ENRC Finance Limited

(Registered number: 6050675)

Financial Statements for the year ended 31 December 2013

ENRC Finance Limited

Contents

ENRC Finance Limited

Strategic Report for the year ended 31 December 2013

The Directors present their strategic report of ENRC Finance Limited (the "Company") for the year ended 31 December 2013.

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$2,090 million (2012: US$84 million loss). The Company has shareholders' funds of negative US$1,783 million as at 31 December 2013 (2012: US$307 million surplus).

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. During 2013 Eurasian Natural Resources Corporation Plc ("ENRC Plc") was acquired by ERG S.à r.l. This change in control triggered mandatory prepayment provisions in the €185 million and €75 million export credit facility agreements and the revolving credit facility. The revolving credit facility was repaid in full during 2013, and in February 2014 the balance of the €185m facility was also repaid utilising funds from within the Group. The remaining facility is still subject to on-going negotiations. In December 2013, the Company also impaired loans receivable from group undertakings by $2,019 million, based on an analysis of the counterparty's financial position and ability to repay the loan. This impairment has resulted in the Company having a shareholder deficit position. The company has received a letter of support from its ultimate parent company stating that it intends to support the Company's ability to pay its debts as and when they fall due for 12 months after the date of signing this report, therefore management still believe it is appropriate to prepare the accounts on a going concern basis. Refer to note 11 for details of borrowings balances at 31 December 2013 and note 18 for changes to borrowings facilities subsequent to year end.

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

Beat Ehrensberger
Director
ENRC Finance Limited
16 St James's Street
London, SW1A 1ER
29 May 2014

ENRC Finance Limited

Directors' Report for the year ended 31 December 2013

The Directors present their annual report and the audited financial statements of ENRC Finance Limited (the "Company") for the year ended 31 December 2013.

Share capital
At 31 December 2013 and 2012, 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.

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.

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)
James Cochrane (resigned 11 April 2013)
Beat Ehrensberger
Paul Waller (appointed 14 March 2014)

Dividends
The Directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: 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.

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.

Directors' Report for the year ended 31 December 2013 continued

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

Notwithstanding the fact that the Company has net current liabilities, the Directors have prepared the financial statements on the going concern basis. The Directors have received confirmation from ERG S.à r.l. the Company's ultimate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of these financial statements, whilst it remains part of the ERG Group.

Post balance sheet events

In February 2014, the company repaid in full the outstanding balance of its €185m export credit facility loan (US$195 million outstanding at 31 December 2013), as a result of the bank calling the loan after the triggering of change in control provisions.

In May 2014, the company received notice requiring the prepayment of the outstanding balance of its US$45 million export credit facility resulting from the triggering of change in control provisions.

The company also became a borrower under a facility with VTB Capital plc and made drawdowns totalling US$431m in February 2014. Interest is payable at LIBOR plus 7.25%. Repayments of the principal by 15 equal quarterly instalments will commence in December 2015. The funds were utilised to repay the US$195m export credit facility and to provide working capital to other companies within the Group.

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.

ENRC Finance Limited

Directors' Report for the year ended 31 December 2013 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 a resolution concerning their re-appointment will be proposed to the Company's sole member.

On behalf of the board

Beat Ehrensberger
Director
ENRC Finance Limited
16 St James's Street
London, SW1A 1ER
29 May 2014

ENRC Finance Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF ENRC FINANCE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion
In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited
The financial statements, which are prepared by ENRC Finance Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Profit and Loss Account for the year then ended;
- the 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 their preparation 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Financial Statements (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.

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 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 members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Nicholas Blackwood

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

Date: 29 May 2014

ENRC Finance Limited

Profit and Loss Account for the year ended 31 December 2013

In millions of US$	Notes	2013	2012
Continuing operations			
Other operating income		-	1
Other operating charges	3	**(2,027)**	(13)
Loss on ordinary activities before interest and taxation		**(2,027)**	(12)
Net interest payable and similar charges	5	**(63)**	(72)
Loss on ordinary activities before taxation		**(2,090)**	(84)
Tax on profit on ordinary activities	6	-	-
Loss for the financial year		**(2,090)**	(84)

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 2013

In millions of US$	Note	2013	2012
Loss for the financial year		**(2,090)**	(84)
Unrealised fair value gain on available for sale investment	14	-	2
Release of impairment of available for sale investment	14	-	3
Total recognised gains and losses relating to the financial year		**(2,090)**	(79)

