u>(2,034,225)</u>
Total comprehensive loss for the year		<u><u>(2,624,899)</u></u>	<u><u>(2,034,225)</u></u>

The notes on pages 7 to 14 form part of these financial statements.

The results relate to continuing operations of the Company.

MINORCO PERU HOLDINGS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Fixed assets			
Investments	7	1	1
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due within one year	8	138	137
		<u>138</u>	<u>137</u>
Creditors: amounts falling due within one year	9	(13,060,935)	(10,436,035)
Net current liabilities		<u>(13,060,797)</u>	<u>(10,435,898)</u>
Total assets less current liabilities		<u>(13,060,796)</u>	<u>(10,435,897)</u>
Net liabilities		<u><u>(13,060,796)</u></u>	<u><u>(10,435,897)</u></u>
Capital and reserves			
Called up share capital	11	50,255	50,255
Share premium account	12	57,859,138	57,859,138
Profit and loss account	12	(70,970,189)	(68,345,290)
Shareholders' deficit		<u><u>(13,060,796)</u></u>	<u><u>(10,435,897)</u></u>

The directors consider the Company is not required to appoint an auditor under Article 113(1) of the Companies (Jersey) Law 1991 and therefore have taken exemption from the provisions of the Companies (Jersey) Law 1991 relating to the audit of accounts.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2021.



E Klonarides
Director

The notes on pages 7 to 14 form part of these financial statements.

MINORCO PERU HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2020	50,255	57,859,138	(68,345,290)	(10,435,897)
Comprehensive loss for the year				
Loss for the year	-	-	(2,624,899)	(2,624,899)
Total comprehensive loss for the year	-	-	(2,624,899)	(2,624,899)
At 31 December 2020	50,255	57,859,138	(70,970,189)	(13,060,796)

The notes on pages 7 to 14 form part of these financial statements.

MINORCO PERU HOLDINGS LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2019	50,255	57,859,138	(66,311,065)	(8,401,672)
Comprehensive loss for the year				
Loss for the year	-	-	(2,034,225)	(2,034,225)
Total comprehensive loss for the year	-	-	(2,034,225)	(2,034,225)
At 31 December 2019	50,255	57,859,138	(68,345,290)	(10,435,897)

MINORCO PERU HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Minorco Peru Holdings 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 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

MINORCO PERU HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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. The Company's cash flow forecasts for the period to the end of June 2022, with considerations given to the uncertainty of the impact of Covid-19 pandemic on the wider macroeconomic environment and trading performance of the Group, show that the Company maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions.

The directors have also received support from Anglo American Services (UK) Ltd. for use to the extent that it is necessary, including but not limited to, not seeking repayment of amounts advanced to the Company by the Group unless alternative financing has been secured by the Company. This support will remain in place for the foreseeable future, including the period of 12 months from authorisation of the Company's financial statements.

2.4 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.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Taxation

Tax is recognised in profit or loss 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.

MINORCO PERU HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 Creditors

Creditors are amounts owed to group undertakings in respect of facility agreements.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

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 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 4 for further information.

4. Exceptional administrative expenses

	2020 \$	2019 \$
Impairment charge	2,624,900	2,034,228
	<u>2,624,900</u>	<u>2,034,228</u>

After a review of the net asset value of the Company's investments as at 31 December 2020, the Company has recognised an impairment charge of \$2,624,900 (2019 - \$2,034,228) on its advances for equity to Anglo American Peru S.A.

MINORCO PERU HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Interest receivable and similar income

	2020 \$	2019 \$
Interest receivable on loans from group companies	1	3
	<u>1</u>	<u>3</u>

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.

	2020 \$	2019 \$
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax of 19% (2019 - 19%). The differences are explained below:

	2020 \$	2019 \$
Loss before tax	<u>(2,624,899)</u>	<u>(2,034,225)</u>
Loss before tax multiplied by standard rate of corporation tax of 19% (2019 - 19%)	<u>(498,731)</u>	<u>(386,503)</u>
Effects of:		
Impairment of investments	<u>498,731</u>	<u>386,503</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

MINORCO PERU HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Taxation (continued)

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date.

7. Investments

	Investments in subsidiary companies \$	Loans to subsidiaries \$	Total \$
Cost or valuation			
At 1 January 2020	31,184,672	12,497,728	43,682,400
Additions	-	2,624,900	2,624,900
At 31 December 2020	<u>31,184,672</u>	<u>15,122,628</u>	<u>46,307,300</u>
Impairment			
At 1 January 2020	31,184,671	12,497,728	43,682,399
Charge for the period	-	2,624,900	2,624,900
At 31 December 2020	<u>31,184,671</u>	<u>15,122,628</u>	<u>46,307,299</u>
Net book value			
At 31 December 2020	<u>1</u>	<u>-</u>	<u>1</u>
At 31 December 2019	<u>1</u>	<u>-</u>	<u>1</u>

MINORCO PERU HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Anglo American Peru S.A.	Calle Esquilache 371, Piso 10, San Isidro, Lima 27, Peru	Investment Company	Ordinary	99.99%

Group financial statements are not presented as the Company is a wholly-owned subsidiary undertaking of Anglo American plc, which is 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 there is no regulatory obligation to prepare consolidated financial statements in accordance with IFRS 10.

During the year, the Company made advances for equity to Anglo American Peru S.A. of \$2,624,900. These advances have been fully provided for, resulting in a corresponding impairment of \$2,624,900.

It is intended that shares will be issued during 2021 in exchange for the advances outstanding as at 31 December 2020.

8. Debtors

	2020 \$	2019 \$
Amounts owed by group undertakings	138	137
	<u>138</u>	<u>137</u>

The Company has a deposit agreement with an affiliated undertaking of which \$138 (2019 - \$137) had been deposited at year end. The balance bears interest at a market related rate. The amounts owed are unsecured and repayable on demand.

MINORCO PERU HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Creditors: Amounts falling due within one year

	2020 \$	2019 \$
Amounts owed to group undertakings	13,060,935	10,436,035
	<u>13,060,935</u>	<u>10,436,035</u>

The Company has a facility agreement with an affiliated undertaking of which \$13,060,935 (2019 - \$10,436,035) had been drawn at year end. The balance bears interest at a market related rate. The amounts owed are unsecured and repayable on demand.

10. Financial instruments

	2020 \$	2019 \$
Financial assets		
Financial assets measured at amortised cost	<u>138</u>	<u>137</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(13,060,935)</u>	<u>(10,436,035)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings.

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

11. Called up share capital

	2020 \$	2019 \$
Shares classified as equity		
Authorised, allotted, called up and fully paid		
50,255 (2019 - 50,255) Ordinary shares of \$1 each	<u>50,255</u>	<u>50,255</u>

The Company has one class of ordinary shares which carry no right to fixed income.

MINORCO PERU HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. 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.

13. Post balance sheet events

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

14. Ultimate parent undertaking and controlling party

The immediate parent company is Anglo Peru Investments Limited, a company registered in Jersey. The registered address of the immediate parent company is 3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey.

The ultimate parent company and 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, 17 Charterhouse Street, London, EC1N 6RA, the registered office of the ultimate parent company.