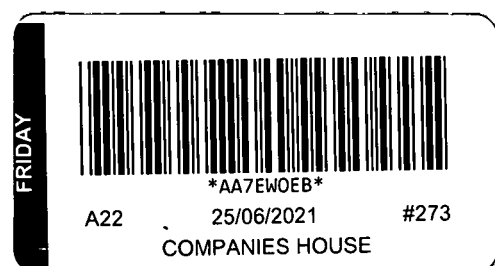

WEST CUMBRIA MINING LIMITED

**ANNUAL REPORT
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED
30 JUNE 2020**



WEST CUMBRIA MINING LIMITED
REGISTERED NUMBER:07144109

BALANCE SHEET
AS AT 30 JUNE 2020

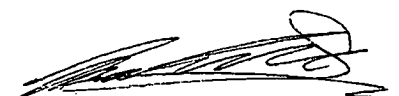
	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	24,270,296	23,014,646
Tangible assets	5	78,420	106,339
		<u>24,348,716</u>	<u>23,120,985</u>
Current assets			
Debtors	6	175,544	331,639
Cash at bank and in hand		1,302,472	3,644,630
		<u>1,478,016</u>	<u>3,976,269</u>
Creditors: amounts falling due within one year	7	(524,331)	(462,185)
Net current assets		<u>953,685</u>	<u>3,514,084</u>
Total assets less current liabilities		<u>25,302,401</u>	<u>26,635,069</u>
Net assets		<u><u>25,302,401</u></u>	<u><u>26,635,069</u></u>
Capital and reserves			
Called up share capital	8	1	1
Capital contribution reserve	9	35,014,202	34,518,001
Profit and loss account	9	(9,711,802)	(7,882,933)
		<u>25,302,401</u>	<u>26,635,069</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 1 to 15 were approved and authorised for issue by the board on 22 June 2021. and were signed on its behalf by:



M. A. Kirkbride
Director



R. C. Round
Director

WEST CUMBRIA MINING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 July 2018	1	26,925,109	(6,246,519)	20,678,591
Comprehensive income for the year				
Loss for the year	-	-	(1,636,414)	(1,636,414)
Total comprehensive income for the year	-	-	(1,636,414)	(1,636,414)
Capital contribution - Share-based payment	-	193,898	-	193,898
Capital contribution - Parent Company	-	7,398,994	-	7,398,994
Total transactions with owners	-	7,592,892	-	7,592,892
At 1 July 2019	1	34,518,001	(7,882,933)	26,635,069
Comprehensive income for the year				
Loss for the year	-	-	(1,828,869)	(1,828,869)
Total comprehensive income for the year	-	-	(1,828,869)	(1,828,869)
Capital contribution - Share-based payment	-	166,473	-	166,473
Capital contribution - Parent Company	-	329,728	-	329,728
Total transactions with owners	-	496,201	-	496,201
At 30 June 2020	1	35,014,202	(9,711,802)	25,302,401

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. Accounting policies

1.1 Statement of compliance

The principal activity of the Company continued to be that of developing metallurgical coal projects in the UK, with the intention of producing coking coal for both domestic and overseas steel producing customers.

West Cumbria Mining Limited is a private company limited by shares. It is a wholly owned subsidiary of West Cumbria Mining (Holdings) Limited and is incorporated and domiciled in England and Wales. The current address of its registered office is Belmont House, Station Way, Crawley, West Sussex, RH10 1JA.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified for the recognition of certain financial assets and liabilities measured at fair value in accordance with United Kingdom Accounting Standards, including Section 1A 'Small Entities' of Financial Reporting Standard 102, *'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'* ("FRS 102") and the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.3 Going concern

The Company had previously submitted an application for detailed planning permission to Cumbria County Council on 31 May 2017, for the development of the land at the former Marchon Works, Kells, Whitehaven for a new underground metallurgical coal mine and associated development. The Development Control and Regulation Committee of Cumbria County Council resolved to grant planning permission on two previous occasions, subject to the completion of a s.106 agreement. Since the year end the following events have occurred:

1. On 28 September 2020, the Secretary of State issued an Article 31 Direction, this direction allows him the option to call in the planning decision for his determination, this did not prevent Cumbria County Council from considering the planning application.