ENRC Finance Limited

Balance Sheet as at 31 December 2013

In millions of $US	Notes	As at 31 December 2013	2012
Fixed assets			
Investment	7	**2,500**	2,500
Intangible assets		**1**	1
Total fixed assets		**2,501**	2,501
Current assets			
Amounts owed by Group companies falling due within one year	8	**1,549**	3,372
Amounts owed by Group companies falling due after more than one year	8	**214**	163
Accrued interest receivable		**291**	229
Restricted cash		**-**	47
Available for sale investments		**-**	12
Derivative financial instruments		**1**	2
Other debtors		**-**	1
Cash at bank and in hand	9	**13**	121
Total current assets		**2,068**	3,947
Creditors – amounts falling due within one year			
Amounts owed to Group companies	10	**5,519**	5,543
Accrued interest payable		**542**	342
Bank loans	11	**291**	26
Derivative financial instruments		**-**	1
Total creditors – amounts falling due within one year		**6,352**	5,912
Net current liabilities		**(4,284)**	(1,965)
Total assets less current liabilities		**(1,783)**	536
Creditors – amounts falling due after more than one year			
Bank loans	11	**-**	209
Deferred income	12	**-**	20
Total creditors – amounts falling due after more than one year		**-**	229
Net assets		**(1,783)**	**307**
Capital and reserves			
Called up share capital	13	**3**	3
Profit and loss account	14	**(1,786)**	304
Total shareholders' funds	14	**(1,783)**	307

The financial statements on pages 8 to 19 were approved by the Board of Directors on 29 May 2014 and were signed on its behalf by:

Felix Vulis
Director

ENRC Finance Limited Registered number 6050675

Notes to the Financial Statements for the year ended 31 December 2013

1. **Principal Accounting Policies**

a) **Basis of accounting**

These financial statements are for the year ended 31 December 2013.

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 2013, the exchange rate was £1 = US$1.6489 (2012: £1= US$1.6168) and the average rate for the year was £1 = US$1.5643 (2012: £1= $1.5847).

b) **Investments**

Investments are stated in the balance sheet at historical 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 of the investment exceeds the higher of net realisable value and the discounted future earnings from the investment.

c) **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.

d) **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.

Available for sale investments are measured at fair value. Available for sale investments are comprised of listed equity securities, with fair value determined by reference to market rates. Gains or losses arising from changes in fair value are recognised directly in the fair value reserve (equity), until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised in the fair value reserve is included in the profit and loss account for the year. Where an impairment loss previously recognised in the profit and loss account for an equity investment classified as available for sale reverses, this reversal is not recognised through the profit and loss account but through the fair value reserve.

Cash at bank comprises deposits repayable on demand.

1. **Principal Accounting Policies** continued

e) 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.

f) Deferred income

Deferred income is initially recorded at fair value and subsequently remeasured at amortised cost on a straight-line basis.

g) 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.

h) 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.

i) 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.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

1. **Principal Accounting Policies** continued

j) 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.

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 wholly owned subsidiaries or investees of ERG S.à r.l.

3. **Other operating charges**

In millions of US$	**2013**	2012
Impairment of loans receivable from group undertakings	**2,019**	3
Impairment of available for sale investment	**-**	3
Administrative expenses	**8**	10
Total other operating charges	**2,027**	13

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

The impairment related ENRC Africa 1 Limited is $1,788m and the impairment related to ETAL is $231 million.

As at 31 December 2013 (before impairments), the Company was owed $1,992 million from ENRC Africa 1 Limited (made up of $1,693 million in principal and $299 million of accrued interest) and $1,490 million from ETAL ($1,421m principal and $69m accrued interest) resulting from loans granted for workings capital requirements and funding of various acquisitions made by ENRC Africa 1 Limited and ETAL and its subsidiary companies.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

3. Other operating charges continued

A review of all loans receivable was undertaken as at 31 December 2013 and based on the financial position of ENRC Africa 1 Limited and ETAL as at 31 December 2013 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 2013. This evidence included an analysis of the financial position of ENRC Africa 1 Limited and its subsidiary companies as at 31 December 2013 and the future outlook of these companies. The financial position as at 31 December 2013 represented the fair values of the assets and liabilities held by these companies as at 31 December 2013, therefore based on the evidence available to the Company, the amount after impairment charges is considered to be recoverable.

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

The fee for the statutory financial statements audit of the Company for 2013 is US$24 thousand (2012: US$23 thousand). This fee has been borne by a fellow Group company, and is recharged via the Management Fee.

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 2013 and 2012 from the Company in respect of qualifying services for ENRC Finance Limited. There were no employees employed by the Company during the year (2012: nil).

