ENRC Finance Limited

(Registered number: 6050675)

Financial Statements for the year ended 31 December 2014

ENRC Finance Limited

Contents

Strategic Report for the year ended 31 December 2014

The Directors present their strategic report of ENRC Finance Limited (the "Company") for the year ended 31 December 2014.

Review of the business
The principal activity of the Company is to act as the treasury company for Eurasian Resources Group S.à r.l. ('ERG S.à r.l.') and its subsidiaries (the 'Group'). It also holds an investment in a subsidiary company of the Group. The Directors do not anticipate any significant changes to the Company's principal activities in the future.

The results of the Company show a loss of US$376 million (2013: US$2,090 million loss). The Company has shareholders' funds of US$3,655 million as at 31 December 2014 (2013: US4,057 million deficit).

Principal risks and uncertainties
From the perspective of the Company, the principal risks, uncertainties and financial risk management are integrated with the principal risks of the Group and are not managed separately. For ERG S.à r.l. these are discussed in the Group's annual report, which does not form part of this report.

Key performance indicators
Given the nature of the Company's business, the Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Environmental and employee matters
Given the nature of the Company's business the directors believe that there are no significant environmental matters that are likely to have an effect on the current or future performance of the Company. There are no employees in the Company.

On behalf of the board

Paul Waller
Director
ENRC Finance Limited
6 St Andrew Street
London, EC4A 3AE
Date: 30-06-2015

Directors' Report for the year ended 31 December 2014

The Directors present their annual report and the audited financial statements of ENRC Finance Limited (the "Company") for the year ended 31 December 2014.

Share capital
At 31 December 2014 and 2013, the Company's authorised and issued share capital is US$2.5 million consisting of 250,000,000 shares of US$0.01 par value each.

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

Felix Vulis
Zaure Zaurbekova (resigned 14 March 2014)
Beat Ehrensberger (resigned 15 October 2014)
Paul Waller (appointed 14 March 2014)
Leon Lombard (appointed 15 October 2014)

Dividends
The Directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: nil).

Qualifying third party indemnity provisions
The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as a Director of the Company. These indemnities are qualifying third party indemnity provisions within the meaning given to that term by Section 234 of the Companies Act 2006. These indemnity provisions remain in force at the time this report is approved.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The Company may use derivative financial instruments to hedge foreign exchange and interest rate exposures.

Financial risk management is the responsibility of the Group treasury function which identifies, evaluates and, if appropriate, hedges financial risks. The Treasury Policy outlines principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investment of excess liquidity.

Credit risk
Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions. The Company's policy is to invest surplus funds with good quality banks or liquidity funds. Individual counterparty exposure limits are based on entity credit ratings published by at least one of the major credit rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. This is achieved by a combination of producing regular cash forecasts and ensuring that either adequate cash reserves or bank facilities are in place to meet future liabilities.

Directors' Report for the year ended 31 December 2014 continued

Foreign currency risk
The Company's foreign currency exposure arises from monetary items (mainly borrowings) denominated in foreign currencies. The Company may enter into derivative financial instruments to hedge all or part of this risk.

Interest rate risk
The Company has financial assets and liabilities which are exposed to changes in market interest rates. These assets and liabilities are exposed to fair value interest rate risk or cash flow interest rate risk depending on whether they are subject to fixed or floating rates of interest.

The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters. The Company's policy is to maintain a balance between fixed and floating interest rate risks. This is principally achieved by using a mix of fixed and floating interest rate borrowings or if necessary, entering into derivative financial instruments to manage the interest rate of the debt portfolio.

Going concern
Refer to the Principal accounting policies in Note 1 of the financial statements for the assessment of going concern.

Post balance sheet events

On 30 March 2015, the Company made a US$51 million prepayment of the VTB Backstop Credit Facility.

On 26 June 2015, the VTB Backstop facility was amended to extend availability period to 30 May 2016.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Strategic Report, Directors' Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

Directors' Report for the year ended 31 December 2014 continued

Disclosure of information to auditors
Each of the Directors in office at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 (1) to (4) of the Companies Act 2006.

