



ANNUAL REPORT 2017

lundinfoundation.org





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Above: Arctic Algae provides employment opportunities to youth in northern fishing villages of Norway.

Cover: Plastic Block's Javier Muranda uses recycled plastic and cement to produce innovative bricks for emergency and social housing in Copiapó, Chile.

MESSAGE FROM THE CHAIR

Dear Readers:

The Lundin Foundation is pleased to present its 2017 Annual Report. The Foundation's mission is to deliver tangible social and economic benefit streams to local communities wherever the Lundin Group of Companies operate.

In 2017, the Foundation strengthened its work in partnership with Lundin Group companies across each of the Foundation's strategic pillars: education and skills training, local procurement, economic diversification, and social and environmental innovation. In response to changing market conditions, the Foundation has also expanded its support to companies in all stages of development – from exploration to development, operation and closure. The Foundation's expertise has been critical to ensuring Lundin Group companies meet or exceed the IFC Standards for Social and Environmental Performance.

Over the past year, the Foundation has expanded its geographic footprint to twelve countries, establishing new offices in Sweden, Botswana, Chile and Ecuador. The increased depth and breadth of expertise within the Foundation, coupled with a stronger local presence, has enabled the organization to deliver exceptional results. The Foundation's work in the area of local procurement was recognized by the UN Global Compact through the award to Catering Las Peñas of a Best Practice Award under Sustainable Development Goal 8 – Decent Work and Economic Growth.

Sharing best practices from around the globe was the focus of the 2nd Annual Lundin Group Business Sustainability Summit held in Portugal in October. Over 35 staff members from Africa, Latin America, Europe and North America came together with independent experts to advance knowledge and expertise across the Lundin Group of Companies.

In closing, I am grateful to the Lundin Group of Companies for their contributions and commitment to the Foundation. I would personally like to thank the Board of Directors and the Foundation's staff for their vision and dedication over the past year.

Sincerely,

Lukas H. Lundin
Chair



ABOUT THE FOUNDATION



Fernando Bravo, founder of Bike Safe Spot, created a prototype for an intelligent bike parking system in Copiapó through the Inventa Program to promote sustainable transportation.

The Lundin Foundation is a registered Canadian non-profit organization supported by the Lundin Group of Companies. We work closely with contributing partners to create shared value and foster resilient communities everywhere we operate.

What we do

We work with our corporate partners and stakeholders to improve the management of, and revenue streams from, resource development. Operating across diverse geographies, each with a unique cultural and socio-economic context, our aim is to ensure inclusive benefits for generations to come. We do this by:

Creating jobs

Cultivating local suppliers

Upskilling community members

Diversifying the economy

Sparkling innovation

Who we are

The Foundation embodies the entrepreneurial spirit of the Lundin Group of Companies. We create jobs, stimulate the economy, train workers and improve livelihoods for those living at or near the base of the economic pyramid.

How we do it

We design and implement strategic initiatives by providing capacity building, targeted technical assistance and performance-based funding.

We create shared value through supporting initiatives that deliver social or economic benefits to local communities.



Since inception in 2007, the Foundation has disbursed \$67.5 million in support of building resilient communities.

All amounts in this report are in Canadian dollars.



Participants at the 2017 Lundin Group Business Sustainability Summit.

BUSINESS SUSTAINABILITY

The Lundin Group is committed to addressing the challenge of sustainability. The Foundation's role is to help deliver social and economic benefit streams to local communities wherever Lundin Group companies operate.

Sustainability commitments

Prioritizing the health and safety of employees and communities

Meeting and, where possible, exceeding all environmental regulatory requirements

Protecting and promoting human rights

Actively engaging and maintaining dialogue with a broad range of stakeholders in a spirit of transparency and good faith

Maximizing employment and business opportunities for local communities

Sharing best practices

The Foundation hosted the 2nd Annual Lundin Group Business Sustainability Summit in Lisbon, Portugal in October 2017. Over 35 staff members from Africa, Latin America, Europe and North America came together to share best practices and expertise to advance business sustainability across the Lundin Group of Companies. Representatives included community relations, corporate responsibility and investor relations staff, as well as external subject matter experts.



Key topics covered included:

- Environmental social governance
- Community investment strategies
- Stakeholder engagement
- Human rights

The summit was a unique opportunity for staff to learn from external experts and develop a network of peer support within the Lundin Group of Companies. Participating companies included: Africa Oil, Bluestone Resources, Denison Mines, Filo Mining, Lucara Diamond, Lundin Gold, Lundin Mining, Lundin Petroleum, NGEx Resources and Ram River Coal.

CONTRIBUTING PARTNERS

The Foundation is primarily supported by contributions from the Lundin Group of Companies.



BUILDING RESILIENT COMMUNITIES



Responsible natural resource development can be a powerful catalyst in a country's development. We focus on four key areas in our work to benefit local communities and bolster economies in a sustainable and inclusive manner.

Small scale dairy producers at ECOLAC in southern Ecuador have increased production through the Foundation's support.

2017 AT A GLANCE

In 2017, we committed \$5.5 million to 22 initiatives. Our commitment leveraged an additional \$5.5 million in financing and funding from other partners.



EDUCATION AND SKILLS TRAINING

Bridge skills and education gaps to employment in industry relevant sectors



4
New Programs
Launched



1,000
Individuals Trained



LOCAL PROCUREMENT

Support local small businesses to become part of the natural resource supply chain



320
Local Suppliers
Supported



Generating
over \$14
million
in Revenue



ECONOMIC DIVERSIFICATION

Support the growth of local businesses in non-resource dependent sectors



1,000
Businesses
Trained



\$1 Funding
Leveraged **\$1.5**



SOCIAL AND ENVIRONMENTAL INNOVATION

Scale innovative solutions to pressing social and environmental challenges



61
Social Enterprises
Launched



537
Refugees Trained

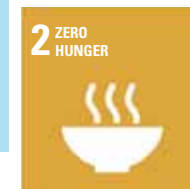


RESOURCE DEVELOPMENT AND THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are 17 goals universally adopted by all 193 United Nations member states as part of the 2030 Agenda for Sustainable Development. From creating jobs to building enabling infrastructure, the resource development sector can make important contributions in a variety of areas.

The Lundin Foundation focuses primarily on goals related to social inclusion, environmental sustainability and economic development.

Farmers in the ECOLAC collective in Ecuador increased their annual income by over \$2,700, taking farming families out of subsistence living.



Sisters Marian, Maricela, Hilda and Johana Tacuri were highly motivated to complete the Accelerated High School Program in Ecuador hoping to access more opportunities and improve their lives.



Children's book publisher Galaxia Elia is just one of the female founders who make up 50% of the entrepreneurs in C/O Business, a Swedish business incubator program.



Yakka Energy, created by Alejandro Abarcia through the Inventa Program, is generating wind energy in Chile's Atacama Region.



Víctor Armijos Calva went from cafeteria worker at the Fruta del Norte project in Ecuador to owner of Catering Las Peñas, which supplies catering and laundry services to over 700 workers.



Letlhakane Abattoir near the Karowe Mine in Botswana was transformed into a modern, well-equipped facility to help improve the incomes of the local livestock-reliant communities.



Linn Tomasdotter helps highly skilled immigrants in Norway build a professional network within their field of study and enter the workforce through the BOOST Program.



