ENRC Limited

(Registered Number 6050675)

Financial Statements for the period from 12 January 2007 (date of incorporation) to 31 December 2007

Contents

ENRC Limited

Directors' Report for the period from 12 January 2007 to 31 December 2007

The Directors present their report and the audited financial statements of the company for the period from 12 January 2007 (date of incorporation) to 31 December 2007

Business review and principal activities

The principal activities of the company are acting as the treasury company for ENRC PLC and its subsidiaries (the "Group") and holding investments in subsidiary companies of the Group

The results of the company show a loss of US$141,936 thousand for the period The company has shareholders' funds of US$1,358,064 thousand

Share capital

On incorporation, the company's authorised share capital was $2,500,000 thousand divided into 250,000,000 shares of US$10 each All the shares have been issued to ENRC PLC On 9 July 2007, the company reduced the par value of each share to US$0 01 At 31 December 2007, the company's authorised and issued share capital is US$2,500 thousand consisting of 250,000,000 shares of US$0 01 par value each

Key performance indicators

Given the nature of the company's business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Principal risks and uncertainties and foreign exchange risk

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately For ENRC PLC, these are discussed in the Group's annual report which does not form part of this report

Directors

The Directors of the company who served during the period were

Dr Johannes Sittard (appointed 26 September 2007)
Miguel Perry (appointed 26 September 2007)
Jim Cochrane (appointed 26 September 2007)
Beat Ehrensberger (appointed 12 January 2007)
Jeremy Neads (appointed 12 January 2007, resigned 26 September 2007)

Statement of Directors' Responsibilities

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) 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 for the period

ENRC Limited

Directors' Report for the period from 12 January 2007 to 31 December 2007

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, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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

The Directors are responsible for keeping proper accounting records that 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 1985 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

Disclosure of information to auditors

Each of the Directors 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 ought to have taken as a Director in order to make himself aware of relevant 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 s234ZA of the Companies Act 1985

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the company will be proposed at the Annual General Meeting

By order of the Board

Miguel Perry

ENRC Limited
16 St James's Street
London SW1A 1ER

3 July 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENRC LIMITED

We have audited the financial statements of ENRC Limited for the period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
16 July 2008

ENRC Limited

Profit and Loss Account for the period ended 31 December 2007

In thousands of US$	Notes	Period ended 31 December 2007
Continuing operations		
Turnover		-
Administrative expenses	3	(107,144)
Loss on ordinary activities before interest and taxation		(107,144)
Net interest payable and other charges	5	(34,792)
Loss on ordinary activities before taxation		(141,936)
Tax on loss on ordinary activities	6	-
Retained loss for the period		(141,936)

The company had no recognised gains or losses during the period other than those reflected in the Profit and Loss Account above and therefore, no separate statement of total recognised gains and losses has been presented

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

ENRC Limited

Balance Sheet as at 31 December 2007

In thousands of US$	Notes	As at 31 December 2007
Fixed assets		
Investments	8	2,500,000
Amounts owed by group companies	9	300,564
Intangible assets		763
Total fixed assets		2,801,327
Current assets		
Accrued interest receivable		4,573
Amounts owed by group companies	9	149,295
Other investments	10	170,188
Cash at bank		2,291,070
Total current assets		2,615,126
Creditors – amounts falling due within one year		
Amounts owed to group companies	11	(2,881,471)
Accrued interest payable		(45,817)
Total creditors – amounts falling due within one year		(2,927,288)
Net current liabilities		(312,162)
Total assets less current liabilities		2,489,165
Creditors – amounts falling due after more than one year		
Amounts owed to group companies	11	(1,131,101)
Net assets		1,358,064
Capital and reserves		
Called up share capital	12	2,500
Other reserves	13	1,497,500
Profit and loss account		(141,936)
Total capital employed		1,358,064

The financial statements on pages 5 to 10 were approved by the Board of Directors on 3 July 2008 and were signed on its behalf by

Miguel Perry

ENRC Limited

Notes to the Financial Statements for the period ended 31 December 2007

1 Principal Accounting Policies

a) Basis of accounting

These financial statements are for the period from 12 January 2007 (date of incorporation) to 31 December 2007

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom The principal accounting policies are set out below

The company is a wholly owned subsidiary of the ENRC PLC Group and is included in the consolidated financial statements of ENRC PLC Group which are publicly available Consequently, the company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts Therefore, these accounts include financial information about the company as an individual undertaking rather than as a group

The functional and presentation currency of the company is US dollars At 31 December 2007, the exchange rate was £1 = US$1 996 and the average rate for the period was £1 = US$2 004

b) Investments

Investments in subsidiary undertakings are stated in the balance sheet at cost less provisions for impairment Investments are tested for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the investment or by the discounted future earnings from the investment

c) Intangible assets

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

d) Foreign currencies

Transactions denominated in currencies other than US dollars 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

e) Taxation including deferred tax

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered Deferred tax is recognised on an undiscounted basis

f) Dividends

Dividends payable are recognised when they meet the criteria of a present obligation

2 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of ENRC PLC and is included in the consolidated financial statements of ENRC PLC, 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 The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the ENRC PLC Group or investees of the ENRC PLC Group

3 Administrative expenses

Administrative expenses mainly consist of costs expensed in relation to the initial public offering of ENRC PLC and other management recharges from ENRC Management (UK) Ltd representing the head office cost of ENRC PLC

