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**ANGLO AMERICAN PREFCO LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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## ANGLO AMERICAN PREFCO LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	M P Donnelly (appointed 17 January 2024) R W Henderson (resigned 17 January 2024) G Ingram J P Maher (resigned 27 March 2024) C Murphy S Zariffis (appointed 27 March 2024)
<b>Company secretary</b>	Anglo American Corporate Secretary Limited
<b>Registered number</b>	03734783
<b>Registered office</b>	17 Charterhouse Street London United Kingdom EC1N 6RA
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH
<b>Bankers</b>	Citibank N.A. Canada Square Canary Wharf London E14 5LB  Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP

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**ANGLO AMERICAN PREFCO LIMITED**

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## ANGLO AMERICAN PREFCO LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Introduction

Anglo American Prefco Limited (the "Company") is a holding company, with interests in Anglo American Holdings Limited from which it receives ordinary and preference dividends. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

#### Business review

As shown in the Company's Statement of comprehensive income, the Company reported a loss after tax of \$3,150,000 (2022 *restated* - \$595,896,000). The current year loss is reduced compared to the prior year and reflects a decrease in the preference dividends paid to A.R.H. Limited, partially offset by the fair value gains on the revaluation of the financial assets held by the Company. The preference dividends paid to A.R.H. Limited decreased due to a reduction in the aggregate dividends declared by Anglo American plc during the year, which determines the value of the preference dividends payable by the Company.

The balance sheet reported that the Company is in a net asset position of \$1,713,980,000 (2022 *restated* - \$1,717,130,000).

#### Principal risks and uncertainties and financial risk management policies

The directors considered the risks attached to the Company's investments in group companies and financial instruments, which principally comprise loans to and from other group companies. The directors have taken a prudent approach in their consideration of the risks. Due to the nature of the Company's activities, the Company's exposure to price risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. Credit risk is not considered to be material on the basis that the Company's debtor balances are due from other companies within the Anglo American Group and those companies are considered to have sufficient liquidity or financial support to be able to settle amounts owed to the Company.

#### Key performance indicators

Due to the nature of the Company as an investment holding company, there are no key performance indicators reviewed by management or the directors when assessing the performance or position of the Company.

#### Section 172(1) statement

The Company's 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 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.

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## ANGLO AMERICAN PREFCO LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Our Purpose and Values

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

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

#### Engaging our stakeholders

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

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

#### Long Term Decision Making

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

This report was approved by the board on 26 September 2024 and signed by its order.



**J Callaway**

For and on behalf of  
Anglo American Corporate Secretary Limited  
Secretary

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## ANGLO AMERICAN PREFCO LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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The directors present their report and the audited financial statements for the year ended 31 December 2023.

#### **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:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

#### **Disclosure of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved:

- As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Principal activity**

The Company is a holding company, with interests in Anglo American Holdings Limited from which it receives ordinary and preference dividends. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

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## ANGLO AMERICAN PREFCO LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Results and dividends

The loss for the year, after taxation, amounted to \$3,150,000 (2022 - *restated \$595,896,000*).

The Statement of comprehensive income for the year is set out on page 10.

On 27 April 2023, the Company declared and paid an interim dividend of \$2.96 per share to A.R.H. Limited of \$152,140,000 on its preference shares.

On 25 September 2023, the Company declared and paid an interim dividend of \$2.20 per share to A.R.H. Limited of \$113,077,000 on its preference shares.

#### Directors

The directors who served during the year and up to the date of signing the financial statements, other than as stated, were:

M P Donnelly (appointed 17 January 2024)  
R W Henderson (resigned 17 January 2024)  
G Ingram  
J P Maher (resigned 27 March 2024)  
C Murphy  
S Zariffis (appointed 27 March 2024)

#### Principal risks and uncertainties and financial risk management policies

The directors considered the risks attached to the Company's investments in group companies and financial instruments, which principally comprise loans to and from other group companies. The directors have taken a prudent approach in their consideration of the risks. Due to the nature of the Company's activities, the Company's exposure to price risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. Credit risk is not considered to be material on the basis that the Company's debtor balances are due from other companies within the Anglo American Group and those companies are considered to have sufficient liquidity or financial support to be able to settle amounts owed to the Company.

