
ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

COMPANY INFORMATION

Directors	A S Grafton (appointed 19 December 2019) E C Klonarides A C MacPherson C W Miller (resigned 29 March 2019) C A O'Donnell A M O'Neill (appointed 27 March 2019) Z Quattrocchi (appointed 2 September 2019) T Sessel (appointed 27 March 2019) M T S Walker (appointed 12 March 2019)
Company secretary	Anglo American Corporate Secretary Limited
Registered number	11352289
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 United Kingdom E14 5HP

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

Anglo American Technical & Sustainability Services Ltd (the "Company") was incorporated in the United Kingdom on 27 April 2018. The Company provides management and technical services to certain companies in the Anglo American Group (the "Group"). 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 has a loss for the year of \$108,361,085 compared to a loss of \$NIL in the prior period.

The Balance sheet shows that the Company is in a net asset position of \$27,817,694 (2018: \$1).

Principal risks and uncertainties and financial risk management policies

The directors consider the risks attached to the Company's financial instruments which principally comprise loans to other group companies. 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 indicators to be the control of and cost effective spend on management and technical services for the benefit of certain companies in the Group. This performance is monitored by the directors by way of management reports.

Section 172(1) statement

The Anglo American Technical & Sustainability Services Ltd 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.

**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.

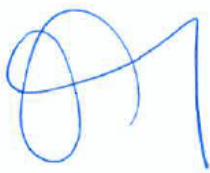
Long Term Decision Making

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 5 June 2020 and signed on its behalf.



C Murphy

For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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 Company was incorporated in the United Kingdom on 27 April 2018. The Company provides management and technical services to certain companies in the Anglo American Group (the "Group"). The directors have the present intention of maintaining the business in its current form for the foreseeable future.

Branches of the Company are established in Australia, Chile and South Africa.

Results and dividends

The loss for the year, after taxation, amounted to \$108,361,085 (2018: \$NIL).

The directors do not recommend the payment of a dividend (2018: \$NIL).

Directors

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

A S Grafton (appointed 19 December 2019)
E C Klonarides
A C MacPherson
C W Miller (resigned 29 March 2019)
C A O'Donnell
A M O'Neill (appointed 27 March 2019)
Z Quattrocchi (appointed 2 September 2019)
T Sessel (appointed 27 March 2019)
M T S Walker (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.

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

Engagement with employees

The Board acknowledges that our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us. We consider workforce engagement to be a priority for every leader at Anglo American; for several years, the Group has run regular surveys to identify areas where, for example we need to do more to ensure that colleagues feel cared for and respected. In 2019, the Group completed an employee survey which was issued to all of the Company's employees and participated either directly or indirectly in the Group's Global Workforce Advisory Panel chaired by Anglo American plc senior independent director, Byron Grote.

The Board ensures that the interest of employees is always at the forefront of any decisions made.

Our first and most important value as a Company is to Put Safety First, firmly believing that no asset or goal is worth as much as a human life.

The Company participates in a number of Group engagement channels with employees, including the global Employee Engagement Survey, regular employee presentations, annual events such as Global Safety Day and the YourVoice platform which enables employees to anonymously raise any concerns they may have.

Engagement with suppliers, customers and others

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.

Disabled employees

The Company's policy is that people with disabilities should have full and fair consideration for all vacancies.

Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. The Company endeavours to retain the employment of, and arrange suitable retraining for, any employees in the workforce who become disabled during their employment. Where possible the Company will adjust a person's working environment to enable them to stay in employment.

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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

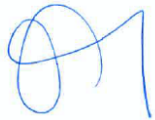
Post balance sheet events

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

At the 2020 Annual General Meeting of Anglo American plc, the Company's ultimate parent company, PricewaterhouseCoopers LLP were appointed as external auditor to the Group. Accordingly Deloitte LLP will not be seeking re-appointment as auditor of the Company at the conclusion of their current term of office. 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 5 June 2020 and signed on its behalf.



C Murphy

For and on behalf of
Anglo American Corporate Secretary Limited
Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework'. Under company law the directors must not approve the annual 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 audited 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 TECHNICAL & SUSTAINABILITY SERVICES LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Anglo American Technical & Sustainability Services Ltd (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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 20.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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 TECHNICAL & SUSTAINABILITY SERVICES LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN TECHNICAL &
SUSTAINABILITY SERVICES LTD

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 (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

London
United Kingdom

Hill House
1 Little New St
London
United Kingdom
EC4A 3TR
5 June 2020

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Turnover	4	137,342,314	-
GROSS PROFIT		137,342,314	-
Administrative expenses		(246,804,023)	-
OPERATING LOSS	5	(109,461,709)	-
Interest receivable and similar income	7	3,073,506	-
Interest payable and similar expenses	8	(441,829)	-
LOSS BEFORE TAX		(106,830,032)	-
Tax on loss	9	(1,531,053)	-
LOSS FOR THE FINANCIAL YEAR		(108,361,085)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(108,361,085)	-

The notes on pages 14 to 27 form part of these financial statements.

