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**FERRO NICKEL MARKETING LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**FERRO NICKEL MARKETING LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	E C Klonarides C E Davage
<b>Company secretary</b>	Anglo American Corporate Secretary Limited
<b>Registered number</b>	04834745
<b>Registered office</b>	20 Carlton House Terrace London United Kingdom SW1Y 5AN
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor Hill House 1 Little New St London United Kingdom EC4A 3TR
<b>Bankers</b>	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP

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**FERRO NICKEL MARKETING LIMITED**

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## FERRO NICKEL MARKETING LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and the audited financial statements of Ferro Nickel Marketing Limited ("the Company") for the year ended 31 December 2019.

The Company, by virtue of qualifying as small under section 415A of the Companies Act 2006, has taken advantage of the exemption from preparing a Strategic Report as permitted under section 414A(2) of the Companies Act 2006.

#### Principal activity

The Company is a wholly-owned indirect subsidiary of Anglo American plc, a company incorporated in England and Wales. The Company's principal activity has been the trading and marketing of nickel purchased from Minera Loma de Niquel ("MLdN"), a fellow subsidiary of Anglo American plc incorporated in the Bolivarian Republic of Venezuela ("Venezuela"). The Company previously earned a 2% target margin on sale of goods purchased from MLdN. On 10 November 2012, the term of certain remaining concessions of MLdN expired and the mining and processing activities of that entity ceased permanently and as a result the Company's nickel marketing activities are currently suspended. However, the Company continues to manage its receivable and payable balances and inter-company transactions, while management assesses its future prospects within the Anglo American plc group.

The Company previously entered into the following export in-kind arrangement with MLdN.

#### *Payment in-kind arrangement*

Under this agreement, the Company agreed to procure certain supplies, equipment and/or services on behalf of MLdN with a 2.5% commission earned on the cost of items procured. Additionally, the agreement allowed for payments to be made third party suppliers for goods and services it had acquired. Repayments were made by MLdN with nickel shipments which the Company then sold to third parties at the 2% target margin. No activities took place under this arrangement in the current or prior year.

#### *Loan in-kind arrangement*

The Company has entered into two revolving facility agreement with MLdN - a US dollar facility for payment freight and insurance and other US dollar denominated transactions and a Venezuelan Bolivar VEF facility to fund local operations in Venezuela. In order to fund this loans, the Company has established similar facility agreements with Anglo American Capital plc. The facilities have a combined limit of US\$125 million (2018:US\$125 million). The principal and interest arising under these loans were previously paid by nickel shipments which the Company the sold to third parties at the 2% target margin.

In November 2012, Anglo American Services (UK) Ltd issued a guarantee to the Company for a maximum value of US\$51.8 million, to be called on in the event MLdN fails to make any payment under the US dollar facility agreement.

In light of the cessation of MLdN's mining and processing activities the currently outstanding balances under these funding arrangements are no longer considered recoverable with the exception of the amount guaranteed. Additional advances were made to MLdN in the year but the value of these, together with the related interest due was fully impaired.

#### Results and dividends

The loss for the year, after taxation, amounted to \$1,360,607 (2018 - profit \$79,318).

No dividends were declared and paid during the year 2019 (2018 - \$NIL).

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

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**Directors**

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

E C Klonarides  
C E Davage

**Going concern**

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. Anglo American Services (UK) Ltd have confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Anglo American plc.

The directors of the Company therefore feel that the Company will have sufficient funds, taking account of possible changes in trading performance (including specifically the potential impact of COVID-19 on the cash

flows of the Company, Anglo American Services (UK) Ltd and Anglo American plc) and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

**Principal risks and uncertainties**

The Company's principal financial assets are bank balances and loans receivable from group undertakings. The credit risk on bank balances is limited as the counterparties are banks with high credit-ratings, assigned by international credit-rating agencies. Loans receivable from group undertakings are primarily loans to MLdN under the loan-in-kind arrangement described above, the credit risk on these loans crystallized with the cessation of MLdN's mining and processing activities and the remaining amount outstanding with the exception of the amount that was guaranteed were fully impaired.

**Future prospects**

The directors expect the Company to continue to manage its receivable and payable balances and inter-company transactions.

**Disclosure of information to auditor**

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

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

relevant audit information and to establish that the Company's auditor is aware of that information.

