

Supporting a sustainable future

Ecora Resources PLC
Annual Report and Accounts 2022

We are a leading royalty company focused on supporting the supply of commodities essential to creating a sustainable future.

Alternative performance measures

Throughout this report a number of financial measures are used to assess the Group's performance. The measures are defined below and, with the exception of operating profit/(loss), are non-IFRS measures because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. The non-IFRS measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. The Group does not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Portfolio contribution

Portfolio contribution represents the funds received or receivable from the Group's underlying royalty-related assets which are taken into account by the Board when determining dividend levels.

Portfolio contribution is royalty and stream-related revenue (refer to note 5) plus royalties received or receivable from royalty financial instruments carried at fair value through profit or loss ('FVTPL') and principal repayment received under the Denison financing agreement (refer to note 22). Refer to note 36 to the financial statements for portfolio contribution.

Operating profit/(loss)

Operating profit/(loss) represents the Group's underlying operating performance from its royalty and stream interests. Operating profit/(loss) is royalty income, less amortisation of royalties and operating expenses, and excludes impairments, revaluations and gain/(loss) on disposals. Operating profit/(loss) reconciles to 'operating profit/(loss) before impairments, revaluations and gains/(losses) on disposals' in the income statement.

Adjusted earnings per share

Adjusted earnings represents the Group's underlying operating performance from core activities. Adjusted earnings is the profit/(loss) attributable to equity holders, plus royalties received from royalty financial instruments carried at fair value through profit or loss, less all valuation movements and impairments (which are non-cash adjustments that arise primarily due to changes in commodity prices), together with amortisation charges, foreign exchange gains/(losses), any associated deferred tax and any profit or loss on non-core asset disposals.

Adjusted earnings divided by the weighted average number of shares in issue gives adjusted earnings per share. Refer to note 12 to the financial statements for adjusted earnings/(loss) per share.

Dividend cover

Dividend cover is calculated as the number of times adjusted earnings per share exceeds the dividend per share. Refer to note 13 to the financial statements for dividend cover.

Free cash flow per share

Free cash flow per share is calculated by dividing net cash generated from operating activities, plus proceeds from the disposal of non-core assets and any cash considered as repayment of principal, less finance costs, by the weighted average number of shares in issue. Refer to note 35 to the financial statements for free cash flow per share.

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more online:



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Our purpose

Providing capital to the mining sector required to supply the commodities central to a sustainable future.

Our strategy

Grow portfolio

We are focused on building our portfolio through acquisition of royalties and streams that meet our investment criteria.

[Read more on p11](#)

Disciplined investment

We mitigate risk through a disciplined approach to investment which prioritises low cost operations, in well-established mining jurisdictions that meet our ESG criteria.

Deliver sustainability benefits

The commodities we invest in generally either directly enable the energy transition or will lower the carbon intensity of a product supply chain.

Our ESG summary

Enhanced disclosure

We have enhanced our ESG disclosure, aligning our investment strategy with the UN Sustainable Development Goals.

[Read more on p58](#)

UN Global Compact

This is our first full year as a participant of the UN Global Compact and we plan to submit our Communication on Progress (COP) by June 2023.

Operator engagement

We have seen an increased level of engagement from our operators on ESG matters.

Our values



Sustainability

We believe long-term value can only be achieved through sustainable and responsible investment.

[Read more on p52](#)



Integrity

We promote transparency and build trust through honest relationships.



Respect and inclusion

We create an environment where everyone is seen, heard, valued and empowered to succeed.



Collaboration

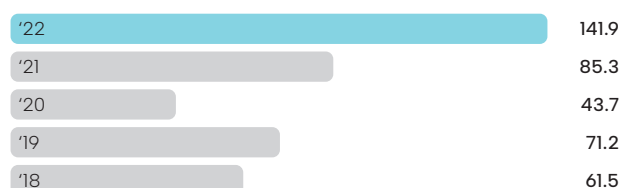
We believe teamwork is essential to achieving our vision and delivering value to our stakeholders.

A record year

Financial highlights

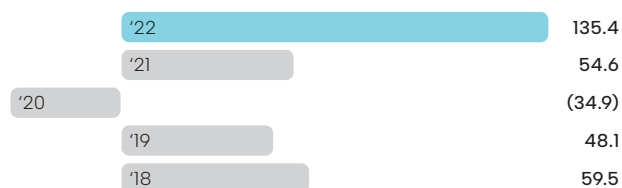
Royalty and metal stream related revenue (\$'m)

\$141.9m +66%



Profit before tax (\$'m)

\$135.4m +147%



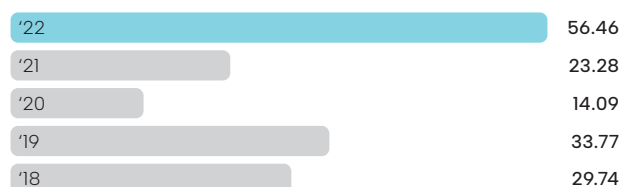
Dividend per share (p)

7.0p



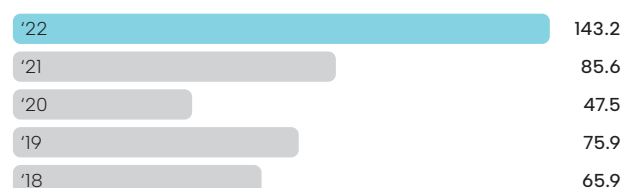
Free cash flow per share (c)

56.46c +144%



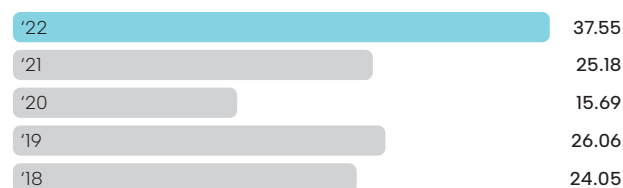
Portfolio contribution (\$'m)

\$143.2m +67%



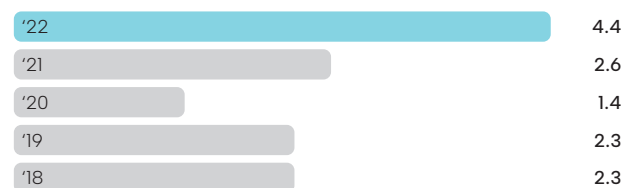
Adjusted earnings per share (c)

37.55c +49%



Dividend cover (x)

4.4x +69%



Royalty assets acquired (\$'m)

\$185.0m -11%



[Read more on p26](#)

Portfolio and sustainability highlights

South32 royalty portfolio acquisition

Acquisition of a high quality portfolio of advanced development stage copper and nickel projects. The portfolio provides compelling growth and complements the Group's prior substantial weighting to income producing assets.

~\$50m

of incremental annual portfolio contribution when South32 royalties are in production

Record portfolio contribution

The strength of commodity prices during 2022, especially in steelmaking coal and cobalt, drove record portfolio contribution of \$143.2m.

\$143.2m +67%

New sustainability reporting framework

During 2022, Ecora developed a new framework for its sustainability reporting that clearly identifies the key focus areas.



Read more on p53

Rebranding as Ecora Resources PLC

We completed the rebranding to Ecora Resources PLC in October 2022. The rebranding was driven by a desire to reflect the changes in our commodity mix, from a predominantly coal weighted business just two years ago to one whose future is firmly centred around commodities essential to a sustainable future.

ECORA
RESOURCES

Increased exposure to future facing commodities

During the year we continued to increase our portfolio weighting towards future facing commodities. At year end these were 85% of portfolio on a book value basis.

85% +16%

Increased operator ESG engagement

An increased level of engagement with our operating partners resulted in a 86% response rate to requests for sustainability information, up from 38% in 2021.

86%

response rate from operators on ESG matters

A portfolio positioned for organic growth

What we do

Our vision is to be globally recognised as the royalty company of choice synonymous with commodities that support a sustainable future by continuing to grow and diversify our royalty portfolio in line with our strategy. We will achieve this through building a diversified portfolio of scale over high quality assets that drives low volatility earnings growth and shareholder returns.

Our strategy is to acquire royalties and streams over low cost operations and projects with strong management teams, in well-established mining jurisdictions. Our portfolio has been re-weighted to provide material exposure to this commodity basket and we have successfully transitioned from a coal orientated royalty business in 2014 to one that by 2026 will be materially coal free and comprised of over 90% exposure to commodities that support a sustainable future. The fundamental demand outlook for these commodities over the next decade is very strong, which should significantly increase the value of our royalty portfolio.

[Read more on p24](#)

How we do it

Royalties explained

A natural resources royalty is a non-operating interest in a project that provides the royalty holder with the right to a percentage of the revenues generated from the extraction and sale of minerals from a specified area of interest. A royalty holder is not generally obligated to contribute towards operating or capital costs, nor environmental or reclamation liabilities. A primary royalty is entered into when the royalty company makes an up-front cash payment to the mine operator in return for a royalty. A secondary royalty is an existing royalty that is acquired directly from the owner of the royalty.

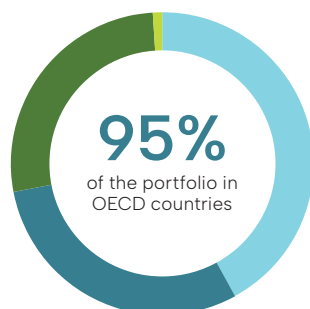
Streams explained

A metal stream is an agreement that provides, in exchange for an upfront payment, the right to purchase all or a portion of one or more metals produced from a mine. Streams, whilst providing a similar outcome for Ecora, are not royalties because they do not constitute an interest in land and there is an ongoing cash payment required to purchase the physical metal. However, a stream holder is not ordinarily required to contribute towards operating or capital costs, nor environmental or reclamation liabilities.

Portfolio – diversified exposure

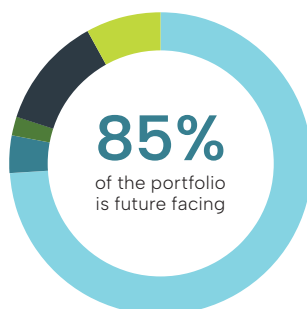
Geographic exposure*

- North America 42%
- South America 30%
- Australia 27%
- Other 1%



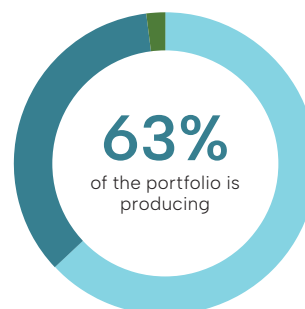
Commodity exposure*

- Base metals 74%
- Uranium 4%
- Vanadium 2%
- Steelmaking coal 12%
- Other 8%



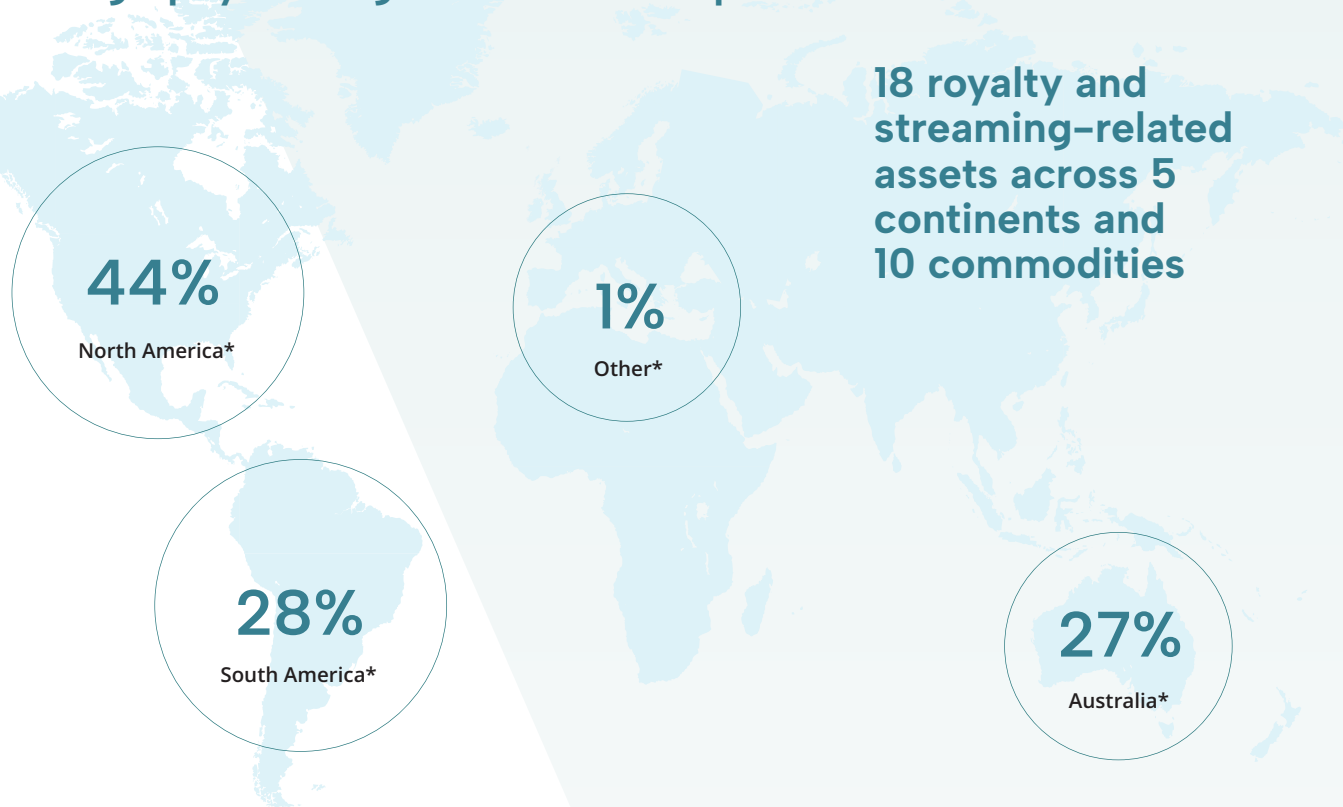
Stage of production*

- Producing 63%
- Development 35%
- Early-stage 2%



* Based on the book value of assets as at 31 December of the relevant year, net of deferred tax where applicable.

Geography – our global OECD footprint



* Based on the book value of assets as at 31 December of the relevant year, net of deferred tax where applicable.

[Read more on p6](#)

Markets – pathway to a sustainable future

Aligned with four key thematics:

1 Operations with robust sustainability profiles



2 Low carbon energy generation



4 Energy consumption



3 Energy transmission



Exposure to world-class operators

Royalties cover mining operations run by some of the largest mining companies in the world.



Visit www.ecora-resources.com/our-portfolio/

Producing

	Asset	Commodity	Location	Operator/developer	Royalty basis	Mine life	See more
1	Voisey's Bay	Cobalt	Canada	Vale	22.82% stream	2035	p29
2	Mantos Blancos	Copper	Chile	Capstone Copper	1.525% NSR	2038	p30
3	Kestrel	Steelmaking coal	Australia	EMR Capital and Adaro	7.0–40.0% GRR	2026 ⁽¹⁾	p31
4	Maracás Menchen	Vanadium	Brazil	Largo Resources	2.0% NSR	2041	p32
5	McClellan Lake mill	Uranium	Canada	Orano	22.5% of toll milling revenue	2037	p33
6	IOC	Iron ore	Canada	Rio Tinto	7.0% GRR (indirect)	2045	p34
7	EVBC	Gold	Spain	Orvana Minerals	2.5–3.0% NSR	2026	p35
8	Four Mile	Uranium	Australia	Quasar Resources	1.0% NSR	2029	p35
9	Carlota	Copper	US	KGHM	5.0% NSR	2024	p35

(1) Mining operations at Kestrel will materially move out of the Company's royalty area by the end of 2026.

Mine locations

Development

	Asset	Commodity	Location	Operator/developer	Royalty basis	Expected mine life	See more
10	West Musgrave	Nickel and copper	Australia	OZ Minerals	2.0% NSR	24 years	p36
11	Santo Domingo	Copper and cobalt	Chile	Capstone Copper	2.0% NSR	18 years	p37
12	Piauí	Nickel and cobalt	Brazil	Brazilian Nickel	1.25% GRR	18 years	p38
13	Nifty	Copper	Australia	Cyprium	1.5% realised value	6 years	p39
14	Incoa	Calcium carbonate	Dominican Republic/US	Incoa	~1.23% GRR	N/A	p40
15	Salamanca	Uranium	Spain	Berkeley Energia	1.0% NSR	14 years	p41

Early-stage

	Asset	Commodity	Location	Operator/developer	Royalty basis	Mine life	See more
16	Cañariaco	Copper and gold	Peru	Candente Copper	0.5% NSR	N/A	p41
17	Ring of Fire	Chromite	Canada	Wyloo Metals	1.0% NSR	N/A	p42
18	Pilbara	Iron ore	Australia	BHP	1.5% GRR	N/A	p42
19	Amapá	Iron ore	Brazil	DEV Mineracao S.A.	1.0% GRR	N/A	p43
20	Dugbe 1	Gold	Liberia	Pasofino Gold	2-2.5% NSR	N/A	p43

"I am pleased to report another record year for profitability."

Patrick Meier
Chairman



When I wrote last year's statement I described 2021 as the most transformative and profitable year in the Group's history. As I look back at 2022, I am pleased to report another record for profitability and with a new Chief Executive Officer, Company name and another major transaction, 2022 was arguably more transformative than 2021.

There were a number of factors that impacted the global economy in 2022. The saddest of these was the Russian invasion of Ukraine which, as well as the hardship it has caused the Ukrainian people, also created significant economic disruption and geopolitical uncertainty. The flow of commodities was severely impacted causing prices to increase rapidly, which contributed to the highest rates of global inflation seen in years.

Whilst many countries started to put the COVID-19 pandemic behind them and started to see more of a return to normal, China remained locked down which in the second half of the year contributed to weakened demand for commodities and eased some of the upwards price pressure. China will continue to play a central role in commodity demand and as it has started to re-open post-COVID-19, there is potential to unlock significant demand which could impact markets, and potentially pricing, in 2023.

The higher inflationary environment has created many challenges for both consumers and mining operators. In times of high inflation, the royalty business model provides protection from increasing capital and operating costs as we are mainly exposed to the top line. This is reflected in the record financial performance of the Group.

Chief Executive Officer transition

As we highlighted in last year's report, the Board was delighted to appoint Marc Bishop Lafleche to the role of Chief Executive Officer when Julian Treger stepped down on 31 March 2022. Marc has made a fine start in his new role and demonstrated his leadership during the acquisition of a portfolio of royalties from South32, and the rebranding of Anglo Pacific Group as Ecora Resources PLC. Marc has

developed a very constructive culture internally and has formed strong working relationships with key external stakeholders, including shareholders and our investee counterparties. Equally he has laid out a clear vision on the growth strategy for Ecora and we look forward to Marc and the team continuing to execute on that vision in the coming years.

Portfolio development

It was a significant achievement to acquire a portfolio of royalties from South32. Marc provides more detail about the acquisition in his CEO Review on pages 12 to 13. From the Board's perspective, these royalties deepened our exposure to copper, nickel and cobalt, commodities we believe have tremendous amount of running room over the next decade and beyond. Importantly, the operators of the key projects are highly regarded and the mines are low on both the cost and carbon emissions curves. Our portfolio is of the highest quality and would be extremely difficult to replicate.

Rebranding

In October we began trading as Ecora Resources PLC. Having done the hard work to completely reposition the business, we felt it was the appropriate time to change the name of the Company to break from the past associations with coal and to better reflect a company focused on the energy transition with exposure to commodities with exceptional long-term growth characteristics.

Board and governance

A key part of the Board's role is to both challenge and support the management team in the execution of the Group's strategy, together ensuring we operate with integrity and to the highest ethical standards. During 2022 there was a particular focus on the transition to the new CEO, the acquisition of the royalty portfolio from South32 and the appointment of a new Non-Executive Director.

We were delighted to announce the appointment of C. Coignard to the Board as an independent Non-Executive Director with effect from 1 January 2023. Christine has extensive experience in the metals and

mining sector from her corporate finance and strategy roles and non-executive directorships with Eramet SA and Polymetal International.

The role of Senior Independent Director will be transferred from J.E. Rutherford to V. Shine at the end of the AGM in May. Varda's wide industry experience will position her well for this role. These changes in the Board's composition will mark significant progress towards meeting the targets set out in the FCA policy statement 'Diversity and inclusion on company boards and executive management', which we will report against in our 2023 Annual Report.

After nine years of service, R.H. Stan will retire from the Board at the end of the AGM in May. Bob was instrumental in assisting the Company through its considerable growth, particularly with his perspectives from his experience in the international mining industry. I would like to express my sincere thanks to Bob for his enormous contribution to the Company and his wise advice over the years. He will be missed, and we all wish him well. Following Bob's retirement, the role of Designated Non-Executive Director will be transferred to Graeme Dacomb.