Independent auditors
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will be deemed to be re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

Paul Waller
Director
ENRC Finance Limited
16 St James's Street
London, SW1A 1ER
Date: 30 - 06 - 2015

Independent auditors' report to the member of ENRC Finance Limited

Report on the financial statements

Our opinion

In our opinion, ENRC Finance Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion, which is not qualified, we draw attention to Note 1 to the financial statements which indicates that the Company is reliant on the Eurasian Resources Group S.à r.l. (hereinafter the "Group") as a source of funding. As described in Note 1 the Group is dependent on debt refinancing and, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

What we have audited

ENRC Finance Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss account for the year then ended;
- Statement of Total recognised Gains and Losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's member 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nicholas Blackwood

Nicholas Blackwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 July 2015

Profit and Loss Account for the year ended 31 December 2014

In millions of US$	Notes	2014	2013
Continuing operations			
Other operating charges	3	**(301)**	(2,027)
Loss on ordinary activities before interest and taxation		**(301)**	(2,027)
Net interest payable and similar charges	5	**(75)**	(63)
Loss on ordinary activities before taxation		**(376)**	(2,090)
Tax on profit on ordinary activities	6	**-**	-
Loss for the financial year		**(376)**	(2,090)

There is no difference between the result as reported and its historical cost equivalent.

Statement of Total Recognised Gains and Losses for the year ended 31 December 2014

In millions of US$	Note	2014	2013 restated
Loss for the financial year		**(376)**	(2,090)
Unrealised fair value (loss)/gain on investments	13	**(26)**	5,840
Total recognised gains and losses relating to the financial year		**(402)**	3,750

ENRC Finance Limited

Balance Sheet as at 31 December 2014

In millions of $US	Notes	As at 31 December 2014	2013 restated
Fixed assets			
Investment	7	**8,314**	8,340
Intangible assets		**1**	1
Total fixed assets		**8,315**	8,341
Current assets			
Amounts owed by Group companies falling due within one year	8	**1,707**	1,549
Amounts owed by Group companies falling due after more than one year	8	**78**	214
Accrued interest receivable		**320**	291
Derivative financial instruments		**-**	1
Cash at bank and in hand	9	**237**	13
Total current assets		**2,342**	2,068
Creditors – amounts falling due within one year			
Amounts owed to Group companies	10	**5,765**	5,519
Accrued interest payable		**759**	542
Bank loans	11	**134**	291
Other payables		**2**	-
Total creditors – amounts falling due within one year		**6,660**	6,352
Net current liabilities		**(4,318)**	(4,284)
Total assets less current liabilities		**3,997**	4,057
Creditors – amounts falling due after more than one year			
Bank loans	11	**342**	-
Total creditors – amounts falling due after more than one year		**342**	-
Net assets		**3,655**	4,057
Capital and reserves			
Called up share capital	12	**3**	3
Fair value reserve	13	**5,814**	5,840
Profit and loss account	13	**(2,162)**	(1,786)
Total shareholders' funds	13	**3,655**	4,057

The financial statements on pages 8 to 22 were approved by the Board of Directors on 30 June 2015 and were signed on its behalf by:

Paul Waller
Director

ENRC Finance Limited Registered number 6050675

Notes to the Financial Statements for the year ended 31 December 2014

1. Principal Accounting Policies

a) Basis of accounting

These financial statements are for the year ended 31 December 2014.

These financial statements are prepared on a going concern basis, under the historical cost convention modified to include the revaluation of certain financial assets and liabilities, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Directors have reviewed the Company's existing accounting policies and consider that they are consistent with last year. The principal accounting policies are set out below.

The Company is a subsidiary of ERG S.à r.l. and is included in the consolidated financial statements of ERG S.à r.l. which are publicly available. Consequently, the Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare Group financial statements. Therefore, these financial statements include financial information about the Company as an individual undertaking rather than as a Group.

The functional and presentational currency of the Company is US dollars. At 31 December 2014, the exchange rate was £1 = US$1.5538 (2013: £1= US$1.6489) and the average rate for the year was £1 = US$1.6484 (2013: £1= $1.5643).

b) Changes in accounting policy

The Company has elected to change its accounting policy for the valuation of investments. The Company's investments were previously stated at historical cost less provision for impairment. The Company has now elected to state its investments at Directors' valuation.

