

ANGLO AMERICAN MARKETING LIMITED

(Incorporated in United Kingdom. Registration Number: 00405724)

ANNUAL REPORT

For the financial year ended 31 December 2020

ANGLO AMERICAN MARKETING LIMITED
(Incorporated in United Kingdom)

ANNUAL REPORT
For the financial year ended 31 December 2020

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ANGLO AMERICAN MARKETING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

R Price
D Drake
A Schmitt (Resigned on 30 September 2020)
H Truol (Resigned on 17 March 2020)
R H Elliott
P G Whitcutt
P Ward
A Bullman
A Gerber
A Fereday (Appointed on 9 March 2021)

Company Secretary

Anglo American Corporate Secretary Limited

Registered Office

17 Charterhouse Street
London EC1N 6RA
United Kingdom

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HB
United Kingdom

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
#09-01 HSBC Building
Singapore 049320

Solicitors

Linklaters
One Silk Street
London EC2Y 8HQ
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Statutory Auditor
1 Embankment Place
London, WC2N 6RH

ANGLO AMERICAN MARKETING LIMITED

STRATEGIC REPORT

Introduction

Anglo American Marketing Limited (the “Company”) is a wholly-owned indirect subsidiary of Anglo American plc (“Anglo American”), a company incorporated in England and Wales.

The Company’s principal activity during the year was the sale of thermal coal, nickel, copper and iron ore as principal to international customers as well as the provision of agency services for metallurgical coal and thermal coal, and the provision of marketing and other supporting services for certain Group companies. The Company previously also provided freight services to companies within the Group and third parties using time-charter lease contracts, and this activity is now performed by its subsidiary Anglo American Shipping Pte Ltd.

A branch of the Company was registered in Singapore on 14 December 2011 to expand the Company’s activities into the Asia Pacific region (Singapore Branch). The Branch’s financial results are included in these financial statements.

The directors present their strategic report on Anglo American Marketing Limited (the Company) for the year ended 31 December 2020.

Business review

Copper

Compared to 2019, the average LME copper price in 2020 was 3% higher at 280 c/lb (2019: 272 c/lb). While the Covid-19 pandemic, together with trade tensions between the US and China slowed demand in the early part of 2020, a sharp recovery in China and other parts of the world helped to restart activity. Optimism over vaccine programmes also further bolstered sentiment and together with copper’s role in achieving carbon neutrality, greater energy efficiency and improved living standards, helped the metal to reach price highs last seen in 2013.

Nickel

The average LME nickel price of 625 c/lb (2019: 632 c/lb) was 1% lower in 2020, as the increase in nickel consumption for batteries and subsequent easing of restrictions was offset by the impact of Covid-19 on demand in the first half of 2020.

Iron Ore

Iron ore prices in 2020 outperformed the prior year, with the average benchmark CFR China 62% Fe price increasing by 17% to \$109/tonne (2019: \$93/tonne) and reaching \$150/tonne in December. Throughout the year, supply-side factors also contributed to higher prices, including congestion at Chinese ports, maintenance at export facilities and mines in Australia, and significant supply disruptions, primarily due to heavy rainfall in Brazil.

Metallurgical coal

Market prices decreased in the first half of 2020 as Covid-19-related lockdowns impacted demand. Despite a brief recovery in the third quarter, prices decreased again towards the end of the year due to China’s unofficial import restrictions on Australian coal.

ANGLO AMERICAN MARKETING LIMITED

STRATEGIC REPORT

Business review (continued)

Thermal Coal

Thermal coal prices were lower in 2020 as the Covid-19 demand-driven declines during the first half were only partly offset by a strong recovery in the second half as Covid-19 restrictions eased in India and China. In the second half of 2020, imports to India returned to the levels experienced in the same period in 2019 and a shortage of thermal coal in China helped boost demand.

Shipping

The Company has historically provided shipping services to other members of the Group and third-parties using vessels leased under time-charters. In the course of 2020 and 2019 the Company has transferred this business to its subsidiary, Anglo American Shipping Pte Ltd. All shipping leases entered into by Anglo American Marketing Limited have now either expired or been novated to its subsidiary.

Principal risks and uncertainties and financial risk management

The Company's activities expose it to two principal financial risks, namely price risk and credit risk. The use of financial derivatives is governed by the Group's policies, which stipulate the principles applicable to the use of financial derivatives to manage these risks. Whilst the Company must operate within its available intercompany facility limits, its exposure to liquidity risk and cash flow risk is not currently deemed material for the assessment of assets, liabilities and the financial statements.

The Company's risk profile evolved in 2020, largely as a result of the Covid-19 pandemic, which continues to have a significant impact on global society. No new significant risks were identified as a result of the pandemic. The roll out of vaccines in 2021 has given hope that restrictions in many countries can be reduced in 2021, with a consequent recovery in economic activity. Activity may be further boosted by a release of pent-up demand in a number of sectors. The IMF expects a 5.5% expansion in global GDP in 2021.

Credit risk

The Company's principal financial assets are cash and cash equivalents and trade and other receivables

The Company's credit risk is primarily attributable to its trade receivables. The assessment of impairment is made based on lifetime expected credit losses estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The credit risk on liquid funds is limited because the counterparties are either banks, with high credit-ratings assigned by international credit-rating agencies, or the Group's Treasury in London.

ANGLO AMERICAN MARKETING LIMITED

STRATEGIC REPORT

Price risk

The Company is exposed to commodity price risk via its sale and purchase contracts, as well as its inventory holdings. The Company manages its exposure to commodity price risk by entering into floating price sale and purchase contracts, derivatives using future and swap contracts and through constant monitoring of the markets in which it operates.

Key Performance Indicators

The key performance indicators for the Company are revenue, volume of commodity shipped and the operating margin. These were as follows:

	2020	2019
Revenue (\$'000)	10,276,778	8,878,485
Volume of thermal coal shipped (million tonnes)	26.4	32.1
Volume of copper shipped (thousand tonnes)	716.9	694.6
Volume of nickel shipped (thousand tonnes)	40.1	35.0
Volume of iron ore shipped (million tonnes)	21.6	20.9
Operating profit margin (%)	4%	2%

The Company's operating profit has increased by 211% (2019: increased by 12%) compared to the prior year.

Section 172 statement

The Anglo American Marketing Limited Board ("the 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.

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 MARKETING LIMITED

STRATEGIC REPORT

Section 172 statement (continued)

Our Purpose and Values

The Board recognises the role of the Company's business in society and within the Anglo American Group ("the 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 governments, employees, customers, business partners, multinational organisations, industry peers, broader civil society, trade associations and suppliers, in addition to our shareholder.

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.

