

Company Registration No. 06214162 (England and Wales)

LUNDIN MINING UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
PAGES FOR FILING WITH REGISTRAR

LUNDIN MINING UK LIMITED

CONTENTS

	Page
Statement of financial position	1
Notes to the financial statements	2 - 5

LUNDIN MINING UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Current assets					
Fixed assets held for sale		2,672		45,598	
Trade and other receivables	3	2,052,229		1,479,398	
Cash at bank and in hand		139,058		1,155,081	
		2,193,959		2,680,077	
Current liabilities	4	(301,732)		(672,718)	
Net current assets			1,892,227		2,007,359
Provisions for liabilities			(9,668)		(151,294)
Net assets			1,882,559		1,856,065
Equity					
Called up share capital	6		1		1
Retained earnings			1,882,558		1,856,064
Total equity			1,882,559		1,856,065

The director of the company has elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 26 July 2019 and are signed on its behalf by:

Mr S T Gatley
Director

Company Registration No. 06214162

LUNDIN MINING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Lundin Mining UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on the historical cost convention, modified to include all fixed assets as held for sale due to the proposed impending sale. This has been detailed in note 1.2 below. The principal accounting policies adopted are set out below.

1.2 Going concern

In March 2018 the parent company closed the UK office. The directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements as the company will continue to operate despite the office closure, albeit on a reduced scale. The company is reliant on the financial support of its parent company to fund its operations and the parent company has confirmed its support for a period of not less than twelve months from the approval of the financial statements. The directors therefore have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

As a result of the decision to close the UK office, fixed assets were previously transferred to current assets as held for sale. This transfer was made at net book value and it is the directors' opinion that this is the realisable amount. During the year any assets which remain unsold have been depreciated / amortised on the following bases:

Computer licences	33% straight line per annum
Plant and machinery	25% reducing balance per annum
Fixtures, fittings and equipment	25% reducing balance per annum
Computer equipment	33% straight line and 25% reducing balance per annum

1.3 Revenue

Revenue represents amounts receivable for services net of VAT. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance of services.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

LUNDIN MINING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Basic financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

LUNDIN MINING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 5 (2017 - 12).

3 Trade and other receivables

	2018	2017
	£	£
Amounts falling due within one year:		
Corporation tax recoverable	68,120	83,806
Amounts owed by group undertakings	1,949,604	1,254,212
Other receivables	34,505	141,380
	<u>2,052,229</u>	<u>1,479,398</u>

4 Current liabilities

	2018	2017
	£	£
Trade payables	617	17,059
Taxation and social security	30,421	370,571
Other payables	270,694	285,088
	<u>301,732</u>	<u>672,718</u>

5 Share-based payment transactions

The company participates in an incentive plan operated by Lundin Mining Corporation, the ultimate parent company. Under this plan key personnel receive remuneration in the form of share options and Restricted Stock Units (RSUs) in the ultimate parent company.

As a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements including this company, the company has taken advantage of the exemptions from the disclosures required under Section 26 'Share-based Payment'.

LUNDIN MINING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Robin Evans BA FCA CTA.

The auditor was MHA Carpenter Box.

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2018	2017
£	£
-	71,867
<u>-</u>	<u>71,867</u>

9 Parent company

The immediate controlling party is Lundin Mining AB. The ultimate controlling party is Lundin Mining Corporation, a company incorporated in Canada. Copies of Lundin Mining Corporation consolidated financial statements can be obtained from the Company Secretary at 150 King Street West, Suite 2200, P.O Box 38, Toronto, ON M5H 1J9, Canada.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.