The results relate to continuing operations of the Company.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD
REGISTERED NUMBER: 11352289

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
FIXED ASSETS			
Tangible Assets	10	23,829,612	-
		<u>23,829,612</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	185,759,603	1
Cash at bank and in hand	12	16,628,564	-
		<u>202,388,167</u>	<u>1</u>
Creditors: amounts falling due within one year	13	(188,531,887)	-
		<u>13,856,280</u>	<u>1</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>37,685,892</u>	<u>1</u>
Creditors: amounts falling due after more than one year	14	(9,868,198)	-
		<u>27,817,694</u>	<u>1</u>
NET ASSETS		<u><u>27,817,694</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	1,501	1
Share premium account	18	149,998,500	-
Profit and loss account	18	(122,182,307)	-
SHAREHOLDERS' FUNDS		<u><u>27,817,694</u></u>	<u><u>1</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 June 2020.



A S Grafton
Director

The notes on pages 14 to 27 form part of these financial statements.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

**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	1	-	-	1
COMPREHENSIVE LOSS FOR THE YEAR				
Loss for the year	-	-	(108,361,085)	(108,361,085)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>-</u>	<u>-</u>	<u>(108,361,085)</u>	<u>(108,361,085)</u>
Shares issued during the year	1,500	149,998,500	-	150,000,000
Transfer to/from profit and loss account	-	-	(13,821,222)	(13,821,222)
TOTAL TRANSACTIONS WITH OWNERS	<u>1,500</u>	<u>149,998,500</u>	<u>(13,821,222)</u>	<u>136,178,778</u>
At 31 DECEMBER 2019	<u>1,501</u>	<u>149,998,500</u>	<u>(122,182,307)</u>	<u>27,817,694</u>

The notes on pages 14 to 27 form part of these financial statements.

Further details in respect of the movements in share capital and share premium are disclosed in note 17.

Further details in respect of the movements in the profit and loss account are disclosed in note 18.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

	Called up share capital \$	Total equity \$
At 27 April 2018	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-
Shares issued during the period	1	1
TOTAL TRANSACTIONS WITH OWNERS	1	1
At 31 DECEMBER 2018	1	1

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

1. General information

Anglo American Technical & Sustainability Services Ltd is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. Branches of the Company are established in Australia, Chile and South Africa. The activities of the branches include business, management, technical and consultancy services.

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 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 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 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 Company may take FRS 101 exemptions as it is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and the Company is included in that consolidation.

**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 USD as this is the currency of the primary economic environment in which the Company operates.

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.

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

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.7 Interest income

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

2.8 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

2. Accounting policies (continued)

2.9 Taxation

The tax expense for the year comprises current and deferred tax. 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

Assets under construction are not depreciated.

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

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

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

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost 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. There are no key sources of estimation uncertainty other than those disclosed below.

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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

4. Turnover

The whole of the turnover is attributable to the Company's principal activity of providing management services to certain companies in the Group.

Analysis of turnover by country of destination:

	2019 \$	2018 \$
Chile	46,893,420	-
United Kingdom	42,845,001	-
Australia	21,197,499	-
South Africa	20,442,188	-
Other	5,964,206	-
	<u>137,342,314</u>	<u>-</u>

Turnover comprises costs recovered from other Group companies within the United Kingdom and other geographical areas.

5. Operating loss

The audit fee payable to the Company's auditor for the audit of the Company's financial statements, of \$17,828 (2018: \$NIL) has been borne by Anglo American Services (UK) Ltd.

6. Employees

Staff costs were as follows:

	2019 \$	2018 \$
Wages and salaries	63,803,314	-
Social security costs	3,051,004	-
Cost of defined contribution scheme	2,445,980	-
	<u>69,300,298</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Employees	<u>338</u>	<u>-</u>

The directors did not receive any remuneration from the Company (2018: \$NIL).

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

7. Interest receivable

	2019	2018
	\$	\$
Interest receivable from group companies	1,970,588	-
Foreign exchange gains	1,081,656	-
Bank and other interest receivable	21,262	-
	<u>3,073,506</u>	<u>-</u>

8. Interest payable and similar expenses

	2019	2018
	\$	\$
Bank interest payable	1,388	-
Loans from group undertakings	419,236	-
Other interest payable	21,205	-
	<u>441,829</u>	<u>-</u>

9. 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.