The Foundation partnered with FORES, a Swedish sustainability think tank, to find innovative ways to fund and develop entrepreneurship in climate change, environment and renewable energy.





Local produce sourced daily from 30 small local providers as part of the supply chain of Catering Las Peñas at the Fruta del Norte project in Ecuador.

CATERING LAS PEÑAS RECEIVES UN GLOBAL COMPACT AWARD

In 2017, Catering Las Peñas received the United Nations Global Compact Best Practice Award for Sustainable Development under SDG 8 – Decent Work and Economic Growth.

Catering Las Peñas is a catering and housekeeping services company founded by former employees of Lundin Gold’s Fruta del Norte project in southern Ecuador. The Foundation provided financing, training and technical assistance to help create the company which provides catering and housekeeping services to 700 workers at the developing mine.

In just over two years, 200 jobs were created, 75% of which are in the area of influence. The company also increased its purchases from local agricultural producers by 60% in 2017 to further boost the local economy.



Catering Las Peñas annual revenue increased by **160%**



Catering Las Peñas not only created jobs, but also developed its own local procurement program – integrating over 54 local providers into its supply chain.

GLOBAL FOOTPRINT



Countries where the Foundation operates



EDUCATION AND SKILLS TRAINING



Enhancing education and skills training for community members and developing a skilled workforce.

Community members surrounding the Fruta del Norte project in Ecuador participated in four Training for Construction programs.

Resource development offers direct and indirect job opportunities, with most positions requiring specialized skills training. We partner with local training institutions to provide industry relevant programs, ensuring local community members have access to emerging employment opportunities.

Building Technical Training Capacity in Kenya

Most employment opportunities in Kenya's resource development sector require technical training. To enable community members to benefit from new opportunities, the Foundation partnered with Africa Oil and the Turkana County Government to upgrade the Lodwar Vocational Training Centre. The upgrade includes faculty and management capacity building, and modern, industry-relevant training facilities in three high-demand skill areas: electrical installation, plumbing and catering.

The Training Centre now offers ten accredited programs to over 200 students annually from the Turkana area, enabling locals to access skilled employment opportunities.



120
students completed
3
programs



"The Lodwar Vocational Training Centre is now viewed as a Centre of Excellence, attracting youth within and outside the county. Graduates are more marketable due to the quality of the training and are readily securing employment."

*Former County Technical and Vocational Education and Training Director
John Karanja*

Raising Education Levels in Ecuador

Lundin Gold is developing the Fruta del Norte project in southern Ecuador. The area suffers from high rates of illiteracy, low levels of education, and poor educational infrastructure—all of which are barriers to employment.

In 2016, the Foundation partnered with the Ministry of Education and Fe y Alegria to launch an Accelerated High School Education Program, with the goal of graduating 150 students. The program was delivered part-time in the community and at the Fruta del Norte camp, using tablet computers to deliver the curriculum. The program exceeded its target, with 210 students successfully graduating and receiving their high school diploma in 2017.

Students included Fruta del Norte workers, Shuar indigenous members and community members from all walks of life, including mature workers who had not previously had the opportunity to complete high school.

210
students
graduated



Three Generations Graduate from High School in the Same Year

It's not often that three generations graduate from high school at the same time, but that's exactly what Rosa Chamba, her daughter and granddaughter are doing.

Grandmother Rosa, 53, and mother Aide Chamba, 32, enrolled in the Accelerated High School Program available to community members living in proximity to the Fruta del Norte project. They graduated from the program and obtained their high school diploma earlier in 2017. Yadira Uchuari, 17, granddaughter of Rosa and daughter of Aide, will also graduate from high school this year.

"Despite the economic adversities that I have experienced and the long distance to go from home to school, I felt extremely motivated by having this amazing personal and academic opportunity. Participating in this program has been a priority for me since I never had the chance or the support to study. I feel proud of myself not only for completing this process, but also because I did it along with my daughter, Aide. We both supported each other and that meant a lot to me."

Rosa Chamba

Training for Employment Opportunities

The Foundation has developed a strategic approach to building a skilled local workforce committed to safety, efficiency and productivity. Capacity building with Ecuadorian training institutions and leveraging existing infrastructure helps to maintain a sustainable training program throughout the life of the Fruta del Norte project.

The Foundation delivered an introductory level course to around 80 students in Construction, Electrical, Welding and Iron Working. Over 552 community members also participated in an Introduction to Mining Program designed to communicate mining industry opportunities and career pathways.

552
students completed
Introduction to
Mining

80
certifications issued in
construction training
programs



Students completing their Health and Safety training in the Training for Construction program in Ecuador.

Using Welding Skills to Create Opportunities

After losing her job in the public sector, Paola Jumbo, 32, decided to help her husband in his welding shop. She became the first woman enrolled in the welder helper course, one of the four Training for Construction programs offered in 2017. With her new skills and an understanding of welding terminology and tools, Paola not only feels more confident in her ability to talk knowledgeably to customers in the welding shop, but has also made a number of products and is very proud of her creations.



"I was the only woman in the course and felt nervous at first. Once I got to know my fellow colleagues and the instructors, I felt much safer and confident. We were in a respectful environment and I learned a lot. As a result of attending the program, I have recently started a small business in El Pangui, where I sell welding tools and supplies. It's at an early stage, but I hope my business does well."

Paola Jumbo



LOCAL PROCUREMENT

8 DECENT WORK AND
ECONOMIC GROWTH



Fostering a vibrant local small business sector to service industry needs and create jobs.

Workers at dairy association ECOLAC in southern Ecuador preparing dairy products.

The purchasing power of resource development companies can be a powerful catalyst for growing the local economy, creating jobs and boosting wages. We provide training, targeted technical assistance and access to capital to help local small- and medium-sized enterprises become suppliers to resource development companies.

Increasing Local Suppliers – Candelaria Mine, Chile

The Foundation is helping local suppliers provide goods and services to the Candelaria Mine – a Lundin Mining copper mine – in Chile's Atacama Region. The Foundation worked closely with CORFO, the state agency for competitiveness, and 30 local suppliers to comply with mining standards and improve their commercial, managerial and technical skills.



Local Restaurant Feeds the Appetite for Homemade Food

Located in Tierra Amarilla, close to the Candelaria Mine site, the Santa Rosa restaurant is a family business serving traditional homemade food. Rosa Araya and her son Miguel Cerda run the restaurant, employing local community members. Through the Candelaria Supplier Development Program, Rosa and Miguel strengthened their business and learned strategies to become more competitive. This helped the entrepreneurial family to provide food to workers of contractor companies, increasing their revenue.

Supporting Local Suppliers to Increase their Revenues

In 2017, local businesses doubled their sales to Fruta del Norte thanks to the local procurement program, NEXO, created, funded and supported by the Foundation.

NEXO provides training and customized technical assistance to 80 local businesses in the province of Zamora Chinchipe in a wide range of sectors. Nexo supports local businesses to become suppliers of the Fruta del Norte mining project. Workshops and training courses enable the business owners to improve their knowledge and management strategies in administration, finances, communications and marketing, human resources, accounting, legal compliance and quality control. The businesses are provided with assistance to find additional markets to support future expansion. Through the program, an online directory of local enterprises was also launched: www.nexoempresarial.org.



\$11
million
purchased from
280 local suppliers
by Lundin Gold



“Local agricultural producers are now integrated into the catering supply chain, which has boosted the economy and generated important sources of stable and gainful employment.”