Under Directors' valuation, the investments as at 31 December 2014 and 31 December 2013 are stated at fair value. This fair value represents the fair value of ENRC NV and its underlying subsidiaries as this represents an accurate position of the current value of the investment. The Director's valuation as at 1 January 2013 represents the historic book value of the investment as it is impracticable to determine a fair value at this date.

c) Going concern

Eurasian Resources Group S.à rl., the Company's ultimate parent company, has provided a letter of support for the Company, confirming their intention to provide financial support to enable the Company to meet its liabilities, including potential liabilities under financial guarantees as detailed in note 14, as they fall due and to carry on its business without significant curtailment of operations for the foreseeable future and not less than 12 months from the date of the approval of the Company's statutory accounts, as long as the entity remains part of the ERG Group. The Directors have relied on this letter in forming a conclusion on going concern.

As a result of the transaction whereby ERG acquired the ENRC Group, the debt burden on the Group increased substantially due to the additional capital cost of financing the acquisition and the consequential increase in debt service cost (details of which are set out in the Group's Annual Report and Accounts). In addition, the Group requires on-going access to capital to refinance debt maturities and support its sustaining and expansionary business plans. The Group continuously monitors its financial position to ensure sufficient liquidity headroom is in place to support its business needs and to ensure compliance with loan covenants or to obtain waiver where appropriate.

1. **Principal Accounting Policies** continued

c) Going concern (continued)

Due to this additional debt burden, both liquidity and compliance with certain loan covenants have become more sensitive to market changes, in particular those which impact the Group's underlying cash flows, such as commodity prices.

In order to mitigate this risk, the Group has taken a number of actions to ensure that there is sufficient resilience to such movements and provide additional headroom in both liquidity and loan covenant compliance. Discussions are also ongoing with other existing and potential lenders to increase the weighted average maturity profile of the Group's debt profile to provide greater liquidity headroom.

The Group has completed the disposal of a number of companies during 2014 and 2015. The proceeds from these disposal transactions have reduced leverage and increase covenant headroom and also have the potential to allow the Group to increase liquidity.

Throughout the period, the Group continued negotiations to dispose of the Group's Other Non-ferrous division and the Group's Brazilian Iron Ore assets to the Founder Shareholders. However, market conditions currently have resulted in the postponement of this transaction and therefore the Board continues to review its strategic options for these assets and are actively pursuing the potential disposal of certain assets which may generate additional liquidity.

The Group's acquisition facility of US$1.7 billion falls due for repayment in June 2016. Although there is currently no firm commitment with our banking partners that this will be refinanced, the Group is confident that given the continued support it has received that the maturity of this loan will be extended during the course of the year.

The Group has reviewed the liquidity available to it for the period until 30 June 2016. There are periods of forecast limited liquidity as a result of the deterioration in market conditions, primarily in respect of lower expected commodity prices and higher costs and the requirement to repay or refinance existing facilities. During the period under review, negative liquidity is expected, starting from December 2015. In addition, the Group is expecting to breach certain covenants at 30 June 2015 and 31 December 2015. Waivers have been obtained for June 2015 and the Group will approach its banks for waivers in respect of December 2015 in due course.

The Directors of the Group continue to believe that their strong relationships with existing banking partners and the Kazakhstan government will ensure continued support for the Group's business plans.

A number of the Group's financing facilities required submission of consolidated financial statements of the Group and also of certain subsidiary companies by 31 May 2015. This deadline was not met and the Group agreed informally with its bankers an extension to this deadline and also that in not meeting this deadline there were no events of default. These information undertakings have been met following the approval of these financial statements on 30 June 2015 and submission to the relevant financial institutions.

1. **Principal Accounting Policies** continued

c) Going concern (continued)

The Directors note the uncertainties of the ERG Group above, in particular the material uncertainty in respect of the acquisition facility, in reaching their conclusion regarding the preparation of these financial statements under the going concern basis. However the directors of the Group have an ongoing dialogue with the Group's lenders and are confident, despite the macro-economic uncertainties, of the receipt of necessary covenant waivers and satisfactory renegotiation of debt maturity to maintain adequate liquidity and the potential to access new facilities to develop the Group's strategic plans. In addition, the Group's Directors continue to review and optimize its business plans in respect of operations and working capital management and are confident that additional liquidity improvements can be achieved.

