

Registered number: 08365766

SEABED RESOURCES DEVELOPMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



SEABED RESOURCES DEVELOPMENT LIMITED

COMPANY INFORMATION

Directors
Christopher Williams
Peter Ruddock (resigned 29 July 2021)
Jennifer Warren
Paul Livingston (appointed 26 May 2021)

Registered number 08365766

Registered office
Lockheed Martin UK Limited
Legal Counsel Building 7000
Langstone Technology Park
Havant
Hampshire
PO9 1SW

Auditors
Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

Bankers
Citibank
Canada Square
Canary Wharf
London
E14 5LB

SEABED RESOURCES DEVELOPMENT LIMITED

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SEABED RESOURCES DEVELOPMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principal activity and review of business

The principal activity of the company is to engage in the surveying of the seabed for mineral deposits.

As the company is still in the speculative exploratory phase of its long-term business plan, the company does not have any key performance indicators.

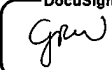
Principal risks and uncertainties

The principal risk is that the collection of polymetallic nodules from the seabed is either environmentally or commercially not viable. The company has been funded by Lockheed Martin UK Holdings Ltd, and is ultimately backed by the parent company Lockheed Martin Corporation that has provided the funding for this venture.

Future developments

Seabed Resources Development Limited, together with its sister company UK Seabed Resources Limited, intends to continue to engage in the exploration of the Clarion-Clipperton fracture zone in the Pacific Ocean for polymetallic nodules.

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

DocuSigned by:

18262EE40CF0488...
C. Williams
(Director)

Date: 26 September 2022

SEABED RESOURCES DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £1,807,136 (2020 - loss £2,983,734). The directors do not recommend a final dividend (2019: £nil).

Going concern

Whilst the company is not yet trading it is funded by way of capital investment from its parent undertaking Lockheed Martin UK Holdings Limited. The directors have received written confirmation of financial support from the ultimate parent undertaking, Lockheed Martin Corporation, for the foreseeable future, being at least until 30 September 2023.

On the basis of their assessment of the company's financial position and of the enquiries made and assurances received from its parent, the directors expect that the company will be able to continue in operational existence for the foreseeable future, being at least until 30 September 2023. Therefore the directors have adopted the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served during the year and subsequently were:

Christopher Williams
Peter Ruddock (resigned 29 July 2021)
Jennifer Warren
Paul Livingston (appointed 26 May 2021)

Directors' liabilities

The company has indemnified the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

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.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SEABED RESOURCES DEVELOPMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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;
- 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.

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

DocuSigned by:

18262EE40CF0488...
C. Williams
(Director)

Date: 26 September 2022

SEABED RESOURCES DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEABED RESOURCES DEVELOPMENT LIMITED

Opinion

We have audited the financial statements of Seabed Resources Development Limited for the year ended 31 December 2021 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial position, the Statement of changes in equity and the related notes 1 to 11, 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 FRS 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 company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

SEABED RESOURCES DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEABED RESOURCES DEVELOPMENT LIMITED

We have nothing to report in this regard.

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or 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 set out on page 3, 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

SEABED RESOURCES DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEABED RESOURCES DEVELOPMENT LIMITED

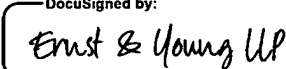
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those related to United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and the United Kingdom direct and indirect tax regulations. In addition, owing to the sector the company operates in, we considered laws and regulations that had a significant impact on the operations of the company, including defence contracting and anti – bribery and corruption legislation. The company must also comply with the operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how Seabed Resources Development Limited is complying with those frameworks by making inquiries of senior finance personnel and those charged with governance on a regular basis regarding any non-compliance of laws and regulations. We have corroborated these discussions by inspecting all the board minutes to date and have identified no issues. We have also reviewed the Lockheed code of conduct handbook which all employees need to adhere to.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing manual journals, based on specific risk criteria, reviewing the financial statement amounts and disclosures, and reviewing public records to ascertain any risks relevant to Seabed Resources Development Limited, including adverse media searches.

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

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 auditor's 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.

DocuSigned by:

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Nikki Forster (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
Date: 26 September 2022

SEABED RESOURCES DEVELOPMENT LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Administrative expenses		(1,807,136)	(3,042,851)
Operating loss before tax	2	(1,807,136)	(3,042,851)
Other finance income		-	59,117
Loss before tax		<u>(1,807,136)</u>	<u>(2,983,734)</u>
Taxation	4	-	-
Loss for the financial year		<u><u>(1,807,136)</u></u>	<u><u>(2,983,734)</u></u>

SEABED RESOURCES DEVELOPMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**


	Note	2021 £	2020 £
Loss for the financial year		(1,807,136)	(2,983,734)
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(1,807,136)</u></u>	<u><u>(2,983,734)</u></u>

SEABED RESOURCES DEVELOPMENT LIMITED
REGISTERED NUMBER:08365766

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	5	-	209,442
Cash at bank and in hand		1,222,920	1,275,604
		<u>1,222,920</u>	<u>1,485,046</u>
Creditors: amounts falling due within one year	6	(122,570)	(252,560)
Net current assets		<u>1,100,350</u>	<u>1,232,486</u>
Total assets less current liabilities		<u>1,100,350</u>	<u>1,232,486</u>
Net assets		<u><u>1,100,350</u></u>	<u><u>1,232,486</u></u>
Capital and reserves			
Called up share capital	7	19,450,000	17,775,000
Profit and loss account		(18,349,650)	(16,542,514)
		<u>1,100,350</u>	<u>1,232,486</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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C. Williams
 (Director)