Ron Hochstein
President and CEO of Lundin Gold

“Thanks to the training provided by NEXO, we improved the management of our businesses. This is a great opportunity to open doors and project us as leaders in the southern region of Ecuador.”

Víctor Armijos Calva
General Manager of Catering Las Peñas

Supplier Development at Neves Corvo

Supplier Matchmaking in Portugal

The Foundation supported Lundin Mining’s Neves Corvo Mine in Portugal to engage with local suppliers and provide opportunities to promote partnership opportunities between large suppliers and small local suppliers. Trade Fairs were held with over 135 participants and focused on opportunities within civil works, construction and equipment maintenance, and catering. Over 75% of participants said the event led to new business opportunities. A capacity building program for local suppliers is being launched in 2018.



Neves Corvo Local Supplier Development Program

The Foundation launched a capacity building program with local suppliers, including training and customized one-on-one support, to help local companies increase revenue and reach. The program is delivered in partnership with the Entrepreneurship and Innovation Center of the University Institute of Lisbon.





ECONOMIC DIVERSIFICATION



Supporting the growth of non-resource dependent sectors to foster resilient local economies.



Karowe Emerging Entrepreneurs Fund participant Cey Kay designing fashion wear near the Karowe Mine in Botswana.

The Foundation provides catalytic funding and targeted technical assistance to support economic diversification initiatives that strengthen local economies.

Supporting Entrepreneurship in Botswana

The Karowe Emerging Entrepreneurs Fund was launched to promote employment opportunities and economic diversification surrounding the Karowe Mine in Botswana. The fund supports early stage micro-businesses by providing dedicated business development services and access to financing to local entrepreneurs.



Building a Profitable Business, Brick by Brick

Onneile Alogeng took over an ailing brick business and turned it into a successful enterprise, employing eight people in the region. In 2017, Onneile received technical assistance to improve the managerial, financial and commercial aspects of her business, as well as financing to expand her product line, integrate delivery options and strengthen management capacity.

Community Owned Initiatives

The Foundation launched Karowe Village Initiatives to promote broad based benefits for communities surrounding the Karowe Mine in Botswana. Local communities have identified opportunities in livestock, hardware retail and horticulture. The Foundation supports communities to launch sustainable businesses in order to generate on-going employment and income benefits.



Generating Tourism Revenues in Caldera, Chile

The Foundation partnered with Caldera fishermen and a local tour operator to develop and operate a cultural heritage sea tour for tourists. The initiative generated new income sources for the region's fisherfolk by creating 15 new jobs and generating US\$12,000 in revenue for the partnership. Over 3,000 tourists took the tour in the first two weeks. Costumed actors tell tales of the sea as part of an interactive and engaging tour experience.



Increasing the Incomes of Local Dairy Farmers

In the province of Zamora Chinchipe, Ecuador, agriculture and dairy farming are mainstays of the local economy.

The Foundation supported ECOLAC, a regional dairy processor providing market access to over a hundred local dairy farmers in the community surrounding the Fruta del Norte project. With capital, technical assistance, finance and managerial support from the Foundation, ECOLAC increased productive capacity of local dairy farmers by 75%, generating US\$675,000 in revenue for local farmers. Each dairy farmer increased their monthly income by US\$227 since the program started in 2015, resulting in an increased annual income of over US\$2,700.

Annual income
increase of over
US\$2,700
per farmer



Access to Finance in Northern Kenya

The Northern Kenyan Growth Capital Fund is a social impact investment fund offering financing to small businesses within northern Kenya. The financing program builds upon the Turkana Catalyst Initiative, intended to increase capacity of local businesses.

The first investment was made in Classic Foods, the only commercial camel milk processor in Kenya, supporting over 125 small farmers. An investment of \$250,000 was made to expand processing capacity for dairy milk products.



Fostering Small Business Growth in Michigan

The Eagle Emerging Entrepreneurs Fund was launched to support the growth of small businesses in the communities around Eagle Mine. The Foundation has provided a partial loan guarantee to high-potential businesses, which have also received business training.

Since inception over 200 jobs have been retained or created in Michigan. Over \$1 million has been funded which generated an estimated \$9.5 million in revenue to the local economy.



"Accelerate UP has been a crucial motivator. It helped me think of things I would have never thought of and has given me confidence to expand, and the tools I need to succeed."

*Theresa Mauldin
Red'z Bulgogi BBQ Sauce owner*

BBQ Company Finds Its Secret Sauce

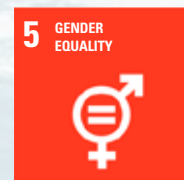
Red'z Bulgogi BBQ Sauce found its Korean flare in 1984, not in Korea, but in North Carolina. After 15 years of honing the recipe, owner Theresa Mauldin wanted to take her sauce to the next level. With no branding strategy or business experience, she reached out to Accelerate UP, a community initiative supported by Eagle Mine and the Lundin Foundation that helps create successful entrepreneurs.

The program helped Theresa realize that she needed to lower her inventory costs to increase her income. She approached Northern Initiatives, and the early success and potential for growth of Red'z made her business a perfect candidate for a loan through the Eagle Emerging Entrepreneurs Fund. The fund is a joint collaboration between the Lundin Foundation and Northern Initiatives (CDFI).

The loan enabled Theresa to buy bulk supplies at a reduced wholesale cost, dramatically increasing her profit margin. Red'z can now be found in 152 stores across the Midwest, including grocery giants Meyer and Super One. A new website is expected to grow sales even more through 2018.



SOCIAL AND ENVIRONMENTAL INNOVATION



Providing catalytic funding to pilot innovative solutions to social and environmental challenges

In a fishing village in northern Norway, Arctic Algae's Jacob Øiesvold Aasjord harvests a specialty seaweed, to sell to high-end European restaurants.

The Foundation helps promising entrepreneurs to develop and scale innovative solutions to pressing social and environmental challenges.

In Scandinavia, we support entrepreneurs in the areas of refugee integration, youth, and environment and sustainability. Through a business incubation process, our partners provide training, mentoring, specialized support and access to financing through programs in Norway and Sweden.

Arctic Accelerator, Northern Norway

Partnering with business incubator Kunnskapsparken, we developed Arctic Accelerator, which helps young entrepreneurs develop business ideas around renewable energy, energy efficiency and sustainable use of natural resources.



challenge

Youth employment in northern Norway's fishing villages.

Jacob Øiesvold Aasjord and Simen Abs Åkerøy, Arctic Algae
Harvests Trøffeltang, a specialty seaweed, to sell to high-end European restaurants.

BOOST Refugee, Norway

A partnership with social innovation leaders SoCentral and the city of Oslo, led to BOOST Refugee, an accelerator program to help refugees find jobs through career fairs, courses, mentoring and networking events.



challenge

Relevant employment for qualified newcomers in a related field.

Linn Tomasdotter, In:progress
Helps highly skilled newcomers break down barriers to employment in their field.

Business accelerator for refugees c/o Business in Malmö and Stockholm, Sweden

Partnering with Impact Invest Sweden, we provide training and support to help newcomers enter and navigate the Swedish business environment, and develop entrepreneurship skills.



challenge

Meaningful employment for female refugees.

Walaah Tebakhi, Sweet O Salti Catering
Catering company serving Swedish and Arabic fusion food at home parties and events.



challenge

Refugee integration in Swedish society.