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

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**FERRO NICKEL MARKETING LIMITED**

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

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**Post balance sheet event**

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

**Auditor**

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

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

**Claire Murphy**

For and on behalf of

Anglo American Corporate Secretary Limited

Secretary

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERRO NICKEL MARKETING LIMITED

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**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Ferro Nickel Marketing Limited (the 'Company'):

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

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

- the Statement of comprehensive income;
- the Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 17.

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

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

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



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERRO NICKEL MARKETING LIMITED

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**Other information (continued)**

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

We have nothing to report in respect of these matters.

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERRO NICKEL MARKETING LIMITED

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**Use of our report**

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

Paul Barnett FCA (Senior statutory auditor)

for and on behalf of

**Deloitte LLP**

Statutory Auditor

London

United Kingdom

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

**FERRO NICKEL MARKETING LIMITED**

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

	Note	2019 \$	2018 \$
Administrative income/(expenses)		16,396	(6)
Exceptional other operating charges	8	(8,732,211)	(7,325,079)
<b>OPERATING LOSS</b>	4	(8,715,815)	(7,325,085)
Interest receivable and similar income	6	7,355,208	6,548,886
<b>LOSS BEFORE TAX</b>		(1,360,607)	(776,199)
Tax on loss	7	-	855,517
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(1,360,607)	79,318
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR</b>		(1,360,607)	79,318

The notes on pages 12 to 20 form part of these financial statements.

The results relate to continuing operations of the Company.

**FERRO NICKEL MARKETING LIMITED**  
**REGISTERED NUMBER: 04834745**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>NON-CURRENT ASSETS</b>			
Debtors: amounts falling due in more than one year	9	51,800,000	51,800,000
		<u>51,800,000</u>	<u>51,800,000</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	10	-	421
Cash at bank and in hand	11	9,516,642	10,893,644
		<u>9,516,642</u>	<u>10,894,065</u>
Creditors: amounts falling due within one year	12	(148,205)	(165,021)
		<u>(148,205)</u>	<u>(165,021)</u>
<b>NET CURRENT ASSETS</b>		<u>9,368,437</u>	<u>10,729,044</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>61,168,437</u>	<u>62,529,044</u>
<b>NET ASSETS</b>			
		<u>61,168,437</u>	<u>62,529,044</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	732	732
Share premium account	15	72,999,270	72,999,270
Profit and loss account	15	(11,831,565)	(10,470,958)
		<u>61,168,437</u>	<u>62,529,044</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>61,168,437</u>	<u>62,529,044</u>

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

**E C Klonarides**  
Director

FERRO NICKEL MARKETING LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2019 (as restated)	732	72,999,270	(10,470,958)	62,529,044
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Loss for the year	-	-	(1,360,607)	(1,360,607)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	-	-	(1,360,607)	(1,360,607)
<b>AT 31 DECEMBER 2019</b>	<b>732</b>	<b>72,999,270</b>	<b>(11,831,565)</b>	<b>61,168,437</b>

The notes on pages 12 to 20 form part of these financial statements.

FERRO NICKEL MARKETING LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2018	732	72,999,270	(10,550,276)	62,449,726
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	79,318	79,318
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	79,318	79,318
<b>AT 31 DECEMBER 2018</b>	<b>732</b>	<b>72,999,270</b>	<b>(10,470,958)</b>	<b>62,529,044</b>

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

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**1. General information**

Ferro Nickel 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 Directors' report.

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

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

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

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

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

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**2. Accounting policies (continued)**

**2.3 Impact of new international reporting standards, amendments and interpretations**

**IFRS 16**

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

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

**2.4 Going concern**

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. Anglo American Services (UK) Ltd have confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Anglo American plc.

The directors of the Company therefore feel that the Company will have sufficient funds, taking account of possible changes in trading performance (including specifically the potential impact of COVID-19 on the cash flows of the Company, Anglo American Services (UK) Ltd and Anglo American plc) and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

**2.5 Financial instruments**

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

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

**Financial assets**

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

**Fair value through profit or loss**

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

**Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on



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

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**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

**Financial liabilities**

**At amortised cost**

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

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

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**2. Accounting policies (continued)**

**2.6 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is USD.

**Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**2.7 Interest income**

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

**2.8 Taxation**

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

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

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

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

There are no critical judgments made by the directors in applying the Company's accounting policies other than determining recoverability of loans.

