
ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

COMPANY INFORMATION

Directors	O F J C de Rendinger (resigned 11 February 2019) M P Donnelly E Klonarides C Howells (resigned 27 September 2019) W K B Ward-Brew (appointed 12 March 2019)
Company secretary	Anglo American Corporate Secretary Limited
Registered number	09675116
Registered office	20 Carlton House Terrace London United Kingdom SW1Y 5AN
Independent auditor	Deloitte LLP Statutory Auditor Hill House 1 Little New St London United Kingdom EC4A 3TR
Bankers	Barclays Bank PLC 1 Churchill Place Canary Wharf London E14 5HP

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

Anglo American Capital Australia Limited (the "Company") is a financing company. There have not been any significant changes in the Company's principal activities in the year under review. 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.

Business review

As shown in the Company's statement of comprehensive income, the Company shows a profit after tax of AU \$79,267,000 (2018 - AU\$16,415,000). The increase in profit is largely as a result of higher interest received from group undertakings compared to the prior year.

The balance sheet shows that the Company is in a net asset position of AU\$2,051,583,000 (2018 - AU\$1,636,315,000).

Principal risks and uncertainties and financial risk management policies

The directors considered the risks attached to the Company's financial instruments. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. Credit risk is not considered to be material on the basis that the Company's debtor balances are due from other companies within the Anglo American Group.

Key performance indicators

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

Section 172(1) statement

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

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

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

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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

Our Purpose and Values

The Board recognises the role of the Company business in society and within the Anglo American Group. The Group's purpose is summarised as 'to re-imagine mining to improve people's lives', and the Company is focused on contributing to the achievement of this purpose.

The Group's Values: Safety; Care and Respect; Integrity; Accountability; Collaboration; and Innovation guide our behaviour and shape our culture, and are fundamental to creating enduring benefit for all our employees, shareholders, and stakeholders in a way that demonstrably improves people's lives.

Engaging our stakeholders

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

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

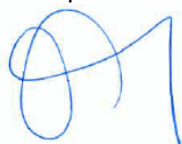
Long Term Decision Making

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

Relationships with Suppliers and Customers

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

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



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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activity

The principal activity of Anglo American Capital Australia Limited (the "Company") is as a financing company.

Results and dividends

The profit for the year, after taxation, amounted to AU\$79,267,000 (2018 - AU\$16,415,000).

The directors do not recommend payment of a dividend for the year (2018 - AU\$NIL).

Directors

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

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

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 (including specifically the potential impact of COVID-19 on the cash flows of the Company, Anglo American Services (UK) Ltd and Anglo American plc) and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

Principal risks and uncertainties and financial risk management policies

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

Future developments

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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Post balance sheet events

On 24 January 2020, the Company issued an additional 1,496 Ordinary shares for a total consideration of AU\$149,600,000.

On 24 February 2020, the Company issued an additional 231 Ordinary shares for a total consideration of AU\$23,100,000.

On 23 March 2020, the Company issued an additional 340 Ordinary shares for a total consideration of AU\$34,000,000.

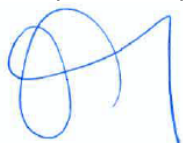
On 27 April 2020, the Company issued an additional 181 Ordinary shares for a total consideration of AU\$18,100,000.

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

Auditor

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

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



Claire Murphy

For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare annual financial statements for each financial year. Under that law the directors have elected to prepare the annual financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

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

- the Statement of comprehensive income;
- the Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 14.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

Matters on which we are required to report by exception

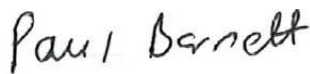
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Paul Barnett FCA

for and on behalf of

Deloitte LLP
Statutory Auditor

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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 AU\$000	2018 AU\$000
Interest receivable and similar income	6	86,769	17,824
Interest payable and expenses	7	-	(35)
PROFIT BEFORE TAX		86,769	17,789
Tax on profit	8	(7,502)	(1,374)
PROFIT FOR THE FINANCIAL YEAR		79,267	16,415
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		79,267	16,415

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

The notes on pages 13 to 20 form part of these financial statements.

The results relate to continuing operations of the Company.

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED
REGISTERED NUMBER: 09675116

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 AU\$000	2018 AU\$000
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	2,032,900	1,619,900
Cash at bank and in hand	10	18,683	16,415
		<u>2,051,583</u>	<u>1,636,315</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,051,583	1,636,315
NET ASSETS			
		<u>2,051,583</u>	<u>1,636,315</u>
CAPITAL AND RESERVES			
Called up share capital	11	20	16
Share premium account	12	1,955,881	1,619,884
Profit and loss account	12	95,682	16,415
SHAREHOLDERS' FUNDS		<u>2,051,583</u>	<u>1,636,315</u>

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



E Klonarides
Director

The notes on pages 13 to 20 form part of these financial statements.