Raed Shihab, arabsweden.com
Multi-lingual website covering all aspects of settling and working in Sweden.

In Chile, the Foundation works with local partners to deliver a two-phase program that challenges entrepreneurs to create and prototype solutions to pressing environmental and social challenges. Inventa Comunidad helps inventors progress their ideas, and Inventa Accelerator supports them in launching viable businesses.

Phase 1: Inventa Comunidad

Inventa Comunidad starts with an open call to submit proposals and a series of entrepreneurial boot camps. Community members develop a business idea, which they present to local judges as part of a competition to select the most promising business ideas for further development. In 2017, community members presented over 70 projects for consideration, and 6 continued to the prototyping stage. The Foundation works with Chrysalis, the Business Incubator of the Pontificia Universidad Católica de Valparaíso, through Cowork Atacama, to help the entrepreneurs develop their businesses.



challenge

Promote the acceptance of diversity and inclusion.

Paola Klein, Inclusive Courtyards

Courtyard modifications to help integrate children with different capabilities.




challenge

Safe and accessible bike spaces to promote sustainable transportation.

Fernando Bravo, Bike Safe Spot

Public safety and intelligent bike parking system to promote sustainable transportation options.



challenge

Reliable energy in remote mountain and coastal sites.

Giuliano Cortés, Vertical Wind Turbine

Vertical wind power turbine that generates energy from low winds.



challenge

Availability of drinkable water to communities within Caldera.

Juan Guiardo, Water Desalination Plant

Water desalination plant that uses solar and wind power to deliver clean water.



challenge

Protect public buildings from bird waste.

Susan and Luciano Tapia, mother and son team, Robotic Hawk "Mamani"

Robotic hawk to scare doves from public buildings and high-use spaces.



challenge

Use waste material in innovative ways.

Javier Muranda, Plastic Block

Bricks developed with recycled plastic and cement for emergency and social houses.

Phase 2: Inventa Accelerator

Inventa Accelerator supports successful entrepreneurs coming out of the Inventa Comunidad program with further financing, business advice and technical assistance. The aim is to support them to secure external investment and launch their business. In 2017, five entrepreneurs were supported through the Accelerator Program.

Yakka, Water Collection and Renewable Energy System

Yakka was originally conceived as a water collection mechanism to collect and store water from mist to be used for agricultural purposes. Through the Inventa Accelerator prototyping process, Yakka's founder, Alejandro Abarcia, discovered that Yakka also has a powerful capacity to generate energy from wind. This led to the launch of Yakka Energy in 2017. Through the Accelerator Program, the entrepreneur secured additional funding from the government agency CORFO and was able to sell the wind generation module to a local indigenous community and the Ministry of Housing and Urban Planning of Atacama.



challenge

Reliable and efficient renewable energy options.

Alejandro Abarcia, Yakka's founder

INDEPENDENT AUDITORS' REPORT

To the Directors of the Lundin Foundation

Report on the financial statements

We have audited the accompanying financial statements of the Lundin Foundation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in unrestricted net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Lundin Foundation as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the Canada Corporations Act, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Ernst & Young

Chartered Professional Accountants

Vancouver, Canada
May 8, 2018

STATEMENT OF FINANCIAL POSITION

Expressed in Canadian dollars

As at December 31	2017	2016
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	873,935	769,359
Short-term investments [note 3]	63,346	316,796
Accounts receivable [note 10[b]]	285,168	46,917
Accounts receivable to WATAF/GAC partners	62,385	—
GAC contributions – grant receivable [note 8]	—	166,231
Prepaid and deposits	54,812	53,682
Loan receivable – short term [note 5]	125,450	—
Due from related parties [note 10[e]]	1,627,456	1,676,461
Restricted cash – GAC [note 8]	53,284	19,604
Restricted cash – DFID [note 9]	379,655	—
Total currents assets	3,525,491	3,049,050
Loans receivable – long term [note 5]	714,093	872,039
Equity venture investments [note 6]	1,085,199	1,367,481
Property and equipment, net [note 7]	64,383	57,456
Loan guarantees [note 13]	594,781	624,447
Repayable grant scheme [note 14]	61,172	105,256
Due from related parties – long term [note 10[e]]	361,654	736,592
Total assets	6,406,773	6,812,321
Liabilities and unrestricted net assets		
Current		
Accounts payable and accrued liabilities [note 10[a]]	466,818	379,305
Accounts payable to WATAF/GAC partners	—	119,199
Deferred revenue [notes 8 and 11]	726,539	15,000
Total current liabilities	1,193,357	513,504
Commitments [note 12]		
Unrestricted net assets	5,213,416	6,298,817
Total liabilities and unrestricted net assets	6,406,773	6,812,321

See accompanying notes

On behalf of the Board:



Lukas H. Lundin
Director



Stephen D. Nairne
Director

STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

Expressed in Canadian dollars

Year ended December 31	2017	2016
	\$	\$
Project costs [schedule 1]	(4,016,399)	(3,941,009)
GAC project expenses [note 8]	(624,898)	(570,195)
Consultancy fees [schedule 2]	(825,121)	(521,955)
	(5,466,418)	(5,033,159)
General and administrative [schedule 3]		
Accounting	68,484	60,598
Amortization	16,825	12,768
Bad debts	—	165
Bank charges and interest	26,760	25,657
Board and portfolio meetings	30,309	88,074
Conferences	31,909	2,193
Legal	31,753	97,718
Memberships	44,402	41,195
Office	143,105	132,599
Rent and utilities [note 10[a]]	390,708	250,727
Retreat/Staff Meeting	73,476	—
Salaries and benefits	2,301,344	1,631,403
Sponsorships	38,304	19,578
Sustainability summit	108,495	71,104
Telephone and communications	48,290	31,194
Travel	305,414	336,642
Reimbursed expenses [note 10[c][d]]	(2,127,075)	(1,450,500)
	1,532,503	1,351,115
Operating expenses before the following	(6,998,921)	(6,384,274)
Contributions received [note 10[b]]	5,696,458	4,369,213
GAC grant revenue [note 8]	474,149	479,761
Excess [deficiency] of revenue over expenses from operations before other items	(828,314)	(1,535,300)
Other items		
Investment income/[loss] [schedule 2]	(184,600)	69,871
Miscellaneous revenue	973	86,079
Write-off of loan and equity investment	—	(8,061)
Net realized gain/[loss] on sale of equity investments	11,744	(272,970)
Net administration expense of loan guarantee	(1,162)	—
Write down of loan guarantee	—	(36,496)
Net administration expense of repayable grant scheme	—	(25,212)
Impairment loss on repayable grant scheme	(84,042)	(123,485)
Donation in-kind to related party [note 10[f]]	—	(6,181,276)
	(257,087)	(6,491,550)
Deficiency of revenue over expenses for the year	(1,085,401)	(8,026,850)
Unrestricted net assets, beginning of year	6,298,817	14,325,667
Unrestricted net assets, end of year	5,213,416	6,298,817