	2019	2018
	\$	\$
Corporation tax		
Foreign tax	4,057,902	-
Total current tax	<u>4,057,902</u>	<u>-</u>
Deferred tax		
Current year	(2,824,125)	-
Changes to tax rates	297,276	-
Total deferred tax	<u>(2,526,849)</u>	<u>-</u>
Taxation on loss	<u>1,531,053</u>	<u>-</u>

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *no charge*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 \$	2018 \$
Loss before tax	(106,830,032)	-
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(20,297,706)	-
Effects of:		
Expenses not deductible	960,601	-
Tax rate changes	297,276	-
Effects of overseas tax rates	3,007,559	-
Group relief surrendered for nil consideration	3,750,954	-
Amounts not recognised	16,636,494	-
Foreign branch deferred tax	(2,824,125)	-
Total tax charge for the year	1,531,053	-

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.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

10. Tangible assets

	Plant and machinery \$	Other fixed assets \$	Total \$
Cost or valuation			
At 1 January 2019	-	-	-
Additions	120,691	23,719,481	23,840,172
At 31 December 2019	120,691	23,719,481	23,840,172
Depreciation			
Charge for the year on owned assets	10,560	-	10,560
At 31 December 2019	10,560	-	10,560
Net book value			
At 31 December 2019	110,131	23,719,481	23,829,612
At 31 December 2018	-	-	-

11. Debtors

	2019 \$	2018 \$
Amounts owed by group undertakings	175,135,184	1
Other debtors	5,826,104	-
Prepayments and accrued income	386,181	-
Deferred tax asset	4,412,134	-
	185,759,603	1

The Company has a deposit agreement with Anglo American Capital plc in respect of surplus cash, of which the balance was \$60,493,370 at year end (2018: \$NIL). The classification of the balance as due within one year is based on the balance being repayable on demand. Interest is charged on the balance at the one month LIBOR rate less ten basis points.

The remaining amounts owed by group undertakings relate to operating receivable balances in respect of management and technical services charged by the Company. The balances are non-interest bearing and repayable on demand.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

12. Cash and cash equivalents

	2019	2018
	\$	\$
Bank and cash balances	16,628,564	-
	<u>16,628,564</u>	<u>-</u>

13. Creditors: amounts falling due within one year

	2019	2018
	\$	\$
Trade creditors	12,667,709	-
Amounts owed to group undertakings	123,337,982	-
Corporation tax	4,060,491	-
Other creditors	9,818,605	-
Accruals and deferred income	38,647,100	-
	<u>188,531,887</u>	<u>-</u>

The Company has a balance due to Anglo American Capital plc of \$33,956,899 as at 31 December 2019 (2018: \$NIL). Interest is charged on the balance at the three month LIBOR rate applicable to the currency of each balance plus 225 basis points.

The remaining amounts owed to group undertakings relate to operating payable balances in respect of services charged by other group companies to the Company. The balances are non-interest bearing and repayable on demand.

14. Creditors: amounts falling due in more than one year

	2019	2018
	\$	\$
Other creditors	9,868,198	-
	<u>9,868,198</u>	<u>-</u>

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

15. Financial instruments

	2019	2018
	\$	\$
Financial assets		
Loans and receivables measured at amortised cost	180,961,288	1
Cash	16,628,564	-
	<u>197,589,852</u>	<u>1</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>181,671,885</u>	<u>-</u>

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

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

16. Deferred taxation

	2019
	\$
At beginning of year	-
Charged to profit or loss	2,526,849
Transferred in year	1,885,285
At end of year	<u>4,412,134</u>

The deferred tax balance is made up as follows:

	2019	2018
	\$	\$
Foreign branches deferred tax	4,412,134	-
	<u>4,412,134</u>	<u>-</u>

At 31 December 2019, the Company had unutilised tax losses carried forward of \$87,560,494 for which no deferred tax asset has been recognised. This is on the basis that it is not probable that there will be sufficient and suitable taxable profits arising in future years against which to utilise them.

ANGLO AMERICAN TECHNICAL & SUSTAINABILITY SERVICES LTD

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

17. Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1
1,500 (2018 - Nil) Ordinary shares of \$1 each	1,500	-
	1,501	1

On 27 March 2019, the Company made a new allotment of 1,500 ordinary \$1 shares. These ordinary shares were subscribed by Anglo American Technical & Sustainability Limited for a total consideration of \$150,000,000.

18. 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.

During the year, the establishment of the branch of the Company in Chile entailed the transfer of certain employees and corresponding assets and liabilities from Anglo American Chile Limitada. The difference of \$13,821,222 between the consideration given and the aggregate carrying value of these assets and liabilities has been recognised in the profit and loss account.

19. Post balance sheet events

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.

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

20. Ultimate Parent Undertaking and Controlling party

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

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 accounts 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.