Understanding our employees and helping our people thrive

The Company knows that our people are critical to everything we do. The Group creates safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. The Company acknowledges that to get the best from our people, there is a need to understand their viewpoints and address any concerns that may be raised.

To deliver on our strategic business objectives, we rely on a capable and engaged workforce that behaves ethically and responsibly, consistent with Anglo American's Values and Code of Conduct- essential for us to maintain our social licence to operate. We aim to foster a purpose-led high performance, inclusive culture, through an organisational structure that is fit for purpose, resourcing this structure by attracting and retaining the best talent and empowering leadership to deliver the desired outcomes.

ANGLO AMERICAN MARKETING LIMITED

STRATEGIC REPORT

Section 172 statement (continued)

Understanding our employees and helping our people thrive (continued)

As the Company considers workforce engagement to be a priority for every leader at Anglo American, regular surveys are run to identify areas that more must be done to ensure colleagues feel cared and respected. In 2019, the Group set up a Global Workforce Advisory Panel, made up of 12 employee representatives and chaired by a senior independent director, with the intention of giving employees more of a voice in the boardroom so that their views can be better understood and considered when decisions are being made about the future of the business.

As part of our overall strategy of managing the Covid-19 pandemic, the Group has implemented an extensive health awareness and support programme called WeCare. It has been designed specifically to help protect the health and well-being of our people and host communities. WeCare is helping colleagues and communities better understand how to protect themselves and others from catching the virus, monitor their health to pick up early symptoms, and to manage their well-being.

Relationships with Suppliers and Customers

The Company engages with suppliers through several channels, in line with the Group's sustainable and responsible supplier programme. The Company also engages with customers through direct personal engagements and via business and industry forums.

This report was approved by the Board of Directors and signed on its behalf by:



Matthew Loosley
For and on behalf of Anglo American Corporate Secretary Limited
Company Secretary
7 July 2021

ANGLO AMERICAN MARKETING LIMITED

DIRECTORS' REPORT

For the financial year ended 31 December 2020

The directors present their annual report on affairs of the Company together with the audited financial statements and auditors' report, for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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 enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

Disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

ANGLO AMERICAN MARKETING LIMITED

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 31 December 2020

Results and dividends

The profit after tax for the year is \$418,494,000 (2019: \$140,865,000).

An interim dividend of \$140,000,000 (2019: \$121,000,000) was declared and paid during the year.

On 7 July 2021, an interim dividend of \$200,000,000 was approved by the Board of Directors of the Company. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as a distribution of retained earnings in the financial year ending 31 December 2021.

Directors

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

R Price
D Drake
A Schmitt (Resigned on 30 September 2020)
H Truol (Resigned on 17 March 2020)
R H Elliott
P G Whitcutt
P Ward
A Bullman
A Gerber
A Fereday (Appointed on 9 March 2021)

Going concern

The directors have considered the Company's cash flow forecasts for the period to the end of 2022. This included assessing the impact of uncertainty due to Covid-19 on the wider macro-economic environment, Anglo American's commodity production, demand for the Company's products and realised prices.

In all of the scenarios modelled, the Company maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions. The Board is satisfied that the Company's forecasts and projections, taking account of modelled changes in trading performance, show that the Company will be able to remain in operation for the period assessed. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Principal risks and uncertainties

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

ANGLO AMERICAN MARKETING LIMITED

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 31 December 2020

Future development

On 8 April 2021, Anglo American plc announced the demerger of its thermal coal operations in South Africa via the transfer of the South African thermal coal operations. Following the demerger, the Company will support Thungela in the sale and marketing of its products for a three-year period with an additional six-month transitional period.

The demerger supports Anglo American's strategy to align towards products that enable a low carbon economy and that support global consumer demand trends and the Group's commitment to transit away from thermal coal responsibly, bringing our employees, shareholders, host communities, host governments and customers along with us.

Contingent liabilities

The Company entered into a contract of affreightment with a vessel owner, dated 10 May 2012 (the "COA"). The COA is used to transport iron ore from Açú to China and Bahrain and is scheduled to conclude on 31 December 2024.

As of the date of this report, the agreement continues to be in force and the vessel owner has commenced LMAA arbitration for deadfreight and/or damages for alleged breaches of the COA by the Company.

A provision has been recognised for claims where a future cash outflow is considered to be probable and recognised within provisions for liabilities. Future cash outflows are considered to be possible in relation to other elements of the claims although these are not expected to be material to the Company.

Political and charitable donations

The Company made no political and charitable donations during the year (2019: \$nil).

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.

Directors' interests

The directors did not have any interests in the share capital of the Company or of the immediate parent company during the year. The directors did not have any material interests during the year in a contract which is significant in relation to the Company's business.

ANGLO AMERICAN MARKETING LIMITED

DIRECTORS' REPORT (CONTINUED)

For the financial year ended 31 December 2020

Independent Auditors

At the 2020 Annual General Meeting of Anglo American plc, the Company's ultimate parent company, PricewaterhouseCoopers LLP ("PWC") were appointed as external auditors to the Group. Under section 487(2) of the Companies Act 2006, PWC will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Approved by the Board of Directors and signed on its behalf by:



Matthew Loosiey
For and on behalf of Anglo American Corporate Secretary Limited
Company Secretary
7 July 2021



Independent auditors' report to the members of Anglo American Marketing Limited

Report on the audit of the financial statements

Opinion

In our opinion, Anglo American Marketing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2020; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial

statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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 year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to international tax regulations and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements

(including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias included within significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Review of Board minutes, discussions with management, internal audit and the legal function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Assessing significant judgements and estimates, in particular those relating to the classification of commodity contracts and the fair value of financial instruments, and the disclosure of these items.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

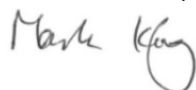
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark King (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 July 2021

ANGLO AMERICAN MARKETING LIMITED**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 December 2020*

	Note	2020 \$'000	2019 \$'000
Revenue	3	10,276,778	8,878,485
Cost of sales		<u>(9,743,568)</u>	<u>(8,613,798)</u>
Gross profit		533,210	264,687
Administrative expenses		<u>(97,044)</u>	<u>(124,560)</u>
Operating profit	5	436,166	140,127
Finance and investment income	6	10,501	12,992
Finance costs	6	<u>(2,485)</u>	<u>(4,656)</u>
Profit before tax		444,182	148,463
Income tax expense	7	<u>(25,688)</u>	<u>(7,598)</u>
Profit for the financial year		<u>418,494</u>	<u>140,865</u>
Total comprehensive income for the year		<u>418,494</u>	<u>140,865</u>

Revenue and operating profits are all derived from continuing operations in the UK and Singapore.

The accompanying notes form an integral part of these financial statements.