We believe the Board has an appropriate mix of skills, experience and diversity, and succession planning continues to be an ongoing focus. As such, the composition of the Board is under constant review and changes will be made as tenures come to an end and as the business continues to evolve.

More information on the operation and activities of the Board can be found on pages 83 to 105.

Returns to shareholders

Our core capital allocation principles remain in place, which will see us continue to prioritise the maintenance of a strong balance sheet along with growth of our royalty portfolio by way of acquisitions, whilst committing to a quarterly dividend of 1.75p. The Group changed its functional and presentational currency to US\$ last year, to better reflect the underlying performance of the business given the majority of its revenues and financing activities are derived in US\$.

The Group's current annual dividend is 7p per share. The average GBP:USD exchange rate over the last 12 months was ~1.21. Applying this rate to the 7p dividend would result in an annual USD dividend of 8.47c per share. The Group is proposing to round this to 8.5c per share, which would imply a quarterly dividend of 2.125c per share. Eligible shareholders will be offered the dividend in both US\$ and GBP and the Group will publish the exchange rates being applied each quarter for the GBP equivalent.

This change will become effective prior to payment of the Q1 2023 dividend.

Shareholder engagement

We were pleased to be able to hold our Annual General Meeting in person again in 2022 and welcome shareholders to the event. We strengthened our investor relations function in 2022 and will look to continue increasing engagement with both our institutional and retail shareholders during 2023. During the year we saw the initiation of the first analyst coverage out of Toronto, and commenced trading through the OTCQX International market, qualifying for investment from a much broader range of investment firms in the United States. I would like to thank our shareholders for their continued support over the year.

Thanks

Finally, I would like to thank the team at Ecora for all their dedication and hard work. To have completed another sizeable transaction along with a successful rebranding is testament to their commitment and abilities. I know from my own conversations that the team shares the Board confidence and excitement at the opportunities that lie ahead for Ecora.

Patrick Meier

Chairman

28 March 2023

A new sustainability framework

During 2022 we developed a new framework for Ecora's sustainability strategy that clearly communicates the areas that are of key focus. Our sustainability activities have been divided up to sit underneath two key pillars: Responsible Business and Responsible Investors. Underneath these, as can be seen in the diagram, we have identified six priority areas which we will report under as we continue to evolve our sustainability reporting.

More detail on the new reporting framework can be found in the sustainability section on p52 to 61



Supporting a sustainable future

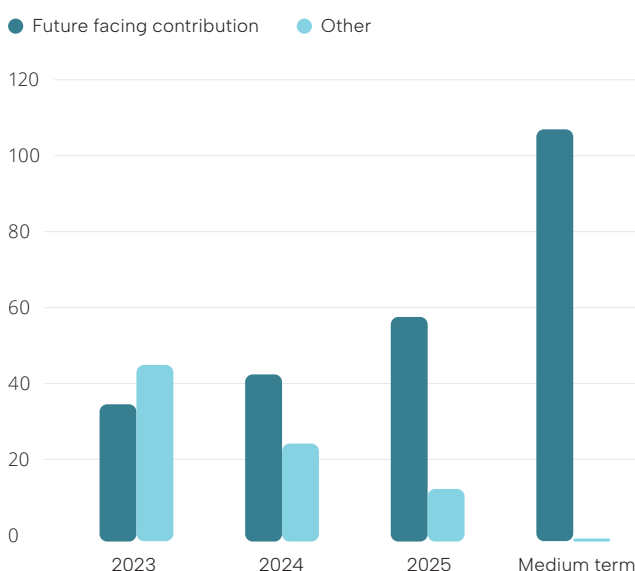
We offer investors exposure to a basket of commodities that are integral to the energy transition.

1 Attractive growth profile

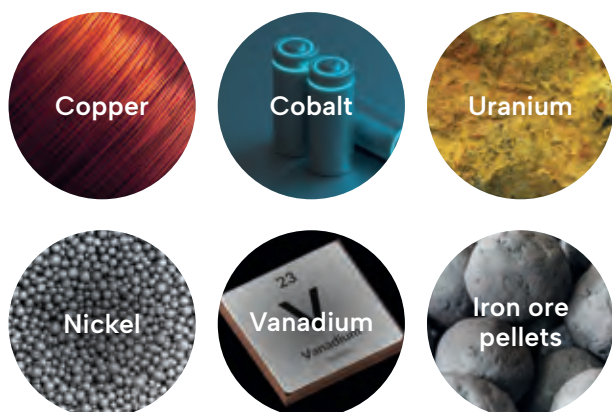
Our portfolio of royalties in future facing commodities has the potential to grow from generating \$33m of portfolio contribution in 2022 to generating over \$100m of annual portfolio contribution in the medium term.

[Read more on p13](#)

Portfolio contribution (\$m)



* Based on consensus forecasts of covering sell side analysts



2 Compelling commodity mix

We provide investors with access to a commodity mix that contains minerals and metals such as copper, cobalt and nickel that will be needed in increased quantity if the supply is to meet expected demand growth driven by the energy transition.

[Read more on p19](#)

3 High quality partners

We invest the majority of capital into low cost mines primarily located in OECD jurisdictions that are operated by companies including Vale, Capstone Copper, OZ Minerals and Rio Tinto.

[Read more on p28](#)

Operators



4 Balance sheet flexibility

Our dividend of 7p per share was 4.4 times covered in 2022 and is well covered into the future. We have a strong balance sheet underpinned by a supportive lending group and a \$200m credit facility provides us with the ability to take advantage of accretive growth opportunities.

[Read more on p44](#)

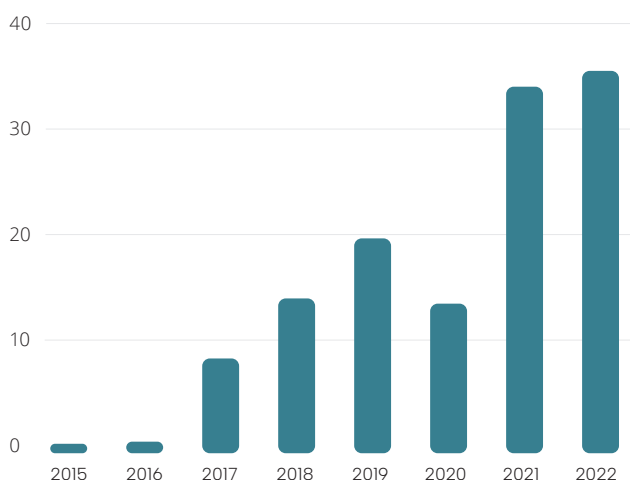
5 Strong sustainability framework

All potential investments are screened against our extensive sustainability criteria before we commit to the transaction. We conduct ongoing monitoring of all of our portfolio investments to make sure the operations continue to meet our ESG standards. Where operators don't make public disclosure of ESG data then we engage with them and encourage them to adopt best practice.

[Read more on p52](#)



Income from assets acquired (\$m)



6 Proven track record

The current management team has worked together since 2014 and consistently proven its ability to deliver high quality transactions and grow the Company.

[Read more on p26](#)

"It is clear Ecora has undergone its own transition over the past eight years."

Marc Bishop Lafleche
Chief Executive Officer



I am delighted to be writing to you for the first time as Chief Executive Officer after a strong year in which we have achieved record results. I am writing under our new name, Ecora Resources, which reflects the Company's transformation and repositioning for the future.

As we continue growing the business, my vision is for Ecora Resources to be the globally recognised leading royalty company focused on commodities fundamental to the energy transition and decarbonisation. We will continue to ensure our royalty portfolio remains weighted towards high quality mining operations and projects with low operating costs and leading sustainability credentials, and backed by well-established operators.

The opportunity to grow our portfolio of future facing commodity royalties remains favourable. The mining sector is highly capital intensive by nature, and substantial investment in new production capacity will be required to meet the supply growth to enable a global energy transition. Capital market conditions remain challenging, and as a vehicle permanently focused on providing financing to the mining sector, Ecora is well positioned to continue to play a role as a funding source.

Delivering on our strategy

The acquisition of a high-quality portfolio of advanced stage royalties from South32 in July 2022 was fully in line with our stated strategy. The acquisition increased our copper and nickel exposure, commodities with strong underlying fundamentals and essential to achieving the energy transition.

The portfolio's two key assets are a royalty over the West Musgrave copper nickel project in Australia, and a royalty over the Santo Domingo copper cobalt development in Chile. Both projects are expected to be low-cost and are located in well-established mining jurisdictions. Furthermore, they have proven operators in Capstone Copper at Santo Domingo, and OZ Minerals at West Musgrave. I am pleased to note that in the short time

since we have owned these royalties, there have been a number of positive catalysts, including a final investment decision by OZ Minerals to construct the West Musgrave project, along with a positive Mantoverde-Santo Domingo district integration plan released by Capstone Copper.

We were delighted to welcome South32 as our largest shareholder during the past year, which received a 16.9% stake in Ecora as part of the consideration package, demonstrating conviction in the outlook for our existing business, the acquired royalty portfolio, and our proven ability to deliver shareholder value.

At the beginning of the year, our producing royalties represented 95% of our portfolio. One of our key objectives was to enhance the Company's growth profile. The royalty portfolio acquired from South32 delivered on this objective, with Ecora now having a line of sight on a total portfolio contribution of over \$100m per annum in the medium term, excluding steel making coal.

Future facing commodity royalties now represent approximately 85% of the Company's assets, and almost 100% of our portfolio contribution later this decade. This is an incredible achievement, considering that in 2014 the Group's assets and revenues were almost entirely linked to coal operations. The team remains highly focused on continuing to further diversify our royalty portfolio, enhancing our growth profile and cementing our position as the leading future facing commodity royalty company.

Results

2022 was a record year, with portfolio contribution of \$143.2m, up 67% on the previous year. The strong financial performance was driven by a prolonged period of elevated commodity prices, particularly steel making coal, cobalt and copper, offsetting lower than expected saleable production volumes from our royalty area of the Kestrel mine during the fourth quarter. Adjusted earnings per share was up 47% to 37.55c (2021: 25.18c).

The record portfolio contribution allowed us to accelerate the planned repayment of our borrowing facility during the past year, with net debt of \$36m as of 31 December 2022 (YE 2021: \$90m). Our balance sheet provides us with the flexibility to pursue further growth opportunities and we continue to enjoy strong support from our lending banks.

The financial results are discussed in more detail in the Finance Review on pages 44 to 49.

Outlook

The outlook for Ecora Resources remains positive. Over the next 12 months, construction activities at West Musgrave are expected to continue, with first production targeted in 2025. Capstone Copper is targeting the release of a Santo Domingo feasibility study in H2 2023, taking advantage of the synergies associated with the proximity of Santo Domingo to the existing Mantoverde operation, existing infrastructure (including a desalination plant, roads, power, and pipelines), and integration of other assets. Having now completed the Phase I expansion at Mantos Blancos, Capstone Copper is evaluating the potential to increase throughput of the Mantos Blancos sulphide concentrator plant from 7.3 million tonnes per year to 10.0 million tonnes per year. The Mantos Blancos Phase II feasibility study is expected to be released in H2 2023.

Brazilian Nickel's financing process for the Piauí nickel cobalt project is underway, and targeted to complete later this year or in 2024. The ability to increase our royalty exposure at Piauí is particularly interesting given it will produce battery precursor nickel and cobalt products. Should Ecora proceed with a further \$70m investment at the time of Piauí construction, assuming consensus research analyst commodity price forecasts the royalty is expected to generate \$17.5-22.5m per annum over the first 15 years of production.

During 2023, operations at Kestrel will begin to transition outside of Ecora's private royalty area. Production within this area in 2023 is expected to be heavily weighted to Q1 and Q4. Year to date, steel making coal prices have been strong, which should partially offset lower levels of production.

Operations at Voisey's Bay are expected to continue to centre on the transition from an open pit to an underground mining operation, resulting in lower planned 2023 cobalt production relative to 2022, with underground production expected to ramp-up in 2024. Cobalt prices have pulled back from the near record levels during 2022 as a result of increased supply and a slowdown in consumer electronics demand. Cobalt prices are now seen to be at or around bottom price levels, with the medium-and longer-term outlook remaining strong.

I was delighted to visit the Voisey's Bay mine, which reinforced my view that our Voisey's Bay stream has substantial upside including the potential to significantly extend the operations beyond current mine-life.

Finally, I would like to thank the team at Ecora for all the achievements and progress we have made on many fronts in 2022. We have an experienced, dedicated and talented team who I have no doubt are capable of continuing to grow and transform our business in becoming the globally recognised leading royalty company focused on commodities fundamental to the energy transition and decarbonisation.

Marc Bishop Lafleche

Chief Executive Officer

28 March 2023

CASE STUDY

South32 royalty portfolio acquisition

In July 2022 Ecora announced the \$185m acquisition of a copper and nickel royalty portfolio from South32, providing growth and complementing the Group's prior weighting towards income producing assets.

The transaction was structured to limit the up-front cash consideration to \$47.6m, along with issuing \$82m of shares to South32, which became a 16.9% shareholder in Ecora. Furthermore, there were six quarterly cash payments totalling \$55m and payable in equal instalments over an 18-month period. These effectively see income from the Kestrel steel making coal royalty, recycled into future facing commodities.

The two main assets are the West Musgrave copper nickel project in Australia, currently operated by OZ Minerals but which will move under the BHP banner when BHP's acquisition of OZ Minerals completes, and the Santo Domingo copper cobalt project in Chile,

operated by Capstone Copper. Since we acquired the royalty over West Musgrave, the project moved beyond Final Investment Decision and construction started in November 2022 with a view to first production in H2 2025. At Santo Domingo, Capstone Copper has completed the Mantoverde-Santo Domingo district integration plan, which was looking at synergies between the two developments and has identified \$80-100m of annual cost savings which enhances the returns profile of both mines.

The transaction also included a royalty over a copper mine restart project in Australia called Nifty. The operator Cyprium Metals is hoping to restart production and is in discussions to secure the financing to get the project started.

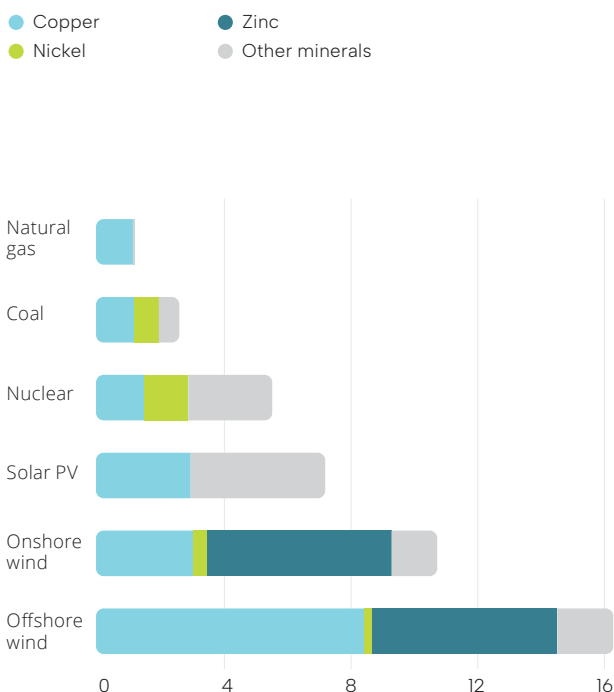
The underlying fundamentals in the copper and nickel markets look strong and significant demand growth is expected to be required to achieve global net zero commitments. These royalties, along with Piauí, Nifty and Incoa, are expected to drive medium-term growth in portfolio contribution.

Mining has a critical role to play in the energy transition

Without the mining industry it will be impossible to fully transition to a net-zero economy.

Clean energy will be dependent on mineral extraction. The chart below demonstrates this through looking at how much more commodity intensive renewable forms of energy are compared to fossil fuels. Solar power requires double the amount of minerals of coal fired power and offshore wind requires four times the amount.

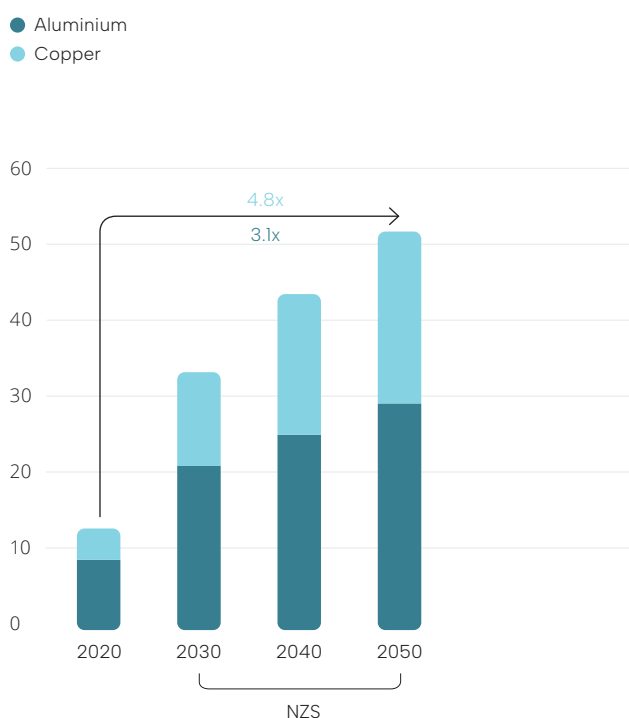
Clean energy is dependent on mineral extraction ('000 kg/MW)



Source: IEA.

The growing demand from the power grid for commodities produced in a sustainable way has been forecast by BloombergNEF under both energy transition and net zero scenarios. The chart below shows these forecasts and highlights that under the energy transition scenario by 2050 the world will need over double the amount of copper that is consumed today. Under the net zero scenario this number increases markedly to nearly five times.

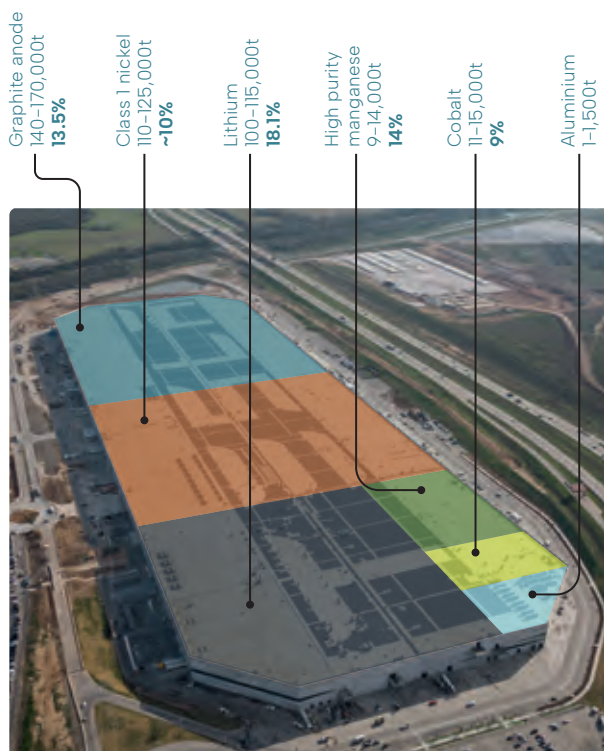
Annual metals demand from power grid under BNEF's net zero scenario (Mtpa)



Source: BloombergNEF.
Note: NZS is the 'net zero scenario'.

Looking at a very specific demand driver, the image below uses Tesla's new 140 GWh battery gigafactory in Texas to highlight the industrial demand for commodities. The percentages show how much of current annual production of these commodities the factory consumes, for example 9% of global cobalt supply and 24% of global nickel supply. CIC energiGUNE estimate that over 1,000 GWh of additional capacity is planned in Europe and North America alone.

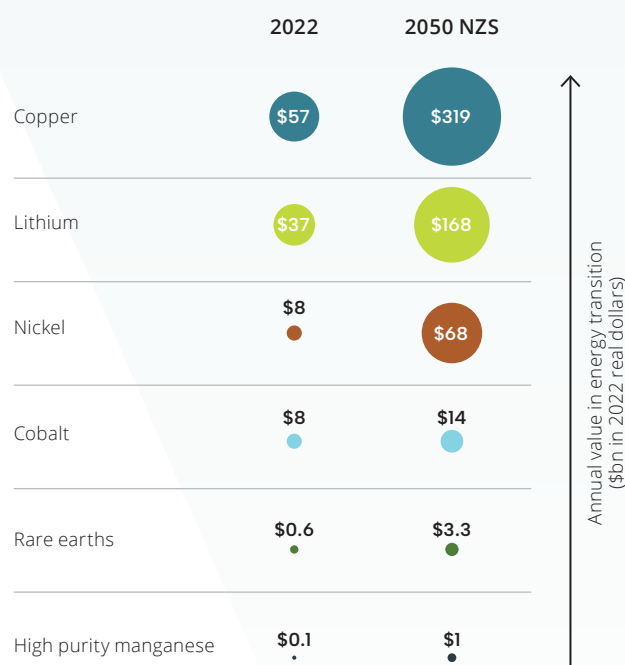
Tesla's Texas 140 GWh battery gigafactory



Source: Benchmark Minerals.