Date: 26 September 2022

SEABED RESOURCES DEVELOPMENT LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	15,100,000	(13,558,780)	1,541,220
Loss for the year	-	(2,983,734)	(2,983,734)
Shares issued during the year	2,675,000	-	2,675,000
At 1 January 2021	17,775,000	(16,542,514)	1,232,486
Loss for the year	-	(1,807,136)	(1,807,136)
Shares issued during the year	1,675,000	-	1,675,000
At 31 December 2021	19,450,000	(18,349,650)	1,100,350

SEABED RESOURCES DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

1.1 Basis of preparation

Seabed Resources Development Limited is a limited liability company incorporated in England. The Registered Office address is Lockheed Martin UK Limited, Legal Counsel Building 7000, Langstone Technology Park, Langstone, Havant, Hampshire, PO9 1SW.

The financial statements of Seabed Resources Development Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

1.2 Going Concern

Whilst the company is not yet trading it is funded by way of capital investment from its parent undertaking Lockheed Martin UK Holdings Limited. The directors have received written confirmation of financial support from the ultimate parent undertaking, Lockheed Martin Corporation, for the foreseeable future, being at least until 30 September 2023.

On the basis of their assessment of the company's financial position and of the enquiries made and assurances received from its parent, the directors expect that the company will be able to continue in operational existence for the foreseeable future, being at least until 30 September 2023. Therefore the directors have adopted the going concern basis of accounting in preparing the financial statements.

1.3 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

SEABED RESOURCES DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****1. Accounting policies (continued)****1.4 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

1.5 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. Operating loss

The operating loss is stated after charging:

	2021	2020
	£	£
Auditors remuneration - audit services	12,000	11,400
Exchange differences	-	(8)
	<u> </u>	<u> </u>

SEABED RESOURCES DEVELOPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****3. Directors' remuneration**

	2021 £	2020 £
Directors' remuneration	128,948	66,846
	<u>128,948</u>	<u>66,846</u>

Director's remuneration above is paid and borne by a fellow subsidiary undertaking of Lockheed Martin Corporation. Two directors were eligible for the company pension scheme and one was a member during the year (2020 – Two directors were eligible and one was a member).

4. Taxation

	2021 £	2020 £
Current tax	-	-
Deferred tax	-	-
Total tax charge	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(1,807,136)	(2,983,734)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(343,356)	(566,909)
Effects of:		
Unrelieved tax losses carried forward	343,356	566,909
Total tax charge for the year	<u>-</u>	<u>-</u>

There is a non-recognised deferred tax asset in respect of losses carried forward of £4,587,412 (2020: £3,143,077).

SEABED RESOURCES DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	-	152,898
Prepayments and accrued income	-	56,544
	<u>-</u>	<u>209,442</u>

6. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	15,792	22,981
Amounts owed to group undertakings	80,583	134,984
Accruals and deferred income	26,195	94,595
	<u>122,570</u>	<u>252,560</u>

7. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
19,450,000 (2020 - 17,775,000) Ordinary shares of £1.00 each	<u>19,450,000</u>	<u>17,775,000</u>

During the year an additional 1,675,000 ordinary shares of £1 each were issued to Lockheed Martin UK Holdings Ltd for consideration of £1,675,000.

These shares carried normal ordinary share voting and capital distribution rights.

8. Capital commitments

There were no contracted or non-contracted capital commitments at 31 December 2021 (31 December 2020: £nil).

9. Related party transactions

The Company has utilised the exemption under FRS 102 as a subsidiary undertaking not to disclose transactions with other entities that are wholly owned parts of, or investors of, the Lockheed Martin Corporation group.

The Company has received reimbursements from Ocean Mineral Singapore Pte. Ltd. (a company in which the fellow subsidiary UK Seabed Resources Limited has an interest) for costs paid on its behalf by the company. These reimbursements amounted to £55,003 during 2021 (2020: £1,458,039).

At the balance sheet date the company was owed £nil from Ocean Mineral Singapore Pte. Ltd for unsettled reimbursement costs (2020: £nil).

SEABED RESOURCES DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. Post balance sheet events

There were no post balance sheet events.

11. Ultimate parent undertaking and controlling party

The directors regard Lockheed Martin Corporation, a company registered in the USA, as the ultimate parent undertaking and controlling party. Copies of the ultimate parent's group financial statements may be obtained from Lockheed Martin Investor Department, 6801 Rockledge Drive, Bethesda, Maryland, 28017, USA. Lockheed Martin Corporation is the parent undertaking of the largest and smallest Group of undertakings for which group financial statements are drawn up and of which the company is a member. The company's immediate parent undertaking is Lockheed Martin UK Holdings Limited. Copies of the financial statements of this company may be obtained from its registered office, Lockheed Martin UK Limited, Legal Counsel Building 7000, Langstone Technology Park, Langstone, Havant, Hampshire, PO9 1SW.