ANGLO AMERICAN MARKETING LIMITED

BALANCE SHEET

As at 31 December 2020

	Note	2020 \$'000	2019 \$'000
Non-current assets			
Property, plant and equipment	9	5,509	36,986
Intangible assets	10	14,995	19,081
Investment in subsidiary	11	24,098	15,204
Financial assets investments - non-current	12	27,425	48,325
Trade and other receivables	13	1,153	844
Total non-current assets		73,180	120,440
Current assets			
Inventories	14	97,373	31,834
Trade and other receivables	13	998,716	712,642
Financial assets investments - current	12	3,557	3,334
Cash and cash equivalents	15	1,244,978	660,255
Derivative financial assets	16	72,155	67,345
Total current assets		2,416,779	1,475,410
Total assets		2,489,959	1,595,850
Current liabilities			
Trade and other payables	17	(1,685,108)	(1,136,967)
Short term borrowings	18	(32,025)	(26,821)
Derivative financial instruments	16	(97,961)	(66,359)
Current tax liabilities		(46,495)	(24,622)
Total current liabilities		(1,861,589)	(1,254,769)
Net current assets		555,190	220,641
Total assets less current liabilities		628,370	341,081
Non-current liabilities			
Medium and long-term borrowings	18	(1,313)	(8,917)
Provisions for liabilities		(11,145)	(1,427)
Deferred tax liability	19	(918)	(1,539)
Total non-current liabilities		(13,376)	(11,883)
Total liabilities		(1,874,965)	(1,266,652)
NET ASSETS		614,994	329,198
EQUITY			
Called up share capital	20	30,121	30,121
Share premium account	20	119,999	119,999
Capital contribution reserve	20	43,083	35,781
Retained earnings		421,791	143,297
Total Equity		614,994	329,198

These financial statements of Anglo American Marketing Limited, registered number 00405724, were approved by the board of directors and authorised for issue on 7 July 2021. Signed on behalf of the Board of Directors by:



A Bullman
Director

The accompanying notes form an integral part of these financial statements.

ANGLO AMERICAN MARKETING LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Note	Called-up share capital \$'000	Share premium account \$'000	Capital contribution reserve \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2019		30,121	119,999	30,102	123,432	303,654
Transaction with owners, recognised directly in equity						
- Dividends	8	-	-	-	(121,000)	(121,000)
- Equity settled share-based payments	5	-	-	5,679	-	5,679
		-	-	5,679	(121,000)	(115,321)
Profit for the year, representing total comprehensive income for the year		-	-	-	140,865	140,865
At 31 December 2019		30,121	119,999	35,781	143,297	329,198
Transaction with owners, recognised directly in equity						
- Dividends	8	-	-	-	(140,000)	(140,000)
- Equity settled share-based payments	5	-	-	7,302	-	7,302
		-	-	7,302	(140,000)	(132,698)
Profit for the year, representing total comprehensive income for the year		-	-	-	418,494	418,494
At 31 December 2020		30,121	119,999	43,083	421,791	614,994

The accompanying notes form an integral part of these financial statements.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1. General information

Anglo American Marketing 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. The Company operates principally in the United Kingdom and through its registered branch in Singapore.

These financial statements are presented in United States Dollars because that is the currency of the primary economic environment in which the Company operates.

The Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements, because it is included in the Group accounts of Anglo American plc. The Group accounts of Anglo American plc are available to the public and can be obtained as set out in Note 25.

2. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year unless due to a change in accounting policies.

Basis of preparation

The financial statements have been prepared in accordance with the requirements of Financial Reporting Standards 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see below).

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
 - the requirements of IFRS 7 Financial Instruments: Disclosures
 - the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
 - the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in
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ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Basis of preparation (continued)

indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total

- 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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.

Adoption of new and revised Standards

On 1 January 2020, the Company has adopted all the new and revised IFRS and new Interpretations issued by the International Accounting Standards Board (IASB) that are effective from that date and are relevant to its operations. The adoption of these new/revised IFRS and new Interpretations does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as follows:

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Adoption of new and revised Standards (continued)

IFRIC Agenda March 2019 (Physical settlement of contracts to buy or sell a non-financial item (IFRS 9))

In March 2019, the International Financial Reporting IFRS Interpretations Committee (IFRS IC) issued an agenda decision on the Physical Settlement of Contracts to Buy or Sell a Non-Financial Item. The committee concluded that, for physical commodity trades within the scope of IFRS 9 Financial Instruments, entities should not reverse previously recognised unrealised marked to market movements on settlement of the contract and that the settlement entries should instead include an entry for the settlement of the previously recognised derivative asset or liability. The Company has now amended its accounting policies and processes to comply with the agenda decision. The impact of adopting the agenda decision is not material for either the current or comparative period and hence comparative period results have not been restated.

Going concern

The directors have considered the Company's cash flow forecasts for the period to the end of 2022. This included assessing the impact of uncertainty due to Covid-19 on the wider macro-economic environment, Anglo American's commodity production, demand for the Company's products and realised prices.

In all of the scenarios modelled, the Company maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions. The Board is satisfied that the Company's forecasts and projections, taking account of modelled changes in trading performance, show that the Company will be able to remain in operation for the period assessed. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Foreign currency transactions

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company. All financial information presented in United States dollars have been rounded to the nearest thousand, unless stated otherwise.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Foreign currency transactions (continued)

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Revenue recognition

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Company expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time. The Company's payment terms are generally consistent with market practice for the relevant commodity markets and hence sales contracts do not contain any significant financing components.

Revenue represents the net invoice value of goods and services provided in the normal course of business to third parties and related companies after deducting any sales and goods and services taxes. Principal sales are recognised when control has been transferred to the customer.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date, normally ranging from 30 to 120 days, based on movements in quoted markets or contractual prices up to the date of final pricing. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. These sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. Revenue on provisionally priced sales is recognised at the forward market price when control passes to the customer and is classified as revenue from contracts with customers. Subsequent mark-to-market adjustments are recognised in revenue from other sources in the Statement of Comprehensive Income.

Commodity based (own use) contracts that meet the scope exemption in IFRS 9 are recognised in earnings when they are settled by physical delivery and revenue from these contracts are shown as revenue from contracts with customers. Commodity contracts which do not meet the own use criteria are accounted for as derivatives prior to settlement and the related fair value gains and losses are shown as revenue from other sources.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Revenue recognition (continued)

Revenue from services is recognised over time in line with the policy above. For contracts which contain separate performance obligations for the sale of commodities and the provision of freight services, the portion of the revenue representing the obligation to perform the freight service is deferred and recognised over time as the obligation is fulfilled, along with the associated costs. When the Company acts in the capacity of an agent, the revenue recognised is the net amount of commission earned. Revenue from intracompany transfer pricing adjustments is recognised in accordance with approved transfer pricing arrangements.