2. On 2 October 2020, the Development Control and Regulation Committee of Cumbria County Council resolved to grant planning permission for a third time, subject to the completion of a s.106 agreement.

3. On 6 January 2021, the Secretary of State informed Cumbria County Council that he was withdrawing his Article 31 Direction.

4. On 9 February 2021, Cumbria County Council decided to return the Application to the Development Control and Regulation Committee for a fourth time in order to take into account the recommendations of a Climate Change Committee Report.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.3 Going concern (continued)

5. On 11 March 2021, the Secretary of State directed, under his powers, that the application shall be referred to him instead of being dealt with by Cumbria County Council. He will be informed by a public inquiry which is due to commence on 7 September 2021 and last for four to six weeks. On completion of the public inquiry, he will advise the company of his decision. The Directors expect to have received this decision by March 2022.

In response to the Secretary of State's announcement that the planning application submitted by the Company, will be the subject of a public inquiry, the Company has implemented a cost saving programme. All members of staff have been served notice, office accommodation vacated and all expenditure, other than that which relates to the public inquiry, has been halted.

The Company is dependent on its immediate parent Company, West Cumbria Mining (Holdings) Limited for financial support to meet its liabilities as they fall due. West Cumbria Mining (Holdings) Limited has written to the Board of Directors to confirm that it will continue to support West Cumbria Mining Limited using the financial resources that are available.

West Cumbria Mining Limited and West Cumbria Mining (Holdings) Limited (together the "Group") have prepared a cash flow projection for the period to 30 June 2022 and despite the cost saving measures referred to above, the Group must still raise additional finance in order to meet its liabilities as they fall due. In particular, the Group's Loan Notes (held in West Cumbria Mining (Holdings) Limited) fall due for repayment on 15 January 2022 and thus the Directors of West Cumbria Mining (Holdings) Limited will need to negotiate a further extension to the Maturity Date, or reach agreement with the Loan Note holders that they will seek settlement in the form of shares of West Cumbria Mining (Holdings) Limited.

The principal shareholder of West Cumbria Mining (Holdings) Limited (who is also the principal Loan Note holder of the loan notes held by West Cumbria Mining (Holdings) Limited) has written to the Board of Directors of West Cumbria Mining (Holdings) Limited expressing its intention to provide sufficient funding, in the form of cash and/or deferral of loans and payables, for the Group to meet the costs of the public inquiry and other liabilities as and when they fall due, up to and including the public inquiry process.

However, due to the uncertainty of both the length and outcome of the public inquiry, the principal shareholder of West Cumbria Mining (Holdings) Limited may decide not to continue with its financial support. If this were to happen, there can be no assurance that the Group could continue to meet its liabilities as they fall due, and the uncertainty over the length and outcome of the public inquiry represents a material uncertainty which casts significant doubt about the Group's ability to continue as a going concern.

Although there can be no absolute assurance on this matter, the Directors of both West Cumbria Mining (Holdings) Limited and West Cumbria Mining Limited have a reasonable expectation that the Secretary of State will grant planning permission, subject to the completion of a s.106 agreement, and thus the principal shareholder of West Cumbria Mining (Holdings) Limited will continue to provide sufficient funding for the Group to meet the costs of the public inquiry and other liabilities as they fall due, up to and including the public inquiry process.

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. Accounting policies (continued)

1.3 Going concern (continued)

West Cumbria Mining (Holdings) Limited has also entered into Heads of Terms with a third party to provide funding for the construction of the mine, subject to a favourable outcome to the public inquiry and the Group obtaining the necessary consents. On this basis the Directors of West Cumbria Mining (Holdings) Limited have a reasonable expectation that the Group can continue to settle its liabilities, as they fall due, for a period of at least twelve months from the date of signing of these financial statements.

Accordingly, the financial statements of West Cumbria Mining Limited have been prepared on a going concern basis and do not include any adjustment related to the recoverability or classification of the carrying amounts of assets or the amounts and classification of liabilities that may result should West Cumbria Mining (Holdings) Limited be unable to continue to provide financial support.

1.4 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss Account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and profit on ordinary activities before taxation as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and dismantling and restoration costs.