The Directors of the Company note the material uncertainties regarding matters relating to the Group's ability to continue providing financial support to the Company and the lack of enforceability of the letter of support, which does not form a firm commitment but an intention. The aforementioned Group financing uncertainties indicate that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, based on the Group's conclusion on its ability to continue as a going concern the Directors of the Company consider that the Company has access to adequate resources to continue its operations in its current capacity for the foreseeable future and that the preparation of these financial statements under the going concern basis is appropriate and accordingly it will be able to realise its assets and discharge its liabilities in the normal course of business.

d) Investments

Investments are stated in the balance sheet at fair value. Fair value has been determined using a Directors' valuation, which has been determined by the Directors as the most appropriate basis for providing a true and fair view of the fair value of the Company's investments.

The Directors' have chosen to determine fair value by applying a valuation report prepared by a third party as at 31 December 2013. As at 31 December 2014, this third party valuation report has been rolled forward and adjusted for changes in external debt, payables and receivables, and impairment charges recognised against the fair value of underlying assets.

e) Intangible assets

Intangible assets are stated at historical cost less provisions for amortisation. Acquired intangible assets are amortised over the estimated useful lives on a straight-line basis.

f) Financial assets and liabilities

Amounts owed by Group companies which are interest and non-interest bearing, are initially recorded at fair value and subsequently remeasured at amortised cost using the effective interest method.

Amounts owed to Group companies and bank loans, which are interest bearing, are initially recorded at fair value, net of transaction costs incurred and subsequently remeasured at amortised cost using the effective interest method.

Deferred income is initially recorded at fair value and subsequently remeasured at amortised cost using a straight-line basis. Finance income and expenses are accounted for on an accruals basis using the effective interest method.

Cash at bank comprises deposits repayable on demand.

1. **Principal Accounting Policies** continued

g) Derivative financial instruments

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the profit or loss account. The fair value of derivative financial instruments is determined by using valuation techniques. The valuation techniques maximise the use of observable market data.

The Company's derivatives are forward foreign exchange contracts. The full fair value of a derivative, net of any cash margin paid or received, is classified as a current asset or liability if the maturity of the derivative is less than 12 months.

h) Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US dollars are translated using the rate of exchange ruling at the balance sheet date. Exchange differences are charged or credited to the profit and loss account in the year in which they arise.

i) Taxation including deferred tax

Current tax in respect of the taxable profit or loss for a period is provided using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except where otherwise prescribed by financial reporting standards.

Deferred tax liabilities are generally recognised in respect of all timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured using the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised on an undiscounted basis.

Current and deferred tax are recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or a loss recognised directly in the statement of total recognised gains and losses in which case tax attributable to that gain or loss is also recognised directly in the statement of total recognised gains and losses.

1. **Principal Accounting Policies** continued

j) Dividends

Dividends payable are recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date. Dividends are disclosed when they have been proposed before the balance sheet date or when declared after the balance sheet date but before the financial statements are authorised for issue.

k) Financial guarantees

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. When the Company issues a premium-free guarantee or a guarantee at a premium different from market premium, fair value is determined using valuation techniques (e.g. market prices of similar instruments, interest-rate differentials, etc). The Company does not recognise a financial guarantee liability when the underlying debt is short-term in nature.

The fair value of premium-free guarantees issued by the Company in respect of ERG S.à r.l. Group companies are accounted for as capital contributions and recognised as an increase in the cost of investment in the subsidiaries.

Financial guarantee liabilities are amortised on a straight-line basis over the life of the guarantees with respective income presented within other operating income. At each reporting date, the guarantees are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the reporting date.

1. **Principal Accounting Policies** continued

l) Critical accounting policies and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Measurement of financial guarantees
The fair values of premium-free financial guarantees issued by the Company are determined using valuation techniques. The Company applies its judgement in determining fair value of the financial guarantees issued. The Company applies interest rate differential and credit default swaps methods to determine the fair value of the financial guarantees. The fair value of the financial guarantee liability is calculated as the net present value of the interest rate differential or credit default swap rate multiplied by the guaranteed loan amount and discounted at the weighted average cost of Company's debt. For loan facility agreements where the Company is liable jointly and severally with other guarantors the market commission determined with reference to credit default swaps or interest rate differential is apportioned between the guarantors. This represents management's best estimate of the Company's exposure to credit risk associated with the issued guarantees.