It is clear that the demand for these commodities will increase materially over the coming years. The chart below shows how that is expected to translate to an increase in the value of these markets. Under the net zero scenario, the copper market is forecast to grow from \$57bn in 2022 to \$319bn in 2050. The nickel market is expected to reach \$68bn compared to \$8bn in 2022. This trend is repeated across the basket of commodities shown in the chart.

Value of market for commodities involved in energy transition will grow significantly



Source: BloombergNEF – copper, lithium, nickel, and cobalt 2022 prices adjusted to average for the period. 2050 NZS prices adjusted to long-term analyst consensus of Cu \$8,329/t; Li Carbonate \$22,212/t; Ni \$19,330/t; Co \$53,500/t.

Copper market dynamics

Copper has a variety of end uses due to its conductivity, ductility, recyclability and low reactivity. It also has very few cost effective substitutes.

Looking ahead to 2040, copper demand is expected to triple, driven by solar and wind power, electricity networks, battery storage and electric vehicles. The demand increase is equivalent to 60 new, 300Ktpa copper mines.

At the same time, supply is expected to fall away impacting the ability to meet rising demand. This is due to declining grades and limited sources of new supply. As the bottom chart below illustrates, there has been limited exploration over the past decade and few significant discoveries.

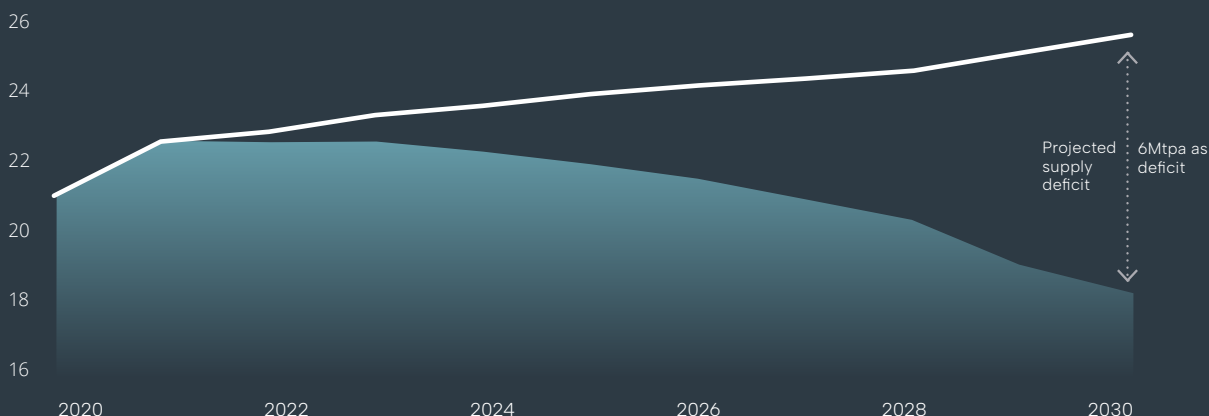
A shortage of copper will severely impact the ability to deliver the renewable energy infrastructure that is a

pre-requisite if the global economy is to successfully undergo the energy transition. It is widely believed that substantial additional investment in quality, large scale copper projects is required with the incentive price for new copper mines estimated to be ~\$10,000/tonne (source: Anglo American).

This is the reason that Ecora has been deploying capital into copper development projects. If we were to look at many other commodities in our basket then they would tell a similar story. The world needs these commodities to deliver the energy transition and Ecora's major growth assets, such as West Musgrave and Santo Domingo, provide leverage to this thematic.

Demand and supply (Mt)

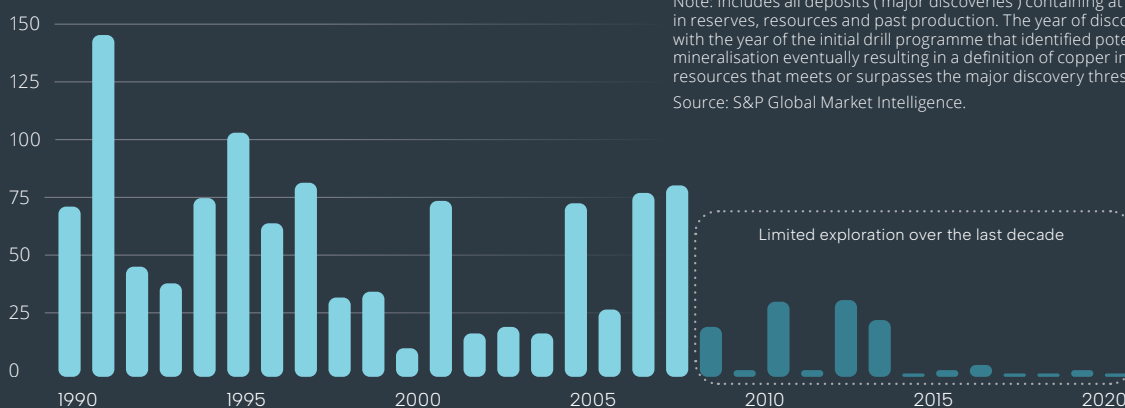
- Current supply
- Forecast demand



Source: IEA, The Role of Critical Minerals in Clear Energy Transitions; demand and supply graphic based on sustainability development scenario, operating mines only.

No major copper finds in past ten years (Mt)

Few significant copper discoveries in the last ten years to fill the project supply deficit



Note: Includes all deposits ('major discoveries') containing at least 500Kt of copper in reserves, resources and past production. The year of discovery corresponds with the year of the initial drill programme that identified potentially economic mineralisation eventually resulting in a definition of copper in reserves and resources that meets or surpasses the major discovery threshold criteria.

Source: S&P Global Market Intelligence.

CASE STUDY

West Musgrave – a high quality copper and nickel project driving medium-term income growth

Discover
more online:



West Musgrave

Opportunities to secure royalties over high quality copper and nickel sulphide development projects are scarce. As such we were delighted to add a royalty over the West Musgrave project to our portfolio. Significant progress has been made on the project since we acquired the royalty with OZ Minerals taking a Final Investment Decision in September 2022 and starting construction activities in November 2022. First production is currently scheduled for H2 2025.

The project is attractive to us for a number of reasons. OZ Minerals is a very credible operator, and if the BHP takeover of OZ Minerals is completed then we will have a best in class operator. The project is in the lowest quartile in terms of cash costs and carbon emissions. Finally, it has excellent sustainability credentials and over 80% of power will be supplied by renewable sources.

Our investment was predicated on long-term copper prices of \$3.45 per lb. During Q1 2023 to date copper prices have averaged \$4.04 per lb at which price the royalty would generate at the upper end of the guidance of \$10-15m per annum of revenue.

Expected annual royalty contribution:

c. \$10–15m

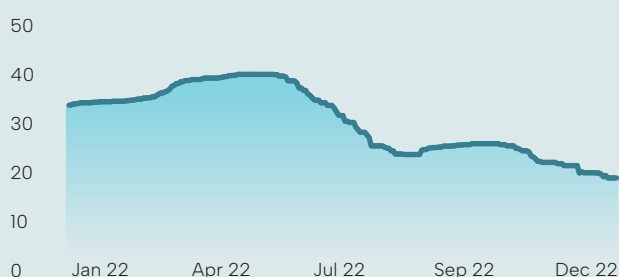
Life of mine

24 years

Commodity prices

Prices of the key commodities underlying Ecora's royalty portfolio performed well relative to historical levels, particularly during the first half of the year.

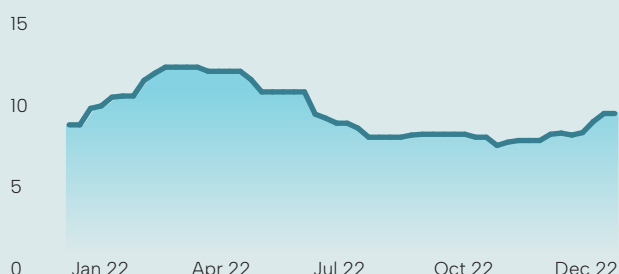
Cobalt
US\$/lb



Copper
US\$/lb



Vanadium
US\$/lb



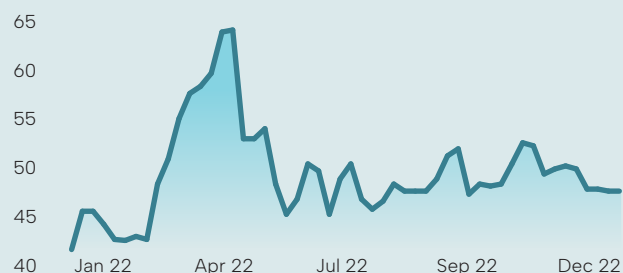
Iron ore
US\$/t



Steel making coal
US\$/t



Uranium
US\$/lb



Our key markets

1 Overview

The year started positively with the easing of COVID-19 restrictions but events then turned for the worse with the Russian invasion of Ukraine. War on a scale not seen in Europe since 1945 disrupted the hope of a return to normal business conditions, and instead triggered events that would impact all corners of the world.

The commodities sector appeared to experience a full cycle over the course of a matter of months. Critically low inventories helped prices reach decade highs as an energy crisis swept through Europe, before correcting due to rapid interest rate rises to combat record inflation and concerns over a looming recession. As an asset class, however, commodities alongside cash would be the only instruments to post a positive return over the course of the year.

As Russia restricted natural gas volumes to Europe, countries pursued alternative energy sources. In the absence of an uplift in supply, the seaborne thermal coal market tightened significantly with prices rising above \$400/t. Energy security will remain as a key theme over the next decade, but a marked commitment to low

carbon sources such as renewables and nuclear power should see the use of thermal coal decline.

China's zero-COVID policy and lagging property sector continued to impact demand and cause bottlenecks in supply chains. Wary of Russia and China's dominance over various commodity markets, the West determined reliance on global markets could no longer be taken for granted. Protectionist measures were implemented such as President Biden's Inflation Reduction Act to secure supply of critical minerals from so-called 'friendly' countries.

Macro headwinds, geopolitical tensions, conflict and inflation are likely to continue to dominate headlines in 2023. China's role within commodity markets remains central; however, themes such as the energy transition, energy security, responsible sourcing and decarbonisation have moved forward dramatically. China's reopening has the potential to unlock significant mineral demand and, with limited buffer from inventories, could lead to further price volatility in 2023.

2 Cobalt

Like many commodities, cobalt prices performed strongly during the first half of the year, driven by strong demand coupled with the war in Ukraine and logistical issues in the Democratic Republic of Congo (DRC). Prices reached four-year highs of \$39.75/lb in May before falling to lows of \$18.75/lb only seven months later.

The dramatic fall in price was linked to a number of factors. Large inventories built during the first half of the year were drawn, limiting purchases in an already falling market. New supply of cobalt contained in mixed hydroxide precipitate from Indonesia began to enter the market just as supply from the DRC began to come back on line. Cobalt used in consumer electronics reduced by ~10% over the course of the year, driven by increasing battery life cycles and macro-economic pressures on consumers. Spot demand from the electric vehicle (EV) industry was also impacted by a reduction in EV subsidies, leading to a decline in cobalt-based battery manufacturing.

The outlook for cobalt metal (which Ecora has exposure to through its Voisey's Bay stream) remains supported by its use in military, aerospace, superalloys and battery applications. A 25% tax on Chinese metal flowing into the US, and increased importance of security of supply may protect metal prices in the face of growing hydroxide supply from Indonesia and the DRC.

The demand fundamentals for cobalt remain strong as a key raw material in high performing EVs sought in the US and Europe. The cobalt price ended the year at US\$18.75/lb and averaged US\$30.29/lb over the course of 2022.

3 Copper

The copper market is deeply entwined with the global economy and is often used as a gauge for market performance. It is no surprise therefore that 2022 was a tumultuous year for the metal reaching highs of \$4.85/lb in March before retreating to as low as \$3.25/lb in July.

New demand sources coupled with supply fears following the war in Ukraine helped prices reach an all-time high of \$10,700/t in March 2022.

Chilean supply concerns would be felt throughout the year, with copper production estimated to have fallen to its lowest level in 16 years. Many analysts predict a

copper surplus in the near term before the market moves into structural deficit in the second half of the decade; however, this model could be accelerated if Chilean output continues to struggle just as China abandons its zero-COVID policy, and producers battle mining cost inflation – led by still elevated energy prices.

Inflation and ensuing interest rate hikes, recession fears and a strong dollar environment forced prices to retreat in the second half of the year but were able to regain some losses to end at \$3.79/lb. Over the course of 2022, the copper price averaged \$3.99/lb.

4 Steel making coal

Metallurgical coal used in steel making reached a market high of \$635/t in March following Russia's invasion of Ukraine. Sanctions imposed on Russia forced consumers to purchase supplies from a shrinking pool of producers.

The high price of thermal coal used to produce electricity would support metallurgical coal prices even when demand from steel producers declined as the industry struggled with high input costs and weak steel markets.

Prices touched \$198.8/t in July as central banks raised interest rates and recession risks pointed to a slowdown in the steel and construction sectors. Reports surrounding China's reopening, however, helped metallurgical coal finish the year on a high at \$289.5/t and it has tracked strongly over the early months of 2023. The average price for metallurgical coal over 2022 was \$358.2/t.

5 Nickel

The nickel market experienced a short-squeeze in March which resulted in a 250% surge in prices to top \$21.85/lb. Anxiety over the availability of class 1 nickel following Russia's invasion of Ukraine led prices to move rapidly, forcing those who had predicted a falling market into margin calls.

The LME was forced to cancel trades and came under scrutiny from market participants over the lack of liquidity and price volatility on the exchange. The move would impact the exchange's credibility and trading volumes in fear of further volatility. The LME is a market of last resort, but the settlement price is also used as a benchmark for many bi-lateral nickel trades.

The ramp-up of nickel production in Indonesia increased significantly over 2022 and now accounts for approximately 40% of global refined production. Indonesia's market share is expected to increase to 60% by 2030 as the country unlocks its vast laterite resources to produce a nickel product suitable for battery processing. Questions remain, however, on the environmental impact and emission intensity compared to sulphide style resources found in Canada and Australia.

The nickel price ended the year at \$13.56/lb, up approximately 40% over the 12 months. Over the course of the year, the nickel price averaged \$11.62/lb.

6 Uranium

The global sentiment surrounding uranium and nuclear power shifted as Russia's manipulation of energy markets, and variable weather, highlighted the necessity for a dependable energy baseload. During the course of the year a record number of power plant restarts, extensions and new builds were announced. These included the UK Government's backing of Sizewell C – becoming the first state backed nuclear project in over 30 years; France's vow to revive the construction of nuclear reactors in country; and Belgium's postponement of its nuclear phase out by ten years.

Russia remains an important cog in the supply of nuclear fuel due to it holding over 40% of global enrichment capacity, as well as key technology and conversion capacity. Most commercial nuclear reactors require an enriched isotope for their fuel which led to the sector largely avoiding sanctions during the course of 2022. Decoupling from

Russia may prove challenging due to limited Western enrichment and conversion capacity; however, utilities have already begun 'self-sanctioning' to reduce their reliance.

Primary supply of uranium sits at near decade lows, but demand is set to increase as energy security and transition to low carbon electricity picks up pace. Producers have already announced an increase in production to benefit from the projected high demand in the coming years. Cameco, one of the largest providers of uranium fuel, reversed a policy to reduce production output and instead has raised its 2024 production forecast by ~25%.

Cameco reported spot uranium prices of \$48/lb in December 2022, and long-term prices of \$52/lb – the highest in five years.

7 Other

Iron ore and steel demand is closely tied to infrastructure and construction projects. Iron ore benefited as COVID-19 restrictions were lifted early in the year, rising to \$147.4/t, but retreated to \$78.9/t following recession concerns. News of China's reopening helped prices finish 2022 at \$111.7/t driven by hopes of a revival in the Chinese property sector.

As with iron ore, vanadium's performance is closely tied to the steel market, but is also used in the growing vanadium redox flow batteries sector. These battery types work alongside renewables to store energy without degradation, lasting for over 25 years. The vanadium pentoxide price averaged \$9.52/lb over the course of the year, ending 2022 at \$9.44/lb.

8 The royalty sector

Following a year with strong commodity price appreciation and booming capital markets, fuelled by post-pandemic monetary easing, demand for alternative financing in the first half of 2022 was relatively subdued. However, the total value of transactions in the royalty and streaming sector for the year exceeded that of 2021 and, at \$4.33 bn, was just shy of the historical high of \$4.45bn recorded in 2015. This near-record value, was predominantly driven by the trading of existing portfolios and corporate mergers and acquisitions as opposed to new royalties and streams underwritten.

Corporate transactions contributed close to one-third of the total value in 2022, led by precious metal names. Triple Flag's acquisition of Maverix, the acquisition of Nomad Royalty by Sandstorm Gold, and the merger of Altus Strategies and Elemental Royalties were the largest of note. These transactions marked the beginning of the inevitable wave of consolidation in a sector which has seen the number of participants nearly double in just over a decade. The sector, however, remains highly fragmented leaving room for further consolidation.

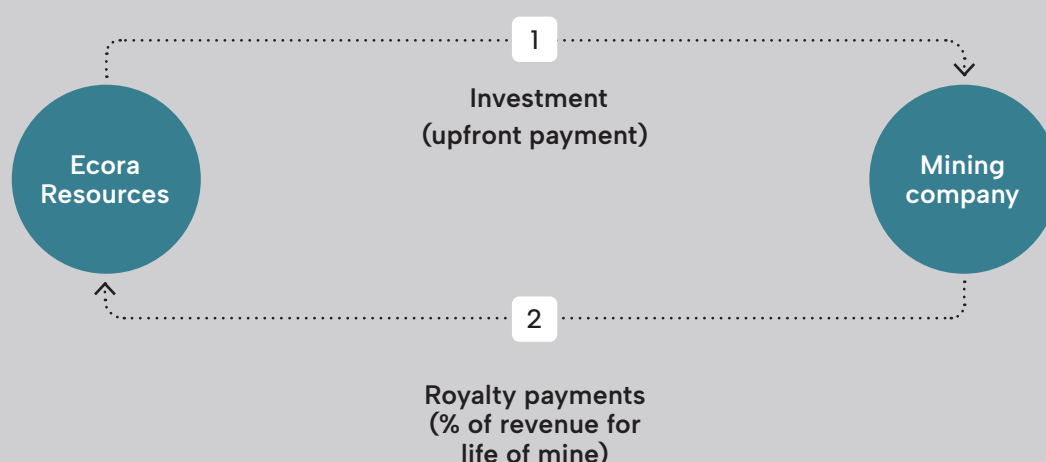
Aside from corporate transactions, market conditions led deals to be heavily weighted towards secondary royalties and streams, particularly when compared to previous years. The most notable include Sandstorm Gold's acquisition of the BaseCore royalty package, Royal Gold's acquisition of the Cortez Gold Complex royalty, and Ecora's acquisition of a base metals portfolio from South32. The trend of precious metals focused companies adding non-precious exposure to their asset base has also continued, increasing competition for capital allocation into battery metals in particular.

As the economic environment turned in the second half of 2022, commodity prices began to correct and capital markets became more difficult to access. Headwinds are expected to continue at least for the first half of 2023, but challenging equity and debt markets typically present opportunities for royalties and streams to fill the gap at or close to the bottom of the cycle.

Applying a proven business model

Our business model is proven and offers low risk exposure to an increasingly important basket of commodities.

Royalty



Investing in royalties

What is a royalty?

A form of financing. In its simplest form the royalty company provides the mine operator with an upfront payment and in return receives a percentage of revenue generated from production at the mine. A stream is similar but instead of percentage of revenue, the royalty company has the right to buy a percentage of production at an agreed, discounted price.

Primary and secondary

Primary royalties are a direct investment in the mine and require the royalty company to negotiate the royalty agreement with the mine operator. A secondary royalty is an existing royalty that the royalty company acquires from the holder of the royalty rights.

Benefits of royalty investments

To the mine operator:

1. **Non-dilutive** – compared to equity, it doesn't dilute existing shareholders
2. **Asset specific** – a royalty sits on one asset, not on the balance sheet
3. **No fixed payments** – compared to debt, royalties have longer terms and no fixed payments
4. **Keep full autonomy** – the miner retains full control over the end product

To the royalty company:

1. **Inflation protection** – royalty payments are calculated based on revenue so avoid exposure to capital and operating cost inflation
2. **Reduced risk** – portfolio diversification, across commodities, mines and jurisdictions, lowers earnings volatility
3. **Exposure to upside** – royalty company benefits from production upside (life of mine extensions/ exploration activities) and commodity price out performance

Inputs

Internal

Capital

The Group utilises capital from a variety of sources, mainly cash flow from existing royalties, debt and equity, to invest in royalties and streams.