See accompanying notes

STATEMENT OF CASH FLOWS

Expressed in Canadian dollars

Year ended December 31	2017	2016
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(1,085,401)	(8,026,850)
Add [deduct] items not affecting cash		
Amortization	16,825	12,768
Impairment loss on investment	—	8,061
Impairment loss on repayable grant scheme	30,000	—
Loss [gain] on sale of equity venture investments	(11,744)	272,970
Holding loss of marketable securities	3,769	—
Allocation of distribution income to equity	—	261,029
Foreign exchange loss not involving cash flow	58,150	44,826
	(988,401)	(7,427,196)
Changes in non-cash working capital balances related to operations		
Increase in accounts receivable	(238,251)	286,173
Increase in prepaid and deposits	(1,130)	(8,227)
Due from related parties	423,943	(1,697,071)
Increase in accounts payable and accrued liabilities	(94,074)	(114,047)
Deferred revenue – restricted donations	329,000	—
Cash used in operating activities	(568,913)	(8,960,368)
Investing activities		
Maturity of term deposit	250,000	—
Loan advances	—	(281,410)
Loan repayments	—	541,209
Interest on loan receivable	(25,651)	(190,845)
Donated loans receivable to LFAF	—	1,439,489
Advances to equity venture investments	—	(804,925)
Sale of equity venture investments	—	2,205,079
Purchase of property and equipment	(23,752)	—
Proceeds on sale of equity investment	38,997	—
Capital distribution of equity venture investments	255,028	—
Equity venture investments donated to related party	—	4,741,787
Reinvested income	(319)	1,561
Loan guarantee – Equity Bank, NEI, BCI	29,666	(132,897)
Repayable grant scheme – KEEF	14,084	(8,039)
Revenue over expenses relating to restricted cash	135,436	(21,112)
Cash provided by investing activities	673,489	7,489,897
Net increase [decrease] in cash and cash equivalents during the year	104,576	(1,470,471)
Cash and cash equivalents, beginning of year	769,359	2,239,830
Cash and cash equivalents, end of year	873,935	769,359

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

Expressed in Canadian dollars
Year ended December 31, 2017

1. Purpose of the organization

The Lundin Foundation [the “Foundation”] is a registered non-profit corporation headquartered in Vancouver, British Columbia. The Foundation works with contributing partners, governments and local communities to improve the management of, and benefit streams from, resource development projects in targeted countries.

The Foundation was incorporated under the Canada Corporations Act in 2005. The Foundation is a not-for-profit organization and is exempt from income taxes under the Federal Income Tax Act.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

Revenue recognition

Contributions and government grants are recognized using the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Project expenses

Project expenses are recorded when the recipient[s] meet[s] the criteria set out in the respective contribution agreements and provides necessary supporting documentation to the Foundation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with financial institutions and short-term deposits which are highly liquid with original maturities of less than three months.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such other financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that

could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances improve in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Impact investments

The Foundation has chosen to record impact investments on the cost basis. Impact investment consists of the following:

	Ownership %	Basis of Accounting
Central Africa SME Fund	7.82	Cost
Rent to Own Zambia Ltd.	9.50	Cost
CDS Eau & Energie [“CDS”]	— [2016–5.00%]	Cost

Foreign currency translation

Amounts recorded in foreign currency have been translated into Canadian dollars as follows:

- [a] Current assets, current liabilities and long-term monetary assets and liabilities at the rate of exchange in effect as at date of the statement of financial position;
- [b] Non-monetary assets and liabilities, at the rates of exchange prevailing on the transaction dates; and
- [c] Revenue and expenses, excluding amortization, which is translated at the same rate as the related asset, at the rates of exchange prevailing on the transaction dates.

Gains and losses arising from the translation of foreign currency are included in the statement of operations for the year.

Property and equipment

Property and equipment are recorded at cost, less accumulated amortization. Contributed assets are recorded at fair market value at the date of contribution. Amortization is calculated using the straight-line method at the following annual rates:

Office improvements [Vancouver]	10 years
Office improvements [Kenya]	6 years
Office furniture and equipment	5 years

Impairment of long-lived assets

Long-lived assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Foundation uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Notes to the Financial Statements

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to estimates and assumptions include carrying amounts of loans receivable and equity venture investments. Actual results could differ from those estimates.

Contributed services

A number of individuals contribute time and expertise to the Foundation across its operations. However, since no objective basis exists for recording and assigning fair values to contributed services, the value of this time has not been reflected in these financial statements.

Contributed materials are recorded at fair value when a fair value can be reasonably estimated and the materials would otherwise be purchased.

3. Short-term investments

The following investments are measured at fair value:

	2017	2016
	\$	\$
Echelon Canadian cash account	9,946	9,865
Echelon U.S. dollar cash account	53,400	56,931
Term deposit [Resilient Capital] bearing interest at 2.4% per annum and maturing in August 2017	—	250,000
	63,346	316,796

4. Financial risks

The significant risks to which the Foundation is exposed are market risk and currency risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Foundation’s short-term investments are subject to fluctuating returns based on the market and are exposed to the risk of market volatility. Management mitigates such risk by holding these funds in professionally administered funds, using investment counsel, and assessing the market risk on an ongoing basis.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Foundation’s short-term investments, accounts receivable, loans receivable, loan guarantees, repayable grant scheme, equity venture investments and accounts payable are exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The Foundation does not currently enter into forward contracts to mitigate this risk.

5. Loans receivable

	2017	2016
	\$	\$
Chanyanya Project – unsecured, 5% interest bearing loan with interest and principal repayments commencing in 2013 [denominated in USD] [a]	714,093	737,770
Ecolac Cia Ltda. – unsecured and non-interest bearing. Principal of US\$100,000 to be repaid in full on December 15, 2018 [denominated in USD].	125,450	134,269
	839,543	872,039
Less Loan receivable – long-term portion	714,093	872,039
	125,450	—

[a] As at December 31, 2017, the Foundation has accrued interest on the Chanyanya Project loan receivable totaling US\$174,074 [2016 – US\$154,316].

6. Equity venture investments

	2017	2016
	\$	\$
Central Africa SME Fund	1,035,745	1,290,774
CDS [a]	—	27,253
Rent to Own Zambia Ltd.	49,454	49,454
	1,085,199	1,367,481

[a] During 2017, the Foundation sold its remaining 50% of the shares of CDS for gross cash proceeds of \$38,997 [EUR26,600] [2016 – the Foundation sold 50% of its shares of CDS for gross cash proceeds of \$38,580 [EUR26,600]].

7. Property and equipment

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office improvements [Vancouver]	127,680	82,992	44,688	57,456
Office improvements [Kenya]	20,813	3,469	17,344	—
Office furniture and equipment	2,939	588	2,351	—
	151,432	87,049	64,383	57,456

8. GAC contributions – deferred revenue (grant receivable)

	2017	2016
	\$	\$
Deferred revenue [grant receivable] carried forward from prior year	(166,231)	59,293
Contributions and interest received from GAC during the year	643,264	254,791
	477,033	314,084
Less contributions spent during the year	(474,149)	(480,315)
Deferred revenue [grant receivable] [note 11]	2,884	(166,231)

The contributions received from Global Affairs Canada [“GAC”] are restricted to project costs for the West Africa Technical Assistance Facility in Cote D’Ivoire, and Ghana. In accordance with the agreement, 59% of the cash costs are covered by GAC and the remaining 41% of the cash costs are covered by the Foundation and Engineers Without Borders. As at December 31, 2017, the total cumulative costs incurred on the project by the organizations were \$1,202,723 [2016 – \$873,045] and the cumulative costs incurred on the project by GAC were \$1,730,606 [2016 – \$1,256,457]. Total revenue recognized in the statement of operations was \$474,149 [2016 – \$479,761]. Contributions received are deposited in a separate account, and are not to be used for general purposes by the Foundation. Accordingly, the unspent cash is disclosed as restricted cash on the statement of financial position totalling \$53,284 [2016 – \$19,604].