**Determining recoverability of loans**

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

4. **Operating loss**

Audit fees for the audit of these financial statements of \$14,034 (2018 - \$14,332) has been borne by Anglo American Services (UK) Ltd in both the current and preceding years.

5. **Employees**

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

6. **Interest receivable**

	2019 \$	2018 \$
Interest receivable on loans from group companies	7,107,211	6,350,078
Other interest receivable	247,997	198,808
	<u>7,355,208</u>	<u>6,548,886</u>

7. **Taxation**

	2019 \$	2018 \$
<b>Corporation tax</b>		
UK corporation tax on loss for the year	-	-
Adjustment in respect of prior years	-	(855,517)
<b>Total current tax credit</b>	<u>-</u>	<u>(855,517)</u>

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

7. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 \$	2018 \$
Loss before tax	<u>(1,360,607)</u>	<u>(776,199)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(258,515)	(147,478)
<b>Effect of:</b>		
Impairment charge	1,659,120	1,391,765
Group relief claimed for nil consideration	(1,400,605)	(1,244,287)
Adjustments in respect of prior period	-	(855,517)
<b>Total tax credit for the year</b>	<u>-</u>	<u>(855,517)</u>

Factors that may affect future tax charges

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

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

8. Exceptional items

	2019 \$	2018 \$
Impairment charge	8,732,211	7,325,079
	<u>8,732,211</u>	<u>7,325,079</u>

An impairment charge of \$8,732,211 (2018 - \$7,325,079) has been recognised in respect of the loan to MLdN.

**FERRO NICKEL MARKETING LIMITED**

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

**9. Non-current assets**

	Loans to subsidiaries \$
<b>Cost or valuation</b>	
At 1 January 2019	116,340,140
Additions	8,732,211
At 31 December 2019	<u>125,072,351</u>
<b>Impairment</b>	
At 1 January 2019	64,540,140
Charge for the period	8,732,211
At 31 December 2019	<u>73,272,351</u>
<b>Net book value</b>	
At 31 December 2019	<u>51,800,000</u>
<b>At 31 December 2018</b>	<u>51,800,000</u>

The loans to subsidiaries relate to two revolving facilities with MLdN. As part of the terms of a guarantee provided by Anglo American Services (UK) Ltd ("AASUK"), \$51,800,000 of the MLdN loan receivable was deemed recoverable.

After a review of the net asset value of the Company's investments as at 31 December 2019, the Company has recognised an impairment charge of \$8,732,211 (2018 - \$7,325,079) in respect of the loan to MLdN.

**10. Debtors**

	2019 \$	2018 \$
Other tax receivable	-	421
	<u>-</u>	<u>421</u>

**FERRO NICKEL MARKETING LIMITED**

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

**11. Cash and cash equivalents**

	2019 \$	2018 \$
Cash at bank and in hand	9,516,642	10,893,644
	<u>9,516,642</u>	<u>10,893,644</u>

**12. Creditors: Amounts falling due within one year**

	2019 \$	2018 \$
Accruals and deferred income	-	16,816
Amounts owed to group undertakings	148,205	148,205
	<u>148,205</u>	<u>165,021</u>

The Company has facility agreements with affiliated undertakings of which \$148,205 had been drawn at year end. The balance is unsecured and bears interest at a market related rate. The classification of the amounts owed is based on the repayment terms.

**13. Financial instruments**

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash	9,516,642	10,893,644
Loans and receivables measured at amortised cost	-	421
	<u>9,516,642</u>	<u>10,894,065</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(148,205)</u>	<u>(165,021)</u>

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

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

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FERRO NICKEL MARKETING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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14. Share capital

	2019 \$	2018 \$
<b>Authorised</b>		
50,000,000 ordinary shares of \$1.00 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Allotted, called up and fully paid</b>		
732 ordinary shares of \$1.00 each	<u>732</u>	<u>732</u>

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

15. Reserves

**Share premium account**

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

**Profit and loss account**

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

16. Post balance sheet events

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

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

17. Ultimate parent undertaking and controlling party

The immediate parent company is Anglo American Finance (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 and ultimate parent companies may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN, the registered office of both companies.





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