

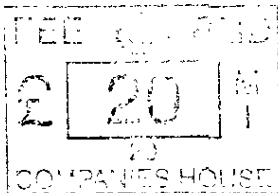
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Registered number: 121705

ANGLO COAL INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



R20273



ANGLO COAL INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	A C MacPherson C W Miller (resigned 29 March 2019) J M Mills (resigned 5 April 2018) D Smailes R Price (appointed 1 May 2018) M T S Walker (appointed 12 March 2019)
Company secretary	Anglo American Corporate Secretary Limited Intertrust Corporate Services (Jersey) Limited (resigned 7 February 2019) Ogier Global Company Secretary (Jersey) Limited (appointed 7 February 2019)
Registered number	121705
Registered office	3rd floor 44 Esplanade St Helier Jersey JE4 9WG
Administration office	20 Carlton House Terrace London United Kingdom SW1Y 5AN
Independent auditors	Deloitte LLP Hill House 1 Little New St London United Kingdom EC4A 3TR
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London United Kingdom E14 5HP

ANGLO COAL INTERNATIONAL LIMITED

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ANGLO COAL INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activity

The Company's principal activity is as an investment holding company.

Dividends paid

There were no dividends paid in the year under review (2017 - \$NIL).

Results

The statement of comprehensive income is set out on page 7.

Directors

The directors who served during the year were:

A C MacPherson
C W Miller (resigned 29 March 2019)
J M Mills (resigned 5 April 2018)
D Smailes
R Price (appointed 1 May 2018)

Principal risks and uncertainties and financial risk management policies

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

Future developments

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

ANGLO COAL INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Going concern

Considering that the directors have the current intention to liquidate the Company in the next year, the financial statements have been prepared on a basis other than that of a going concern, which includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance date. The directors have received a letter of comfort from the Company's fellow group undertaking, Anglo American Services (UK) Ltd, such that the Company has adequate resources to meet its liabilities as they fall due (further detail is provided in Note 2).

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Following the dispensation of the requirement to hold an AGM in accordance with the requirements of C(J)L 1991 Deloitte have been deemed to be reappointed as auditor.

This report was approved by the board on 30 May 2019 and signed on its behalf.



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

ANGLO COAL INTERNATIONAL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANGLO COAL INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO COAL INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Anglo Coal International Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- 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 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 15.

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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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 we do not express any form of assurance conclusion thereon.

ANGLO COAL INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO COAL INTERNATIONAL LIMITED

Other information (continued)

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- proper accounting records have not been kept, or proper 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
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

ANGLO COAL INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO COAL INTERNATIONAL LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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

Paul Barnett

for and on behalf of

Deloitte LLP

Hill House
1 Little New St
London
United Kingdom
EC4A 3TR
30 May 2019

ANGLO COAL INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Administrative expenses		(215)	(10,100)
Exceptional items	7	(2,333,570)	(3,778,516)
Operating loss	4	<u>(2,333,785)</u>	<u>(3,788,616)</u>
Interest receivable and similar income		-	17
Interest payable and expenses	5	(2,649)	(1,821)
Loss before tax		<u>(2,336,434)</u>	<u>(3,790,420)</u>
Tax on loss	6	-	-
Loss for the financial year		<u>(2,336,434)</u>	<u>(3,790,420)</u>
 Total comprehensive loss for the year		 <u><u>(2,336,434)</u></u>	 <u><u>(3,790,420)</u></u>

The notes on pages 11 to 19 form part of these financial statements.

The results relate to discontinued operations of the Company.

ANGLO COAL INTERNATIONAL LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Fixed assets			
Investments in subsidiary	8	1	1
		<u>1</u>	<u>1</u>
Current assets			
Cash at bank and in hand	9	-	1
		<u>-</u>	<u>1</u>
Creditors: amounts falling due within one year	10	(60,482)	(57,619)
Net current liabilities		<u>(60,482)</u>	<u>(57,618)</u>
Total assets less current liabilities		<u>(60,481)</u>	<u>(57,617)</u>
Net liabilities		<u>(60,481)</u>	<u>(57,617)</u>
Capital and reserves			
Called up share capital	12	27,034,050	27,031,750
Share premium account	13	56,398,084	54,066,814
Profit and loss account	13	(83,492,615)	(81,156,181)
		<u>(60,481)</u>	<u>(57,617)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2019.

D Smailes

D Smailes
Director

The notes on pages 11 to 19 form part of these financial statements.

ANGLO COAL INTERNATIONAL 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	27,031,750	54,066,814	(81,156,181)	(57,617)
Comprehensive income for the year				
Loss for the year	-	-	(2,336,434)	(2,336,434)
Total comprehensive income for the year	-	-	(2,336,434)	(2,336,434)
Shares issued during the year	2,300	2,331,270	-	2,333,570
Total transactions with owners	2,300	2,331,270	-	2,333,570
At 31 December 2018	27,034,050	56,398,084	(83,492,615)	(60,481)

The notes on pages 11 to 19 form part of these financial statements.

Further details in respect of the movements in share capital and share premium are disclosed in note 12.

ANGLO COAL INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2017	26,763,200	50,556,849	(77,365,761)	(45,712)
Comprehensive income for the year				
Loss for the year	-	-	(3,790,420)	(3,790,420)
Total comprehensive income for the year	-	-	(3,790,420)	(3,790,420)
Shares issued during the year	268,550	3,509,965	-	3,778,515
Total transactions with owners	268,550	3,509,965	-	3,778,515
At 31 December 2017	27,031,750	54,066,814	(81,156,181)	(57,617)

ANGLO COAL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

The Company is registered in Jersey as a private limited company in accordance with the Companies (Jersey) Law 1991.

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 (Jersey) Law 1991.