Expertise

The team has vast experience in structuring royalty agreements, understanding the commodity markets and completing technical due diligence, all of which inform our capital deployment decisions.

External

Mine performance

The ability of the operator to safely execute the mine plan, meeting or beating expectations with regards to annual production volumes, is a key input to the success of the business model.

Commodity price

Commodity prices will be driven by macro-economic factors and can have a material impact on the outcome of the investment decisions taken.

Value creation

Counterparties

Through providing an efficient form of finance for them to develop or expand mining projects.

Shareholders

Return capital to shareholders through a well-covered dividend.

Sector leading dividend yield

5%

As at 31 December 2022

Employees

Provide a positive working environment with opportunities for professional development and an incentive scheme that ensures employees share in the success of the Company.

Employee turnover in 2022

7%

Society

Through funding the production of commodities essential to the energy transition we are playing a small role in enabling the world to lower its carbon footprint.

A clearly defined investment strategy

Our strategy is focused around four key pillars:



Commodity selection

Our focus is on providing investors exposure to commodities that will support a sustainable future.

What it means?

- We focus on commodities that are required to complete the energy transition
- These include copper, nickel, lithium, cobalt, zinc, high purity manganese, graphite, vanadium, tin and rare earths
- We also invest in high purity products in operations with low carbon footprints that result in relative reduction in Scope 3 emissions in the supply chain
- An example is high purity 65% iron ore pellets that reduce emissions associated with steel making

2022 performance

- We increased the portfolio exposure to future facing commodities to 85% of book value compared to 74% at year end 2021
- We completed the acquisition of a royalty portfolio from South32 adding more copper, nickel and cobalt exposure

Link to principal risks



Investment framework

We use a rigorous screening and due diligence process to inform our investment decisions.

What it means?

- We focus the majority of our investment in projects that are:
- are relatively low cost;
 - are in established mining jurisdictions;
 - have strong management teams;
 - achieve clear IRR targets;
 - focus on commodities within our basket;
 - meet our ESG investment criteria

2022 performance

The assets added to the portfolio are all:

- operated by highly regarded companies;
- lower quartile in the industry cost curve;
- located in Australia, US and Chile – proven mining jurisdictions;
- anticipated to hit mid-teens IRRs;
- focused on future facing commodities;
- have strong sustainability credentials

Link to principal risks



Portfolio diversification

We seek diversity of commodities, jurisdiction and asset maturity to balance portfolio risk.

What it means?

As we grow the portfolio we will seek to:

- reduce asset concentration;
- increase the commodity exposure;
- strike a balance between income generating and growth acquisitions;
- deploy majority of capital into lower risk opportunities

2022 performance

- Entered the year with 95% of value in income producing assets
- The acquisition of the South32 royalty portfolio balanced the portfolio through the addition of growth assets
- Ended the year with 62% of the value in income producing assets and 36% in development assets

Link to principal risks



Capital allocation

We focus on maintaining a strong balance sheet with a sensible approach to deleveraging.

What it means?

- Our balance sheet is structured to support our growth
- We have focused on reducing debt and maintaining comfortable headroom against financial covenants,
- We retain strong banking relationships to maintain or expand our borrowing facilities
- We have a track record of returning capital to shareholders

2022 performance

- Deployed \$185m in the South32 transaction
- Reduced our net debt position from \$90m at the start of the year to \$36m at the end of the year
- Increased our borrowing capacity with a new \$50m accordion facility added to our \$150m revolving credit facility
- Paid shareholders a dividend equal to 7p for the year.

Link to principal risks



CASE STUDY

The Piauí project offers material near-term income growth

Discover more online:



The Piauí nickel project

Ecora seeks to balance the risk of early stage investments by creating a deal structure with an upfront payment and the potential to follow on with subsequent investment as the project de-risks and passes certain milestones.

The investment in Brazilian Nickel's Piauí project is a great example of this. In 2017 we invested \$2m to help finance a small scale plant to achieve proof of concept. For this we received a royalty for 1.25% of future revenue and the option to invest a further \$70m, and increase our royalty interest to 4.25%, as part of the financing package to fund the development of the full scale plant.

At current nickel prices, the Piauí project could deliver an annual portfolio contribution of \$17.5-20.5m per annum on a potential total investment of \$72m.

Optional investment in 2023:

\$70m

Potential annual income when at full capacity

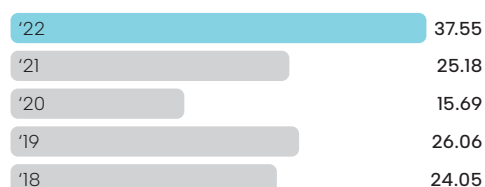
\$17.5– 22.5m

Measuring our performance

Our KPIs provide a transparent means of assessing the effectiveness of strategic execution.

Adjusted earnings per share (c)

37.55c +49%



Definition

Profit/loss less all valuation movements and impairments, amortisation charges, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals as such disposals are expected to be ongoing.

Why is it important?

It means that the Group is focused on delivering accretive growth for shareholders.

How we performed

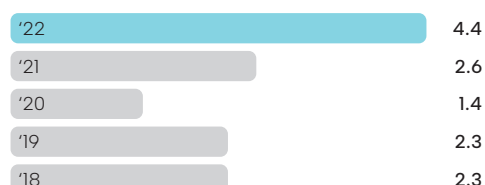
2022 was a record year for adjusted earnings per share. This was driven by strong commodity prices in the first half of the year, especially steel making coal and cobalt.

Link to strategy



Dividend cover (x)

4.4x +69%



Definition

The ratio of earnings over the dividend paid to shareholders.

Why is it important?

Dividend cover is a good measure of a company's ability to make dividend payments to shareholders. A coverage ratio in excess of 2 is generally considered safe coverage.

How we performed

The record earnings in 2022 resulted in the dividend being very well covered and the Company considers the dividend to be at a sustainable level.

Link to strategy

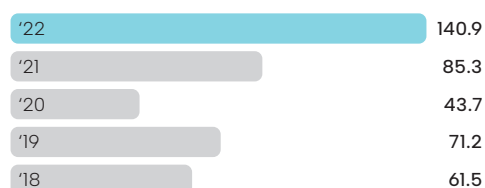


Changes to KPIs

The Board has reviewed the current KPIs and determined that royalty related revenue, free cash flow per share and royalty assets acquired are no longer the most appropriate metrics on which to assess performance. Royalty related revenue excludes the contribution from the Group's royalty financial instruments and principal repayments from the Denison loan. Royalty assets acquired could encourage absolute growth as opposed to growth per share. Free cash flow per share is not relevant as the new portfolio contribution KPI includes income received from Denison as loan repayments. 2022 will be the final year of reporting against these metrics.

Royalty related revenue (\$m)

\$141.9m +65%



Definition

Royalty related revenue reflects the revenue from the Group's underlying royalty and streaming assets on an accruals basis, including the interest earned on royalty financing arrangements and the dividend income received from the Group's investment in LIORC (refer to note 5 for further details).

Why is it important?

It provides details of the revenue generated from the Group's portfolio of royalty investments.

How we performed

2022 was a record year for royalty related revenue. This was driven by strong commodity prices in the first half of the year, especially steel making coal and cobalt.

Strategy key:



Commodity selection



Investment framework



Portfolio diversification



Capital allocation

Free cash flow per share**56.46c +144%****Definition**

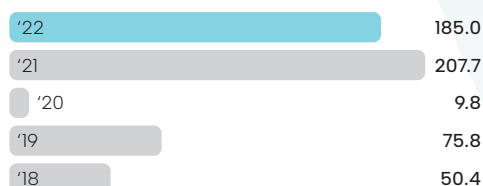
Calculated by dividing net cash generated from operating activities, plus proceeds from the disposal of non-core assets and any cash considered as repayment of principal, less finance costs by the weighted number of shares in issue.

Why is it important?

Income from some of the Group's investments, such as the Denison transaction, result in cash flow being reported as principal repayments and not included in the income statement. This income is important to consider when the Board recommends dividends.

How we performed

A record year driven by strong commodity prices in the first half of the year, especially steel making coal and cobalt.

Royalty assets acquired (\$'m)**\$185.0m -10.9%****Definition**

The amount invested in royalty acquisitions in any given period.

Why is it important?

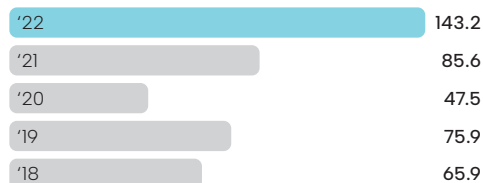
Growing the asset base to replace the income from the Kestrel asset has been a key strategic objective for most of the past decade.

How we performed

\$185m was deployed in 2022 in the acquisition of a portfolio of royalties over advanced stage development projects from South32.

New KPIs

From 2023 the Group will adopt the below KPIs in place of the three above. Portfolio contribution includes all royalty receipts generated from the asset portfolio. Leverage ratio provides an insight into the continued strength of the balance sheet. Total shareholder return provides a more balanced metric for growth than simply the value of royalty assets acquired. The Board also intends to introduce a specific sustainability KPI and is giving consideration to the most appropriate metric with a view to including from next year. The 2022 performance against new KPIs is detailed below.

Portfolio contribution (\$m)**\$143.2m +67%****Definition**

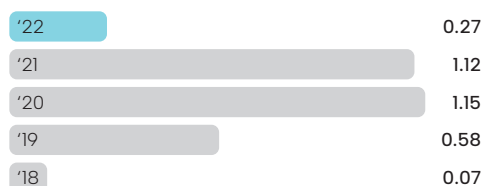
Revenue received from our portfolio of royalties, streams and other investments, minus cost of sales associated with metal streams.

Why is it important?

It is the source of income generation for Ecora Resources which funds future investments, debt repayment and capital returns to shareholders.

How we performed

2022 was a record year for portfolio contribution. This was driven by strong commodity prices in the first half of the year, especially steel making coal and cobalt.

Link to strategy**Leverage ratio (x)****0.27x -76%****Definition**

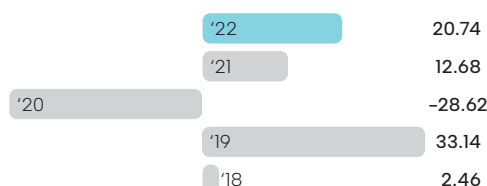
Ecora uses the ratio of net debt over portfolio contribution less cash overheads.

Why is it important?

It is a proxy of the ability of the Group's portfolio contribution to service the level of debt drawn.

How we performed

Leverage ratio improved during 2022 as the Group used strong levels of cash generated by the portfolio to pay down debt.

Link to strategy**Total shareholder returns (%)****20.74% +64%****Definition**

It combines share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.

Why is it important?

Total shareholder return is a measure of the performance of the Company's shares over time.

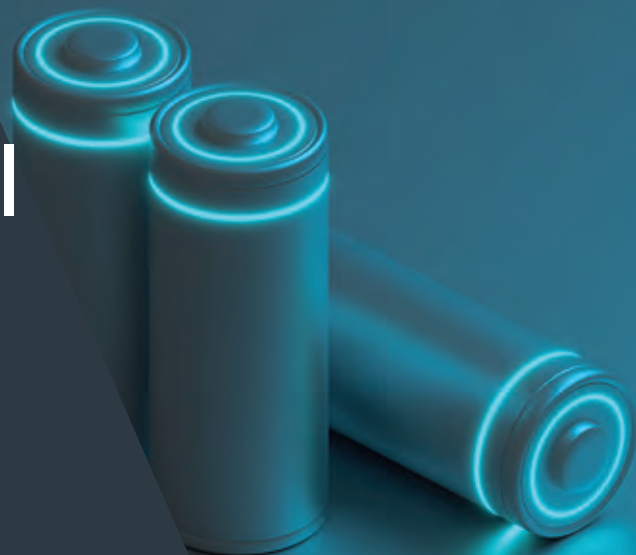
How we performed

Through a combination of share price appreciation and dividend Ecora delivered a 20.74% total shareholder return in 2022.

Link to strategy

A transformational year

In 2022 we added medium-term growth assets to our portfolio of income producing royalties.



The portfolio contribution of \$143m was a record for the Group and up 67% on the prior year. A combination of elevated steelmaking coal prices and a new Queensland State royalty regime that came into effect on 1 July resulted in Kestrel generating \$107m of the \$143m.

The Group recycled this Kestrel cash flow into copper, nickel and cobalt through the acquisition from South32 of royalties on the West Musgrave and Santo Domingo development projects, among others.

The Group has now successfully deployed nearly \$400m over the past two years to effectively build a new business, independent of the declining metallurgical coal royalties, that has the potential to deliver a sustainable, long-term income profile of over \$100m per annum from later this decade.

Production from the Kestrel mine will start to move substantially outside the Group's private royalty area in 2023. As such it is anticipated that saleable production volumes within Ecora's private royalty area will be approximately half those achieved in 2022.

The Voisey's Bay mine continues to transition production from open pit to the underground mine, albeit at a slower rate than initially expected. However, Vale indicates that ramp-up should start to pick up pace in 2024 and will be completed by 2025.

The new acquisitions from South32 complement the development projects already in the portfolio. A key milestone was achieved at the Piauí project with the successful start of production from the small scale PNP1000 plant. Brazilian Nickel plc, the operator of the project, is in the process of raising finance to construct the full plant and it is expected that this will be achieved in 2023, with Ecora's right to invest \$70m forming part of the solution.

Voisey's Bay



Stage
Producing

Commodity
Cobalt

Operator
Vale

Location
Canada

Rate and type
22.82% attributable production

Production payment 18%
of spot price

Balance sheet classification
Mineral stream interests (PP&E)

22.82%

Ecora is entitled to 22.82% of total cobalt produced, with a step down to 11.41% once certain delivery thresholds reached

2035

Projected mine life to 2035, based on current reserves, with potential for further mine life extensions



Target for 100% energy from renewable sources by 2030



Voisey's Bay is one of the lowest CO₂ emitters per unit of nickel produced

Voisey's Bay is located in the Province of Labrador and Newfoundland, Canada, and operated by Vale Canada, a subsidiary of Vale S.A., one of the world's largest mining companies.

What we own

Ecora acquired a 70% net interest in a cobalt stream over the Voisey's Bay mine in Canada owned and operated by Vale. The Company is entitled to receive 22.82% of all cobalt production from Voisey's Bay up until 7,600 tonnes of finished cobalt have been delivered, and 11.41% entitlement thereafter. Ecora Resources will make ongoing payments equal to 18% of an industry cobalt reference price for each pound of cobalt delivered under the cobalt stream, until it has recovered the \$300m original upfront amount paid for the stream (through accumulating credit from 82% of the cobalt reference price) through cobalt deliveries; thereafter, the ongoing payments will increase to 22% of the cobalt reference price.

Why we own it

Cobalt is a key commodity in the production of lithium-ion batteries. Voisey's Bay is one of the largest sources of cobalt outside of the Democratic Republic of Congo (DRC). It is an established world-class, low cost operation and one of the lowest CO₂ emitters per unit of nickel produced. The stream from Voisey's Bay is expected to increase materially in 2024 and 2025 to offset some of the reduction in revenue from the Kestrel royalty.

Performance

We were pleased to be welcomed at site during the year with both our CEO and Head of Technical present. The trip reaffirmed our view that the Voisey's Bay stream has substantial upside, including the potential to significantly extend the operations beyond its current mine-life.

During 2022 mining operations feeding the mill included the open pit and Reid Brook underground mine at Voisey's Bay.

Ecora received 19 deliveries of cobalt during 2022 which totalled 380Kt of cobalt. One scheduled delivery slipped into early January 2023. Total stream revenue from this cobalt was \$18.8m and, after cost of sales, generated \$14.6m of net portfolio contribution.

An average price of \$32/lb was achieved with deliveries weighted towards the first half of the year when the average cobalt price was \$37/lb, well ahead of the full year average price of \$30/lb.

Outlook

Mining operations continue to transition from the open pit to the underground mine. Production from the Reid Brook underground mine continues to ramp-up following first ore in 2021. The Eastern Deep mine development project is ongoing with first ore expected in 2023. We expect to receive 13-15 deliveries of cobalt in 2023 (each delivery is 20 tonnes).

As the underground mines continue to ramp-up, production grows, with the Ecora cobalt share of final product growing in parallel. In 2025, as ramp-up is completed by the operator, the underground mines will produce approximately 45,000t of nickel and approximately 2,500t of cobalt in concentrate at the peak annual mill feed rate of 2.6Mtpa. At this point the Ecora share of cobalt final product should equate to approximately 30 deliveries per annum.

Valuation

The Voisey's Bay cobalt stream is classified as a metal stream asset on the balance sheet. As such, this asset is carried at cost, less depletion and impairments. Metal stream assets are depleted once commercial production commences, on a unit-of-production basis over the total expected deliveries to be received.

Mantos Blancos



Stage
Producing

Commodity
Copper

Operator
Mantos Copper

Location
Chile

Rate and type
1.525% NSR

Balance sheet classification
Royalty intangible

\$6m

Mantos Blancos generated \$6m of revenue in 2022, with average copper prices of \$3.99/lb

10 Mtpa

Mantos Blancos Phase II project has the potential to increase the throughput of the sulphide concentrator plant from 7.3 Mtpa to 10 Mtpa



Copper Mark

Mantos Blancos has committed to participate in the Copper Mark Assurance Framework set up to promote the responsible production of copper

Mantos Blancos is an open-pit copper mine located in the Antofagasta region of Chile and operated by Capstone Copper.

What we own

The Group acquired a 1.525% net smelter return royalty over the Mantos Blancos copper mine in Chile for \$50.3m in 2019. The Mantos Blancos mine is an open-pit operation located in Chile, producing copper with silver by-products. The NSR entitlement applies exclusively to copper production at the mine.

The operation is owned by Capstone Copper, following the merger between Mantos Copper and Capstone Mining Corp in 2022.

Why we own it

Mantos Blancos is a long life copper mine with upside potential in a recognised mining jurisdiction. Capstone Copper is a highly regarded operator with a wealth of in-country experience. There is widely expected to be a supply deficit in copper from later this decade (see page 17) and it is management's belief that this will create upwards pressure on copper prices.

Performance

Mantos Blancos generated \$6.0m of revenue for the Group in 2022, up 5% on 2021 (\$5.7m). This performance was driven by a combination of an increase in total payable copper volumes to 48.8Kt (2021: 45.0Kt) and an underlying copper price in the year averaging \$8,724/tonne, an increase of 5% on the prior year (2021: \$8,318/tonne).

The Mantos Blancos Concentrator Debottlenecking Project to expand sulphide mill production to 7.3Mtpa rate was completed in 2022.

Outlook

Production guidance by the operator for 2023 is between 55Kt and 63Kt of copper metal from Mantos Blancos.

Capstone Copper is undertaking its Mantos Blancos Phase II Feasibility Study, to potentially increase the throughput of the sulphide concentrator plant from 7.3Mtpa to 10Mtpa. It is also evaluating the potential to extend the life of copper cathode production with more oxide material through to 2032. The Feasibility Study is expected to be completed in the second half of 2023.

Valuation

The Mantos Blancos royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.

Kestrel



Stage
Producing

Commodity
Steel making coal

Operator
Kestrel Coal Pty Ltd

Location
Australia

Rate and type
7–40% GRR

Balance sheet classification
Investment property

\$107m

Record royalty contribution, with average coal prices of \$328/t allowing for the recycling of cash flow into copper and nickel

1 July 2022

New higher bands added to coal royalty rate in Queensland, Australia



250 tonnes

Approximately 250 tonnes of steel making coal are required to build a single offshore wind turbine, being used to construct every main component, including the generator, blades, tower and foundation

An underground steel making coal mine located in the Bowen Basin at Crinum, 51km north-east of Emerald in Central Queensland, Australia.

What we own

Kestrel is an underground coal mine located in the Bowen Basin, Queensland, Australia. It is operated by EMR Capital and PT Adaro Energy ('EMR' and 'Adaro'). The Group owns 50% of certain sub-stratum lands which, under Queensland law, entitle it to coal royalty receipts from the Kestrel mine.

The royalty rate to which the Group is entitled is prescribed by the Queensland Mineral Resources Regulations. These regulations currently stipulate that the basis of calculation is a six-tiered fixed percentage of the invoiced value of the coal as follows: 7% of the value up to and including A\$100; 12.5% of the value over A\$100 and up to and including A\$150; 15% of the value over A\$150 and up to and including A\$175; 20% of the value over A\$175 and up to and including A\$225; 30% of the value over A\$225 and up to and including A\$300; and 40% thereafter.