Management concluded that it is unlikely that the Company will be required to settle the guaranteed obligations. Therefore, at 31 December 2014 and 2013, the financial guarantees are carried at amortised cost.

In making such a judgment the Management of the Company considered the going concern assessment for the Company as described in the Going concern basis in Note 1.

2. Cash flow statement, related party and financial instruments disclosures

The Company is a subsidiary of ERG S.à r.l. and is included in the consolidated financial statements of ERG S.à r.l. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) and presenting financial instruments disclosures under the terms of FRS 29.

In accordance with exemptions under FRS 8 'Related party disclosures', the Company has not disclosed transactions with entities that are subsidiaries or investees of ERG S.à r.l.

3. Other operating charges

In millions of US$	**2014**	2013
Impairment of loans receivable from group undertakings	**296**	2,019
Administrative expenses	**5**	8
Total other operating charges	**301**	2,027

The impairment charge on loans receivable from group undertakings relates to amounts receivable from ENRC Treasury Africa Limited ("ETAL") and ENRC Africa 1 Limited ("Africa 1").

The impairment charge related to ETAL for the year ended 31 December 2014 is $1,150 million (2013: US$231 million). Africa 1 recognised an impairment reversal for the year ending 31 December 2014 of US$854 million (2013: impairment charge of US$1,788 million).

A review of all loans receivable was undertaken as at 31 December 2014. Based on the financial position of ETAL as at 31 December 2014 there was evidence to suggest that it is probable that the amount receivable may not be fully recovered. The Company has impaired the value of the loan receivable down to the amount which is considered to be recoverable based on the evidence available as at 31 December 2014. This evidence included an analysis of the financial position of ETAL and its subsidiary companies, and analysis of the future outlook of these companies. The financial position as at 31 December 2014 represented the fair values of the assets and liabilities held by these companies as at 31 December 2014, therefore based on the evidence available to the Company, the amount after impairment charges is considered to be recoverable. As at 31 December 2014, ETAL owed the Company US$2,809 million before impairments, made up of US$2,610 million in principal and US$199 million in accrued interest (2013: US$1,490 million, made up of US$1,421 million principal and US$69 million accrued interest).

Based on the financial position of Africa 1 as at 31 December 2014, a net impairment reversal of US$854 million was recognised by the Company. The impairment reversal followed the settlement of $1,052 million during the year, with this balance transferred to ETAL as a result of a change in the underlying financing arrangements of subsidiary companies of Africa 1. Based on the financial position of Africa 1 and its subsidiaries as at 31 December 2014, and an analysis of the future outlook of these companies, the amount after impairment charges is considered to be recoverable. As at 31 December 2014, Africa 1 owed the Company US$1,015 million before impairments, made up of US$871 million in principal and US$144 million in accrued interest (2013: US$1,992 million, made up of US$1,693 million principal and US$299 million accrued interest).

Loan balances for both ETAL and Africa1 relate to funding granted for working capital requirements, as well as the funding of various acquisitions made by Africa 1 and ETAL and their subsidiary companies.

The administrative expenses include recharges from ENRC Management (UK) Ltd of US$5 million (2013: US$8 million).

The fee for the statutory financial statements audit of the Company for 2014 is US$26 thousand (2013: US$24 thousand). This fee has been borne by ENRC Management UK Limited, another ERG S.à r.l. Group company, and is not recharged.

4. **Directors' emoluments and employee costs**

The Directors are employed by another Group company and are remunerated by that company in respect of their services as group employees. They received no emoluments in 2014 and 2013 from the Company in respect of qualifying services for ENRC Finance Limited. There were no employees employed by the Company during the year (2013: nil).