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## ANGLO AMERICAN PREFCO LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Future developments

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

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future for the period of at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as it is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital and other needs.

The directors have received a commitment of financial support from Anglo American plc for use to the extent that it is necessary, including but not limited to, not seeking repayment of amounts advanced to the Company by the Group unless alternative financing has been secured by the Company. This support will remain in place for the foreseeable future, including the period of at least 12 months from authorisation of the Company's financial statements. In performing their going concern assessment, the directors have considered the ability of the Group to provide such financial support, and have satisfied themselves as to the adequacy of the commitment of financial support.

#### Post balance sheet events

On 2 May 2024, the Company paid dividend on preference shares of \$84,293,952 to its affiliated undertaking A.R.H. Limited.

#### Indemnities

To the extent permitted by law and the Articles, the Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year through its ultimate parent company, which remain in force at the date of this report

#### Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP 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.

This report was approved by the board on 26 September 2024 and signed by its order.



**J Callaway**

For and on behalf of  
Anglo American Corporate Secretary Limited  
Secretary

# Independent auditors' report to the members of Anglo American Prefco Limited

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2023; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### 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 2023 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 Companies Act 2006 and applicable tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 in significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Inquiry of management regarding its consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates, and assessing these judgements and estimates for management bias.

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](http://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.



Alexander Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
26 September 2024

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ANGLO AMERICAN PREFCO LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023

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	Note	2023 \$000	Restated 2022 \$000
Interest receivable and similar income	6	165,503	165,503
Interest payable and similar expenses	7	(265,217)	(600,337)
Gain/(loss) on financial asset investments carried at fair value	17	96,564	(161,062)
<b>Loss before tax</b>		<b>(3,150)</b>	<b>(595,896)</b>
Tax on loss	8	-	-
<b>Loss for the financial year</b>		<b>(3,150)</b>	<b>(595,896)</b>
<b>Total comprehensive loss for the year</b>		<b>(3,150)</b>	<b>(595,896)</b>

The notes on pages 13 to 25 form part of these financial statements.

Refer to note 2 for detail of the restatement of comparatives.

The results relate to continuing operations of the Company.

**ANGLO AMERICAN PREFCO LIMITED**  
**REGISTERED NUMBER: 03734783**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**

	Note	2023 \$000	Restated 2022 \$000
<b>Fixed assets</b>			
Investments	9	2,183,650	2,186,800
		<u>2,183,650</u>	<u>2,186,800</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	54,807	54,807
		<u>54,807</u>	<u>54,807</u>
<b>Total assets less current liabilities</b>		<b>2,238,457</b>	<b>2,241,607</b>
Creditors: amounts falling due after more than one year	11	(524,477)	(524,477)
		<u>1,713,980</u>	<u>1,717,130</u>
<b>Net assets</b>		<b>1,713,980</b>	<b>1,717,130</b>
<b>Capital and reserves</b>			
Called up share capital	13	25,699	25,699
Share premium account	14	1,988,218	1,988,218
Other reserves	14	(475,286)	(475,286)
Profit and loss account	14	175,349	178,499
<b>Shareholders' funds</b>		<b>1,713,980</b>	<b>1,717,130</b>

Refer to note 2 for detail of the restatement of comparatives.

The financial statements on pages 9 to 25 were approved and authorised for issue by the board and were signed on its behalf on 26 September 2024.



**G Ingram**  
Director

The notes on pages 13 to 25 form part of these financial statements.

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**ANGLO AMERICAN PREFCO LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	\$000	\$000	\$000	\$000	\$000
At 1 January 2023 (restated)	25,699	1,988,218	(475,286)	178,499	1,717,130
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(3,150)	(3,150)
<b>Total comprehensive loss for the year</b>	-	-	-	(3,150)	(3,150)
<b>At 31 December 2023</b>	<b>25,699</b>	<b>1,988,218</b>	<b>(475,286)</b>	<b>175,349</b>	<b>1,713,980</b>

Refer to note 17 for detail of the restatement of comparatives.