Finance income

Finance income comprises interest income on deposits with a Group company. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense

Finance expense comprises finance charge from lease liabilities and debtors discounting charge from the bank.

Defined contribution pension schemes

Amounts paid in respect of defined contribution pension schemes are recognised in the Statement of Comprehensive Income in accordance with IAS 19; “*Employee benefits*”. There are no defined benefit schemes.

Share-based payments

The Company makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share awards issued with non-market vesting conditions has been calculated using the Black Scholes model. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Lease liabilities

Lease liabilities recognised on balance sheet are recognised within borrowings. On inception, the lease liability is recognised as the present value of the expected future lease payments, calculated using the incremental borrowing rate, adjusted to reflect the length of the lease and country of location. If it is possible to determine the interest rate implicit in the lease, this is used in place of the incremental borrowing rate.

Lease payments included in the lease liability consist of each of the following:

- Fixed payments, including in-substance fixed payments
- Payments whose variability is dependent only upon an index or a rate, measured initially using the index or rate at the lease commencement date. The lease liability is revalued when there is a change in future lease payments arising from a change in an index or rate
- Any amounts expected to be payable under a guarantee of residual value
- The exercise price of a purchase option that the Company is reasonably certain to exercise, the lease payments after the date of a renewal option if the Company is reasonably certain to exercise its option to renew the lease, and penalties for exiting a lease agreement unless the Company is reasonably certain not to exit the lease early

Variable leasing costs (other than those referred to above) and the costs of non-lease components are not included in the lease liability and are charged to operating costs as they are incurred.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change to the forecast lease payments. When the lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset.

Leases with a term of less than 12 months or those with committed payments of less than \$5,000 are not recognised in the balance sheet. The Company recognises payments for these leases as an expense on a straight-line basis over the lease term within operating costs.

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Tax (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income or directly in equity, in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity).

Inventories

Inventories comprise finished products and bunker fuel and are measured at the lower of cost and net realisable value, except for inventory held by commodity broker-traders which is measured at fair value less costs to sell. The cost of inventories is based on the actual cost, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment

Included in property, plant and equipment are furniture, fittings and computer equipment. Depreciation is calculated on a straight-line basis over three years for computer and office equipment and five years for furniture and fittings. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Leased right-of-use assets

Leased right-of-use assets are included within property, plant and equipment, and are made up of office premises and vessels. On inception of the lease, they are recognised at the amount of the corresponding lease liability, adjusted for any lease payments made at or before the lease commencement date, plus any direct costs incurred and an estimate of costs for dismantling, removing, or restoring the underlying asset and less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the term of the lease, or, if shorter, the useful life of the asset. The useful lives of right-of-use assets are estimated on the same basis as those of owned property, plant and equipment.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets relate to computer software, software in progress and offtake agreement to secure supply of Copper cathodes. For computer software, amortisation is done on a straight-line basis over its estimated useful life of three to five years from the date that it is available for use. For offtake agreement, the amortisation amount and timing are aligned with the delivery of offtake material, which is when the economic benefits are expected to be received. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Impairment of assets

At each reporting date, a review for the potential impairment of an asset is carried out to determine if circumstances indicate that the carrying amount of the asset may not be recoverable. Such impairment reviews are performed in accordance with IAS 36; "*Impairments of assets*". Impairments thus arising are reported in the Statement of Comprehensive Income.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets

The Company's financial assets are classified into the following measurement categories: debt instruments at amortised cost, and debt instruments and derivatives at fair value through profit and loss. Financial assets are classified as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

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

Financial assets at amortised cost and effective interest method

Under IFRS 9, trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, the financial assets (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest rate method, less any identified impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument, or where appropriate, a shorter period.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost and effective interest method (continued)

Cash and cash equivalents comprise cash at bank and cash on demand deposits with a Group company and cash balance in margin facility that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. The cash held in the margin facility is considered to be restricted as it is required to cover initial margin on trading exchanges.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically, debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses 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 interest earned on the financial asset and is included in profit or loss.

Under IFRS 9, trade receivables from provisionally priced sales are classified as fair value through profit or loss.

Impairment of financial assets

Financial assets not measured at fair value through profit or loss are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. The Company assesses on a forward looking basis the expected credit losses, defined as the difference between the contractual cash flows and the cash flows that are expected to be received, associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Losses are recognised in the Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

Derecognition of financial assets

The Company derecognises a financial asset only when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Statement of Comprehensive Income.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments are classified and accounted for as financial liabilities or equity instruments according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument.

Trade and other payables

The majority of trade and other payables are initially measured at their fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Trade and other payables (continued)

Trade and other payables which are 'held for trading' as defined in IFRS 9 *Financial instruments* are initially measured at their fair value and are remeasured to fair value in subsequent periods. Any related fair value gains or losses are presented within operating costs.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

Derivative financial instruments

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, The Company enters into forward, option and swap contracts. Commodity based (own use) contracts that meet the scope exemption in IFRS 9 are recognised in the Statement of Comprehensive Income when they are settled by physical delivery. Commodity contracts which do not meet the own use criteria are accounted for as derivatives.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. Derivatives are classified as current or non-current depending on the contractual maturity of the derivative. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant, and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the Statement of Comprehensive Income as revenue from other sources.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments (continued)

Derivatives embedded in other financial instruments or non-financial host contracts (other than financial assets in the scope of IFRS 9) are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the statement of comprehensive income.

Derivatives embedded in contracts which are financial assets in the scope of IFRS 9 are not separated and the whole contract is accounted for at either amortised cost or fair value.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Prior period errors

Material prior period errors are corrected retrospectively in the first financial statements issued after their discovery. Retrospective correction is affected by the following unless it is impracticable to determine either the period-specific effects of the error or the cumulative effect of the error:

- Restating the comparative figures for the prior period or periods presented in which the error occurred
- If the error occurred before the earliest period presented in the financial statements, restating the opening balances of assets, liabilities and equity for the earliest period presented

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Critical judgements in applying the Company's accounting policies

Impact of Covid-19

The Company has considered the impact of Covid-19 on each of its significant accounting judgements and estimates. No further significant judgements or estimates have been identified as a result of Covid-19, although the pandemic has increased the level of uncertainty inherent in all future cash flow forecasts.

Contingent liabilities

On an ongoing basis the Company is a party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty.

Management applies its judgement in determining whether or not to record a provision or contingent liability. A provision is recognised where, based on the Company's own legal assessment and, in some cases, independent advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. A contingent liability is a potential future outflow of cash, or other resources, where the likelihood of payment is less than probable but more than remote. Disclosure of contingent liabilities includes in Note 24 including quantification of the potential future outflow of resources, unless the amount cannot be reliably estimated.

