

EUROPEAN METALS (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

EUROPEAN METALS (UK) LIMITED

COMPANY INFORMATION

Directors	K Coughlan N Meadows (appointed 10 April 2018)
Registered number	08041171
Registered office	27/28 Eastcastle Street London W1W 8DH

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EUROPEAN METALS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Directors' responsibilities statement

The directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £142 (2017 - loss £11,756).

No dividend is proposed in respect of the year ended 30 June 2018 (2017: £nil).

Directors

The directors who served during the year were:

P Reichl (resigned 31 March 2018)

K Coughlan

N Meadows (appointed 10 April 2018)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

EUROPEAN METALS (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018**

Auditors

The auditors, Ackland Webb, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 March 2019 and signed on its behalf.

K Coughlan
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROPEAN METALS (UK) LIMITED

Opinion

We have audited the financial statements of European Metals (UK) Limited (the 'Company') for the year ended 30 June 2018, which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROPEAN METALS (UK) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROPEAN METALS (UK) LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

D MUGGRIDGE (Senior statutory auditor)

for and on behalf of

Ackland Webb

Chartered Certified Accountants

Registered Auditors

Unit 49

Canterbury Innovation Centre

University Rd

Canterbury

Kent

CT2 7FG

18 March 2019

EUROPEAN METALS (UK) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	2017 £
Administrative expenses		142	(11,756)
Operating profit/(loss)	4	142	(11,756)
Profit/(loss) for the financial year		142	(11,756)

The notes on pages 9 to 13 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	2017 £
Profit/(loss) for the financial year		142	(11,756)
Other comprehensive income			
Total comprehensive income for the year		142	(11,756)

The notes on pages 9 to 13 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	7	6,392	6,392
		<u>6,392</u>	<u>6,392</u>
Current assets			
Debtors: amounts falling due within one year	8	4,950,356	25,574
		<u>4,950,356</u>	<u>25,574</u>
Creditors: amounts falling due within one year	9	(5,041,158)	(116,518)
		<u>(90,802)</u>	<u>(90,944)</u>
Net current liabilities			
		<u>(90,802)</u>	<u>(90,944)</u>
Total assets less current liabilities		<u>(84,410)</u>	<u>(84,552)</u>
		<u>(84,410)</u>	<u>(84,552)</u>
Net liabilities		<u>(84,410)</u>	<u>(84,552)</u>
Capital and reserves			
Called up share capital	11	70	70
Profit and loss account	12	(84,480)	(84,622)
		<u>(84,410)</u>	<u>(84,552)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 March 2019.

K Coughlan
Director

The notes on pages 9 to 13 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2016	70	(72,866)	(72,796)
Comprehensive income for the year			
Loss for the year	-	(11,756)	(11,756)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(11,756)	(11,756)
Total transactions with owners	-	-	-
At 1 July 2017	70	(84,622)	(84,552)
Comprehensive income for the year			
Profit for the year	-	142	142
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	142	142
Total transactions with owners	-	-	-
At 30 June 2018	<u>70</u>	<u>(84,480)</u>	<u>(84,410)</u>

The notes on pages 9 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. General information

European Metals (UK) Limited is a private company domiciled in England and Wales. The address of the registered office is 27/28 Eastcastle Street, London, W1W 8DH. The company currently operates as an intermediate holding company of a group which operates in mineral exploration and development.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.3 Taxation

Tax is recognised in the Income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. Accounting policies (continued)

2.7 Financial instruments (continued)

discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors do not consider that any figures in the financial statements have required judgement or estimation.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2018 £	2017 £
Exchange differences	<u>(4,967)</u>	<u>7,493</u>

5. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>1,200</u>	<u>1,200</u>

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2017	6,392
	<hr/>
At 30 June 2018	<u>6,392</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Geomet S.R.O	Exploration	Ordinary	100 %

Name

8. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	4,950,162	24,608
Other debtors	194	966
	<hr/>	<hr/>
	<u>4,950,356</u>	<u>25,574</u>

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	913	-
Amounts owed to group undertakings	5,040,245	116,518
	<hr/>	<hr/>
	<u>5,041,158</u>	<u>116,518</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

10. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>4,950,162</u>	<u>24,608</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(5,041,158)</u>	<u>(116,518)</u>

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and trade creditors.

11. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
70,000 (2017 - 70,000) Ordinary shares of £0.001 each	<u>70</u>	<u>70</u>

12. Reserves

Profit and loss account

Profit and loss account reserve represents accumulated retained earnings.

13. Controlling party

The ultimate parent undertaking is European Metals Holdings Limited (Australia) which owns 100% of European Metals (UK) Limited.

The company presents separate financial statements having taken advantage of the the exemption not to prepare consolidated financial statements under s401 of Companies Act 2006. The company's financial statements are consolidated within that of its ultimate parent company. Copies of the consolidated financials statements are available from:

European Metals Holdings Limited

Suite 12 Level 1

11 Ventnor Avenue

West Perth

WA 6005

Australia

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.