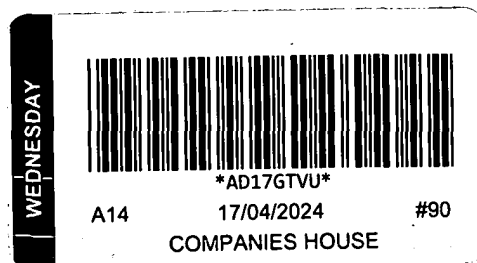


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**WEST CUMBRIA MINING LIMITED**

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**ANNUAL REPORT  
INFORMATION FOR FILING WITH THE REGISTRAR  
FOR THE YEAR ENDED  
31 DECEMBER 2023**



**WEST CUMBRIA MINING LIMITED**  
**REGISTERED NUMBER:07144109**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**

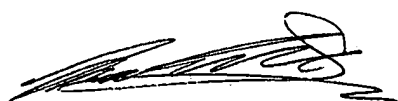
	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	4	26,168,072	26,168,072
Tangible fixed assets	5	62,169	32,650
		<u>26,230,241</u>	<u>26,200,722</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	46,327	18,108
Cash at bank and in hand		6,772,384	288,213
		<u>6,818,711</u>	<u>306,321</u>
Creditors: amounts falling due within one year	7	(1,938,984)	(157,602)
<b>Net current assets</b>		<u>4,879,727</u>	<u>148,719</u>
<b>Total assets less current liabilities</b>		<u>31,109,968</u>	<u>26,349,441</u>
<b>Net assets</b>		<u><u>31,109,968</u></u>	<u><u>26,349,441</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Capital contribution reserve	9	49,519,636	39,614,197
Profit and loss account	9	(18,409,669)	(13,264,757)
		<u>31,109,968</u>	<u>26,349,441</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 14 were approved and authorised for issue by the board on 5 April 2024 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 31 DECEMBER 2023**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 January 2022</b>	<b>1</b>	<b>38,060,944</b>	<b>(12,252,662)</b>	<b>25,808,283</b>
<b>Comprehensive loss for the period</b>				
Loss for the year	-	-	(1,012,095)	(1,012,095)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,012,095)</b>	<b>(1,012,095)</b>
<b>Contributions by and distributions to owners</b>				
Capital contribution - Share-based payment	-	70,907	-	70,907
Capital contribution - Parent Company	-	1,482,346	-	1,482,346
<b>Total transactions with owners</b>	<b>-</b>	<b>1,553,253</b>	<b>-</b>	<b>1,553,253</b>
<b>At 31 December 2022</b>	<b>1</b>	<b>39,614,197</b>	<b>(13,264,757)</b>	<b>26,349,441</b>
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(5,144,912)	(5,144,912)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(5,144,912)</b>	<b>(5,144,912)</b>
Capital contribution - Share-based payment	-	198,628	-	198,628
Capital contribution - Parent Company	-	9,706,811	-	9,706,811
<b>Total transactions with owners</b>	<b>-</b>	<b>9,905,439</b>	<b>-</b>	<b>9,905,439</b>
<b>At 31 December 2023</b>	<b>1</b>	<b>49,519,636</b>	<b>(18,409,669)</b>	<b>31,109,968</b>

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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 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 C/O Irwin Mitchell LLP, Riverside East, 2 Millsands, Sheffield, South Yorkshire, United Kingdom, S3 8DT.

##### 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 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.

Planning permission for the development of an underground coal mine and associated development known as Woodhouse Colliery in Whitehaven was granted in December 2022, subject to certain planning conditions. The development and construction of Woodhouse Colliery, will require substantial additional funds to be raised by West Cumbria Mining (Holdings) Limited.

The Company and its immediate Parent Company currently have no income and the Group meets its development and working capital requirements through raising additional funds. In common with many businesses engaged in exploration, evaluation and development activities prior to production and sale of commodities, the Group will require access to additional funds in order to fully develop Woodhouse Colliery.

Existing funds allow the Group to continue with the project delivery programme, whilst raising the required funding and preparing for construction and operational readiness. As at 31st December 2023 the Group held cash reserves of £6.8m and at the time of signing these accounts held £5.6m.

The Directors have prepared financial projections and plans for a period of at least 12 months from the date of approval of these financial statements. Based on the current management plan, the Directors believe that these funds are sufficient for the planned forecast expenditure for the forthcoming twelve months.

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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Accounting policies (continued)

##### 1.3 Going concern (continued)

It is anticipated that additional capital will need to be raised in the second half of 2025 to continue to fund the Group's activities, although there is the ability to extend the existing funds further if required. This represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern. However, the Directors have a reasonable expectation that this uncertainty can be managed to a successful outcome, and based on that assessment, the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on the going concern basis.

The financial statements do not reflect any adjustments that would be required to be made if they were to be prepared on a basis other than the going concern basis.

##### 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.

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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 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
Furniture & equipment	- 3 years straight line
Motor Vehicles	- 4 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.

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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 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.

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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 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 Capital contribution

Amounts contributed by the Parent Company are treated as a capital contribution and are included within equity.

##### 1.12 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.

##### 1.13 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.



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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 1. Accounting policies (continued)

##### 1.14 Group issued equity-settled share-based payments

The Group provides share-based payment arrangements to certain employees 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 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 estimates and judgements that management have made are:

##### *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.

##### *Intangible fixed assets*

The Group has used its judgement in determining whether capitalised costs in respect of exploration activities should be carried forward as detailed in note 1.7. In determining this the Group has used all information available to assess whether such costs are expected to be recouped through successful development and exploitation, or if they are unable to make a firm assessment as exploration and evaluation has not reached a stage which permits reasonable assessment, that they believe that continued exploration and evaluation will allow such an assessment to be made.