Classification of commodity contracts

The Company applies judgement in classifying its commodity contracts into either the trading or equity book. Classification in the trading book results in the contract being treated as a derivative and marked to market. Contracts classified into the equity book are entered into in accordance with the Company's expected sale or usage requirements and are consequently accounted for as executory contracts. The trading book contracts are distinguished from their equity book counterparts by the presence of net settlement clauses or the intention to enact effective net settlement. Equity source contracts used to settle contracts in trading book are accounted for as executory contracts.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Accounting policies (continued)

Key sources of estimation uncertainty

Allowance for inventories

In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, as a result of events occurring after the end of the financial year to the extent that such events confirm conditions existing at the year end. The carrying amount of inventories as at the year end is disclosed in Note 14 to the financial statements.

Revenue Recognition

Sales of certain commodities are 'provisionally priced' such that the price is not settled until a predetermined future date, normally ranging from 30 to 120 days, based on movements in quoted markets or contractual prices up to the date of final pricing. As is customary in the industry, 'provisionally priced' sales are based on estimates of the consideration receivable at each reporting date using the forward price for the period equivalent to that outlined in the contract. This is based on the market forward price which may vary depending on the volatility in the market. This adjustment is recorded in the Statement of Comprehensive Income.

Fair value of financial instruments

Certain of the Company's financial instruments, principally derivatives, are required to be measured on the balance sheet position at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to estimate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data (for example commodity price curves) where available and are expected to change in future periods in response to changing market prices for the underlying commodities.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Revenue

	2020 \$'000	2019 \$'000 Restated
Analysis of the Company's revenue		
Sale of commodities and trading revenue	9,927,585	8,340,464 ¹
Commission income, freight and other marketing services to Group companies	347,438	438,369 ²
Third party freight services	1,755	99,652
	<u>10,276,778</u>	<u>8,878,485</u>

Revenue of \$10,276,778,000 (2019: \$8,878,485,000) for the year includes revenue with customers of \$9,944,208,000 (2019 restated: \$8,811,229,000) and revenue from other sources of \$332,570,000 (2019 restated: \$67,256,000) which relate to derivative financial instruments and gains and losses on provisionally priced receivables.

	2020 \$'000	2019 ³ \$'000 Restated
Revenue by class		
Copper	4,807,845	4,016,646
Thermal coal	1,442,632	1,728,061
Iron ore	2,513,936	1,816,918
Nickel	518,407	506,023
Other commodities	339,778	264,676
Freight to other Group companies	319,855	379,253
Third party freight services	1,755	99,652
	<u>9,944,208</u>	<u>8,811,229</u>

¹ 2019 numbers have been restated to exclude intercompany freight revenue of US\$379 million to align freight revenue with its nature

² 2019 numbers have been restated to include intercompany freight revenue of US\$379 million to align freight revenue with its nature

³ 2019 numbers have been restated to provide a split of revenue from contracts with customers rather than total revenue

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Staff costs

Employee numbers:

The average number of employees, excluding contractors by segment was:

	Number 2020	Number 2019 Restated
Copper	23	24
Coal	28	32
Nickel	10	10
Iron Ore	9	10
Corporate and Other	183	160
	<u>253</u>	<u>236⁴</u>

The average number of employees, excluding contractors by principal location of employment was:

	Number 2020	Number 2019 Restated
Singapore	205	188
London	48	48
	<u>253</u>	<u>236</u>

Employee costs:

	2020 \$'000	2019 \$'000
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Staff costs for the above persons were as follows:

Wages and salaries	35,383	45,618
Social security costs	2,725	3,977
Pension costs	2,182	2,081
Share-based payment costs	7,302	5,679
Total payroll costs included in operating costs	<u>47,592</u>	<u>57,355</u>

	2020 \$'000	2019 \$'000
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Directors' emoluments were as follows:

Aggregate emoluments	5,323	6,878
Contributions to defined contribution pension scheme	<u>556</u>	<u>579</u>

⁴ 2019 numbers have been restated to be consistent with the 2020 disclosure

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Staff costs (continued)

As at 31 December 2020 there were eight (2019: seven) directors paid in respect of their services to the Company. The other directors were remunerated by their respective employing Company within the Group of companies.

The highest paid director of the Company received emoluments of \$1,584,990 (2019: \$1,538,254) and contributions to a defined contribution pension scheme of \$297,169 (2019: \$291,342).

As at 31 December 2020, seven (2019: seven) directors were members of share-based payment schemes and a defined contribution pension scheme to which the Company contributed.

5. Operating profit

Operating profit is after charging/(crediting):

	2020 \$'000	2019 \$'000
Equity settled share-based payments	7,302	5,679
Short term and low value leases	186	379
Depreciation and amortisation	10,373	131,115
Audit fees	645	266
Gain on foreign currency retranslation	(219)	(2,391)

6. Finance and investment income/costs

	2020 \$'000	2019 \$'000
<u>Finance income</u>		
Interest income from Group companies	2,177	6,145
Other interest received	1,590	2,203
Dividend income from subsidiary	6,734	4,644
	<u>10,501</u>	<u>12,992</u>
<u>Finance costs</u>		
Interest charge on lease liabilities	(165)	(2,445)
Other financing fees	(2,320)	(2,211)
	<u>(2,485)</u>	<u>(4,656)</u>

ANGLO AMERICAN MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2020*

7. Income tax expense**(a) Analysis of charge in the year**

	2020	2019
	\$'000	\$'000
UK Group relief	7,905	(374)
UK adjustments in respect of prior period	(2,357)	(922)
Overseas tax adjustments in respect of prior period	(1,012)	(2,502)
Overseas tax	21,714	10,970
Total current tax	26,250	7,172
Overseas deferred tax	(694)	476
Withholding tax	58	-
Tax rate changes	74	(50)
Total tax charge for the year	25,688	7,598

(b) Factors affecting tax charge for the year

The total tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020	2019
	\$'000	\$'000
Profit before tax	444,182	148,463
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	84,395	28,208
Effects of:		
- Expenses not deductible for tax purposes	4	671
- Income not taxable	(1,280)	(882)
- Adjustments in respect of prior period	(3,368)	(3,424)
- Tax rate changes	73	(50)
- Transfer pricing adjustment	2,597	-
- Amounts not recognised on share-based payments	(582)	(3,511)
- Overseas tax	21,714	10,970
- Overseas amounts exempt from UK tax	(78,227)	(24,384)
- Other	362	-
Total tax charge for the year	25,688	7,598

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7. Income tax expense (continued)

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 include 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 and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

8. Dividends

	2020	2019
	\$'000	\$'000
Interim dividends declared and paid of \$7.35 cents per share (2019: \$6.35 cents per share)	140,000	121,000