Depreciation is calculated, using the straight line method, to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Freehold property	- 20 years straight line
Plant & machinery	- 3 years straight line
Motor vehicles	- 4 years straight line
Furniture & equipment	- 3 years straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Profit and Loss Account and included in 'administrative expenses'.

1.6 Revenue

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Government grants

Government grants are accounted for under the accruals model and are recognised in the Profit and Loss Account as 'other operating income' in the same period as the related expenditure.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.7 Intangible fixed assets and amortisation

Exploration and evaluation expenditure incurred by or on behalf of the company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an allocated portion of overhead expenditure, to the extent that those costs are directly related to operational activities in the area of interest. Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current, are brought into account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- Exploitation and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Where capitalised expenditure relates specifically to the granting of a licence, this is amortised over the period of the licence.

1.8 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Profit and Loss Account in 'administrative expenses'.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. Accounting policies (continued)

1.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Profit and Loss Account under the heading to which they relate.

1.10 Share capital

Ordinary shares are classified as equity.

1.11 Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating Leases: lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

1.12 Capital contribution

Amounts contributed by the parent company are treated as a capital contribution and are included within equity.

1.13 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.14 Defined contribution pension plan

The Company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.15 Group issued equity-settled share-based payments

The Group provides share-based payment arrangements to certain employees and consultants of the Company, the cost of which the Company bears.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The grant date fair value is recognised as an expense in the Profit and Loss Account or as an addition to the intangible fixed asset on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment.

The Group has no cash-settled arrangements.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The key estimate and judgement that management have made is:

Going concern

In preparing these financial statements the directors have made certain assumptions with regard to going concern as set out in note 1.3.

3. Employees

The average monthly number of employees, including directors, during the year was 15 (2019 - 18).

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Intangible assets

	License fees and exploration costs £
Cost	
At 1 July 2019	23,030,378
Additions	1,256,688
At 30 June 2020	<u>24,287,066</u>
Amortisation	
At 1 July 2019	15,732
Charge for the year on owned assets	1,038
At 30 June 2020	<u>16,770</u>
Net book value	
At 30 June 2020	<u>24,270,296</u>
At 30 June 2019	<u>23,014,646</u>

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Furniture & equipment £	Total £
Cost					
At 1 July 2019	40,000	5,101	57,831	124,953	227,885
Additions	-	-	-	5,107	5,107
At 30 June 2020	<u>40,000</u>	<u>5,101</u>	<u>57,831</u>	<u>130,060</u>	<u>232,992</u>
Depreciation					
At 1 July 2019	362	4,309	20,319	96,556	121,546
Charge for the year on owned assets	2,000	770	12,558	17,698	33,026
At 30 June 2020	<u>2,362</u>	<u>5,079</u>	<u>32,877</u>	<u>114,254</u>	<u>154,572</u>
Net book value					
At 30 June 2020	<u>37,638</u>	<u>22</u>	<u>24,954</u>	<u>15,806</u>	<u>78,420</u>
At 30 June 2019	<u>39,638</u>	<u>792</u>	<u>37,512</u>	<u>28,397</u>	<u>106,339</u>

6. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	17,487	-
	<u>17,487</u>	<u>-</u>
Due within one year		
Other debtors	158,057	331,639
	<u>175,544</u>	<u>331,639</u>

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	120,023	166,081
Other taxation and social security	20,721	32,987
Other creditors	383,587	263,117
	<u>524,331</u>	<u>462,185</u>

8. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

9. Reserves

Capital contribution reserve

The capital contribution reserve relates to contributions made by the parent company in respect of share options granted to employees of the Company which will vest in the parent company and monies provided by the parent company to the Company.

Profit and loss account

The profit and loss account is a wholly distributable reserve.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

10. Equity-settled share-based payments

Share options

The Company bears the expense of share options granted by its parent Company, West Cumbria Mining (Holdings) Limited, to certain current and former employees of the Company.

All options are settled in the equity of the Company's parent when the options are exercised. Certain options vest on grant with other options vesting on the occurrence of a significant liquidity event. Instruments which have the vesting conditions relating to the occurrence of significant liquidity event will vest upon an asset sale, public listing or sale of the holding company.