#### 3. Employees

The average monthly number of employees, including directors, during the year/period was 5 (2022 - 5).

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**WEST CUMBRIA MINING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**4. Intangible assets**

	<b>License fees and exploration costs £</b>
<b>Cost</b>	
At 1 January 2023	<b>26,184,842</b>
At 31 December 2023	<b>26,184,842</b>
<b>Amortisation</b>	
At 1 January 2023	<b>16,770</b>
At 31 December 2023	<b>16,770</b>
<b>Net book value</b>	
At 31 December 2023	<b>26,168,072</b>
At 31 December 2022	<b>26,168,072</b>

**WEST CUMBRIA MINING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**5. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Motor vehicles £	Furniture & equipment £	Total £
<b>Cost</b>					
At 1 January 2023	40,000	5,101	-	131,063	176,164
Additions	-	-	34,661	500	35,161
At 31 December 2023	40,000	5,101	34,661	131,563	211,325
<b>Depreciation</b>					
At 1 January 2023	7,386	5,101	-	131,027	143,514
Charge for the year on owned assets	1,189	-	4,333	120	5,642
At 31 December 2023	8,575	5,101	4,333	131,147	149,156
<b>Net book value</b>					
At 31 December 2023	31,425	-	30,328	416	62,169
At 31 December 2022	32,614	-	-	36	32,650

**6. Debtors**

	2023 £	2022 £
Other debtors	31,221	3,690
Prepayments and accrued income	15,106	14,418
	46,327	18,108

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WEST CUMBRIA MINING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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7. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	69,034	21,607
Other taxation and social security	45,750	21,519
Other creditors	1,824,200	114,476
	<u>1,938,984</u>	<u>157,602</u>

8. Share capital

	2023 £	2022 £
Shares classified as equity: allotted, called up and fully paid		
1 (2022 - 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.

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**WEST CUMBRIA MINING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**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 Company when the options are exercised. Certain options vest on grant with other options vesting on the occurrence of a significant corporate events.

During the year 207,770,220 options were granted with a total fair value of £1,148,819, estimated using the Black Scholes option pricing model. No options were granted during the prior period.

A fair value option charge of £198,628 (2022: £70,907) 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 (as the par value of the shares in West Cumbria Mining (Holdings) Limited were consolidated such that 100 Ordinary shares of £0.0000000147 became 1 Ordinary share of £0.00000147 this information, including comparatives is presented using the revised capital structure):

	Number 2023	Weighted average exercise price (£) 2023	Number 2022	Weighted average exercise price (£) 2022
Outstanding at the beginning of the year/period	77,500	20.63	155,000	17.55
Granted during the year	2,077,702	0.00000147	-	-
Lapsed / forfeited during the year	(240,500)	(6.65)	(77,500)	(14.48)
<b>Outstanding at the end of the year/period</b>	<b>1,914,702</b>	<b>0.00000147</b>	<b>77,500</b>	<b>20.63</b>

At 31 December 2023, the weighted average remaining contractual life of options exercisable was 9.1 years (2022: 0.62 years). All the share options are due to expire by 18 January 2033.

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**WEST CUMBRIA MINING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**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 Company 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.

No warrants were granted in the current year or prior period. All warrants in existence at 1 January 2023 expired on 16 August 2023.

A fair value warrant charge of £nil (2022: £nil) is recognised as an expense in the Profit and Loss Account, with a corresponding increase in the capital contribution reserve.

Movement in the aggregate number of warrants in issue, and their weighted average exercise price, during the year were as follows (presented using the revised capital structure of West Cumbria Mining (Holdings) Limited):

	Number 2023	Weighted average exercise price (£) 2023	Number 2022	Weighted average exercise price (£) 2022
Outstanding at the beginning of the year/period	22,500	20.63	45,000	17.55
Lapsed in the year/period	(22,500)	(20.63)	(22,500)	(14.48)
<b>Outstanding at the end of the year/period</b>	<b>-</b>	<b>-</b>	<b>22,500</b>	<b>20.63</b>

At 31 December 2022, the weighted average remaining contractual life of warrants exercisable was 0.0 years (2022: 0.62 years).

**11. 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 C/O Irwin Mitchell LLP, Riverside East, 2 Millsands, Sheffield, South Yorkshire, United Kingdom, S3 8DT.

**12. 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.

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## WEST CUMBRIA MINING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 13. Subsequent events

##### Legal challenges

After the planning decision was issued in December 2022, two legal challenges were submitted in January 2023 against the Government with respect to the planning decision. West Cumbria Mining Limited is an interested party in these proceedings.

The written claims were initially dismissed by the High Court but were subsequently heard verbally following an appeal process. The grounds for claim were not granted permission, but it was decided they would be considered during a three day 'rolled-up' hearing. This hearing was originally scheduled for October 2023, but a significant test case ('R Finch v Surrey County Council - "Finch" ', which has been heard by the Supreme Court) decision is outstanding and the senior planning judge concluded that it was important for this decision to have been issued prior to the legal challenge relating to West Cumbria Mining Limited's planning permission was held. As a result, we continue to await the Finch decision before a date for the 3-day hearing can be scheduled.

The directors of the Company consider that these challenges will not be successful.

#### 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 31 December 2022, 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 5 April 2024, 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 indicates that the Company's Parent Company needs to raise additional capital to construct Woodhouse Colliery beyond the 12 months from the date of approval of these financial statements. As stated in note 1.3, these events or conditions indicate that a material uncertainty exists 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.