5. Net interest payable and similar charges

In millions of US$	2013	2012
Interest receivable and similar income		
Interest income - Group companies	**170**	107
Interest income - banks	**1**	1
Other finance income	**27**	2
	198	110
Interest payable and similar charges		
Interest expense - Group companies	**(210)**	(161)
Interest expense - banks	**(14)**	(5)
Other finance cost	**(41)**	(13)
	(265)	(179)
Net foreign exchange losses	**(8)**	(9)
Net fair value gains on open forward foreign exchange contracts	**12**	6
Net interest payable and other charges	**(62)**	(72)

6. Tax on loss on ordinary activities

The tax assessed for the year differs from the (loss)/profit on ordinary activities before tax multiplied by the applicable rate of corporation tax in the UK of 23.25% pro rata (2012: 24.5%). The differences are explained below:

In millions of US$	2013	2012
Reconciliation of current tax charge		
Loss on ordinary activities before taxation	**(2,090)**	(84)
Notional tax on loss on ordinary activities at the applicable rate of UK corporation tax of 23.25% in 2013 (2012: 24.5%)	**(486)**	21
Effects of:		
Items not deductible for tax purposes	**471**	(2)
Origination and reversal of timing differences	**-**	(1)
Current year tax losses not utilised	**15**	(18)
Current tax charge for the year	**-**	-

As at 31 December 2013, the Company has not recognised deferred tax assets in respect of tax losses of US$70 million (2012: US$61 million) and other deductible timing differences of US$nil (2012: US$1 million) 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 24% to 23% with effect from 1 April 2013. Further reductions in the applicable rate of corporation tax to 21% with effect from 1 April 2014 and 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

		At 31 December
In millions of US$	2013	2012
Cost and net book value		
ENRC NV	**2,500**	2,500
Total investment	**2,500**	2,500

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.

8. Amounts owed by Group companies

In millions of US$	2013	At 31 December 2012
ENRC Treasury Africa Limited	**1,190**	-
ENRC NV	**305**	1,108
TNC Kazchrome JSC	**171**	183
Eurasian Energy Corporation	**43**	-
ENRC Management (UK) Limited	**29**	20
ENRC Marketing Africa DMCC	**15**	-
ENRC Marketing Africa AG	**10**	11
ENRC Africa 1 Limited	**-**	2,213
Total amounts owed by Group companies	**1,763**	3,535
The amount owed by Group companies are repayable		
Due within one year	**1,549**	3,372
Due in more than one year	**214**	163
Total amounts owed by Group companies	**1,763**	3,535

The amount due from ENRC Treasury Africa Limited consists of two loans and bears interest at LIBOR plus 4.200% and LIBOR plus 9.5%. Both are repayable by 1 January 2014, with the option to renew for a further 12 months. The amount due is stated after impairment charges of $231 million. The amount receivable before impairment charges is $1,421 million.

The amount due from ENRC Africa 1 Limited bears interest at LIBOR plus 4.200% and is repayable by 1 November 2014 with the option to renew for a further 12 months. The amount due from ENRC Africa 1 Limited is stated after impairment charges of $1,693 million referred to in Note 3. The amount receivable before impairment charges is $1,693 million.

The amount due from ENRC NV bears interest at LIBOR plus 2.181% and is repayable on demand.

The amount due from TNC Kazchrome JSC bears interest at LIBOR plus 1.900% and is repayable in eighteen semi-annual instalments.

The amount due from Eurasian Energy Corporation bears interest at LIBOR plus 1.800% and is repayable in eighteen semi-annual instalments commencing 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 DMCC Limited bears interest at LIBOR plus 4.200% and is repayable by 1 August 2014 with the option to renew for a further 12 months.

The amount due from ENRC Marketing Africa AG Limited bears interest at LIBOR plus 4.200% and is repayable by 1 December 2014 with the option to renew for a further 12 months.

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

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

9. Cash at Bank and in hand

In millions of US$	**2013**	At 31 December 2012
Deposits repayable on demand	**13**	121

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

10. Amounts owed to Group companies

In millions of US$	**2013**	At 31 December 2012
ENRC Limited	**5,113**	5,067
ENRC NV	**236**	-
SSGPO JSC	**86**	150
ENRC Marketing AG	**41**	196
TNC Kazchrome JSC	-	35
ENRC Leasing BV	**16**	19
Shubarkol Komir JSC	**15**	25
ENRC Marketing Africa AG	-	20
ENRC Business and Technology Services LLP	-	15
MEK Transsystema LLP	-	4
ASEK Reinsurance AG	**5**	5
ENRC Management (UK) Limited	**3**	3
ENRC Logistics LLP	**3**	3
Transremwagon LLP	**1**	1
Total amounts owed to Group companies	**5,519**	5,543
The amounts owed to Group companies are repayable		
Due within one year	**5,519**	5,543
Total amounts owed to Group companies	**5,519**	5,543

The Company holds four loans payable to ENRC Limited. The amount due to ENRC Limited for two loans totalling US$2,907 million bear interest at LIBOR plus 2.056% and are repayable on demand. The amount due to ENRC Limited for the third loan totalling US$1,826 million bears interest at LIBOR plus 6.300% and is repayable on demand. The fourth loan totals US$380 million and bears interest at LIBOR plus 7.250% and is repayable on demand.