5. **Net interest payable and similar charges**

In millions of US$	**2014**	2013
Interest receivable and similar income		
Interest income - Group companies	**196**	170
Interest income - banks	**1**	1
Other finance income	**-**	27
	197	198
Interest payable and similar charges		
Interest expense - Group companies	**(244)**	(210)
Interest expense - banks	**(34)**	(14)
Other finance cost	**5**	(41)
	(273)	(265)
Net foreign exchange gains/ (losses)	**3**	(8)
Net fair value (losses)/ gains on open forward foreign exchange contracts	**(2)**	12
Net interest payable and other charges	**(75)**	(63)

6. **Tax on loss on ordinary activities**

The tax assessed for the year differs from the profit/(loss) on ordinary activities before tax multiplied by the applicable rate of corporation tax in the UK of 21.5% pro rata (2013: 23.25%). The differences are explained below:

In millions of US$	**2014**	2013
Reconciliation of current tax charge		
Loss on ordinary activities before taxation	**(376)**	(2,090)
Notional tax on loss on ordinary activities at the applicable rate of UK corporation tax of 21.5% in 2014 (2013: 23.25%)	**(81)**	(486)
Effects of:		
Items not deductible for tax purposes	**65**	471
Current year tax losses not utilised	**16**	15
Current tax charge for the year	**-**	-

As at 31 December 2014, the Company has not recognised deferred tax assets in respect of tax losses of US$82 million (2013: US$70 million) and other deductible timing differences of US$nil (2013: nil) on the basis of insufficient evidence of taxable profits being available against which the deferred tax asset may be utilised. The unrecognised deferred tax asset will be recognised in periods in which losses are utilised against taxable profits.

Factors affecting future tax charges

The main UK corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014. Further reductions in the applicable rate of corporation tax to 20% with effect from 1 April 2015 were enacted on 17 July 2013. On the basis that the company does not have any recognised deferred tax assets or liabilities at the balance sheet date, no remeasurement of these balances is necessary.

7. Investment

In millions of US$	2014	At 31 December 2013 restated
Net book value		
ENRC NV	**8,314**	8,340
Total investment	**8,314**	8,340

The directors believe that the carrying value of the investment is supported by the fair values of underlying assets held by ENRC NV.

The Company holds 6 million ordinary shares representing 100% of the issued share capital of ENRC NV. ENRC NV is a Group company incorporated in the Netherlands whose principal activity is financing and holding investments in subsidiary companies of the Group.

The Company's investment in ENRC NV is recognised at fair value. Fair value has been determined using a directors' valuation. The directors' valuation applied a valuation report prepared by a third party, which assessed the enterprise value of ENRC NV and its subsidiaries as at 31 December 2013. The third party valuation report has been adjusted for cash balances, external debt, and inter-company balances. As at 31 December 2014, the third party valuation has been adjusted for changes in cash, external debt, and inter-company balances, and impairment charges recognised against the fair value of the underlying assets. As at 31 December 2014, the Directors determined the fair value of the Company's investment in ENRC NV to be US$8,314 million (2013: $8,340 million).

8. **Amounts owed by Group companies**

In millions of US$	**2014**	At 31 December 2013
ENRC Treasury Africa Limited	**1,228**	1,190
ENRC NV	**419**	305
Eurasian Energy Corporation	**78**	43
ENRC Management (UK) Limited	**52**	29
ENRC Marketing Africa AG	**8**	10
TNC Kazchrome JSC	-	171
ENRC Marketing Africa DMCC	-	15
ENRC Africa 1 Limited	-	-
Total amounts owed by Group companies	**1,785**	1,763
The amount owed by Group companies are repayable		
Due within one year	**1,707**	1,549
Due in more than one year	**78**	214
Total amounts owed by Group companies	**1,785**	1,763

The amount due from ENRC Treasury Africa Limited consists of three loans and bears interest at LIBOR plus 3.3%, LIBOR plus 4.2% and LIBOR plus 9.5%. All loans are repayable in 2015, with the option to renew for a further 12 months. The amount due is stated after accumulated impairment charges of US$1,382 million (2013: US$231 million). The amount receivable before impairment charges is US$2,610million (2013: US$1,421 million).

The amount due from ENRC NV consists of two loans and bears interest at LIBOR plus 7.3% and is repayable on demand.

The amount due from Eurasian Energy Corporation bears interest at LIBOR plus1.8% and is repayable in eighteen semi-annual instalments which commenced in July 2014.