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9. Property, plant and equipment

	Owned asset Furniture, fittings and computer <u>equipment</u> \$'000	Right of use asset Office premises <u>leased</u> \$'000	Right of use asset Vessels <u>leased</u> \$'000	<u>Total</u> \$000
At 31 December 2019				
Cost	8,642	9,067	150,499	168,208
Accumulated Depreciation	<u>(6,629)</u>	<u>(2,580)</u>	<u>(122,013)</u>	<u>(131,222)</u>
Net book value	<u>2,013</u>	<u>6,487</u>	<u>28,486</u>	<u>36,986</u>
Cost				
At 1 January 2020	8,642	9,067	150,499	168,208
Additions	587	-	-	587
Novation of leases	-	-	(3,344)	(3,344)
Revaluation of ROU assets	-	-	(22,434)	(22,434)
Disposal	<u>(333)</u>	<u>-</u>	<u>-</u>	<u>(333)</u>
At 31 December 2020	<u>8,896</u>	<u>9,067</u>	<u>124,721</u>	<u>142,684</u>
Accumulated depreciation				
At 1 January 2020	(6,629)	(2,580)	(122,013)	(131,222)
Charge for the year	(783)	(2,795)	(2,708)	(6,286)
Disposal	333	-	-	333
At 31 December 2020	<u>(7,079)</u>	<u>(5,375)</u>	<u>(124,721)</u>	<u>(137,175)</u>
Net book value				
At 31 December 2020	<u>1,817</u>	<u>3,692</u>	<u>-</u>	<u>5,509</u>

The revaluation of right of use assets relates to certain shipping leases where the calculation of the lease liability and related asset is updated at the end of each period to reflect spot freight rates at the balance sheet date.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Intangible assets

	<u>Software</u> \$'000	<u>Other intangible assets</u> \$'000	<u>Software work in progress</u> \$'000	<u>Total intangible assets</u> \$'000
Cost				
At 1 January 2020	25,011	13,200	597	38,808
Reclassification from WIP to software	597	-	(597)	-
Disposal of business	(366)	-	-	(366)
Additions	-	-	-	-
At 31 December 2020	<u>25,242</u>	<u>13,200</u>	<u>-</u>	<u>38,442</u>
Accumulated amortisation				
At 1 January 2020	(18,678)	(1,049)	-	(19,727)
Amortisation for the year	(1,593)	(2,494)	-	(4,087)
Disposal of business	367	-	-	367
At 31 December 2020	<u>(19,904)</u>	<u>(3,543)</u>	<u>-</u>	<u>(23,447)</u>
Net book value				
As at 31 December 2019	6,333	12,151	597	19,081
Movement during the year	(995)	(2,494)	(597)	(4,086)
As at 31 December 2020	<u>5,338</u>	<u>9,657</u>	<u>-</u>	<u>14,995</u>
Cost				
At 1 January 2019	17,345	-	6,220	23,565
Reclassification from WIP to software	7,666	-	(7,666)	-
Additions	-	13,200	2,043	15,243
At 31 December 2019	<u>25,011</u>	<u>13,200</u>	<u>597</u>	<u>38,808</u>
Accumulated amortisation				
At 1 January 2019	(13,727)	-	-	(13,727)
Amortisation for the year	(4,951)	(1,049)	-	(6,000)
At 31 December 2019	<u>(18,678)</u>	<u>(1,049)</u>	<u>-</u>	<u>(19,727)</u>
Net book value				
At 31 December 2019	<u>6,333</u>	<u>12,151</u>	<u>597</u>	<u>19,081</u>

Amortisation for Software is presented within Administrative expenses and amortisation for other intangible assets is presented within Cost of Sales.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. Investment in subsidiary

	\$'000
Cost and Net book value	
At 1 January 2020	15,204
Additions	8,894
At 31 December 2020	<u>24,098</u>
Cost and Net book value	
At 1 January 2019	5,754
Additions	9,450
At 31 December 2019	<u>15,204</u>

The investment in subsidiary are all stated at cost less provision for impairment.

During 2020, a total of capital injection of \$2,846,000 (2019: \$2,500,000) was recognised for Anglo American Resources Trading (China) Co., Ltd, a wholly-owned subsidiary, established in November 2017.

During 2020, a total of capital injection of \$6,048,000 (2019: \$1,950,000) was recognised for Anglo American Marketing Chile SpA, a wholly-owned subsidiary, established in August 2018.

Details of the Company's subsidiaries at 31 December 2020 are as follows:

<u>Name</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest and voting power held %</u>	<u>Types of shares</u>	<u>Principal activities</u>
MR Iron Ore Marketing Services Singapore Pte. Ltd.	10 Collyer Quay, Level 38 Ocean Financial Centre, Singapore 049315	50.1%	Ordinary	Consultancy and marketing support services
Anglo American Resources Trading (China) Co., Ltd.	Units 01, 02A, 07, 08, Floor 32, No.1198 Century Avenue, Pudong New Area, Shanghai, China	100%	Ordinary	Trading and marketing support services
Anglo American Marketing Chile SpA.	Torre Titanium, 2800 Isidora Goyenechea, piso 46, Las Condes, Santiago 7550647	100%	Ordinary	Trading and marketing support services

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. Investment in subsidiary (continued)

<u>Name</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest and voting power held %</u>	<u>Types of shares</u>	<u>Principal activities</u>
Anglo American Shipping Pte Ltd.	10 Collyer Quay, Level 38 Ocean Financial Centre, Singapore 049315	100%	Ordinary	Marketing Shipping Services
Cobre del Norte S.A.	Calle Esquilache 371, Piso 10, San Isidro, Lima 27	99.99%	Ordinary	Trading and marketing support services
Anglo American Marketing South Africa Proprietary Limited.	44 Main Street, Johannesburg, 2001	100%	Ordinary	Trading and marketing support services
Anglo American Marketing Peru S.A.	Calle Esquilache 371 Piso 10 San Isidro, Lima 27, Peru.	99.9%	Ordinary	Trading and marketing support services

The subsidiaries above remain unchanged from 2019, with the exception of an additional entity Anglo American Marketing Peru S.A. in 2020.

12. Financial assets investments

Financial assets - current at amortised cost principally comprised of loans to third parties

	<u>Financial asset at amortised cost</u>	<u>At fair value through profit and loss</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2020			
At 1 January 2020	3,334	-	3,334
Additions	-	3,557	3,557
Impairment and other losses	(5,000)	-	(5,000)
Reclassifications	1,666	-	1,666
At 31 December 2020	-	3,557	3,557
2019			
At 1 January 2019	-	-	-
Additions	3,334	-	3,334
At 31 December 2019	3,334	-	3,334

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. Financial assets investments (continued)

Financial assets - non-current principally comprised of intercompany loans and loans to third parties.