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**ANGLO AMERICAN PREFCO LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Called up share capital \$000	Share premium account \$000	Other reserves \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2022 (as previously stated)	25,699	1,988,218	(475,286)	54,691	1,593,322
Restatement: Fair value adjustment of investments	-	-	-	719,704	719,704
At 1 January 2022 (as restated)	<u>25,699</u>	<u>1,988,218</u>	<u>(475,286)</u>	<u>774,395</u>	<u>2,313,026</u>
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(595,896)	(595,896)
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(595,896)</u>	<u>(595,896)</u>
<b>At 31 December 2022 (as restated)</b>	<u><u>25,699</u></u>	<u><u>1,988,218</u></u>	<u><u>(475,286)</u></u>	<u><u>178,499</u></u>	<u><u>1,717,130</u></u>

The notes on pages 13 to 25 form part of these financial statements.

Refer to note 17 for detail of the restatement of comparatives.

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## ANGLO AMERICAN PREFCO LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. General information

Anglo American Prefco Limited is a private company limited by shares, incorporated and domiciled 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 Directors report.

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

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

##### Changes in accounting policies and disclosures

The material accounting policies applied are consistent with those adopted and disclosed in the financial statements for the year ended 31 December 2022, unless otherwise stated.

##### Restatement of prior year

Investments in Class B ordinary shares of \$1, issued by Anglo American Holdings Limited, previously carried at cost as of 31 December 2022 (*1 January 2022: \$1*), have been reclassified as financial assets at fair value through profit or loss in the balance sheet comparatives to align with the current year's presentation.

Investments in preference shares, issued by Anglo American Holdings Limited, previously treated as non-financial assets, are now recognised as financial assets at amortised cost. This change in classification had no impact on the balance sheet.

The statement of comprehensive income has also been restated to present the dividend income of \$600,400,000 from Class B ordinary shares and preference shares, previously reported as revenue as follows:

- Dividend income of \$434,897,000 from Class B ordinary shares has been recognised within the investment movement for the year, with the net loss on financial investments carried at fair value amounting to \$161,062,000 presented in the statement of comprehensive income, to align with the revised accounting policy for financial assets measured at fair value through profit or loss.
- Dividend income of \$165,503,000 from preference shares has been presented as interest receivable and similar income in the statement of comprehensive income in order to align with the presentation requirements of the Companies Act 2006.

For further details, refer to notes 9 and 17.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future for the period of at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as it is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital and other needs.

The directors have received a commitment of financial support from Anglo American plc for use to the extent that it is necessary, including but not limited to, not seeking repayment of amounts advanced to the Company by the Group unless alternative financing has been secured by the Company. This support will remain in place for the foreseeable future, including the period of at least 12 months from authorisation of the Company's financial statements. In performing their going concern assessment, the directors have considered the ability of the Group to provide such financial support, and have satisfied themselves as to the adequacy of the commitment of financial support.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentation currency is United States Dollars (USD) as this is the currency of the primary economic environment in which the Company operates.

**Transactions and balances**

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

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

**2.5 Finance costs**

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

Dividends on preference shares are recognised as interest payable in the Statement of comprehensive income. The preference shares of US\$0.50 each entitle the holder to receive a cumulative preferential dividend on the paid up capital equal to the greater of US\$0.60 per preference share in issue or four times the aggregate dividends declared or paid on an Anglo American plc ordinary share.

**2.6 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**2.7 Creditors**

Creditors are amounts owed to group undertakings in respect of preference shares treated as debt and the interest payable thereon.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months of the balance sheet date.

**2.8 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.9 Financial instruments

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

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

**Financial assets**

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

**Assets at fair value through profit or loss**

Financial assets that are not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Fair value is determined using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Gains or losses arising on remeasurement are recognised in profit or loss. These financial assets includes the investment in Class B ordinary shares.