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

	Called up share capital AU\$000	Share premium account AU\$000	Profit and loss account AU\$000	Total equity AU\$000
At 1 January 2019	16	1,619,884	16,415	1,636,315
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	79,267	79,267
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	79,267	79,267
Shares issued during the year	4	335,997	-	336,001
TOTAL TRANSACTIONS WITH OWNERS	4	335,997	-	336,001
AT 31 DECEMBER 2019	20	1,955,881	95,682	2,051,583

The notes on pages 13 to 20 form part of these financial statements.

Further details in respect of the shares issued during the year are disclosed in note 11.

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

	Called up share capital AU\$000	Share premium account AU\$000	Profit and loss account AU\$000	Total equity AU\$000
At 1 January 2018	-	-	-	-
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	16,415	16,415
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>-</u>	<u>16,415</u>	<u>16,415</u>
Shares issued during the year	16	1,619,884	-	1,619,900
TOTAL TRANSACTIONS WITH OWNERS	<u>16</u>	<u>1,619,884</u>	<u>-</u>	<u>1,619,900</u>
AT 31 DECEMBER 2018	<u>16</u>	<u>1,619,884</u>	<u>16,415</u>	<u>1,636,315</u>

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

1. General information

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

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

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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 requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

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

2. Accounting policies (continued)

2.3 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 (including specifically the potential impact of COVID-19 on the cash flows of the Company, Anglo American Services (UK) Ltd and Anglo American plc) and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

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

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

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is AUD.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Interest income

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

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

2. Accounting policies (continued)

2.7 Taxation

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

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

2.8 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.

2.9 Financial instruments

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

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

Financial assets

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

Fair value through profit or loss

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

Debt instruments at amortised cost

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

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt

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

2. Accounting policies (continued)

2.9 Financial instruments (continued)

instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

Financial liabilities

At amortised cost

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

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 determining recoverability of loans.

Determining recoverability of loans

The Company assesses the recoverability of loans to group undertakings and makes provision in the event that full recovery is not expected. The recoverability of loans is assessed by review of the net asset position of the group undertaking.

4. Operating profit

The audit fee of AU\$10,716 (2018 - AU\$10,110) payable to the Company's auditor for the audit of the Company's current year financial statements has been borne by Anglo American Services (UK) Ltd.

5. Employees

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

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

6. Interest receivable

	2019 AU\$000	<i>2018</i> <i>AU\$000</i>
Interest receivable from group companies	86,517	<i>17,824</i>
Foreign exchange gain	146	<i>-</i>
Other interest receivable	106	<i>-</i>
	<u>86,769</u>	<u><i>17,824</i></u>

7. Interest payable and similar expenses

	2019 AU\$000	<i>2018</i> <i>AU\$000</i>
Bank interest payable	-	<i>35</i>
	<u>-</u>	<u><i>35</i></u>

8. Taxation

	2019 AU\$000	<i>2018</i> <i>AU\$000</i>
Foreign tax on income for the year	7,502	<i>1,374</i>
Total current tax	<u>7,502</u>	<u><i>1,374</i></u>

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

8. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 AU\$000	2018 AU\$000
Profit before tax	86,769	17,789
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	16,486	3,380
Effects of:		
Group relief received for nil consideration	(8,984)	(2,006)
Total tax charge for the year	7,502	1,374

Factors that may affect future tax charges

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

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

9. Debtors

	2019 AU\$000	2018 AU\$000
Amounts owed by group undertakings	2,032,900	1,619,900
	2,032,900	1,619,900

The Company has facility agreements with Anglo American Australia Finance Limited of which AU\$2,032,900,000 (2018 - AU\$1,619,900,000) had been advanced at year end. The balance bears interest at a market related rate. The amounts owed are unsecured and repayable on demand.

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Cash and cash equivalents

	2019 AU\$000	2018 AU\$000
Cash at bank and in hand	18,683	16,415
	<u>18,683</u>	<u>16,415</u>

11. Share capital

	2019 AU\$	2018 AU\$
Allotted, called up and fully paid		
19,560 (2018 - 16,200) Ordinary shares of AU\$1.00 each	19,560	16,200
	<u>19,560</u>	<u>16,200</u>

During the year, the Company issued an additional 3,360 ordinary shares for total consideration of AU\$336,000,000.

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.

ANGLO AMERICAN CAPITAL AUSTRALIA LIMITED

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

13. Post balance sheet events

On 24 January 2020, the Company issued an additional 1,496 Ordinary shares for a total consideration of AU\$149,600,000.

On 24 February 2020, the Company issued an additional 231 Ordinary shares for a total consideration of AU\$23,100,000.

On 23 March 2020, the Company issued an additional 340 Ordinary shares for a total consideration of AU\$34,000,000.

On 27 April 2020, the Company issued an additional 181 Ordinary shares for a total consideration of AU\$18,100,000.

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

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

14. Ultimate parent undertaking and controlling party

The immediate parent company is Anglo American International Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and controlling party 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 office of both companies.