The amount due from ENRC Management (UK) Limited relates to cash advances for working capital requirements. It is interest free and repayable on demand.

The amount due from ENRC Marketing Africa AG Limited bears interest at LIBOR plus 4.2% and is repayable by 1 December 2015 with the option to renew for a further 12 months.

The amount due from TNC Kazchrome JSC bears interest at LIBOR plus 1.9%. This loan was repaid in full in October 2014.

The amount due from ENRC Marketing Africa DMCC Limited bears interest at LIBOR plus 4.2%. This loan was repaid in full in October 2014.

The amount due from ENRC Africa 1 Limited bears interest at LIBOR plus 4.2% and is repayable by 1 November 2015 with the option to renew for a further 12 months. The amount due from ENRC Africa 1 Limited is stated after accumulated impairment charges of US$934 million (2013: US$1,693 million). Refer to Note 3 for further details of impairment charges. The amount receivable before impairment charges is US$871 million (2013: US$1,693 million).

The interest rate margins can be changed quarterly by agreement of the parties.

9. Cash at bank and in hand

		At 31 December
In millions of US$	**2014**	2013
Deposits repayable on demand	**237**	13

Deposits are held in highly liquid short-term investments and are repayable on demand

10. Amounts owed to Group companies

		At 31 December
In millions of US$	**2014**	2013
ENRC Limited	**4,654**	5,113
SSGPO JSC	**514**	86
TNC Kazchrome JSC	**487**	-
Shubarkol Komir JSC	**50**	15
ENRC Marketing AG	**30**	41
ASEK Reinsurance AG	**15**	5
ENRC Leasing BV	**13**	16
ENRC Management (UK) Limited	**2**	3
ENRC NV	-	236
ENRC Logistics LLP	-	3
Transremwagon LLP	-	1
Total amounts owed to Group companies	**5,765**	5,519

The amounts owed to Group companies are repayable		
Due within one year	**5,765**	5,519
Total amounts owed to Group companies	**5,765**	5,519

The Company holds four loans payable to ENRC Limited. The amounts due to ENRC Limited for two loans totalling US$2,681 million bear interest at LIBOR plus 2.056% and are repayable on demand. The amounts due to ENRC Limited for the third and fourth loans totalling US$1,973 million bear interest at LIBOR plus 7.250% and are repayable on demand.

The Company holds 17 loans payable to SSGPO JSC. The amounts due to SSGPO JSC for ten loans totalling US$367 million bear interest at LIBOR plus 6.600% and are repayable between January and April 2015. The amounts due to SSGPO JSC for seven loans totalling US$147 million bear interest at 7.160% and are repayable between March and June 2015.

The Company holds 12 loans payable to TNC Kazchrome. The amounts due to TNC Kazchrome for seven loans totalling US$353 million bear interest at 7.16% and are repayable between March and June 2015. The amounts due to TNC Kazchrome for five loans totalling US$134 million bear interest at LIBOR plus 6.600% and are repayable between January and March 2015.

The Company holds two loans payable to Shubarkol Komir JSC. The amount due to Shubarkol Komir JSC for the first loan totalling US$17 million bears interest at LIBOR plus 6.600% and is repayable by April 2015. The amount due to Shubarkol Komir JSC for the second loan totalling US$33 million bears interest at LIBOR plus 3.500% and is repayable by June 2015.

The amount due to ENRC Marketing AG bears interest at LIBOR plus 4.466% and is repayable on demand.

The amount due to ASEK Reinsurance AG bears interest at a variable deposit rate and is repayable by December 2015.

The amount due to ENRC Leasing BV bears interest at LIBOR plus 0.706% and is repayable by June 2015.

10. Amounts owed to Group companies continued

The amount due to ENRC Management (UK) Limited relates to management recharges and was settled in January 2015.

All amounts payable to Group companies are unsecured.