Why we own it

Kestrel has been the Company's most important revenue generating asset for many years. There are approximately three more years of mining expected in Ecora's private royalty area. Cash flows have been directed to fund the Group's transformation and it will continue to recycle the cash generated by the Kestrel royalty into commodities that will support a sustainable future.

Performance

Elevated steelmaking coal prices during the first half of the year, when the price averaged \$448 per tonne, drove a record portfolio contribution from Kestrel of \$107m. Prices weakened in the second half, albeit to an average price of \$328 per tonne, still considerably above the historical long-term price. The impact of the softening of prices in H2 was partially offset by the decision of the Queensland Government to increase royalty rates applicable under

higher coal prices effective from 1 July 2022. Given that Ecora owns the land rights within our private royalty area, the Group benefits from the increased royalty rates. However, in Q4, saleable production volumes were impacted by operational constraints that limited mined tonnes and throughput volumes at the handling and reparation plant.

Outlook

Saleable production volumes within Ecora's private royalty area will start to decline in 2023 (approximately 40% of saleable tonnes) and are expected to be approximately half of those realised in 2022 (approximately 75% of saleable tonnes). Mining activity within the Ecora private royalty area is expected to be weighted towards Q1 and Q4. Saleable production volumes in the Group's royalty area are expected to continue to decline in 2024 and 2025. It is anticipated that volumes in the private royalty area by the end of 2026 will equate to 10% or less of Kestrel's annual saleable production.

Valuation

The Kestrel royalty is classified as coal royalties on the balance sheet and accounted for as an investment property. As such, this asset is carried at fair value by reference to the discounted expected future cash flows over the life of the mine.

Further details on the valuation can be found in note 15 of the financial statements. The independent valuation of Kestrel was undertaken by a Competent Person in accordance with the Valmin Code (AusIMM, 2005), which provides guidelines for the preparation of independent expert valuation reports. The Group monitors the accuracy of this valuation by comparing the actual cash received to that forecast. The value of the land is calculated by reference to the discounted expected royalty income from mining activity, as described in note 15. As the asset has a nominal cost base, the carrying value almost entirely represents the valuation surplus. The Group recognises a deferred tax provision against the valuation surplus and, as such, the net value on the balance sheet is \$74.7m (2021: \$53.4m).

Maracás Menchen



Stage
Producing

Commodity
Vanadium

Operator
Largo Resources

Location
Brazil

Rate and type
2% NSR

Balance sheet classification
Royalty intangible

\$3.6m

Royalties from the Maracás Menchen mine totalled \$3.6m in 2022

11Kt

Production and sales during 2022 were 11Kt with annual V_2O_5 production guidance for 2023 at 11Kt– 2Kt



95% of the water used in ore processing is recycled; the rest is lost in evaporation



Vanadium redox flow batteries (VRFBs) are an innovative solution to store renewable energy for a low carbon future

A vanadium mine operated by Largo Resources and located in the eastern Bahia State of Brazil, 250km south-west of Salvador, the capital of Bahia, and 800km north-east of Brasília, the capital of Brazil.

What we own

The Group has a 2% NSR royalty on all mineral products sold from the area of the Maracás Menchen mine to which the royalty interest relates. The project covers an area in excess of the current mining permits which offers potential for exploration upside. Maracás Menchen is 99.97% owned and operated by TSX-listed Largo Resources Limited ('Largo').

Why we own it

According to Largo Maracás Menchen is one of the lowest cost and highest grade vanadium mines in the world. Largo has a vertically integrated business model where its vanadium is used to produce long-duration grid scale vanadium redox flow batteries (VRFBs) for the renewable energy storage market.

Performance

Royalties from the Maracás Menchen mine totalled \$3.6m during the year (2021: \$3.3m).

Largo Resources reduced production guidance during the year by approximately 4% to between 11Kt and 12Kt of V_2O_5 , and delivered a full year production output of 10.4Kt, (2021: 10.3Kt), which was slightly below its guidance. This reduction was driven by a combination of bad weather, scheduled maintenance and change of the mining contractor.

The average vanadium price was higher in 2022 at \$9.52/lb (2021: \$9.15/lb). Underlying vanadium prices were higher than in the prior year but the figure was also enhanced by record production of higher purity V_2O_5 which commands a price premium.

Outlook

Largo has announced production guidance for 2023 of 11Kt to 12Kt of V_2O_5 . Construction of the ilmenite concentration plant is on schedule for commissioning in Q2 2023.

Valuation

The Maracás Menchen royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.

McClean Lake mill



Stage
Producing

Commodity
Uranium

Operator
Orano

Location
Canada

Rate and type
Tolling revenue

Balance sheet classification
Loan and royalty financial instrument

\$5m

Revenue from the McClean Lake mill totalled \$5m in 2022

18Mlbs

Production volumes totalled 18Mlbs in 2022



ISO 14001

McClean Lake maintains its certification in ISO 14001 standard for environmental management and OHSAS 18001 standard for occupational health and safety management

Cigar Lake is a world-class uranium mine operated by Cameco and located in the Athabasca Basin, Saskatchewan, Canada. The McClean Lake mill is operated by Orano Group and processes all of the ore produced at the Cigar Lake mine in return for a C\$/lb tolling fee.

What we own

In 2017, Ecora Resources provided Denison Mines Inc ('Denison') with a C\$40.8m, 13-year loan bearing interest at a rate of 10% per annum. The interest payments are payable from the cash flows received by Denison from the toll revenue generated from its 22.5% interest in the McClean Lake mill. In any period where the cash flow from the toll revenue exceeds the interest payment, the balance is received by Ecora Resources as a repayment of principal. In any period where the cash flows are less than the interest, the interest will capitalise and be repaid out of cash flows in the following period. Any amounts outstanding at maturity are due and payable regardless of the cash generated from the toll. As the income from the toll revenue is based on a C\$/lb of throughput, it is not sensitive to movements in the uranium price. As such, the Group's cash flows will not alter with uranium price fluctuations. The risk to the Group's cash flow is instead from any shutdown of the mine or the mill.

In addition to the loan, the Group also entered into a financial transaction with Denison to purchase the entire share of its toll receipts received from Cigar Lake for C\$2.7m. This allows for potential mine life extension at Cigar Lake.

Why we own it

The nuclear industry has an important role to play in the provision of clean energy with demand set to increase as energy security and transition to low carbon electricity accelerates. Cigar Lake is one of the leading uranium mines in the world and this investment provides us with indirect exposure to the Cigar Lake mine.

Performance

Having suffered from COVID-19-related shutdowns in the prior year, operations at the Cigar Lake mine returned to normal in 2022 with production volumes totalling 18Mlbs (2021: 12.5Mlbs). Toll milling receipts from the McClean Lake mill totalled \$5.0m in the year (2021: \$3.1m). These toll milling receipts are applied against the Group's interest bearing loan receivable from Denison Mines, initially against any outstanding interest and then principal.

Outlook

Having caught up on the development work that had been deferred in 2021, production from Cigar Lake in 2023 is expected to be in line with licensed capacity of 18Mlbs of uranium.

Looking further ahead, Cameco announced in February 2023 that, due to strong demand, it would be reversing plans announced in 2022 to cut production in 2024 by 25%. Production is therefore expected to continue at full capacity of 18Mlbs per annum.

Valuation

The loan instrument is accounted for as a receivable and carried at amortised cost. The stream is considered a financial instrument in accordance with the Group's accounting policies and is therefore carried at fair value. All valuation movements are recognised directly in the income statement.

Labrador Iron Ore Royal Corporation



Stage
Producing

Commodity
Iron ore and iron ore pellets

Operator
Iron Ore Company of Canada

Location
Canada

Rate and type
Indirect interest in 7% GRR

Balance sheet classification
Royalty financial instrument

\$2.5m

The Group's income from LIORC was \$2.5m in 2022

C\$3.10 per share

LIORC declared total dividends of C\$3.10 per share for 2022



Clean chemistry

IOC produces high-quality iron ore pellet with a clean chemistry which helps to lower the carbon footprint of steelmakers

Mined and produced in Newfoundland and Labrador, Canada, the iron ore pellets are transported 418km by rail to the port at Sept-Îles, Quebec, where they are shipped to various markets throughout the world.

What we own

A 1.6% equity stake in Labrador Iron Ore Royalty Corporation (LIORC), a Toronto-listed company which holds both a royalty and equity interest in the Iron Ore Company of Canada (IOC) operations. This entitles LIORC to revenue from its 7% gross revenue royalty (along with a small commission) on sales from the operation, along with dividend income from its equity stake. LIORC is effectively a pass-through vehicle in so much that it has a limited mandate to pass through its net cash to shareholders by way of dividend, subject to retaining sufficient working capital. Given the restricted investment mandate available to its management, Ecora Resources considers this to effectively be a part ownership of the IOC royalty and accounts for this income as such.

Why we own it

IOC is operated by Rio Tinto and is one of the top five producers of seaborne iron ore pellets in the world with an expected mine life of over 20 years at current production levels.

IOC produces high-quality iron ore pellets which are highly sought after and reduce the carbon footprint of the steel produced. Their quality is supported by the low levels of impurities, noticeably low in phosphorus, alumina and sulphur, which allows them to command a premium price.

Performance

The operation had a total 2022 full year production of 10.3Mt (2021: 9.7Mt) of iron ore pellets and concentrate. Record performance metrics were achieved in the year, including monthly records for concentrate production and total material moved in the second quarter.

Lower steel production relative to 2021 saw iron ore prices soften in 2022, with the price averaging \$112.9/tonne (2021: \$156/tonne). However, the market for 65% pellets remains relatively strong with price premiums averaging \$72 during the year (2021: \$60).

The subdued pricing relative to 2021 resulted in LIORC declaring total dividends of C\$3.10 per share, 48% down on the prior year (2021: C\$6.00).

Outlook

Guidance from LIORC is for saleable production tonnage in 2023 of 10.5Mt to 11.5Mt of iron ore pellets and concentrate. Prices for 65% pellets have recovered from lows towards the end of 2022 and are up more than 20% since the start of November as demand starts to increase as China gradually removes COVID-19 restrictions. Therefore the Group see the potential for higher dividends in 2023.

Valuation

The investment in LIORC is classified as a royalty financial instrument on the balance sheet. It is carried at fair value by reference to the quoted bid price of LIORC at the reporting date. On initial recognition, the Group made the irrevocable election to designate its investment in LIORC as fair value through other comprehensive income (FVTOCI). As a result, all fair value movements accumulate in the investment revaluation reserve, within 'Other reserves'.

Other producing royalties

EVBC

The Group has a 2.5% life of mine NSR royalty on the EVBC gold, copper and silver mine owned by TSX-listed Orvana Minerals Corp ('Orvana'). EVBC is located in the Rio Narcea Gold Belt of northern Spain and was previously mined from 1997 to 2006 by Rio Narcea Gold Mines. The royalty rate increases to 3% when the gold price is over \$1,100 per ounce.

The EVBC royalty contributed \$2.8m in 2022, fractionally down on the 2021 figure of \$3.2m. Looking forward, production guidance for 2023 of 46Koz to 51Koz of gold and 4.0Mlbs to 4.4Mlbs of copper is broadly flat on 2022. Ecora is in discussion with the operator of the EVBC royalty following recent margin pressure and it is likely that in the short term a portion of cash royalties, including H2 2022, will be deferred.

The EVBC royalty is classified as a financial asset within royalty financial instruments on the balance sheet. It is carried at fair value by reference to the discounted expected future cash flows over the life of the mine. All valuation movements are recognised directly in the income statement.

Four Mile

The Group has a 1% life of mine NSR royalty on the Four Mile uranium mine in South Australia. Four Mile is operated by Quasar Resources Pty Ltd ('Quasar').

Royalty revenue from Four Mile totalled \$1.0m (2021: \$0.3m). The Group is in dispute with Quasar over the level of charges being applied against royalty revenues. In April 2022 the Group received a favourable decision from the courts which has resulted in the Group receiving a payment of approximately A\$6.0m. This judgement has been appealed by Quasar and legal proceedings around the appeal are expected to conclude in H2 2023.

The Four Mile royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.

Carlota

As part of the royalty portfolio acquisition from South32 the Group acquired a 5.0% NSR royalty over the Carlota copper project in the US, owned and operated by KGHM Polska Miedz.

Royalty revenues from Carlota totalled \$0.2m in 2022. With the open-pit mining having ceased in 2014, Ecora anticipates copper cathode production to continue to decline as heap leach becomes exhausted, and copper production ceases in late 2024 or 2025.



Largo Inc

West Musgrave



Stage
Development

Commodity
Copper and nickel

Operator
OZ Minerals

Location
Australia

Rate and type
2% NSR

Balance sheet classification
Royalty intangible

24 years

With a 24-year mine life and further extension potential, the site plan is for a mineral processing plant with a nameplate capacity of 13.5Mtpa

H2 2025

First production is targeted for H2 2025



The project will be 80% powered by renewable sources of energy, with plans to take it to 100%, which will make it one of the largest fully off-grid renewable powered mines in the world

West Musgrave is a large-scale nickel sulphide and copper development project located in Western Australia, approximately 1,300km north-east of Perth.

The mine is owned and operated by OZ Minerals, which has a proven track record of operating and developing mines. In December 2022 the board of OZ Minerals recommended a takeover offer from BHP in a transaction scheduled to complete in H1 2023.

What we own

The Group owns a 2.0% NSR royalty over the West Musgrave project ('West Musgrave') in Australia.

Average annual production from West Musgrave is expected to be approximately 35Kt of nickel and 41Kt of copper over the first five years of production and 27Kt of nickel and 33Kt of copper thereafter. Total reserves are estimated at 270Mt at 0.31% nickel and 0.34% copper with an expected mine life of over 24 years (as per the OZ Minerals 2022 Mineral Resource and Ore Reserve Statement for West Musgrave).

Why we own it

The West Musgrave project is a low cost, sustainable way of accessing two commodities, copper and nickel sulphide, that will play a vital role in the energy transition. The mine is expected to be relatively low cost and has strong sustainability credentials. Renewable sources of energy are expected to provide 80% of the power, with plans to increase it to 100%, which will make it one of the largest fully off-grid renewable powered mines in the world. Water requirements at the site can be met from a local aquifer system and a bore field.

Progress

OZ Minerals took a Final Investment Decision in September 2022 to construct the West Musgrave Project.

Construction activities commenced in November 2022 with first production targeted for H2 2025. In November 2022 OZ Minerals released the West Musgrave Mixed Hydroxide Precipitate (MHP) Study that confirmed the technical and commercial opportunity of producing a high quality and high grade MHP nickel product, with the potential to deliver a significant value uplift to the West Musgrave project economics.

Outlook

The operator has stated that West Musgrave province is a well-endowed mineral province that has seen relatively little exploration in the last 30 years. A range of surveys have been completed and interpretation of the results is ongoing with a view to developing exploration targets for future drilling. An assessment of the local exploration and production potential beyond the immediate asset is in progress as part of the Life of Province Study, which is on track for completion in H1 2023.

Santo Domingo



Stage
Development

Commodity
Copper and cobalt

Operator
Capstone Copper

Location
Chile

Rate and type
2% NSR

Balance sheet classification
Royalty intangible

140Mlbs

Potential to be the 7th largest cobalt producer in the world with average annual production expected to be ~140Mlbs of copper, 4,200t of 65% pellet feed iron ore concentrate and 10.4Mlbs of cobalt

18

18-year mine life with extension potential



Water

Santo Domingo will use desalinated water, minimising water stress in an arid environment

Santo Domingo is a high grade, fully permitted copper/cobalt project in Chile, owned and operated by Capstone Copper.

What we own

The Group owns a 2.0% NSR royalty over the Santo Domingo project. The Company's royalty area covers the highest copper grade portion of the mine plan which is expected to be mined during the initial six to seven years of production.

Average annual production is expected to be approximately 140Mlbs of copper, 4.2Kt of 65% pellet feed iron ore concentrate and 10.4Mlbs of cobalt. Total reserves are estimated to be 392Mt at 0.30% copper grade (as per the Capstone Copper Santo Domingo Project Technical Report) with an expected mine life of over 18 years.

Capstone Copper has also identified a meaningful cobalt opportunity that has the potential to turn Santo Domingo into one of the world's largest and lowest cost cobalt producers. Cobalt production over the life of mine is forecast to total 10.4Mlbs per annum, the credits of which reduce the total mine's C1 cash costs per pound of payable copper to \$1.56 on a by-product basis.

Why we own it

Copper and cobalt are commodities that will be central to the energy transition. Capstone Copper has extensive experience constructing copper mines in Chile and there will be considerable cost efficiencies to be had by integrating with the nearby, Capstone operated, Mantoverde mine. The project has strong sustainability credentials, for example using desalinated water from the Mantoverde desalination plant.

Progress

Capstone Copper was formed in March 2022 through the merger of Capstone Mining (which operated Santo Domingo) and Mantos Copper (which operated Mantoverde). This consolidation created a company with two projects located 35 km away from each other and enabled Capstone to focus on a 'district' development approach targeting over 200Kt per annum of low-cost copper production.

A Mantoverde-Santo Domingo district integration plan (MV-SD IP) was completed in late 2022. The MV-SD IP indicated the potential for \$80-100m per year of cost savings across the district, increasing the cost effectiveness and returns of the Santo Domingo development.

Outlook

The project is fully permitted and shovel ready. An updated base case feasibility study is scheduled to be published in the second half of 2023 incorporating the findings of the MV-SD IP. Once the Mantoverde expansion project is completed the current plan is for the construction team to move to the Santo Domingo site and commence construction. First production is expected in the second half of the decade.

In the first half of 2024, further upside potential will be explored through a copper oxide and integration with Mantoverde operation feasibility study. A separate Feasibility Study into an integrated Mantoverde-Santo Domingo cobalt production facility will also be completed in the first half of 2024.

Piauí



Stage
Producing

Commodity
Nickel and cobalt

Operator
Brazilian Nickel ('BRN')

Location
Brazil

Rate and type
1.25% NSR

Balance sheet classification
Royalty financial instrument

4.25%

Size of our royalty should we invest a further \$70m towards the construction of the full scale facility.

\$20m

Production of first nickel from the small scale PNP1000 plant commenced in June 2022. Once fully ramped up, this royalty could contribute between \$17.5-22.5m



High purity and low carbon nickel and cobalt hydroxide products will be produced from Piauí for lithium ion batteries, electric vehicles, sustainable energy and the aerospace industry

The project is an open-pit nickel-cobalt mining operation located in the state of Piauí, in north-eastern Brazil.

What we own

The Group has a royalty over the Piauí nickel project in Brazil owned by Brazilian Nickel PLC ('BRN'), a private UK company. Ecora Resources contributed an initial investment of \$2.0m for a 1.25% GRR on the project in 2017 and has, at its election, the right to increase this investment by a further \$70.0m for a total gross royalty of 4.25% upon the satisfaction of certain developmental milestones.

Why we own it

High purity nickel and cobalt hydroxide products to be produced from Piauí are expected to be used for lithium ion batteries, one of the key end markets for which is electric vehicles.

Progress

BRN continue to move the project forward and in June 2022 announced production of first nickel from the small scale PNP1000 plant. BRN is currently working on optimising the production process. Production continues to ramp up and over 100 tonnes have been produced since start-up.

A bankable feasibility study was completed in Q3 2022 which confirmed the attractive project economics. Following completion of the feasibility study, BRN appointed advisers to lead the fund raising for a full scale production facility.

Outlook

Production at the smaller scale plant continues in 2023 as it ramps up to full production, while funding discussions advance for the full scale project construction, anticipated to be completed before the end of 2023, with construction commencing shortly thereafter.

Piauí is a particularly interesting opportunity as a further \$70m investment would increase our royalty interest from 1.25% to 4.25%. At current nickel prices, this would generate \$17.5-22.5m per annum when production from the newly constructed plant is fully scaled up.

Valuation

The Piauí royalty is classified as a royalty financial instrument on the balance sheet. It is carried at fair value by reference to the discounted expected future cash flows over the life of the mine. The option to invest further amounts is also classified as a royalty financial instrument on the balance sheet and carried at fair value. All valuation movements relating to the royalty and the option are recognised directly in the income statement.

Nifty



Stage
Development

Commodity
Copper

Operator
Cyprium Metals Limited

Location
Western Australia

Rate and type
1.5% realised value royalty

Balance sheet classification
Royalty intangible

6th

Mine recognised as the 6th largest development project in Australia, with the highest grade of copper.



6-year life of mine (oxide only); sulphide potential for >20 years.

800Kt

Royalty payable once 800Kt copper has been delivered.

Nifty is a high quality copper project in Western Australia, owned and operated by Cyprium Metals Limited.