**Assets at amortised cost**

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

**Financial liabilities**

**At amortised cost**

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

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method. Dividend income on investment in preference shares measured at amortised cost are recognised as interest receivable and similar income in the statement of comprehensive income.

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FOR THE YEAR ENDED 31 DECEMBER 2023

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

There are no critical judgments made by the directors in applying the Company's accounting policies other than the accounting estimates relevant to the assessment of the valuation of financial assets at fair value through profit or loss.

**Valuation of financial assets at fair value through profit or loss**

The Company estimates the fair value of its investments in an affiliated undertaking on a discounted cash flow basis. The assumptions used in this valuation are subject to change and may have a material impact on the fair value of the financial assets - these include: (i) a discount rate based on the capital structure of the entity; (ii) dividend income assumptions based on the instrument terms; and (iii) a discount for lack of marketability given the illiquid nature of the investments.

The valuation remains sensitive to reasonably possible changes in the key inputs. Sensitivities are presented below on the basis that all other assumptions remain constant, although in reality changes may not occur independently of each other:

- A 100 basis point decrease in the discount rate will result in a \$19.8m increase to the value of the investment.
- A 100 basis point increase in the discount rate will result in a \$14.9m reduction in the value of the investment.
- A 10% increase/decrease to the dividend income assumptions will result in a \$12.1m increase/decrease to the value of the investment.
- A 10% increase/decrease in the discount for lack of marketability will result in a \$4.6m decrease/increase to the value of the investment.

**4. Operating profit**

Audit fees for the audit of these financial statements of \$31,293 (2022 - \$28,554) have been borne by Anglo American Services (UK) Ltd.

**5. Employees**

The Company had no employees during the year. The directors of this company are employed by a fellow group company and received no remuneration for their services to the Company (2022 - \$NIL). The directors do not believe it is practicable to apportion their total remuneration between their services as the directors of the Company and as directors of fellow group companies.

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ANGLO AMERICAN PREFCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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6. Interest receivable and similar income

	<b>2023</b> <b>\$000</b>	<i>Restated</i> <i>2022</i> <i>\$000</i>
Investment income	<b>165,503</b>	165,503
	<b>165,503</b>	165,503

During the year, the Company received investment income totalling \$165,503,000 (2022 restated - \$165,503,000) from its investment in Preference Shares issued by Anglo American Holdings Limited.

7. Interest payable and similar expenses

	<b>2023</b> <b>\$000</b>	<i>2022</i> <i>\$000</i>
Dividends paid on financial liability component of preference shares	<b>265,217</b>	600,337
	<b>265,217</b>	600,337

On 27 April 2023, the Company declared and paid an interim dividend of \$2.96 per share to A.R.H. Limited of \$152,140,000 on its preference shares.

On 25 September 2023, the Company declared and paid an interim dividend of \$2.20 per share to A.R.H.Limited of \$113,077,000 on its preference shares.

Disclosure of the terms and conditions attached to the preference shares is made in note 13.

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**ANGLO AMERICAN PREFCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**8. Tax on loss**

	<b>2023 \$000</b>	<i>2022 \$000</i>
<b>Total current tax</b>	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	<b>2023 \$000</b>	<i>Restated 2022 \$000</i>
Loss before tax	<u>(3,150)</u>	<u>(595,896)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	(741)	(140,158)
<b>Effects of:</b>		
Expenses not deductible	39,668	171,603
Exempt dividends from UK companies	<u>(38,927)</u>	<u>(31,445)</u>
<b>Total tax credit for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 31 December 2023. No deferred tax has been recognised during the year.

On 23 March 2023, HM Treasury released draft legislation for the Global Minimum Tax ('Pillar 2') rules in the UK which was substantively enacted on 20 June 2023. These rules will apply to the full Anglo American Group from the financial year ended 31 December 2024 onwards. Further information regarding the group's Pillar Two position is detailed in the consolidated financial statements of Anglo American plc. The Company has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar 2 rules.