The amount due to ENRC NV bears interest at LIBOR plus .706% and is repayable on demand.

The amount due to SSGPO JSC bears interest at LIBOR plus 3.500% and is repayable by January 2014 ($46m) and March 2014 ($40m).

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

The amount due to ENRC Leasing BV bears interest at LIBOR plus 0.706% and is repayable by June 2014.

The amount due to Shubarkol Komir JSC bears interest at LIBOR plus 3.500% and is repayable by February 2014.

The amount due to ASEK Reinsurance AG bears interest at a variable deposit rate and is repayable by December 2014.

The amount due to ENRC Management (UK) Limited relates to management recharges and was settled in January 2014.

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

10. Amounts owed to Group companies continued

The amount due to ENRC Logistics LLP bears interest at LIBOR plus 3.500% and is repayable in January 2014.

The amount due to Transremwagon LLP bears interest at LIBOR plus 3.500% and is repayable in January 2014.

All amounts payable to Group companies are unsecured.

11. Bank loans

In millions of US$	At 31 December **2013**	2012
Bank loans	**291**	235
The amounts owed for Bank loans are repayable as follows		
Due within one year	**291**	26
Due in more than one year but not more than two years	-	26
Due in more than two years but not more than five years	-	78
Due in more than five years	-	105
Total Bank loans	**291**	235

On 16 February 2010, the Company entered into an export credit facility agreement for the amount of €48 million. The unsecured loan is a 10 year facility and is repayable in semi-annual instalments commencing in February 2012. The loan bears interest at EURIBOR plus 1.500%. Credit insurance supporting the facility has been obtained. The balance of this facility at 31 December 2013 was US$51 million (2012: US$55 million).

On 7 February 2011, the Company entered into a second export credit facility agreement for the amount of €185 million. The unsecured loan is an 11 year facility and is repayable in semi-annual instalments commencing in January 2013. The loan bears interest at EURIBOR plus 1.200%. Credit insurance supporting the facility has been obtained. The balance of this facility at 31 December 2013 was US$195 million (2012: US$180 million).

On 21 December 2012, the Company entered into a third export credit facility agreement for the amount of €75 million. The unsecured loan is an 11 year facility and is repayable in semi-annual instalments commencing in November 2014. The loan bears interest at EURIBOR plus 1.100%. The balance of this facility at 31 December 2013 was US$45 million (2012: nil).

In November 2013 the lenders of the above 2nd and 3rd facilities were notified by the Company of the triggering of change in control provisions in the facility agreements, resulting on the loans being callable by the lenders. As a result of this, the balances have been classified as current liabilities. In February 2014, the above facility for US$194m was repaid in full.

12. Deferred income

In 2012, deferred income comprised an upfront credit insurance premium on the export credit facility (see note 11) that is repayable by TNC Kazchrome JSC, and will be recognised over the term of that loan (see note 8). In 2013, as a result of the change in control provisions on the related export credit facility causing the loan to be considered a current liability, the amortisation of the deferred income was accelerated and the balance as at 31 December 2013 is nil (2012: US$20 million).

Notes to the Financial Statements for the year ended 31 December 2013 (continued)

13. Called up share capital

In millions of US$	At 31 December 2013	2012
Allotted and fully paid		
250,000,000 (2012: 250,000,000) shares of US$0.01 each	**3**	3

14. 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 2011	3	(5)	388	386
Loss for the financial year	-	-	(84)	(84)
Unrealised fair value gain on available for sale investments	-	2	-	2
Release of impairment loss on available for sale investments	-	3	-	3
At 31 December 2012	**3**	**-**	**304**	**307**
Loss for the financial year	**-**	**-**	**(2,090)**	**(2,090)**
At 31 December 2013	**3**	**-**	**(1,786)**	**(1,783)**

15. 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 (2012: US$26 million).

16. Derivative financial instruments

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2013 were US$60million (2012: US$267million).

17. 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 (the parent undertaking of the smallest Group to consolidate these financial statements is ENRC Limited (formerly ENRC Plc). Eurasian Resources Group S.à r.l. is incorporated in Luxembourg. Copies of Eurasian Resources Group S.à r.l. 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.

18. Events after the balance sheet date

In February 2014, the company repaid in full its export credit facility loan of US$195 million, as a result of the bank calling the loan after the triggering of change in control provisions.

In May 2014, the company received notice requiring the prepayment of the outstanding balance of its US$45 million export credit facility resulting from the triggering of change in control provisions.

The company also became a borrower under a facility with VTB Capital plc and made drawdowns totalling US$431m in February 2014. Interest is payable at LIBOR plus 7.25%. Repayments of the principal by 15 equal quarterly instalments will commence in December 2015. The funds were utilised to repay the US$195m export credit facility and to provide working capital to other companies within the Group.