What we own

Ecora owns a 1.5% realised value royalty over the Nifty copper project in the north-eastern Pilbara region of Western Australia, owned and operated by Cyprium Metals Limited.

Why we own it

Nifty is a mine restart project with substantial existing infrastructure. The operator states that the mine is recognised as the sixth ranked development project in Australia by copper metal resource. The copper has the highest grade of the top six projects in this ranking. The operator expects the resource estimates to increase as it incorporates the results of various drilling and technical studies.

Progress

The Nifty Restart Study was released in March 2022 and highlighted a robust Phase I project, with further resource upside potential to the west and east of the mineralisation. In May, Cyprium released its mineral resource update and increased the estimate of contained copper metal by over 40% to 940.2Kt (previously 658.5Kt).

Outlook

Cyprium is in the process of raising the AUD240-260m required to finance the project. Once financing is secured then Cyprium will be in position to start working towards the restart of the mine, which is targeted for 2024.

Other development royalties

Incoa

The Incoa project consists of a calcium carbonate mine and associated infrastructure in the Dominican Republic and a processing facility located in Mobile, Alabama.

Together with Orion Mineral Royalty Fund ('Orion'), we entered into a financing agreement with Incoa Performance Minerals LLC ('Incoa') in 2020, whereby Ecora Resources may contribute \$20m to Incoa's calcium carbonate mine in the Dominican Republic and processing facility in Alabama, USA, following construction completion and a number of other conditions precedent, in exchange for ~1.23% of gross revenue from the project.

Incoa continue to advance its calcium carbonate project albeit ramp-up to project completion has been slower than anticipated. Funding by Ecora is therefore not expected to take place before calendar year 2024.



Largo Inc

Salamanca

The Salamanca uranium project is being developed in a historical mining area located in the Salamanca Province in western Spain, 250km west of Madrid.

The Group has a 1% life of mine NSR royalty on the project, which is operated by ASX-listed Berkeley Energia Limited ('Berkeley'). The project consists of four main deposits (Retortillo, Alameda, Zona 7 and Gambuta).

Authorisation for construction for the uranium concentrate plant as a radioactive facility (NSC II) is the only key approval required to commence full construction of the Salamanca mine.

MITECO rejected the initial NSC II application, a ruling which Berkeley subsequently appealed. However, MITECO rejected Berkeley's appeal in early 2023. Berkeley continues to follow various other avenues of appeal within Spain.

The Salamanca royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.

Cañariaco

Cañariaco is a large-scale copper project in northern Peru which includes the Cañariaco Norte deposit, the Cañariaco Sur deposit and the Quebrada Verde prospect located 3.5km south of Cañariaco Norte and immediately south-south-west of Cañariaco Sur. The Group has a 0.5% life of mine NSR royalty over the project which is majority owned by TSX-listed Candente Copper Corp. ('Candente').

In January 2022 a Preliminary Economic Assessment (PEA) was completed on Cañariaco Norte which estimated a post-tax NPV of over \$1bn (at a copper price of \$3.50/lb) and a 2022 mineral resource totalling 9.3Blbs of contained copper in the Measured and Indicated category, plus 1.4Blbs of contained copper in the Inferred category. A resource estimate was also completed for Cañariaco Sur that estimated 2.2Blbs of contained copper in the Inferred category.

Candente intends to further advance the resource development with a Feasibility Study on Cañariaco Norte and further drilling on Cañariaco Sur.

The Cañariaco royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.



Ring of Fire

Ontario's Ring of Fire is located approximately 500km north-east of Thunder Bay and covers about 5,000km². The Group has a 1% life of mine NSR royalty over a number of claims on the Black Thor, Black Label and Big Daddy chromite deposits operated by Wyloo Metals.

The Ring of Fire royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.

Pilbara

Pilbara is an integrated system of four processing hubs and five mines connected by more than 1,000km of rail infrastructure and port facilities in the Pilbara region of northern Western Australia.

The Group has a 1.5% life of mine GRR over three exploration tenements in the central Pilbara region of Western Australia, owned by a wholly owned subsidiary of BHP Group Limited ('BHP'), which is listed on the ASX.

The tenements, covering 263km², host a number of known iron occurrences, including the Railway deposit. The tenements are supported by extensive rail infrastructure including the rail lines from Rio Tinto's West Angeles and Yandicoogina mines and BHP's rail line serving its current operations at Mining Area C, which lie immediately to the east of the Railway deposit.

Ecora does not anticipate any tangible progress on the tenements covered by the Group's royalty until ~2050, while BHP continues to develop its other iron ore interests in the Pilbara region.

The Pilbara royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.



Largo Inc

Amapá

The Amapá royalty is classified as a royalty intangible asset on the balance sheet. As such, this asset is carried at cost less amortisation and impairments. Royalty intangible assets are amortised when commercial production commences, on a straight-line basis over the expected life of the mine.

Following the port collapse in 2013 and the subsequent suspension of operations, the Group fully impaired the Amapá royalty in 2016 following Zamin filing for bankruptcy protection in Brazil. The Group will continue to monitor the progress made in bringing Amapá back into production and assess for indicators that the previous impairment should be reversed at each reporting date.

As part of the judicial recovery proceedings in São Paulo, Brazil, the court permitted the owner of the Amapá project to ship sufficient stockpiled iron ore to realise \$20.0m in profits. Cadence has confirmed that royalty payments are due to the Group on these shipments of stockpiled iron ore. Although these amounts are immaterial to date, the Group remains in discussions with Cadence Minerals plc and the owner of the Amapá project to recover the amounts due.

Dugbe

The Dugbe 1 gold project is located in south-eastern Liberia, approximately 64km by road from the deep water port of Greenville, the capital city of County Sinoe. The Group has a 2% NSR royalty for life of mine over any gold mined within a 20km radius of a specified point within the Dugbe 1 resource.

A feasibility study published in 2022 estimated the mineral reserves to be 2.27Moz of gold and indicated that the mine will have a life of 14 years with annual production of 200Koz over the first five years. The feasibility study estimated that royalty payments to Ecora would peak at \$8m per annum and total \$77m over the life of mine.

During the second half of 2022, Pasofino Gold exercised its right to acquire Hummingbird Resources plc's 51% interest in the project, making Pasofino the owner of 100% of the project (prior to government back in).

The Dugbe 1 royalty is classified as a financial asset within royalty financial instruments on the balance sheet. It is carried at fair value by reference to the discounted expected future cash flows over the life of the mine. All valuation movements are recognised directly in the income statement.



Vale - Voisey's Bay mine

“To fully appreciate the transformation achieved requires a two-year look back.”

Kevin Flynn
Chief Financial Officer



Overview

Ecora delivered a second consecutive year of record results, posting \$143m of portfolio contribution, a 67% increase on the previous record in FY 21. Kestrel was once again the main contributor with \$107m of royalty income in the period, buoyed by a higher commodity price environment and what will now represent peak volumes for the Group as the royalty begins its transition outside of the Group's private royalty land.

To fully appreciate the magnitude of transformation achieved by the Group requires a two-year look back. At the time of writing the 2020 Annual Report the Group had not yet transacted on the Voisey's Bay cobalt stream. Steelmaking coal prices at the time were floundering at around \$130/t, impacted heavily by COVID-19-related import restrictions in Asia along with the Chinese ban on Australian imports. At these levels, implied Kestrel income for FY 21 and FY 22 combined was \$32m. The actual income generated from Kestrel in this two-year period was \$155m, almost five times higher – a combination of much higher commodity pricing along with the recently announced changes in the Queensland royalty structure which is discussed on page 31. This has had a significant impact on the Group's investment strategy and capability over the last 24 months.

The additional revenues from Kestrel, as they started to materialise in H2 21, represented almost 'one-off' short-term income above that expected at the beginning of FY 21. This gave the Group financing flexibility for the first time in well over a decade to deploy cash flows into near-term development assets which would then provide the Group with a much more balanced portfolio.

This culminated in the announcement of the acquisition of a portfolio of royalties from South32 in H2 22 for an initial \$185m.

The South32 portfolio acquisition, of which more details can be found on page 13, was financed in a way to preserve balance sheet strength, minimise dilution and match the timing of Kestrel royalty receipts to the dates at which stage payments are due to South32, as follows:

South32 consideration structure

Key transactional items (in US\$m)	
Cash consideration	47.6
Ecora shares consideration	82.4
Total consideration at transaction close	130
Deferred cash consideration	
Six quarterly instalments over 18 months post transactional close	55
Total fixed consideration	185
Contingent consideration	
Subject to West Musgrave production and future nickel prices	15

The total cash component of \$103m in effect is financed by the additional \$123m of Kestrel income received in FY 21 and FY 22 and is demonstrative of the Group's strategy to recycle short-term steelmaking coal cash flows into longer-term critical minerals and taking these windfall Kestrel cash flows to effectively self-finance its replacement.



The South32 portfolio acquisition was financed in a way to preserve balance sheet strength and minimise dilution.”

Kevin Flynn
Chief Financial Officer

In terms of the Group's balance sheet, based on latest production and price forecasts, it is expected that net debt will likely peak in Q4 23. This reflects the stage payments to South32, along with the tax due on the FY 22 Kestrel income. Even at this level, net debt remains below that forecast at the time of the Voisey's Bay acquisition, with an additional \$185m of assets acquired.

Looking ahead to 2023, we expect to see the planned commencement of mining at Kestrel outside of the private royalty boundary which will inevitably result in a step down in reported portfolio contribution in FY 23. Volumes at Kestrel are likely to be around half of those achieved in FY 22, and these will be predominantly earned in Q1 and Q4 with little revenue in the intervening periods. Offsetting this somewhat should be higher average prices in Q1 23, which are already well in advance of those of Q4 22 as the steelmaking coal market remains relatively tight at present, with China relaxing its stance on Australian imports.

Once again, we are grateful for the support of our lenders who backed our investments during the year. We undertook some modifications to our facility during the period as follows:

- removed a scheduled \$25m step down in commitments due in H2 22 to preserve the headline facility at \$150m;
- extended the term of the facility by 12 months to February 2025; and
- included a \$50m accordion option thereby providing a facility up to \$200m for acquisitions.

These amendments provide the Group with balance sheet capability to continue on its growth journey and allows for flexibility to move quickly and opportunistically as the needs arise.

The Group's cash balances and borrowing lines are predominantly with large blue chip banks with robust credit ratings and we would not expect the current events in the banking markets to impact negatively on these institutions or on our ability to access our liquidity.

Results

FY 22 was a record year for the Group with \$143.2m of portfolio contribution, a 67% increase on the previous record of \$86m achieved in FY 21. This was driven in large part by the steelmaking coal and cobalt price performance in the period, along with strong volumes from Kestrel and Voisey's Bay. Kestrel also benefited from the new royalty rate regime in the second half of the year.

	2022 \$m	2021 \$m	YoY%
Kestrel	107.2	48.1	123%
Voisey's Bay	18.8	16.5	14%
Mantos Blancos	6.0	5.7	5%
Maracás Menchen	3.6	3.2	13%
Four Mile	1.0	0.3	261%
Carlota	0.2	n/a	n/a
<i>Narrabri (disposed)</i>	0.0	3.4	(100%)
Royalty stream income	136.8	77.2	77%
Dividends – LIORC and Flowstream	2.9	5.7	(50%)
Interest – McClean Lake	2.1	2.4	(12%)
Royalty and stream-related revenue	141.7	85.3	66%
EVBC	2.8	3.1	(10%)
Principal repayment - McClean Lake	2.9	1.3	128%
Less:			
Metal streams cost of sales	(4.3)	(4.0)	(5%)
Total portfolio contribution	143.2	85.6	66%

As shown in the above table, the average price for the Group's key commodities, steelmaking coal and cobalt, increased by 63% and 30% respectively. This accounted for a large proportion of the overall increase in portfolio contribution in the period.

Steelmaking coal continued to benefit from a relatively tight supply market during the period, with some noticeable supply disruptions from Australia in the first half. Steelmaking coal prices also benefited from a strong thermal coal pricing environment following increased demand as a result of the ongoing global energy shock following the Russian invasion of Ukraine. With thermal coal prices being significantly higher than steelmaking coal for large periods of FY 22, some suppliers sought to divert tonnages into the more lucrative energy market leading to an even tighter steelmaking coal market and keeping prices elevated.

Cobalt prices rallied in H1 22 (average \$36.72/lb) before falling back in the second half (\$24.04/lb). The market continued to benefit from logistical issues in key African

supply markets in the first half of the year preventing supply coming to market. The market slowed down in the second half of the year as China continued to enforce strict COVID-19 lock downs on its population which curtailed manufacturing output resulting in lower demand for commodities such as cobalt, copper and iron ore.

Most prices impacting the Group have posted gains thus far in FY 23. Spot steelmaking coal is currently above \$350/t, once again benefiting from a tightly supplied market at present and the re-opening of the Chinese economy. Copper has also benefited from the Chinese re-opening, and is currently at around \$4.25/lb. Cobalt, however, has remained subdued, with the spot price between \$18-20/lb, but with fewer deliveries now expected from Voisey's Bay this year the impact of price is less material on the Group's results overall.

The following table outlines some commentary on the key royalties in the period. Further information can be found in the Business Review on page 28.

Kestrel \$107m vs \$48m	• Total saleable volumes flat • Ecora volumes down ~20%, mainly H2 22 • 70% of Ecora volumes earned in H1 at higher prices • New royalty rate increased H2 22 income by ~\$17m • FY 23: expect ~50% of the volumes achieved in 2022; these will be mainly received in Q1 and Q4
Voisey's Bay \$18.8m vs \$16.5m	• Underground transition well advanced • Pace of transition impacted by COVID-19 • Expect 13-15 deliveries in FY 23 (FY 22: 19) • Ramp-up of underground mine expected to commence in FY 24
Mantos Blancos \$6.0m vs \$5.7m	• Total payable copper production up by 8.3% • Increase due to higher cathode recoveries and debottlenecking initiative • Guidance for FY 23 should see some modest upside
Maracás Menchen \$3.6m vs \$3.2m	• Volumes down ~3.5% on FY 22 • Impacted by a contractor transition, bad weather and corrective maintenance – both in Q4 22 • Operator guiding to a further 3% reduction in FY 23 • Ilmenite construction plant scheduled to be complete in Q2 23
LIORC \$2.5m vs \$4.9m	• Dividend per share impacted by fall in iron ore price
EVBC \$2.8m vs \$3.1m	• Operator facing ongoing liquidity pressures due to grade cut-off • Prospect for immediate cash flow from the royalty questionable • Royalty has paid back over 4x the original C\$7.5m investment

Taking this portfolio contribution analysis, and allowing for operating, finance and tax costs, the following table outlines the Group's adjusted earnings for 2022.

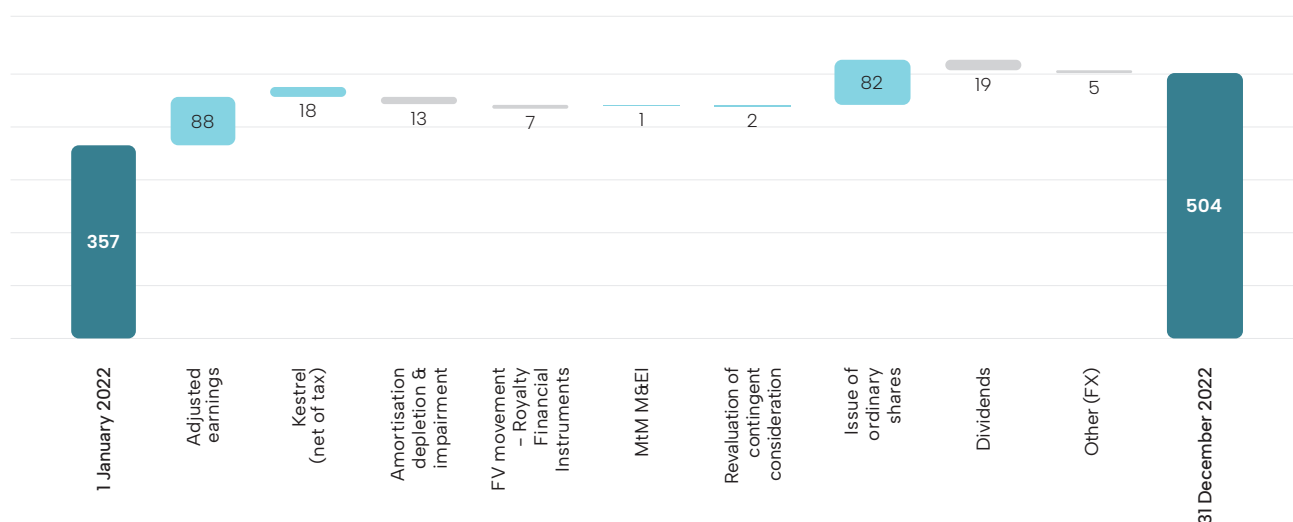
	2022 \$m	%	2021 \$m
Royalty-related revenue	141.8	66%	85.3
EVBC royalties	2.8	(11)%	3.0
Metal streams cost of sales	(4.3)	5%	(4.0)
Operating expenses	(10.8)	1%	(10.7)
Finance costs	(6.4)	(14)%	(7.3)
Foreign exchange and other	(0.4)	225%	0.1
Tax	(34.8)	154%	(14.1)
Adjusted earnings	87.9	68%	52.3
Weighted average number of shares ('000)	234,062		207,403
Adjusted earnings per share	37.55c	49%	25.2c

Despite a year of generational levels of inflation, our business model demonstrated one of its key virtues as an inflation hedge. Operating costs were broadly flat year on year, and we would expect that, in a business-as-usual case, overheads will show a reduction in FY 23.

Finance costs showed a reduction in the period, reflecting the fact that there was no refinancing of the Group's borrowing facility in the period. Average borrowings reduced in the period to \$60 from \$95m the year before, reflecting the receipt of the Kestrel cash flows post the Voisey's Bay acquisition in H1 21, along with the way in which the stage payments for the South32 portfolio have been structured. This has been somewhat offset by the impact of higher interest rates particularly in H2 22.

The increase in the tax charge in the period reflects the higher level of income from Kestrel, which is an asset without a cost base and subject to tax in Australia at 30%. This should reduce in future periods as Kestrel continues its transition outside of the Group's private royalty land.

Net assets reconciliation \$m



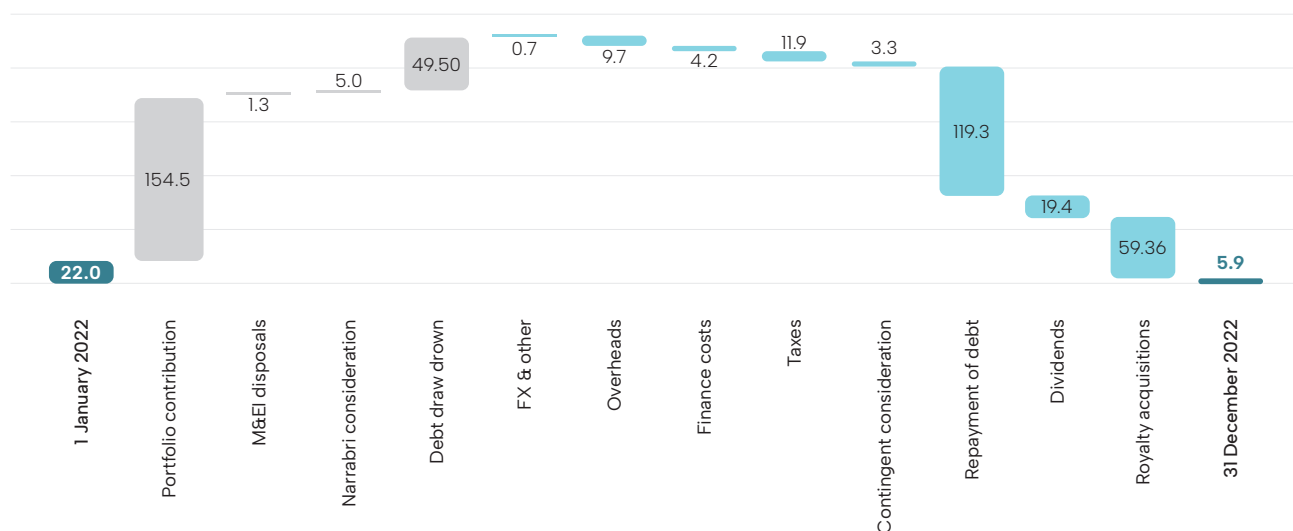
Taking all the above into consideration results in adjusted earnings of \$87.9m, an identical 68% increase to that of the increase in our portfolio contribution highlighting the royalty model's ability to preserve margin in times of rapid inflation. This translates to 37.55c per share (FY 21: \$52.3m and 25.18c per share respectively). The per share metric reflects the new shares issued to South32 as part of the portfolio acquisition in July 2022, which is dilutive in the current year as there is no material income expected from the main assets until the middle of the decade. However, this near-term dilution is more than made up for by the longer-term cash flows expected to materialise from

these assets as they come on-line, along with the NAV accretion expected to materialise as these assets continue to be de-risked and move closer to production.