ANGLO AMERICAN PREFCO LIMITED

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9. Investment

Cost or valuation	Investment in affiliated undertaking Amortised cost \$000	Investment in affiliated undertaking Fair value \$000	Total \$000
At 1 January 2022 (as restated)	2,063,054	719,705	2,782,759
Dividend received	-	(434,897)	(434,897)
Fair value loss	-	(161,062)	(161,062)
At 31 December 2022 (as restated)	2,063,054	123,746	2,186,800
Dividends received	-	(99,714)	(99,714)
Fair value gain	-	96,564	96,564
At 31 December 2023	2,063,054	120,596	2,183,650
<b>Net book value</b>			
At 31 December 2023	2,063,054	120,596	2,183,650
At 31 December 2022 (as restated)	2,063,054	123,746	2,186,800

**Affiliated undertakings**

The above investments are held in below affiliated undertaking:

Name	Registered office	Principal Activity	Class of shares	Holding
Anglo American Holdings Limited	17 Charterhouse Street, London, EC1N 6RA, United Kingdom	Holding Company	Ordinary B Shares 8% Preference 8.3% Preference	100 %

Refer to Note 17 on restatement of prior period error.

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ANGLO AMERICAN PREFCO LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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10. Debtors: Amounts falling due within one year

	2023 \$000	2022 \$000
Amounts owed by group undertakings	54,807	54,807
	<u>54,807</u>	<u>54,807</u>

This primarily includes preference dividend receivable from its affiliated undertaking Anglo American Holdings Limited of \$54,753,000 (2022 - \$54,753,000).

11. Creditors: Amounts falling due after more than one year

	2023 \$000	2022 \$000
Share premium treated as debt	498,778	498,778
Financial liability component of preference shares (51,398,751 shares of \$0.50 each)	25,699	25,699
	<u>524,477</u>	<u>524,477</u>

Disclosure of the terms and conditions attached to the preference shares is made in note 13.

\$524,477,000 (2022 - \$524,477,000) of preference shares has been classified as debt in accordance with the presentation requirements of IAS 32.

The preference shares of US\$0.50 each entitle the holder to receive a cumulative preferential dividend on the paid up capital equal to the greater of US\$0.60 per preference share in issue or four times the aggregate dividends declared or paid on an Anglo American plc ordinary share.

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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**12. Financial instruments**

	<b>2023</b>	<i>Restated</i>
	<b>\$000</b>	<i>2022</i>
		<i>\$000</i>
<b>Financial assets</b>		
Financial assets measured at amortised cost	<b>2,117,860</b>	2,117,860
Financial assets measured at fair value through profit or loss	<b>120,596</b>	123,746
<b>Financial assets</b>	<b>2,238,456</b>	2,241,606
	<u><u>          </u></u>	<u><u>          </u></u>
<b>Financial liabilities</b>		
Financial liability component of preference shares	<b>(25,699)</b>	(25,699)
Share premium treated as debt	<b>(498,778)</b>	(498,778)
<b>Financial liabilities</b>	<b>(524,477)</b>	(524,477)
	<u><u>          </u></u>	<u><u>          </u></u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and investments in affiliated undertakings.

Financial assets measured at fair value through profit or loss comprise investments in affiliated undertakings.

Financial liabilities measured at amortised cost comprise the financial liability component of preference shares and amounts owed to group undertakings.