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 paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

ANGLO COAL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Going concern

The directors have the current intention to liquidate the Company in the next year. The financial statements have been prepared on a basis other than that of a going concern. The basis other than that of a going concern includes, where appropriate, writing down the Company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance date. Anglo American Services (UK) Ltd have provided a letter of comfort to the Company confirming they intend to provide financial resources, where requested, so that the Company can settle its liabilities as they fall due.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD as this is the currency in which the Company primarily transacts, invests and earns income.

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 Interest income

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

2.6 Finance costs

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

2.7 Taxation

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

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

ANGLO COAL INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.8 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ANGLO COAL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 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

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

ANGLO COAL INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 assessing investments for impairment. There are no key sources of estimation uncertainty.

Impairment of investments in subsidiaries

Determining whether the Company's debt and equity investments in subsidiaries have been impaired requires estimations of the recoverable amount of the investments. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised in the Statement of comprehensive income. See Note 7 for further information.

4. Operating loss

The operating loss is stated after charging:

	2018	2017
	\$	\$
Exchange differences	-	(21)
	<u> </u>	<u> </u>

An audit fee of \$2,435 payable to the Company's auditor for the audit of the Company's financial statements (2017 - \$2,299), was paid by Anglo American Services (UK) Ltd in both the current and preceding years on behalf of the Company.

5. Interest payable and similar expenses

	2018	2017
	\$	\$
Interest payable on loans from group undertakings	2,649	1,821
	<u>2,649</u>	<u>1,821</u>

ANGLO COAL INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Taxation

The UK rate of corporation tax has been presented within the rate reconciliation below as the most applicable rate due to the Company being UK resident for tax purposes.

	2018 \$	2017 \$
	<u> </u>	<u> </u>
Total current tax	<u> - </u>	<u> - </u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax of 19% (2017 - 19.25%). The differences are explained below:

	2018 \$	2017 \$
Loss on ordinary activities before tax	<u>(2,336,434)</u>	<u>(3,790,420)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax of 19% (2017 - 19.25%)	<u>(443,923)</u>	<u>(729,656)</u>
Effects of:		
Group relief surrendered for nil consideration	544	2,292
Impairment of investment	443,379	727,364
	<u> </u>	<u> </u>
Total tax charge for the year	<u> - </u>	<u> - </u>

Factors that may affect future tax charges

On 26 October 2015, the Finance (No. 2) Act 2015 was substantively enacted and provided for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and a further 1% reduction to 18% from 1 April 2020. On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for a reduction in the main rate of UK corporation tax to 17% from 1 April 2020.

7. Exceptional items

	2018 \$	2017 \$
Impairment expense	2,333,570	3,778,516
	<u>2,333,570</u>	<u>3,778,516</u>

After a review of the net asset value of the Company's investments as at 31 December 2018, the Company has recognised an impairment expense of \$2,333,570 (2017 - \$3,778,516) on its investment in Peace River Coal Inc..

ANGLO COAL INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Fixed asset investments

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2018	382,211,601
Additions	2,333,570
At 31 December 2018	<u>384,545,171</u>
Impairment	
At 1 January 2018	382,211,600
Charge for the period	2,333,570
At 31 December 2018	<u>384,545,170</u>
Net book value	
At 31 December 2018	<u><u>1</u></u>
<i>At 31 December 2017</i>	<u><u>1</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Peace River Coal Inc.	Canada	Ordinary	100 %	Exploration Company

Group financial statements are not presented as the Company is a wholly-owned subsidiary undertaking of Anglo American plc, which is registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared because there is no regulatory obligation to prepare consolidated financial statements in accordance with IRFS 10.

On 29 May 2018, the Company purchased an additional 3,000,000 Class A Non-Voting Preference Shares (no par value) in Peace River Coal Inc. for a total consideration of \$2,333,570.

After a review of the net asset value of the Company's investments as at 31 December 2018, the Company has recognised an impairment expense of \$2,333,570 (2017 - \$3,778,515) on its investment in Peace River Coal Inc..

ANGLO COAL INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Fixed asset investments (continued)

Name	Registered office
	Suite 2400, 745 Thurlow
	Street, Vancouver, BC,
Peace River Coal Inc.	V6E 0C5, Canada

9. Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank and in hand	-	1
	<u>-</u>	<u>1</u>

10. Creditors: Amounts falling due within one year

	2018 \$	2017 \$
Amounts owed to group undertakings	60,482	57,834
Accruals and deferred income	-	(215)
	<u>60,482</u>	<u>57,619</u>

The Company has facility agreements with affiliated undertakings of which \$60,482 had been drawn at year end. The balance bears interest at a market related rate. The classification of the amounts owed is based on the repayment terms.

11. Financial instruments

	2018 \$	2017 \$
Financial assets		
Cash	<u>-</u>	<u>1</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(60,482)</u>	<u>(57,619)</u>

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

ANGLO COAL INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Share capital

	2018 \$	2017 \$
Shares classified as equity		
Authorised		
2,000,000 ordinary shares of \$50 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid		
540,681 (2017 - 540,635) ordinary shares of \$50 each	<u>27,034,050</u>	<u>27,031,750</u>

On 29 May 2018, the Company made a new allotment of 46 ordinary \$50 shares. These ordinary shares were subscribed by Anglo American Overseas Limited for total consideration of \$2,333,570.

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

13. 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.

14. Post balance sheet events

There have been no significant events affecting the Company since the year end.

15. Ultimate Parent Undertaking and Controlling party

The immediate parent company is Anglo American Overseas Limited which is registered in Jersey. The registered address of the immediate parent company is 3rd floor, 44 Esplanade, St Helier, JE4 9WG, Jersey.

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 address of the ultimate parent company.