Balance sheet

Net assets increased to \$504m during the year ended 31 December 2022 (31 December 2021: \$357m). This was largely due to the underlying performance of the Group's portfolio, generating adjusted earnings of \$88m, together with the \$82m equity issuance to partially fund the acquisition of the South32 portfolio. At 31 December 2022, the Group's net asset per share was \$2.15 compared to \$1.72 a year ago.

Cash flow sources and usage \$m



Capital allocation principles

Balance sheet strength

- Deployed ~\$400m in past 16 months
- Net debt \$36m as at 31 December 2022

Funding for further acquisitions

- Strong banking relationships
- Retain ~\$180m of liquidity for future growth

Quarterly dividends

- Final dividend of 1.75p per share taking full year dividend to 7p per share
- Dividend will be re-based to US\$ from Q1 23

Other shareholder returns

- Dependent on business performance and royalty and stream acquisition during the year and outlook

Cash flow and liquidity

The Group generated significant free cash flow in the period, buoyed by strong income from Kestrel and Voisey's Bay in particular.

Just prior to the announcement of the South32 royalty portfolio in July 2022 the vast majority of the \$123.5m drawn on the Group's borrowing facility in 2021 to fund the Voisey's Bay acquisition had been repaid from the windfall revenues received from Kestrel which put the Group in a strong position to finance growth opportunities.

As noted previously, the South32 transaction was financed in a way in which to maintain balance sheet strength. As such, the transaction was structured to allow for six stage payments on a quarterly basis of \$9.2m. This structure allowed the opportunity to align Kestrel royalty receipts with the deferred payments to South32.

Given the expected decrease in cash flows from Kestrel in FY 23 (Q2 and Q3 in particular), along with the payment of final tax balances in mid-2023, net debt is expected to gradually increase from current levels to peak in Q4 23.

In order to ensure continued liquidity and flexibility, the Group agreed with lenders to remove a scheduled \$25m step down in commitments in Q3 22, thereby preserving the headline facility at \$150m. At the same time, the lenders agreed to provide an accordion option for a further \$50m, which would bring the total facility to \$200m, depending on growth opportunities.

In addition to the expected \$100m of headroom on the facility when peak debt is reached, the Group also retains its residual stake in LIORC, which is currently valued at ~\$29m and which it could utilise either to delever or to recycle into alternative opportunities.

Even with lower volumes to come from Kestrel and Voisey's Bay in FY 23, the Group should still generate very health portfolio contribution and, along with considerable financial flexibility, remain in a position to finance further royalty additions in the coming year, whilst maintaining its current dividend.

K. Flynn
Chief Financial Officer
28 March 2023

Strong relationships across all stakeholder groups



Investment community

Our investor relations team leads the engagement with stakeholders across the investment community including debt providers, and retail and institutional investors. We aim to engage in a transparent and informative manner across multiple communications channels.

How we engage

- Our Annual General Meeting provides all shareholders an opportunity to ask questions of the Board
- Annual Report and website provide detailed information on the Company
- Issue regular trading updates
- Meet with institutional investors on roadshows, at conferences and on ad hoc basis
- Publish video and other content through social media platforms
- Hold presentations for retail investors via Investor Meet Company platform
- Regularly meet and speak to our lending group

Link to strategy



Topics of engagement

- Evolution of the Group's commodity portfolio
- The acquisition of the South32 royalty portfolio
- Capital allocation policy
- Revisions to the Directors' Remuneration Policy
- ESG performance and disclosure
- CEO transition

Outcomes

- Support for the strategy of continuing to invest in growth assets and maintaining a stable dividend
- SBTIs – at request of shareholders we considered adopting Science Based Targets
- Shareholders supported the appointment of Marc Bishop Lafleche as CEO



Counterparties and mine operators

We maintain close relationships with mine operators and counterparties regarding potential new investments and ongoing monitoring of our existing investments.

How we engaged

- Regular meetings between key personnel at Ecora and the mine operator
- Site visits to the mine to view operations and meet employees
- Issue annual data request to monitor sustainability and ESG performance

Link to strategy



Key topics of engagement

- Evidence of environmentally and socially responsible performance and risk management
- Performance of the underlying operations and outlook
- Terms and conditions of the royalty and streaming agreements

Outcomes

- Increased level of engagement from operators in providing data and feedback on operational performance and sustainability KPIs
- Phasing of payments with an operator to assist with its cash flow management
- Received clarification on forward plans and production profiles



Employees

Our employees are our biggest resource and we engage with them to ensure that we provide a positive working environment in order to maximise individual productivity and performance.

How we engage

- Designated Non-Executive Director responsible for workforce engagement meetings
- HR function
- Weekly team meetings
- Employee well-being surveys
- Annual Company strategy day
- Regular 'lunch and learn' sessions to develop skills and knowledge
- Further detail of our employee engagement can be found on page 55

Link to strategy



Topics of engagement

- Engagement and alignment with the Group's purpose and values
- Need for specialist HR support
- Office relocation
- Desire to review benefits package
- Opportunities for personal development
- Workforce remuneration policies, particularly focused on long-term retention

Outcomes

- Built out HR capability
- Consultation with employees shaped the way the new office has been furnished to optimise functionality and comfort
- Development programmes introduced for each department
- Clear deliverables established to benchmark individual performance and contribution

Strategy key:



Commodity selection



Investment framework



Portfolio diversification



Capital allocation

Our stakeholder engagement

When making decisions, the Directors have acted in a way that they considered to be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with or are impacted by its business. In doing so the Board had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with its counterparties;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business integrity; and
- the need to act fairly as between members of the Company.

How does the Board engage with stakeholders?

Due to the size of the Group's operations and the niche position it has as one of the few royalty companies focused on future facing commodities on the London Stock Exchange, the Board will occasionally engage directly with certain stakeholders on certain issues. Where this is not possible or efficient, stakeholder engagement takes place at the Executive Committee level, led by the Chief Executive Officer.

The Board considers and discusses information from across the organisation to help it understand the impact of the Group's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, and information covering areas such as key risks and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting and through in-person presentations.

In addition to the principal decisions and the examples of our relationships with all of our stakeholders, the Board also considers the group's impact on the environment as outlined in the Sustainability section on pages 52 to 61 and our TCFD disclosures on pages 69 to 81.

As a result of these activities, the Board has an overview of engagement with stakeholders and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Engagement in action

The following are some examples of how the Directors have considered matters set out in sections 172(1)(a) - (f) when discharging their section 172 duties and the effect of such considerations on certain decisions taken by them. These examples also illustrate how the views and interests of some of the stakeholders set out on page 50 impact the Directors' decision making.

Principal decisions

Distributions to shareholders and capital allocation

It is a continuing policy of Ecora Resources to pay a substantial portion of its royalties and streams to shareholders as dividends. The Board considered the overall performance of the Group for the year, the ability to accelerate the deleveraging of the business and our growth strategy, and concluded that retaining the quarterly dividend at 1.75p represents our ongoing commitment to returning a substantial portion of our royalties and streams to shareholders as dividends, while providing the Group with the ability to further delever the business, and maintains a strong position from which to fund the further growth needed for all of our stakeholders.

Acquisition of royalty portfolio from South32

Following the completion of the Voisey's Bay cobalt stream and replacing the average through cycle income from the Kestrel royalty, the Board considered carefully the balance between growth and shareholder returns.

Given one of the strategic challenges, to add material growth assets to the portfolio, and the record steelmaking coal prices generating elevated cash flows enabling the Company to de-lever quicker, the Board concluded that recycling the steelmaking coal cash flows into copper, nickel and cobalt royalties was in the best interest of the Company and in line with the growth ambitions and strategy of supporting investment in the commodities required for a sustainable future.

The acquisition of the portfolio of royalties from South32 strengthens the diversity of the portfolio and the medium-term revenue profile and provides direct line of sight to a company able to generate \$100m per annum with a well-covered dividend. More information on the portfolio acquisition can be found on page 13.

Our approach to sustainability



We believe that long-term value can only be achieved through sustainable and responsible investment."

Marc Bishop Lafleche
Chief Executive Officer

Introduction

Ecora Resources believes that investment success and long-term value can only be achieved through sustainable and responsible investment with a strong focus on environmental, social and governance (ESG) factors. As a result, we are committed to integrating ESG considerations into our strategic decision making and capital allocation process and corporate behaviours.

While we do not operate any of the assets underlying our royalty portfolio and hence do not control the manner in which operations are carried out, we recognise that we face ESG risks through the investments we make and that we can use our influence to contribute to good ESG practice in the mining industry. Therefore, we seek to promote responsible mining extraction and strong management of ESG issues through a range of mechanisms at our disposal, including our policies, our due diligence on new investments and our ongoing engagement with operating partners.

Being a responsible business means looking after our people and creating a culture of which we can be proud. Ecora Resources is committed to upholding high corporate governance standards as a standard listed company on the London Stock Exchange and we encourage sustainable practices at the industry level. Our Board and employees are committed to championing and embedding the Company's purpose, values and standards, which are set out in our Code of Conduct. We also aim to be an equal opportunities employer which promotes excellent learning opportunities and celebrates diversity.

Sustainability highlights 2022

TCFD disclosure and SBTi aligned objective setting

This is our second TCFD report but our first comprehensive disclosure. We have also set emissions objectives leveraging guidance from the Science Based Targets Initiatives for SMEs.

UNGC membership and SDG alignment

This is our first full year as a UNGC participant and we have started to seek to align our investment strategy with the UN SDGs.



Engagement with our operators

An increased level of engagement with operators of producing/near term producing royalties resulted in a 86% response rate to requests for sustainability information, up from 38% in 2021.

Increase in response rate from operators

+126%



Our purpose is to finance investment in natural resources to enable a sustainable future.

We have revised our framework for Ecora's sustainability reporting that clearly communicates the areas that are of key focus. Our sustainability activities have been divided up to sit underneath two key pillars: Responsible Business and Responsible Investors. Underneath these, as can be seen on the diagram, we have identified six priority areas under which we will report. We always seek to adapt our sustainability reporting in line with evolving best practices and we look forward to building on this framework in the coming years.

UN Global Compact and Sustainable Development Goals

Ecora joined the United Nations Global Compact ('UNGC') in February 2022. As a participant, we are committed to voluntarily aligning our operations and strategy with the UNGC's Ten Principles in the areas of human rights, labour, environment and anti-corruption. As such, in our continued support of the UNGC, we are committed to making the UNGC and the Ten Principles a part of the Company's strategy, culture and day-to-day operations, and have made progress in doing so in 2022. We will be submitting our first Communication on Progress between 27 March 2023 and 30 June 2023 by way of the new questionnaire format introduced for 2023. Through the submission, we aim to learn and continuously improve our performance as a UNGC participant year on year.

Building on our membership of the UNGC, we aim to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the United Nations Sustainable Development Goals (SDGs). We recognise that our major sustainability impacts arise through the investments that we decide to make as a business.

As such, we have started to seek to align our investment strategy with the SDGs. This alignment will help strengthen our sustainability framework and ensure relevance of the implementation of our investment decisions to global stakes and initiatives.



United Nations
Global Compact

SUSTAINABLE DEVELOPMENT GOALS



Responsible business

Being a responsible business means looking after our people. At Ecora, we promote health and safety, well-being, diversity and inclusion, and continuous improvement and development of our employee culture and skillset. We are committed to operating our business with the highest standards of ethics and integrity and we proactively seek to align our frameworks with globally recognised initiatives such as the UNGC.



Encouraging sustainable practices at the industry level.

Progress in 2022

- 44% of producing operating partners align with the ICMM principles
- Started to seek to align our investment strategy with the SDGs

2023 priorities

- Continue to engage with operating partners to understand their energy transition plans
- Continue to improve our disclosures by aligning with suitable sustainability frameworks
- More detailed SDG alignment mapping exercise to be conducted

Our royalties are non-operating interests in mining projects.

While Ecora does not take an active role in the management of these projects, and generally has limited influence over the decisions of our operating partners, our purpose is to provide capital to the mining sector required to supply the commodities central to a sustainable future.

In line with our ESG Policy, Ecora seeks to promote responsible and sustainable mining across our portfolio. In order to do so, Ecora endorses the International Council on Mining and Metals' (ICMM) 10 Principles of Sustainable Development, which promote ethical and sustainable resource development. Ecora also endorses other globally recognised mining standards such as International Finance Corporation Performance Standards, Equator Principles, Voluntary Principles on Security and Human Rights, UN Guiding Principles on Business and Human Rights and the World Gold Council's Responsible Mining Principles.

Ecora started to align its investment strategy with the SDGs (please refer to page 58 for more detail on such alignment). During 2023, the Group intends to carry out a more detailed alignment mapping exercise to understand which SDGs closely align to Ecora's wider business activities and ambitions (beyond its investment strategy).

As an investor, our goal is also to assist our mining partners in meeting their sustainable development goals, through supporting local community initiatives.

We were pleased that Capstone Copper, operator of the Mantos Blancos project, signed up to the Copper Mark in 2022. Copper Mark provides a comprehensive social and environmental assurance programme for copper production and is a means to demonstrate commitment to adhering to internally recognised responsible operating practices. Furthermore, in early 2023 Brazilian Nickel plc, operator of the Piauí project, announced it had joined the Nickel Mark, the nickel industry equivalent of the Copper Mark.



Responsible employer

We aim to be an equal opportunities employer, offering an attractive environment through promoting excellent learning opportunities and celebrating diversity.

Progress in 2022

- 0 health and safety incidents reported
- 100% of employees have undertaken learning and development opportunities
- 8% employee turnover (1 person)

2023 priorities

- Diversity training to be provided to all Ecora employees
- Provide further training sessions to employees to promote healthy work habits and support mental health
- Review and enhance corporate charitable initiatives programme

Diversity, inclusion and equal opportunities

At Ecora, we create an environment where everyone is seen, heard, valued and empowered to succeed. We value diversity, equality and inclusion and the benefits that diversity can bring to our Board, our senior management team and the long-term success of the Company. To support our Company values, we have recently updated our Diversity, Inclusion and Equal Opportunities Policy, which outlines our commitment in these areas by making good use of difference in the skills, regional and industry experience, background, race, gender and other attributes of all employees. In 2023, Ecora is committed to rolling out its diversity training programme which will focus on the promotion of diversity of thought and the inclusion of different life experiences, perspectives, and ideas to maximise the opportunity for the Company to benefit from all available talent. Please refer to the corporate governance section for further information on our diversity disclosures.

Health and safety

Ecora provides a safe working environment in the office and the support needed to our employees that work from home under the Hybrid Working Policy to ensure their working space is free of accident and injury.

Health and well-being

Ecora is committed to promoting mental, physical and emotional health and well-being.

Ecora offers an enhanced employee benefits package to all employees, which includes life insurance, and access to our long-term illness and sickness policy. To ensure the physical health of employees, Ecora provides access to additional healthcare benefits, including medical and dental cover, regular eye tests and flu vaccinations.

Training and development

We believe that supporting the professional development of our employees leads to the establishment of a strong pipeline of talent and organic succession planning from within the business. In 2022, management worked closely with every employee to understand their personal development goals and implemented a tailored plan to help everyone achieve their personal goals and contribute effectively to the needs of the Company. This involved participation in professional courses, training and coaching in areas of agreed focus.



Gender diversity

- Male 43%
- Female 57%



Employee nationalities

- British 50%
- Irish 14%
- Canadian 7%
- Slovakian 7%
- New Zealand 7%
- Australian 7%
- South African 7%

Corporate charitable initiatives

We strengthened our commitment to supporting our employees' efforts to contribute to society through non-profit charitable activities. In 2022, we implemented our Charitable Donations Policy which provides both our employees and the Company with a structured framework to support charitable initiatives. Please refer to our Effective Governance section of the Sustainability report for more information regarding our Charitable Donations Policy.

In 2022, we also continued to build on the Company's corporate social commitments to contribute to the local community through charitable initiatives in London.

With the recent earthquake in Turkey and Syria in early February 2023 and crisis relief needs growing, Ecora is aiding humanitarian efforts through charitable donations. Ecora made a donation to the Disasters Emergency Committee, which is a coalition of 15 leading UK charities that has launched a collective appeal to provide emergency aid and rapid relief to Turkish and Syrian civilians who are suffering during this natural disaster.



Employee relations	2022	2021	2020
Performance indicator			
Total number of employees (at 31 December)	14	12	9
Employee turnover rate (annual %)	7.1	8	zero
% of employees who have been with the Company for more than 10 years	31	25	22
Health and safety	2022	2021	2020
Performance indicator			
Fatality rate	zero	zero	zero
Lost time injury frequency rate	zero	zero	zero
Total recordable injury frequency rate	zero	zero	zero



Effective governance

Enabling our sustainability strategy through clear, robust and effective governance.

Progress in 2022

- Implemented first modern slavery statement
- Rolled out charitable initiatives policy
- 100% compliance with the annual anti-bribery and corruption and business integrity training

2023 priorities

- Roll-out of corporate governance training programme
- Completion of cybersecurity assurance and training programme
- Completion of Modern Slavery Statement KPIs

Ecora Resources is committed to upholding high corporate governance standards as a standard listed company on the London Stock Exchange.

Our policies and governance framework are drafted to reflect our business model and office environment. As a provider of financing to the mining sector, we do not have direct operational control of mining operations. Accordingly, we do not disclose information more akin to mining operations in relation to our corporate activities such as biodiversity and land use, and toxic emissions and waste. Our corporate sustainability statistics for 2022 can be found on our website www.ecora-resources.com/sustainability/.

The Company's governance is structured to deliver an entrepreneurial Board, which successfully establishes and maintains the Company's performance and internal control environment. We ensure that our internal controls are robust and regularly assess the effectiveness of our policies and procedures, including those relating to sustainability issues. Our Board and employees are committed to championing and embedding the Company's purpose, values and standards, which are set out in our Code of Conduct. The full list of Ecora's policies and terms of reference can be found on our website www.ecora-resources.com/about-us/governance/.

Ecora has an annual training programme for all Directors and employees covering key areas related to corporate governance.

Please refer to the corporate governance section for further information on our governance disclosures.

Key governance highlights in 2022

Charitable donations policy

In mid-2022, we implemented our Charitable Donations Policy which provides both our employees and the Company with a structured framework to support charitable initiatives. As the Company takes a more active role in community and charitable initiatives as part of its sustainability strategy, the Charitable Donations Policy

ensures that the Company appropriately manages potential risks and perceptions associated with making charitable donations and that any donations are made in line with the Company's Anti-Bribery, Corruption and Money Laundering Policy and following due process.

Cybersecurity

Hybrid working as the norm after the COVID-19 pandemic has created unique challenges for data and information security. Although Ecora has not experienced any financial losses relating to information technology failure, cyber-attacks or security or privacy breaches, in 2022 Ecora appointed a third party cybersecurity specialist to undertake a data penetration test and vulnerability assessment and implement the correct security and information technology infrastructure and policies appropriate to our business needs. This third party specialist has been appointed for three years and in addition will provide ongoing monitoring and training services. In 2023, all employees and Directors will be trained on cybersecurity.

Modern slavery statement

As a member of the United Nations Global Compact, Ecora is committed to embedding human rights and labour principles in its business. In early 2023, Ecora implemented its first voluntary Modern Slavery Statement (the 'Statement') which demonstrates the Company's commitment to human rights both at the corporate and portfolio level, and also through its supply chains. Ecora commits to publishing an updated Statement on an annual basis.

The key performance indicators under the Statement for the financial year ending 31 December 2023 are as follows:

- (i) review and update Company policies to reflect the principles of the Statement;
- (ii) provide benchmarking metrics for our mining operators; and
- (iii) roll out an enhanced governance training programme.

Diversity and inclusion	2022	2021	2020
Performance indicator			
% of female employees – all levels (at 31 December)	64	70	55
% of females in management or higher positions	23	30	33
% of female executives/board members (at 31 December)	14	14	14
Ethics and compliance	2022	2021	2020
Performance indicator			
% of employees who completed annual ABC and AML training	100	100	100
Corruption incidents	zero	zero	zero
Whistleblower reports	zero	zero	zero



Responsible investors

Long-term value for all our stakeholders can only be achieved through sustainable and responsible investment. We look to finance resources that enable a sustainable future, and to influence others in the mining sector towards sustainable outcomes.