	Financial asset at amortised <u>cost</u> \$'000	At fair value through profit <u>and loss</u> \$'000	<u>Total</u> \$'000
2020			
At 1 January 2020	25,825	22,500	48,325
Repayment of loans	(24,158)	-	(24,158)
Fair value adjustment	-	4,925	4,925
Reclassifications	(1,667)	-	(1,667)
At 31 December 2020	-	27,425	27,425
2019			
At 1 January 2019	-	-	-
Additions	25,825	22,500	48,325
At 31 December 2019	25,825	22,500	48,325

Guarantees

Sourcing and Origination Deals

During 2019 the company entered into two contracts with unrelated parties to secure a supply of Copper Cathodes. As consideration to the contracts, loans were granted to the counterparties and specific amounts were guaranteed by the parent companies of the counterparties.

13. Trade and other receivables

	Expected <u>within</u> <u>one year</u> \$'000	Expected <u>after</u> <u>one year</u> \$'000	<u>Total</u> \$'000
2020			
Trade receivables	783,548	248	783,796
Trade owed by fellow subsidiaries	40,102	-	40,102
Trading amounts owed by Group Companies	25,828	-	25,828
Tax receivables	4,618	-	4,618
Other receivables	7,747	905	8,652
Accrued income	124,581	-	124,581
Prepayments	12,292	-	12,292
	998,716	1,153	999,869

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Trade and other receivables (continued)

	Expected <u>within</u> <u>one year</u> \$'000	Expected <u>after</u> <u>one year</u> \$'000	<u>Total</u> \$'000
2019			
Trade receivables	446,606	-	446,606
Trade owed by fellow subsidiaries	65,415	-	65,415
Trade amounts owed by other related parties	88,313	-	88,313
Tax receivables	3,660	-	3,660
Other receivables	70	844	914
Accrued income	83,101	-	83,101
Prepayments	25,477	-	25,477
	<u>712,642</u>	<u>844</u>	<u>713,486</u>

Trade receivables do not incur interest and are measured at nominal value (with the exception of receivables related to provisionally priced sales as set out in the revenue recognition accounting policy, see Note 2). Trading amounts owed by Group companies are unsecured and receivable within 30 days (2019: 30 days) and are not interest-bearing.

The Company applies the simplified expected credit loss model for its trade receivables measured at amortised cost, as permitted by IFRS 9 Financial Instruments. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and financial metrics, adjusted as appropriate for current observable data.

Of the year end trade receivables balance, there is a provision of expected credit loss of \$2,110,000 (2019: \$2,390,000) and nil (2019: \$5,250) were past due. Given the use of payment securities instruments (including letters of credit from acceptable financial institutions), and the nature of the related counterparties, these amounts are considered recoverable. The historical level of customer default is minimal and there is no current observable data to indicate a material future default. As a result, the credit quality of year end trade receivables is considered to be high.

ANGLO AMERICAN MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2020*

14. Inventories

	2020	2019
	\$'000	\$'000
Finished products	97,373	26,106
Bunker	-	5,728
	97,373	31,834

Inventories written down to NRV

	2020	2019
	\$'000	\$'000
Inventory written down to NRV included in closing balance	-	11,268
Inventory written down to NRV during the period (charge to Statement of Comprehensive Income)	-	(11,268)

The cost of inventories recognized as an expense and included in cost of sales amounted to \$9,280,856,000 (2019 restated: \$7,991,095,000).

15. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposit with a Group company	1,031,960	476,333
Cash at bank	98,664	123,285
Deposit with bank	114,354	60,637
	1,244,978	660,255

The deposit with a Group company is unsecured, repayable on demand and carries an interest rate of 0.50% (2019: 1.59%). This is classified as a cash equivalent.

There was restricted cash of \$114,354,000 as at 31 December 2020 (2019: \$60,636,439), which is restricted as it is required to cover initial margin on trading exchanges.

ANGLO AMERICAN MARKETING LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2020*

16. Derivative financial assets and liabilities

	Asset	2020	Asset	2019
	\$'000	Liabilities	\$'000	Liabilities
		\$'000		\$'000
Derivative financial instruments	72,155	(97,961)	67,345	(66,359)

Derivative financial instruments include financial derivatives, such as commodity options, swaps, forwards and futures, which are principally held to manage the Company's exposure to commodity prices and certain committed physical sale and purchase contracts which are accounted for as derivatives (see note 2).

17. Trade and other payables

	2020	2019
	\$'000	\$'000
Trade payables	272,540	119,811
Trading amounts owed to subsidiaries	32,105	13,052
Trading amounts owed to Group companies	1,158,352	809,753
Accruals	124,994	161,690
Contract liabilities	95,749	27,800
Tax and social security	1,368	1,418
Other payables	-	3,443
	1,685,108	1,136,967

Trade payables are not interest-bearing and are measured at their nominal value (with the exception of payables relating to provisionally priced commodity purchases which are marked to market using the appropriate forward price until settled).

Amounts owed to Group Companies are unsecured and payable within 30 days (2019: 30 days) and are not interest-bearing.

Contract liabilities represent amounts where consideration has been received from customers in advance of the related performance obligation being completed. All amounts presented as contract liabilities in the comparative period were recognised within revenue in the current period.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. Borrowings

Borrowings relate to borrowings from a subsidiary under a cash pooling arrangement and leases of corporate offices (2019: corporate offices and shipping vessels). The leases for office space typically run for 5 years (2019: 5 years).

The following table summarises the movement in borrowings for the year:

	2020 Lease Liabilities \$'000	2020 Borrowings from a Group company \$'000	2020 Total \$'000	2019 Lease Liabilities \$'000
At the beginning of the financial year	(35,738)	-	(35,738)	(48,619)
Repayment of principal and interest	5,793	-	5,793	126,605
Interest accrued	(165)	-	(165)	(2,445)
New leases	-	-	-	(84,261)
Loan received	-	(29,008)	(29,008)	-
Revaluation	22,436	-	22,436	(27,018)
Novation of leases to fellow Group company	3,344	-	3,344	-
At the end of the financial year	<u>(4,330)</u>	<u>(29,008)</u>	<u>(33,338)</u>	<u>(35,738)</u>
Presented as:				
Current borrowings	(3,017)	(29,008)	(32,025)	(26,821)
Medium and long-term borrowings	(1,313)	-	(1,313)	(8,917)
Total borrowings	<u>(4,330)</u>	<u>(29,008)</u>	<u>(33,338)</u>	<u>(35,738)</u>

19. Deferred tax liability

The following is the deferred tax liability recognised by the Company, and the movements during the current and prior year:

	Accelerated tax depreciation \$'000
At 1 January 2019	(1,108)
Movement during the year	(431)
At 31 December 2019 and 1 January 2020	<u>(1,539)</u>
Movement during the year	621
At 31 December 2020	<u>(918)</u>

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Equity

	2020 \$'000	2019 \$'000
Authorised share capital called up, allotted and fully paid:		
• 19,056,917 (2019: 19,056,917) ordinary shares of £1 each	30,120	30,120
• 1,000 (2019: 1,000) ordinary shares of \$1 each	1	1
	<u>30,121</u>	<u>30,121</u>
Share premium account	<u>119,999</u>	119,999

Capital contribution reserve

The capital contribution reserve comprises the cumulative value of employee services received under share-based payment arrangements which are settled in the shares of Anglo American Plc

21. Share-based payments

During the year ended 31 December 2020, the Company had the following share-based payment arrangements with employees:

Bonus Share Plan (BSP)

The BSP is offered to executive directors and senior employees of the Group to encourage and reward delivery of the Group strategic priorities and strong individual performance. The scheme is governed by the remuneration committee of Anglo American plc and is settled in the shares of Anglo American plc.

50% of the annual bonus earned will be deferred into shares under BSP, vesting 17% after two years and 33% after three years.

The remuneration committee of Anglo American plc reviews the BSP annually to ensure it remains appropriate.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. Share-based payments (continued)

Long Term Incentive Plan (LTIP)

The remuneration committee of Anglo American plc makes an annual conditional award of shares in Anglo American plc to executive directors and senior management of the Group to encourage and reward the delivery of superior shareholder returns and business objectives. The conditional award will generally vest after a period of three years, subject to the achievement of specific performance targets.

Prior to grant the committee reviews the performance targets for each measure, where applicable, to ensure they remain sufficiently stretching. Dividend equivalents are paid on any shares that vest and did not entitle the participant to dividends during the vesting period.

The provision of shares under certain of the Anglo American plc share incentive schemes is facilitated by an employee benefit trust. The employee benefit trust has waived the right to receive dividends on all shares except those allocated to dividend bearing share awards.

The costs of operating the trust are borne by Group but are not material.

The total share-based payment expense for the year is disclosed in Note 5.

The fair value of ordinary shares awarded under the BSP and LTIP, being the more material share schemes, was calculated using a Black-Scholes model. The assumptions used in the calculation are set out below:

	BSP	LTIP	BSP	LTIP
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Date of grant	03/09/20	05/06/20	08/03/19	26/03/19
Number of instruments	258,874	182,900	201,274	206,100
Share price at date of grant (£)	18.13	18.13	20.25	20.25
Contractual life (years)	3	3	3	3
Vesting Conditions	(1)	(1)	(1)	(1)
Expected volatility ⁽²⁾	50%	50%	50%	50%
Risk free interest rate ⁽³⁾	0.18%	0.18%	0.41%	0.41%
Expected departures	5% pa	5% pa	5% pa	5% pa
Dividend yield	4.2%	4.2%	3%	3%
Fair value at date of grant (weighted average) (£)	18.13	18.13	20.25	20.25

(1) Three years of continuous employment.

(2) Based on historic volatility over the last five years.

(3) The yield on zero-coupon UK government bonds with a term similar to the expected life of the award.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. Share-based payments (continued)

Bonus Share Plan (BSP)

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

	2020	2019
	Numbers	Numbers
	of shares	of shares
		Restated
Outstanding at 1 January	614,783	1,007,167 ⁵
Conditionally awarded in year	258,874	201,274
Vested in year	(326,181)	(565,587)
Forfeited in year	(7,166)	(28,071)
Outstanding at 31 December	540,310	614,783

Long Term Incentive Plan (LTIP)

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

	2020	2019
	Numbers	Numbers
	of shares	of shares
		Restated
Outstanding at 1 January	444,200	588,539 ⁶
Conditionally awarded in year	182,900	206,100
Vested in year	(173,063)	(346,939)
Forfeited in year	(32,137)	(3,500)
Outstanding at 31 December	421,900	444,200

22. Commitments

Long term contracts

The Company has entered into long term contracts of affreightment for shipping services for transport of bulk commodities and other related services. The commitments under these contracts total \$442,201,000 as at 31 December 2020 (2019: \$512,583,000) to be paid over the next five years with half of the commitment due in more than two years. These contracts secure long-term supply of freight for the Company.

⁵ 2019 opening balance has been restated. 2019 closing and 2020 opening balance has been updated as a result

⁶ 2019 opening balance has been restated. 2019 closing and 2020 opening balance has been updated as a result

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Related party transactions

At 31 December 2020, as identified in Note 25, Anglo American plc, a company incorporated in England and Wales, was the Company's ultimate parent company. The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 101 not to disclose related party transactions with wholly owned Group companies.

The Company, in the ordinary course of business, enters into transactions with related parties which are not wholly owned Group companies (other related party transactions). These transactions are under terms that are no less favourable than those arranged with third parties.

In addition to related party information disclosed elsewhere in the financial statements, the Company had the following other related party transactions:

	2020	2019
	\$'000	\$'000
Purchase of commodity from other related parties	(2,444,725)	(2,148,057)
Recharges income from other related parties	17,553	22,139
Recharges expenses from other related parties	-	(11,116)

24. Contingent liabilities

The Company entered into a contract of affreightment with a vessel owner, dated 10 May 2012 (the "COA"). The COA is used to transport iron ore from Açu to China and Bahrain and is scheduled to conclude on 31 December 2024.

As of the date of this report, the agreement continues to be in force and the vessel owner has commenced LMAA arbitration for deadfreight and/or damages for alleged breaches of the COA by the Company.

A provision has been recognised for claims where a future cash outflow is considered to be probable and recognised within provisions for liabilities. Future cash outflows are considered to be possible in relation to other elements of the claims although these are not expected to be material to the Company.

ANGLO AMERICAN MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. Ultimate parent company

The Company's immediate parent company is Anglo American Investments (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company and ultimate controlling entity is Anglo American plc, a company incorporated in the United Kingdom and registered in England and Wales. Anglo American plc is the parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared. The financial statements of both the immediate parent and ultimate parent companies may be obtained from the Company Secretary, 17 Charterhouse Street, London, EC1N 6RA, the registered office of the immediate and ultimate parent company.

26. Events since the end of the year

On 8 April 2021 Anglo American plc announced the demerger of its thermal coal operations in South Africa via the transfer of the South African thermal coal operations to a new holding company, Thungela Resources Limited. The demerger was approved by Anglo American's shareholders on 5 May 2021. Following the demerger, the Company will support Thungela in the sale and marketing of its products for a three-year period with an additional six-month transitional period.

On 7 July 2021, an interim dividend of \$200,000,000 was approved by the Board of Directors of the Company.