ENRC Limited

Notes to the Financial Statements for the period ended 31 December 2007

The fee for the audit of ENRC PLC, ENRC Limited and ENRC Management (UK) Limited (US$1 4million) has been borne by ENRC Management (UK) Limited and subsequently recharged to the respective companies for their share This fee includes the subsidiary statutory account audits

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 from the company in respect of qualifying services There were no employees employed by the company during the period

5. Net interest payable and other charges

In thousands of US$	Period ended 31 December 2007
Finance income	
Interest income – group companies	25,100
Interest income – banks	6,630
	31,730
Finance expense	
Interest expense – group companies	(55,694)
Exchange losses	(10,828)
	(66,522)
Net interest payable and other charges	(34,792)

6 Taxation on profit on ordinary activities

In thousand of US$	Period ended 31 December 2007
Tax on profit on ordinary activities	-
Reconciliation of current tax charge	
Loss on ordinary activities before taxation	(141,936)
Notional tax on loss on ordinary activities at the standard tax rate of 30%	(42,581)
Effects of	
Expenses not deductible for tax purposes	2,499
Loss for which no deferred tax is provided	40,082
Current tax charge for period	-

The company has unrecognised deferred tax assets in respect of deductible temporary differences of US$40 million for the period ended 31 December 2007 It is probable that future taxable profit will not be available to utilise the benefits of these temporary differences

The standard rate of corporation tax in the UK changed to 28% on 1 April 2008

7 Dividends

In thousands of US$	Period ended 31 December 2007
Equity – Ordinary	
Interim dividend – paid US$4 per share	1,000,000
Total dividend for the period	1,000,000

8 Investments

In thousands of US$	At 31 December 2007
Cost and net book value	
ENRC NV	**2,500,000**

In March 2007, the company acquired 100% of the share capital of ENRC NV (a Dutch company) from ENRC PLC in exchange for 100% of the share capital of the company

9 Amounts owed by group companies

In thousands of US$	At 31 December 2007
ENRC Management (UK) Limited	**49,107**
ENRC Credit LLP	**400,752**
Total amounts owed by group companies	**449,859**
The amounts owed by group companies are repayable as follows	
Due within one year	**149,295**
Due in more than one year	**300,564**
Total amounts owed by group companies	**449,859**

The amount due from ENRC Management (UK) Limited comprises of US$108 million repayable on demand pertaining to management recharge and a loan receivable of US$157 million, which bears interest at LIBOR plus 2 181% and is also repayable on demand The amount due from ENRC Credit LLP bears interest at LIBOR plus 2 31% and is repayable by instalments to December 2011

10. Other investments

In thousands of US$	At 31 December 2007
Investments with Credit Suisse	**170,188**

The investments with Credit Suisse are repayable in more than 90 days

11 Amounts owed to group companies

In thousands of US$	At 31 December 2007
ENRC PLC	**2,401,571**
ENRC Marketing AG	**1,571,101**
ENRC NV	**39,900**
Total amounts owed to group companies	**4,012,572**
The amounts owed to group companies are repayable as follows	
Due within one year	**2,881,471**
Due in more than one year	**1,131,101**
Total amount owed to group companies	**4,012,572**

The amounts due to ENRC PLC, ENRC Marketing AG and ENRC NV bear interest at LIBOR plus 2 056% Repayment of the amount due to ENRC Marketing AG is limited by the terms of the loan agreement to US$40 million per month The amount due to ENRC NV was repaid in January 2008 There are no repayment terms for the amount due to ENRC PLC

12 Called up share capital

In thousand of US$	At 31 December 2007
Authorised, allotted and issued:	
250,000,000 shares of US$0 01 each	**2,500**

The company was incorporated on 12 January 2007 with a share capital of 250,000,000 shares of US$10 par value each which were issued and fully paid On 9 July 2007, the company reduced the par value of each US$10 share to US$0 01 each and the difference of US$2,497,500 thousand between the initial share capital and the reduced value was credited to reserves

13. Other reserves

In thousands of US$	Notes	At 31 December 2007
At 12 January 2007		**-**
Increase in other reserves arising from reduction in share capital	12	**2,497,500**
Dividends paid during period	7	**(1,000,000)**
At 31 December 2007		**1,497,500**

14. Ultimate parent company

The company's ultimate parent company and controlling party is ENRC PLC which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of that company's consolidated financial statements are available from its registered office at 16 St James's Street, London SW1A 1ER

15. Events after the balance sheet date

In January 2008, ENRC Limited entered into a secured loan agreement with Tanarello SA, under which a total amount of US$232 million was lent to Tanarello SA In addition, a subsidiary company, ENRC NV obtained an option to acquire a 50% interest in Bahia Mineração Limitada ('BML') from Tanarello SA

In May 2008, pursuant to the option, ENRC NV acquired a 50% interest in Bahia Minerals BV, which is the immediate holding company of BML, from Ardila Investments NV, a subsidiary of Tanarello SA and the Tanarello loan was repaid ENRC Limited provided a loan facility of US$306 million to ENRC NV for its acquisition of the 50% interest in Bahia Minerals BV The amount due from ENRC NV bears interest at LIBOR plus 2 181% and is repayable on demand

In addition, ENRC Limited provided a secured loan facility of up to US$400 million to Ardila Investments NV to finance Ardila's share of certain capital and operating expenditure of Bahia Minerals BV The facility, which is secured by the shares in Bahia Minerals BV, bears interest at LIBOR plus 4 5% per annum and is repayable 3 years from first draw down under the facility