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**ANGLO AMERICAN PREFCO LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**13. Called up share capital**

	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>Shares classified as equity</b>		
<b>Authorised</b>		
100 (2022 - 100) Ordinary shares of £1.00 each	-	-
100,000,000 (2022 - 100,000,000) capital preference shares of \$0.50 each	<b>50,000</b>	<b>50,000</b>
	<u><b>50,000</b></u>	<u><b>50,000</b></u>
<b>Allotted, called up and fully paid</b>		
1 (2022 - 1) Ordinary share of £1.00	-	-
51,398,751 (2022 - 51,398,751) capital preference shares of \$0.50 each	<b>25,699</b>	<b>25,699</b>
	<u><b>25,699</b></u>	<u><b>25,699</b></u>
	<b>2023</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>
<b>Shares classified as debt</b>		
<b>Authorised</b>		
100,000,000 (2022 - 100,000,000) preference shares of \$0.50 each	<u>50,000</u>	<u>50,000</u>
<b>Allotted, called up and fully paid</b>		
51,398,751 (2022 - 51,398,751) preference shares of \$0.50 each	<u><b>25,699</b></u>	<u><b>25,699</b></u>

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FOR THE YEAR ENDED 31 DECEMBER 2023

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**13. Called up share capital (continued)**

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

The company's issued share capital is one £1 ordinary share, 51,398,751 US\$0.50 capital preference shares and 51,398,751 US\$0.50 preference shares. Capital preference and preference shares have been classified as debt or equity based on the terms of the shares in accordance with IAS 32. The capital preference shares do not have any rights to dividends.

On a return of capital on winding up, holders of preference shares have the right, in priority to any payment to holders of any other class of shares, to the repayment of a sum equal to the nominal capital and any premium paid up or credited as paid up on the preference shares held by them and accruals (if any) of the preferential dividend, whether declared or not, accrued up to the date of winding up. The holders of preference shares are not entitled to any further or other right of participation in the assets of the Company.

In the event of winding up, capital preference shareholders will be, in priority to any payment to holders of any other class of shares (with the exception of preference shareholders), entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the capital preference shares held by them together with a premium of US\$38.65 per capital preference share held. Holders of capital preference shares are not entitled to any further participation or right of participation in the assets of the Company.

The holders of the preference shares and the capital preference shares have the right to vote at General Meetings of the Company only if a resolution is to be proposed modifying any rights of the holders of such shares or to wind up the Company. In addition, the preference shareholders are entitled to vote if and when the dividend on the preference shares is six months or more in arrears.

**14. Reserves**

**Share premium account**

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

**Other reserves**

The other reserves balance represents the negative equity component of preference shares. The liability proportion of the 51,398,751 preference shares of \$0.50 was revalued in 2005 on transition to FRS 25 and resulted in a value significantly higher than the nominal value of \$25,699,000. The difference between the fair value of the liability on transition and the previous carrying value in share capital and share premium was recorded as a negative other reserve of \$475,286,000.

**Profit and loss account**

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

**15. Post balance sheet events**

On 2 May 2024, the Company paid dividend on preference shares of \$84,293,952 to its affiliated undertaking A.R.H. Limited.

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ANGLO AMERICAN PREFCO LIMITED

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**16. Ultimate parent undertaking and controlling party**

The immediate and 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. Its financial statements may be obtained from the Company Secretary, 17 Charterhouse Street, London, EC1N 6RA, the registered office of the Company.

**17. Restatement of prior period error**

During the year the Company identified an error in classification of certain of its investments in an affiliated undertaking. The investments were previously carried at cost. Applying the criteria of IFRS 9 *Financial Instruments*, the investments have been classified as financial assets at fair value through profit or loss. The impact of this reclassification was to increase the value of the investment by \$719,704,000, with an equal increase to retained earnings at 1 January 2022. The impact on key financial statement line items is set out below.

	Previously reported 2022 \$000	Change 2022 \$000	Restated 2022 \$000
Revenue	600,400	(600,400)	-
<b>Operating profit</b>	600,400	(600,400)	-
Interest receivables	-	165,503	165,503
Interest payable	(600,337)	-	(600,337)
Fair value loss	-	(161,062)	(161,062)
<b>Profit/(loss) before tax</b>	63	(595,896)	(595,896)
Tax	-	-	-
<b>Profit/(loss) for the financial year</b>	63	(595,896)	(595,896)
Investments	2,063,054	123,746	2,186,800
Profit and loss account	54,690	123,809	178,499