11. Bank loans

	At 31 December	
In millions of US$	**2014**	2013
Bank loans	**476**	291
The amounts owed for Bank loans are repayable as follows		
Due within one year	**134**	291
Due in more than one year but not more than two years	**134**	-
Due in more than two years but not more than five years	**204**	-
Due in more than five years	**4**	-
Total Bank loans	**476**	291

On 24 June 2013, another subsidiary company of ERG S.à r.l. entered into a Backstop Credit Facility for US$1,000 million with VTB Capital PLC. In February 2014, the Company was assigned as the borrower for this facility, and as at 31 December 2014 the outstanding balance was US$459 million (2013: US$nil). The loan has an applicable interest rate of LIBOR plus 7.250% and under certain circumstances the margin applicable to this facility could increase to 8.500%. It is repayable by 15 equal quarterly repayments commencing in 2014. No security has been pledged as part of the agreement. This facility has a working capital component of US$250 million and the remaining facility amount is restricted to the refinancing of the ENRC Group's pre-existing debt.

On 21 December 2012, the Company entered into an export credit facility agreement ('ECA') for the amount of €74.8 million. The agreement has a 10.5 year maturity with a three-year draw down availability period and bears and interest rate of six-month EURIBOR plus 1.100% per annum.

In May 2014 lenders have exercised their mandatory prepayment rights under the change of control provision and the outstanding loan balance under the facility has been repaid (US$64 million). Subsequent to prepayment in May 2014 the undrawn facility amount remains available for utilisation and the facility remains in place until its full maturity in 2022. As at 31 December 2014 the outstanding balance was US$17 million (2013: US$45 million).

On 7 February 2011, the Company entered into an ECA Facility agreement for the amount of €185 million. The agreement had an 11-year maturity and bears an interest rate of six month EURIBOR plus 1.200% per annum. On 12 February 2014, the lenders exercised their rights to call on the loan under the change of control provisions contained in the ECA Facility agreement. The whole outstanding balance was repaid. As at 31 December 2014 the outstanding balance was US$nil million (2013: US$195 million).

On 16 February 2010, the Company entered into an ECA facility agreement for the amount of €48 million. The facility has a 10-year maturity and bears an interest rate of six month EURIBOR plus 1.500% per annum. The facility was fully repaid in September 2014, and as at 31 December 2014 the outstanding balance was US$nil million (2013: US$51 million).

In November 2013 the lenders of the ECA facilities were notified by the Company of the triggering of change in control provisions in the facility agreements, resulting In the loans being callable by the lenders. As a result of this, all balances were classified as current liabilities as at 31 December 2013.

Notes to the Financial Statements for the year ended 31 December 2014 (continued)

12. Called up share capital

In millions of US$	At 31 December 2014	2013
Allotted and fully paid		
250,000,000 (2013: 250,000,000) shares of US$0.01 each	3	3

13. Reconciliation of reserves and movements in shareholders' funds

In millions of US$	Called up share capital	Fair value reserve	Profit and loss account	Total shareholders' funds
At 31 December 2012	3	-	304	307
Loss for the financial year	-	-	(2,090)	(2,090)
Revaluation of investment	-	5,840	-	5,840
At 31 December 2013	3	5,840	(1,786)	4,057
Loss for the financial year	-	-	(376)	(376)
Revaluation of investment	-	(26)	-	(26)
At 31 December 2014	3	5,814	(2,162)	3,655

14. Guarantees and commitments

The company has guaranteed third party contractors of some Group companies. Under the terms of the financial guarantees, the Company will make payments to reimburse the holders of the guarantee upon failure of the subsidiary company to make payments when due. The maximum exposure relating to financial guarantees was US$26 million (2013: US$26 million).

15. Derivative financial instruments

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2014 were US$nil (2013: US$60 million).

16. Ultimate parent company

The Company's ultimate parent company and controlling party is Eurasian Resources Group S.à r.l. which is the parent undertaking of the largest Group to consolidate these financial statements. Eurasian Resources Group S.à r.l. is incorporated in Luxembourg. Copies of Eurasian Resources Group S.à r.l.'s consolidated financial statements are available from the Luxembourg Registre de Commerce et des Societes.

During 2013, the Company's ultimate parent company changed from ENRC plc to ERG S.à r.l. as a result of the change in ownership of ENRC plc.

17. Events after the balance sheet date

On 30 March 2015, the company made a US$51 million prepayment of the VTB Backstop Credit Facility.

On 26 June 2015, the VTB Backstop facility was amended to extend availability period to 30 June 2016.