9. DFID contributions – restricted cash

In 2017, the Department of International Development [“DFID”] awarded a grant to the Foundation to contribute to the implementation of the Turkana Catalyst Initiative [“TCI”] of up to GBP 497,748 for a period of one year ending September 30, 2018. TCI is a business accelerator and seed financing program that will combine targeted and intensive technical assistance and seed financing for a selected number of SMEs offering the greatest potential returns on this investment. The ambition is for the business accelerator program to act as a feeder fund towards a related initiative, “the Northern Kenya Growth Capital [“NKGK”],” completing a vertically integrated approach to supporting SME growth in Turkana.

As at December 31, 2017, the Foundation has restricted cash recorded on the statement of financial position totalling GBP 223,835 [\$379,655] [2016 – nil].

10. Related party transactions

[a] During 2017, the Foundation paid \$314,813 [2016 – \$198,450] to Namdo Management Services Ltd. [“Namdo”], a private corporation owned by a member of the Board of Directors. The Foundation occupies office space in the Namdo offices for management and support staff. Namdo charges a monthly service fee of \$26,250 [2016 – \$17,325] and recovers out-of-pocket expenses related to the Foundation’s activities.

As at December 31, 2017, \$28,309 [2016 – \$19,221] is included in accounts payable for other expenses payable to Namdo.

[b] The Foundation received total donations of \$5,696,458 [2016 – \$4,369,213], of which of \$4,878,387 [2016 – \$2,650,098] is received from companies in the Lundin Group, where the Directors of the Foundation also serve as Directors on the board, or as members of senior management, of these companies. Of this amount, \$281,776 [2016 – nil] is recorded in accounts receivable as at December 31, 2017.

[c] The Foundation paid \$423,724 [2016 – \$270,912] of salaries, rent and other office expense on behalf of the Lundin Global Initiatives Foundation [“LGIF”], a not-for-profit organization under common control. The balance receivable from the LGIF as at December 31, 2017 was \$228,536 [2016 – \$183,497].

[d] During the year, the Foundation paid \$1,817,939 [2016 – \$1,179,588] of salaries, rent, travel and other office expenses on behalf of Adolf H. Lundin Foundation [“AHLCF”], a not-for-profit organization under common control.

[e] Receivable from related parties:

	2017	2016
	\$	\$
Receivable from LGIF	228,536	183,497
Receivable from AHLCF – current [expense reimbursements]	675,416	756,372
Receivable from AHLCF – promissory note	1,085,158	1,473,184
	1,989,110	2,413,053
Less AHLCF – Long-term portion of promissory note	361,654	736,592
	1,627,456	1,676,461

[f] During 2016, the Foundation transferred impact investments in the form of loans and equity to Lundin for Africa Foundation, resulting in a donation in-kind expense totalling \$6,181,276.

	2017	2016
	\$	\$
Equity investments transferred		
M-Kopa, LLC	—	3,430,589
Medeem Inc.	—	853,176
Honey Care Africa Ltd.	—	453,830
African Management Initiative	—	4,192
	—	4,741,787
Loans transferred		
Honey Care Africa Ltd.	—	610,537
African Management Initiative	—	828,952
	—	1,439,489
Total equity and loans transferred	—	6,181,276

Related party transactions are in the normal course of operations and are recorded at the exchange amount which is the consideration established and agreed to by the related parties. Amounts due to or from related

parties are unsecured, bear no interest and have fixed terms of repayment.

11. Deferred revenue

	2017	2016
	\$	\$
GAC contributions – deferred revenue [note 8]	2,884	—
DFID contributions – deferred revenue [note 9]	379,655	—
Restricted funding	344,000	15,000
	726,539	15,000

12. Commitments

The Foundation is committed to disbursement of project costs in the form of contribution and service agreements totaling US\$1,409,358 [2016 – US\$1,562,912].

13. Loan guarantees

The Foundation has entered into the following loan guarantee agreements with Northern Initiatives [“CDFI”], and Association Los Helados [the “Association”], which remain active as at December 31, 2017. Additionally, the Foundation has entered into a guarantee facility with Equity Bank [Kenya] Limited.

CDFI

CDFI is to provide loans for the benefit of individuals or companies with 1-20 employees resident or operating in Marquette County and whose loan is partially guaranteed by the Eagle Emerging Entrepreneurs Fund [“Clients”].

The Foundation deposited US\$250,000 in 2013 in an insured depository institution selected by the CDFI, fully capitalizing the Foundation’s guarantee of loans that will be granted by CDFI to Clients.

The Foundation will guarantee 75% of each loan granted by CDFI to eligible Clients, in accordance with the terms of the guarantee.

As at December 31, 2017, CDFI has disbursed an aggregate total of US\$1,084,254 [2016 – US\$827,557] in business loans. To date, CDFI has drawn down US\$27,181 [2016 – US\$27,181] from the loan guarantee balance.

The Association

The Association is a non-profit entity with its main goal to develop and support plans and programs to micro-entrepreneurs for Copiapo and Tierra Amarilla, and whose loan is partially guaranteed by the Financing Program “Convenio Programa de Financiamiento.”

The Foundation deposited the US dollar equivalent of CLP\$75,000,000 to Banco Credito y Inversiones, an insured depository institution selected by the Association, fully capitalizing the Foundation’s guarantee of loans that will be granted by the Association to Clients.

The Foundation will guarantee 75% of each loan granted by the Association to eligible Clients, in accordance with the terms of the guarantee.

Equity Bank (Kenya) Limited [“EBKL”]

The Foundation, partnered with Equity Group Foundation, launched Lundin Equity Emerging Entrepreneurs Fund [“LEEEF”] which aims to accelerate the growth of micro and small and medium sized enterprises [“MSMEs”] in three key counties in Kenya: Turkana, Isiolo and Lamu. These are among the most marginalised and economically underdeveloped regions in the country, which are located along LAPSET infrastructure route. LEEEF provides business training to MSMEs, and partial loan guarantees to graduates of business training. The target impact of LEEEF is to create jobs, income benefits and on-going economic development along underserved regions of the country, with a particular focus on women and youth.

The Foundation deposited US\$130,208 at EBKL, a company incorporated under the Laws of Kenya, fully capitalizing the Foundation’s guarantee of loans that will be granted by EBKL to Clients.

The Foundation will guarantee 50% of each loan granted by the Facility to eligible clients, in accordance with the terms of the guarantee.

[a] As at December 31, 2017, 91 [2016 – 28] loans were disbursed, at 20,294,000 KES [\$244,765]. Total outstanding balance of loans as at December 31, 2017 is 6,769,518 KES [\$81,647] [2016 – \$47,066].

[b] There was no drawdown to the loan guarantee in 2017 or 2016.

14. Repayable grant scheme

Karowe Emerging Entrepreneurship Fund [“KEEF”]

The Foundation had set up a Repayable Grant Scheme designed to assist emerging businesses in the Boteti Sub-District.

KEEF offers repayable grants with a 5% administration fee, which is a percentage of the approved grant amount. The repayable grant is to be repaid, within a maximum of five years. Early repayment has financial and non-financial incentives.