During the prior year, 7,750,000 options were granted with a total fair value of £279,912, estimated using the Black Scholes option pricing model. No options were granted in the current year.

During the year, the Board of the Company's Parent varied the vesting conditions for options due to expire between November 2019 and July 2020 in order that all such options vested.

During the year a fair value option charge of £129,016 (2019: £119,686) for options granted since 1 July 2017 was charged to the Profit and Loss Account, with a corresponding increase in the capital contribution reserve.

Movement in the aggregate number of options in issue, and their weighted average exercise price, during the year were as follows:

	Number 2020	Weighted average exercise price (pence) 2020	Number 2019	Weighted average exercise price (pence) 2019
Outstanding at the beginning of the year	44,650,000	12.32	36,900,000	10.58
Granted during the year	-	-	7,750,000	20.63
Exercised during the year	(4,001,000)	(8.27)	-	-
Lapsed during the year	(13,099,000)	(8.27)	-	-
Outstanding at the end of the year	27,550,000	14.83	44,650,000	12.32

Subsequent to the year end on the 17 July 2020, a further 4,000,000 options lapsed.

During the prior year, 21,100,000 options with an expiry date prior to July 2019 had their maturity date extended by one year. Due to the favourable changes in the arrangement for the employee or former employee in the year to 30 June 2019, this resulted in an additional fair value charge of £21,795 to the Profit and Loss Account in that year with a corresponding increase in the capital contribution reserve. No options were extended in the current year.

At 30 June 2020, the weighted average remaining contractual life of options exercisable was 1.76 years (2019: 1.87 years). All the share options are due to expire by 16 August 2023.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

10. Equity-settled share-based payments (continued)

Warrants

The Company bears the expense of warrants granted by its parent company, West Cumbria Mining (Holdings) Limited, to certain consultants of the Company.

All warrants are settled in the equity of the Company's parent when the warrants are exercised. All warrants vest on the occurrence of a significant liquidity event; being an asset sale, public listing or sale of the holding company.

During the prior year, 4,500,000 warrants were granted with a total fair value of £187,282, estimated using the Black Scholes option pricing model. No warrants were granted in the current year.

A fair value warrant charge of £37,457 (2019: £52,418) was reflected as an addition to intangible fixed assets, with a corresponding increase in the share-based payment reserve.

Movement in the aggregate number of warrants in issue, and their weighted average exercise price, during the year were as follows:

	Number 2020	Weighted average exercise price (pence) 2020	Number 2019	Weighted average exercise price (pence) 2019
Outstanding at the beginning of the year	4,500,000	17.55	-	-
Granted during the year	-	-	4,500,000	17.55
Outstanding at the end of the year	4,500,000	17.55	4,500,000	17.55

At 30 June 2020, the weighted average remaining contractual life of warrants exercisable was 2.65 years (2019: 3.65 years). All the share warrants are due to expire by 16 August 2023.

11. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Within one year	41,700	1,200
Between two and five years	111,375	-
After more than five years	-	-
	153,075	1,200

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Parent company

The Company is 100% owned by West Cumbria Mining (Holdings) Limited, a company incorporated in England and Wales, which is also the parent of the smallest group of undertakings for which group accounts have been drawn up of which the Company is a member. The address of the parent company's registered office Belmont House, Station Way, Crawley, West Sussex, RH10 1JA.

13. Related party transactions

The Company has taken advantage of the exemption provided in FRS 102 Section 1A from disclosing transactions with members of the same group.

14. Auditors' information

As the profit and loss account 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 on the financial statements and reports for the financial year ended 30 June 2020, which was audited by F.W. Smith, Riches & Co. (Statutory Auditors) and signed on behalf of the auditor by Martin J. Rooney (Senior Statutory Auditor) on 22 June 2021, was unqualified, with a disclosure for a Material Uncertainty related to going concern as follows:

Material uncertainty relating to going concern

We draw attention to note 1.3 in the financial statements, which discloses a material uncertainty relating to the grant of planning permission in respect of the Company's metallurgical coal project and also the continuing support of its immediate parent company, who in turn is dependent on support from its principal shareholder (who is also the principal Loan Note holder of its immediate parent Company). As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3, indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.