As at December 31, 2017, total reported net assets of KEEF are BWP 487,600 [\$61,172] [2016 – \$105,256].

15. Comparative information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year’s excess of revenue over expenses for the year.

SCHEDULE OF PROJECT COSTS

Expressed in Canadian dollars

Schedule 1

Year ended December 31	2017	2016
	\$	\$
Alliance for Responsible Mining [ARM]	81,142	—
Arrowhead Supplies & Services	2,248	—
APEOSAE	154,131	189,278
CDS – Lemrabott Habiloullah	—	8,440
CIPMEN	26,644	27,692
Contrato de Prestacion-Hondarus [Minas y Cuevas]	299,993	—
Ecolac Cia Ltda	52,866	68,299
Equity Group Foundation	—	298,120
Fe Y Alegria	512,859	398,765
FEDES	359,708	135,834
Impact Invest Scandinavia	253,554	124,734
International Lead Zinc [IZA]	156,588	123,147
Kunnskapsparken Nord [KUPA]	167,980	26,066
Medeem LLC	—	287,720
Pontificia Universidad Catolica de Valparaiso, Chile	286,614	62,250
Population Services	18,786	231,203
Rare Inc.	—	790,258
So Central	34,178	107,272
Stony Brook Foundation	1,017,800	125,480
UTPL: Particular Technical University of Loja	34,082	—
Contractors & Equipment – Abbatoir	229,772	190,609
Contractors & Equipment – LODWAR	279,817	608,554
Contractors & Equipment – Jetty	—	111,509
Other Contractors	47,637	25,779
	4,016,399	3,941,009

See accompanying notes

SCHEDULE OF OTHER ITEMS

Expressed in Canadian dollars

Schedule 2

Year ended December 31	2017	2016
	\$	\$
Investment income		
Interest on loans	100,916	192,914
Foreign exchange gain [loss]	(281,747)	(94,191)
Unrealized gain [loss] on marketable securities	(3,769)	(1,745)
Investment income from grant management	—	9,369
Investment income from equity venture investments	—	224,553
Allocation of distribution income to equity	—	(261,029)
	(184,600)	69,871
Consultancy fees		
Abraham Bravo	—	(330)
Africa Oil Ethiopia BV	(13,085)	—
Alliance for Responsible Mining [ARM]	(14,042)	—
Amec Foster Wheeler America	—	(31,796)
Arrowhead Supplies & Services	(35,135)	—
Axis Kenya	—	(11,659)
Better Trading Co.	—	(12,058)
Career Connection	—	(31,285)
Carlos A. Ruiz	—	(2,098)
Carlos Droppelmann	(47,585)	—
Carlos Enrique Acuna Cruzado	(19,219)	—
Carlos Molina c/o Ancot Int'l	(111,823)	—
Carlos Palacio	(23,898)	—
Corp de Desarrollo Social [CODESSER]	(57,297)	—
Community Insights Group [CIG]	(77,047)	—
Confederation College	(21,442)	—
Conservation Capital Consulting	(7,403)	(48,276)
Corporative Initiatives Development Group	—	(157,750)
Edward Hammer	(5,365)	(12,256)
FEDES	—	(10,848)
Fiavia Rojas	(884)	—
Fores-Forum for Reforms, Entrepreneurship and Substainability	(10,238)	—
Georgina Goodwin Images	(1,158)	—
Golder Associates	(24,294)	—
Development Hub Consulting Ltd	(8,987)	—
Impact Investment Exchange [Asia]	—	(15,020)
ImproveConsult	(38,109)	—

SCHEDULE OF OTHER ITEMS (CONT)

Expressed in Canadian dollars

Schedule 2

Innovative Enterprise Support	(11,361)	—
Juvenal Enrique	(13,383)	(12,502)
Lembrabott Habiloullah EL Hevid	—	(819)
Maria Fernanda Escudero	—	(359)
Mfanyane Architects and Interior	(19,786)	—
Nawa Architects [Pty] Ltd	—	(9,940)
Nibaldo Herman Guaita Godoy	(10,205)	—
Norcat	—	(37,922)
Patrick Seeton	—	(37,911)
Paula De La Puente	(906)	—
Pedro Antonio Delgado	(42,124)	—
Pedro Francisco Narivaez Carrion	(1,315)	—
Prizma LLC	—	(26,862)
Roberto Jimenez Lozano	(49,685)	(35,991)
Rosamelia Andrade	(28,404)	—
SKM Int’l Pty Ltd	(694)	—
Simpact Strategy Group Inc	(4,922)	—
Soluciones Integrales De Compras	(5,276)	—
Southern Delta Int’l Ltd	(20,193)	—
The Recruitment Group	(8,521)	(1,929)
Uniaudax	(10,114)	—
Universidad Tecnica Particular	(10,652)	—
Veiga and Associates Consulting	—	(24,344)
Western Management Consultants	(70,569)	—
	(825,121)	(521,955)

See accompanying notes

SCHEDULE OF NET GENERAL AND ADMINISTRATIVE EXPENSES

Expressed in Canadian dollars

Schedule 3

Year ended December 31	2017	2016
	\$	\$
Amounts are net of reimbursed expenses:		
Accounting	51,238	60,598
Amortization	16,825	12,768
Bad debts	—	165
Bank charges and interest	25,749	25,657
Board and portfolio meetings	6,703	4,401
Conferences	2,773	2,193
Legal	9,814	27,212
Memberships	6,427	17,090
Office	75,387	71,318
Rent and utilities	139,472	115,301
Salaries and benefits	830,209	691,915
Sponsorships	23,304	9,578
Sustainability summit	108,495	71,104
Telephone and communications	20,972	26,015
Travel	215,135	215,800
	1,532,503	1,351,115

See accompanying notes



Juana Ramos works for Boga Packaging Systems, one of the companies participating in the NEXO supplier program in Ecuador.

GOVERNANCE

Chair

Lukas Lundin

Mr. Lundin is known for recognizing value and superior global investment opportunities in the natural resource sector. He currently serves as a Director of a number of publicly traded companies. Mr. Lundin has a growing list of accomplishments, including raising hundreds of millions of dollars for exploration projects, and developing huge resource discoveries into production as principal of the Lundin Group of mining and oil and gas companies. He balances out his professional time by participating in extreme sports such as the Paris-Dakar motorcycle race, hiking Mount Kilimanjaro and extreme skiing. He combined his love for extreme sports with his global awareness of critical issues to make a positive impact in Africa by riding a motorcycle from Cairo to Cape Town in 2006, creating the Lundin Foundation in the process. As the visionary of the Lundin Foundation, Mr. Lundin follows in the adventurous spirit of his father, and the visionary founder of the Lundin Group, Adolf Lundin.

Directors

Christine Batruch

Ms Batruch, a historian and lawyer, is based in Geneva and works in the non-profit and business sectors. Ms. Batruch is President of the Board of the Fondation Vidrodgenia in Geneva and member of the Advisory Boards of the Business and Human Rights Platform of the Business School of Lausanne and the International Philanthropic Society in Stockholm. She is on the Editorial Boards of the Journal of World Energy Law and Business and the Oil Gas and Energy Law Intelligence journal. She helped establish non-profit institutions in Ukraine and was liaison officer and assistant professor at the International Academy of the Environment. As Vice President, Corporate Responsibility at Lundin Petroleum, she is responsible for sustainability, environmental, and health and safety strategy. She has spoken and lectured on environmental, social and governance issues at international conferences, business schools and universities.

Paul Conibear

Mr. Conibear is an engineer who brings over 30 years of senior leadership experience from predominantly developing countries to the Board. He is currently the President and CEO of Lundin Mining, as well as a Director of several Lundin Group companies. Mr. Conibear is the former President and CEO of Tenke Mining and head of the Tenke Fungurume Project in the Democratic Republic of the Congo. He understands the importance of corporate social responsibility for international companies operating in developing countries, and brings insight into social development needs and the issues facing local communities.

Ron Hochstein

Ron Hochstein is currently the President and Chief Executive Officer of Lundin Gold. Mr. Hochstein has worked for the Lundin family directly and as a consultant for over twenty years. He served as President and Chief Executive Officer of Denison Mines from 2009 to 2015. Prior to that, Mr. Hochstein served as President and Chief Operating Officer starting in 2006 when International Uranium and Denison Mines combined to form Denison Mines. Before then, he served as President and Chief Executive Officer of International Uranium. He is a Professional Engineer and holds an M.B.A. from the University of British Columbia and a B.Sc. from the University of Alberta.

Eva Lundin

Mrs. Lundin was born in 1934 in Stockholm, Sweden. She completed a Bachelor of Science in Agriculture from the University of Vermont, USA. Married for almost 50 years to Adolf Lundin, Mrs. Lundin has two sons, two daughters and twelve grandchildren. She has been a successful horse breeder since 1975 and is presently active in the art market through the Swedish auction house Bukowskis, of which the family is the owner. Mrs. Lundin is a frequent visitor to Africa and plays an active role overseeing the activities of the Foundation.

Stephen Nairne

Mr. Nairne has served as the Lundin Foundation’s Managing Director since 2007. He serves on the Advisory Board of several SME funds and companies in Sub-Saharan Africa and is concurrently an Adjunct Professor at the University of British Columbia, where he teaches courses on Country and Project Risk Analysis in Developing Countries and African Political Economy. Prior to joining the Lundin Foundation, Mr. Nairne served as Deputy Director with Canada’s Department of Foreign Affairs and International Trade’s Pacific Office and as Senior Political Risk Analyst at Export Development Canada. He holds a Bachelor of Commerce degree from McGill University and a Master of Arts from the Norman Paterson School of International Affairs at Carleton University.

MANAGEMENT TEAM

Stephen Nairne

Managing Director

Mr. Nairne has served as the Lundin Foundation’s Managing Director since 2007. He serves on the Advisory Board of several SME funds and companies in Sub-Saharan Africa and is concurrently an Adjunct Professor at the University of British Columbia. Prior to joining the Lundin Foundation, Mr. Nairne served as Deputy Director with Canada’s Department of Foreign Affairs and International Trade’s Pacific Office and as Senior Political Risk Analyst at Export Development Canada. He holds a Bachelor of Commerce degree from McGill University and a Master of Arts from the Norman Paterson School of International Affairs at Carleton University.

Erin Johnston

Chief Operating Officer

Ms. Johnston joined the Foundation in 2016 as Chief Operating Officer. She previously supervised British Columbia’s investment in skills training, aligning industry needs with apprenticeship training programs and designed programs for women, immigrants and Aboriginal participants. Ms. Johnston draws upon 15 years in the private sector leading capacity building and resource governance projects in Latin America, Asia and Africa. She holds a Masters of Arts in International Leadership from Simon Fraser University and an Executive Leadership Certificate from the UBC Sauder School of Business.

Ka-Hay Law

Chief Innovation and Strategy Officer

Ms. Law, since 2011, has developed the Foundation’s impact investment portfolio. She has been active in deal sourcing, due diligence, investment and grant management, and impact reporting. Ms. Law has worked in Zambia, Malawi and Ghana. She is the former Director of Agriculture Value Chains for Engineers Without Borders Canada, co-founded an African clothing company and was an advisor in corporate social responsibility. Ms. Law holds a degree in engineering from the University of British Columbia.

Cornelio Delgado

Director, Americas

Mr. Delgado designs and implements initiatives arising from natural resource activities to benefit locally impacted communities in Latin America. He brings 15 years of experience in economic development, investment attraction, public-private partnerships and value chain development, working with international development agencies and government. Mr. Delgado has a Bachelor of Arts in Economics and Sustainable Development, a Diploma in International Economic Relations and a Master’s degree in Public Administration from Queen’s University.

Joanne Liu

Director, Finance and Accounting

Ms. Liu provides strategic leadership in accounting and finance management and has over ten years of experience in various for-profit and non-profit organizations. She holds a Bachelor of Arts degree from the University of British Columbia, and a Diploma of Technology in Financial Management from the British Columbia Institute of Technology. Ms. Lui obtained her Certified General Accountant designation in 2013.

Simon Maurice

Training Director, Fruta del Norte project

Mr. Maurice is overseeing Lundin Gold’s training program in Ecuador to ensure the strongest representation of local community members in the workforce. He brings more than 20 years of experience in developing countries including Papua New Guinea, Dominican Republic, Argentina and Zambia. Mr. Maurice has led training programs and established training standards globally. He holds a Bachelor’s degree in Organisational Leadership and a Graduate Certificate in Human Resource Management from the University of New England, Australia.

Walter Del Castillo

Director, Europe

Mr. Del Castillo has a background in business management, finance and agricultural science. He has served as director, team leader and advisor on numerous technical projects in Latin America, Africa and Asia. Mr. Del Castillo has designed and implemented rural and private sector development projects dealing with sustainable natural resource management, technological innovation in agriculture and SME development.

Carlos Droppelmann

Sustainability Manager

Mr. Droppelmann draws on over 18 years of experience in the shared value creation processes, in the fields of sustainable development, community relations and environmental management, mainly in the extractive and productive industries. Mr. Droppelmann graduated as a Forestry Engineer, has a Diploma in Environmental Advisory and also holds a Diploma in Advanced Business Management from ESE Business School, Chile.

Babatshi Gasha

Program Manager, Bostwana

Mr. Gasha oversees economic diversification initiatives and projects in the region surrounding the Karowe Mine in Boteti Region. He has over 16 years of experience in planning and implementing a diverse range of projects. He is a certified Project Management Professional and Project Management training specialist, with a Master’s degree in Urban and Regional Planning from the University of South Australia.

Ana Lucia Jaramillo

Program Manager, Ecuador

Ms. Jaramillo directs the Foundation’s initiatives in Ecuador. She has extensive experience in business administration, project management, and corporate and stakeholder relations. She has led value chain and business development initiatives and has managed capacity building and training initiatives. Ms. Jaramillo has a Bachelor of Arts in Business Administration.

Eva Kigo

Program Manager, Kenya and Ethiopia

Ms. Kigo leads strategic initiatives, evaluation of investment opportunities and impact monitoring. She has a strong background in business consulting, financial analysis and managing initiatives with a range of stakeholders. Ms. Kigo holds a Master of Science in Applied Economics from Johns Hopkins University and a Bachelor of Science degree in Finance from Virginia Tech.



Agnes Akiru expanded her small kiosk to a grocery store, hair salon and butchery through the Lundin Equity Emerging Entrepreneurs Fund.



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