United Nations Sustainable Development Goals ('SDGs')

Ecora's core purpose is to provide capital to the mining sector required to supply commodities central to a sustainable future. Our initial work on the SDGs has identified two goals which we believe our business is strongly aligned to; these are:



- **Description:** Ensure access to clean, affordable, reliable, sustainable and modern energy for all
- **Reason for alignment:** Ecora invests in mining projects that will increase the supply of commodities central to the production, storage and transmission of renewable energy



- **Description:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- **Reason for alignment:** Ecora invests in mining projects that will increase the supply of commodities central to the energy transmission that will enable sustainable industrialisation

During 2023 we intend to further review our alignment and measuring of progress towards the SDGs.

CASE STUDY

South32 royalty acquisition

The acquisition of the South32 royalty portfolio in July 2022 satisfied our robust sustainability investment criteria. Capstone Copper (operator of Santo Domingo) and OZ Minerals (operator of West Musgrave) are well-regarded operators with a strong sustainability focus and environmental track record, an emphasis on creating shared value with local communities, and established governance frameworks.

In particular, the West Musgrave project scored as a tier 1 project during our due diligence process. The project has strong sustainability credentials and is expected to be 80% powered by renewable sources of energy, with plans to take it to 100% which will make it one of the largest fully off-grid renewable powered mines in the world. Water requirements at the site can be met from a local aquifer system and a bore field. The operation is envisioned to be a highly scalable, low cost and low emissions mine.

Santo Domingo is located in Chile, in a relatively arid environment; therefore, water management is a key issue. To mitigate this, the operator is building a desalination plant which will provide all water for the project reducing water stress on the local environment. As part of the Mantoverde-Santo Domingo district integration plan, the mines will share one desalination plant reducing the combined environmental footprint of the two operations.



We commit to conducting robust ESG risk due diligence throughout all of our investment decisions.

Progress in 2022

- In 2022, we turned down 15% of investment opportunities due to ESG-related risks identified during the due diligence process]
- Acquisition of South32 portfolio royalty satisfied our robust investment criteria

2023 priorities

- Embed emissions information requests as standard information to be provided under any new royalty documentation
- Ongoing review of ESG risk due diligence framework and continued commitment to annually review

Our sustainability investment process guides Ecora's approach to evaluating potential royalty investments and screens potential investments against the Company's ESG investment criteria (see the sustainability section of the Company website).

In the past few years, we have declined multiple royalty and stream opportunities due to ESG-related issues identified in our due diligence review process.

Due diligence process for potential royalty transactions

Ecora recognises that the most critical time for assessing and mitigating risks, including ESG risks, relating to an asset is at the outset prior to entering into any royalty agreement. Before completing any new investment, Ecora undertakes a thorough due diligence process using our ESG risk due diligence framework. The due diligence process is tailored to each opportunity using a risk-based approach, varying based on the jurisdiction, counterparty and commodity, whether the project is an exploration, development or producing project and whether it is a primary or secondary royalty or stream transaction.

The Ecora team has over 60 years of collective experience of carefully evaluating the risks, opportunities and long-term viability of potential projects and examining financial, technical, legal and sustainability factors, often supported by third party industry experts and consultants.

Our investment decision making involves the following key steps:

Initial screening	Tailored due diligence	Assessment criteria	Regular review
We employ rigorous screening tools and strict investment criteria to evaluate initial investment opportunities	We use a tailored and detailed due diligence framework to assess the full range of ESG risks facing particular assets	We assess potential investments using a set of qualitative and quantitative criteria, which look at the level of a particular ESG risk and the way in which it is being managed	Our screening and due diligence tools are regularly reviewed and updated to ensure that they continue to reflect the most up-to-date developments and mining industry best practice

Ecora continually reviews its ESG due diligence framework to ensure that the Company's approach and assessment tools continue to reflect industry best practice.



Engaging with our operators

Be a positive influence on our mining partners.

Progress in 2022

- Enhanced our monitoring and engagement process of our portfolio's sustainability performance
- 86% of our producing/near-term producing operating partners responded to sustainability metrics requests

2023 priorities

- Further engagement with our operating partners to encourage greater transparency in sustainability-related disclosures
- Expand our community engagement programme and collaborate with at least one more operating partner on community initiatives during the course of 2023

Ecora is proud of the ongoing commitment to sustainable and responsible mining from our operating partners, a prerequisite for the Group to consider when investing in a project.

Operator sustainability metrics

In 2022, we have moved away from portfolio sustainability highlights to instead disclose more meaningful metrics. We achieved this through greater engagement with operating partners as demonstrated by increased participation in our sustainability metrics survey. For this year, we have chosen to focus on the following key metrics of our portfolio operations:

- water management;
- energy;
- climate;
- waste management;
- health and safety and;
- diversity.

Our detailed operator sustainability metrics for 2019-2021 can be found in the sustainability section of the Group website (www.ecora-resources.com).

Using our ESG risk due diligence and monitoring tools, we continue to maintain close dialogue with our operating partners to proactively monitor the performance of our portfolio assets and ensure early identification of, and engagement on, any risks and opportunities. To the maximum extent possible, we aim to: incorporate ESG-related audit rights and inspection rights into our agreements; and conduct regular site visits and gather periodic reports from our mining partners on their ESG activities.

Our ongoing engagement includes regular discussions between our operating partners and our technical and investment teams, which also allow for the opportunity to understand their sustainability practices and transition plans and any ESG risks to be mitigated.

Where applicable, we also encourage our counterparties to align with leading sustainability initiatives including the International Finance Corporation Performance Standards, Equator Principles, Voluntary Principles on Security and Human Rights, UN Guiding Principles on Business and Human Rights and the World Council's Responsible Gold Mining Principles.

Community initiatives with operators

Ecora maintains an ongoing dialogue with its operating partners to identify opportunities to collaborate on charitable initiatives that positively impact the communities within the proximity of the mines and mills in which the Group has invested. The Group is committed to investing in projects that have a long-term impact on communities and which help break the poverty cycle. As such, the Group is exploring projects that focus on the provision of healthcare, education and nutrition.

In partnership with Vale, our operating partner of the Voisey's Bay mine, Ecora has committed to making monetary donations to the Community Food Sharing Association throughout 2023. Based in Newfoundland and Labrador, Canada, the Community Food Sharing Association manages the collection and distribution of food through 54 food banks to more than 10,700 children, women, and men throughout Newfoundland and Labrador.

[Go to page 80 to read our sustainability metrics.](#)



Thematic investing

Investing in commodities that support a sustainable future.

Progress in 2022

- 80% exposure to future facing commodities
- 95% exposure to OECD jurisdictions
- 100% of capital deployed in 2021 and 2022 was in future facing commodities
- 85% of book value is in commodities that will support a sustainable future
- 100% of capital deployed in past two years is in future facing commodities

2023 priorities

- Add further scale and diversification to the portfolio

Ecora's purpose is to provide capital to the mining sector that will be required for the supply of commodities central to a sustainable future. This not only means that Ecora invests in commodities that support a sustainable future, it also means we only invest in mining operations that can demonstrate that they embed sustainable practices as part of their approach to business.

Commodity mix

Commodities such as copper, cobalt, vanadium and nickel play a vital role in the generation, storage and transmission of renewable forms of energy. Ecora also invests in commodities such as high purity iron ore pellets, which confer environmental benefits through the reduction of unit carbon emissions in steel production versus more standard forms of iron ore.



These minerals and metals are key for battery supply chains, the construction of solar panels and wind turbines and the transmission of renewable energy.

A decision was taken in 2021 to not only focus capital deployment into these commodities, but to divest the Group's thermal coal royalty given the environmental concerns over the high emissions associated with coal fired energy generation – the royalty was sold back to the operator Whitehaven Coal, realising up to \$36m. The Group has retained its metallurgical (steel making) coal royalty due to the short-term nature of the cash flows.

The Group deployed approximately \$400m into new copper, nickel and cobalt royalties and streams in 2021 and 2022. By 2026 over 90% of the Company's revenue contribution will be derived from future facing commodities.

Our risks and risk management

Our risk management and internal control framework is well-embedded and continuously reviewed and overseen by the Board.

The risk management framework

Our strategy, values and risk appetite inform and shape our risk management and internal controls framework. The Board and the Executive Committee provide oversight of our principal and emerging risks, and the Audit Committee monitors the overall effectiveness of our risk management processes and internal controls. As understanding and effectively managing the Group's risks is fundamental to being able to execute our strategy, we are committed to a robust system of identifying and responding to the risks we face.

Risk management process

Our risk management process is designed to be a consistent and clear framework for embracing, managing and reporting risks from the Group's business activities to the Executive Committee and the Board by allowing us to:

- Understand the risk environment, identify the specific risks, and assess the potential opportunities and exposure for Ecora.
- Determine how best to deal with these risks to manage overall potential exposure.
- Manage the identified risks in appropriate ways.
- Monitor the effectiveness of the management of these risks and intervene for improvement where necessary.
- Report to the Executive Committee and Board on a periodic basis on how principal risks have been managed, are being managed and monitored, with any identified enhancements that are being made.

The impact of risk on our strategy and viability

Risk can arise from events outside of our control or from operational matters. Each of the risks described on the following pages can have an impact on our ability to deliver our strategy and the Group's ongoing viability.

Risk appetite

In addition to approving the Group's strategy, the Board define the level of risk that the Group is willing to accept while pursuing its objective of continuing to add value enhancing royalties and streams to its portfolio. The Board look at risk appetite from the context of the severity of the consequences should a material risk materialise, any internal or external factors influencing

1

Identify

Material risks that we consider may lead to threats to our business model, strategy and liquidity are identified through our framework of risk management, our analysis of individual processes and procedures and a consideration of the strategy and operating environment of the Group.

2

Assess

We analyse the risks and controls and evaluate the commercial, strategic, regulatory and other impacts, as well as the likelihood of occurrence.

3

Monitor

The executive management team is responsible for monitoring the controls and progress of actions to manage principal risks. It is supported through the Group's audit and assurance programmes and the principal risks are reviewed by the Board on a semi-annual basis.

4

Respond

We respond to changes in the materiality of risk by reviewing the mitigating actions and checking that they are still appropriate for the level of risk.

the risk, and that status of management actions to mitigate or control the risk. A good example of this in the current year was the way in which the Board assessed the likelihood of the South 32 near-term development royalties achieving production in line with the investment thesis.

Throughout 2022 and at the date of this report, all of the Group's principal risks and uncertainties were operating within the limits of the Directors' risk appetite.

Risk assessment and classification

Our risk assessment process considers the likelihood and impact of risks, and the timescale over which a risk could occur. From this assessment, we classify the risks faced by the Group as emerging risks, principal risks and catastrophic risks.

Emerging risks

We define risks as emerging if we need to know more about how likely they are to materialise, or what impact they might have if they did materialise. We will investigate and analyse these risks further before classifying them as principal risks. Typically, emerging risks are those on a three-year horizon, in line with our viability statement.

For more on the Group's emerging risks refer to page 64

Principal risks

We define a principal risk as a risk or combination of risks that would threaten the business model, future performance, solvency or liquidity of the Group. While principal risks are typically current risks that could affect our ability to achieve our long-term objectives, they are also considered over the next three years as a minimum, consistent with the Group's medium-term planning horizon and viability assessment period, with the Group recognising that many of them will be relevant for a longer period.

For more on the Group's principal risks refer to page 65 to 68.

In addition to principal risks, we continue to be exposed to other risks related to the day-to-day operation of the business, for example credit risk, foreign currency risk and cybersecurity. The impact of these risks should not be so significant as to materially affect the Group's business model, future performance, or solvency. The identification and mitigation of these risks is through the Group's internal control framework, the effectiveness of which is reviewed at least annually by the Chief Financial Officer as outlined on page 99.

Cybersecurity

The impact of the loss or harm to the Group's information technology infrastructure is unlikely to materially affect the Group's business model, future performance or solvency as it is not linked to the operations underlying our portfolio of royalties and streams. In 2023 the Group appointed a third-party cybersecurity risk specialist to undertake a cybersecurity risk assessment and audit, together with providing ongoing monitoring of the Group's information technology infrastructure and education and training of all employees and directors.

Through the Group's principal risk of 'operator dependence' the Board considers the indirect impact of the loss or harm to the information technology infrastructure of our operating partners as it is their responsibility for managing cybersecurity risk that exists in their operations.

Catastrophic risks

The Group also faces certain risks that are deemed catastrophic risks. These are very high severity, very low likelihood events that could result in an unplanned fundamental change to the Group's strategy and have significant financial consequences. The Board does not consider 'likelihood' when assessing these risks, as the potential impact means these risks must be treated as a priority. Catastrophic risks are included as principal risks.

Changes to our risks in 2022

The Group's risk profile continued to evolve in 2022 following the rapid deleveraging brought about by the record contribution from Kestrel and the acquisition of a portfolio of high quality royalties over advanced development stage copper and nickel projects which further transforms the Group's medium-term income growth profile. In addition, the Group's syndicate of lending banks agreed to a \$50m accordion feature resulting in a facility of up to \$200m and a 12-month extension to the facility's maturity, providing the Group with greater financing flexibility to acquire additional royalties and streams to further diversify the Group's portfolio.

While the Group's deployment of \$0.4bn in capital over the past two years to acquire the Voisey's Bay cobalt stream and the South32 portfolio of royalties has addressed the critical strategic challenge of replacing Kestrel to secure earnings stability over the longer term and reduce the Group's exposure to coal, royalties and streams are by their nature depleting assets and need to be continually replaced.

The inflationary pressures being experienced globally together with the increase in cost of capital in the mining sector is likely to increase the demand from operators to seek financing via royalties and streams. However, the recent consolidation within the royalty and streaming space, together with the Group's precious metal royalty and streaming peers potentially adding non-precious metals to their commodity mix, could result in increased competition for high quality assets. On balance, despite the current economic climate typically being favourable for the royalty business model, increased competition within the sector, the risk of future demand for royalties and streams has increased over the past 12 months. Conscious of this increased risk, the Group will continue its disciplined approach to investment as outlined on pages 10 to 11.

The Group's remaining principal risks remain neutral in comparison to 2021 and the Group's catastrophic risks remain our highest priority risk, given the potential consequences.

Emerging risks

Emerging risks that are currently being monitored are:

Climate change

Cause

The physical impacts from climate change, together with the impact of the response to address climate change, may have a significant impact on the Group's existing portfolio of royalties and streams, together with its ability to acquire further royalties and streams in the future.

Commentary

During 2022, we assessed the physical and transitional risks and opportunities associated with climate change detailed on pages 73 to 75.

Supporting our assessment of the physical and transitional risks and opportunities, together with our assessment of the resilience of our existing portfolio to these risks, was the scenario analysis we performed as detailed on pages 76 to 79.

While our assessment to date does not indicate that climate change will have a material impact on the Group's business model given the commodity mix underlying our portfolio, the assessment is an iterative process, as assumptions relating to both the physical and transitional impacts are refined. As a result, we continue to classify climate change as an emerging risk.

Supply chain disruption

Cause

Severe supply chain and logistics disruptions have the potential to impact not only the production and distribution of our operators' underlying commodities but also the timely delivery of development projects in the case of our non-producing royalties.

Commentary

Supply chain and logistics disruptions continue to be observed, typically resulting in higher capital expenditure and maintenance costs. While the Group is shielded from such costs through the royalty model, there is the potential for delays (deferrals) over the short term of royalty-related revenue.

This risk is closely linked with the principal risks of 'operator dependence' and 'geopolitical events'.

Inflation

Cause

Sudden and heightened levels of inflation are being experienced across most of the jurisdictions in which the mines and mills underlying the Group's portfolio are located.

The increased costs could delay or prevent expansion projects or development projects in the case of our non-producing royalties.

Commentary

The royalty model largely insulates the Group from the impact of inflation, with costs primarily limited to corporate overheads in comparison to the operating costs and capital expenditure incurred by the operators of the mines and mills underlying the Group's portfolio.

The significant increase in operating costs and capital expenditure, absent an accompanying increase in the price of commodities, could result in projects becoming uneconomical with operations or development suspended temporarily or entirely. This could in turn result in delays over the short term of royalty revenue and potentially impact the valuation of the Group's royalties.

This risk is closely linked with the principal risk of 'operator dependence'.

Interest rate risk

Cause

The sudden and significant increase in interest rates could adversely impact the Group's prospects with higher borrowing costs and reduced access to debt based on financial covenants (e.g. interest ratio).

Commentary

The cost of capital has increased for both the Group and our operating partners, which is likely to present both opportunities and risks. In response to the significant increase in underlying interest rates, management is proposing an interest rate hedging programme.

This risk is closely linked with the principal risk 'financing capability'.

Energy security

Cause

Closely linked to 'geopolitical events' and 'supply chain disruption'; the real prospect of energy rationing could have a significant impact on the end users of the raw materials derived from the commodities underlying the Group's portfolio.

Commentary

The temporary reduction in productivity or closure of end user operations in response to government rationing could result in a reduced demand for the commodities underlying the Group's portfolio resulting in reduced or delayed revenues.

This risk is closely linked with the principal risks of 'geopolitical events' and 'commodity prices'.

Principal risks

The Group's principal risks and uncertainties are:

Catastrophic and natural catastrophic risk

A potentially catastrophic incident such as a mine shaft failure, slope wall failure, fire or flood at one of the operations underlying the Group's portfolio or royalties and streams, which could result in the loss of life, the destruction or loss of ore body or render it uneconomical.



Risk movement since 2021:
No change

Link to strategy



Cause

Inadequate design or construction, adverse geological conditions, or natural events such as seismic activity or floods.

Impact

A major incident could result in our mining partner losing their licence to operate. In addition, such an incident could result in the loss of resource or destruction of the ore body together with a halt in production or metal deliveries, resulting in lower cash flows or potential impairments/valuation losses and limiting the Group's ability to pursue its growth strategy.

Mitigation

Although these risks cannot be easily mitigated or transferred, the Group undertakes extensive due diligence engaging both internal and external experts to assess the viability of the project, before proceeding with an investment.

The Group monitors, through ongoing engagement with our mining partners, monitors technical and ESG related matters. Any significant ESG risks and opportunities are reviewed and discussed by the Sustainability Committee.

Commentary

While such risks have a low frequency, their impact is potentially very high; as a result they are treated with the highest priority.

Climate change risks and opportunities
Physical risk

[See more on p75](#)

Future demand

Demand for financing via royalties and streams may decline depending on macro-economic conditions. Competition within the royalty and streaming sector may impact the demand for royalty and streaming opportunities, particularly from the Group's precious metals peers.



Risk movement since 2021:
Increasing

Link to strategy



Cause

High commodity price environments typically reduce the demand for near-term financing through royalties or streams, as operators have greater access to conventional sources of financing. Conversely, inflationary pressure and increases in cost of capital for operators may increase the demand for near-term financing through royalties and streams.

Increased competition in the royalty and stream sector could make it difficult to execute deals in a depleted pool of opportunities.

Impact

Royalties and streams are, by their nature, depleting assets; as a result failing to acquire new assets may lead to lower cash flows, profitability and valuation, which in turn limits the Group's ability to pursue its growth strategy. Ecora Resources does not directly compete with the well-established precious metals royalty and stream companies, and it is uniquely placed, focusing on future facing metals.

Mitigation

Disciplined application of investment criteria which includes the preference for long-life assets that will generate returns through the cycle.

Ecora Resources has built a credible global brand and network, backed by a successful track record of identifying and executing royalty transactions.

Commentary

The Group has a stable medium-term revenue profile to support growth initiatives, including the organic growth options within the existing portfolio (Piauí); however, competition within the royalty and streaming space is which could result in higher acquisition costs/ lower returns in future.

Additional competition may come from the larger precious metals peers in future, should they change focus and look to increase their exposure to future facing metals.

The possibility of increased competition within the royalty and streaming sector has resulted in the risk for future demand increasing.

Climate change risks and opportunities:
Transition risk

Risk movement:

-  Increasing
-  Decreasing
-  Neutral

Strategy key:

-  Commodity selection
-  Investment framework
-  Portfolio diversification
-  Capital allocation

Commodity prices

Global macro-economic conditions leading to sustained low product prices and/or volatility.



Risk movement since 2021:
No change

Link to strategy



Cause

Commodity prices react to many macro-economic events. Recent examples include, armed conflict involving major economies, global trade disputes and sanctions, economic slowdown in a leading economy and a disrupted recovery from the COVID-19 pandemic as a result of new variants being resistant to vaccines.

Impact

Low commodity prices can result in lower levels of cash flow, profitability and valuation. Lower cash flows and valuations may in turn constrain the Group's ability to fund the acquisition of new royalties and streams, or meet financial covenants associated with its borrowing facility.

Mitigation

Maintaining a portfolio of royalties and streams that is diversified by both commodity and geography.

Regular updates of economic analysis and commodity price assumptions are discussed by the Executive Committee and the Board.

Disciplined approach to investment decisions, including the assessment of commodity price forecasts, with a focus on generating shareholder returns through the cycle.

Commentary

The Group's diversified portfolio should reduce the impact of volatility in commodity prices. In addition, by 2026 85% of the Group's portfolio contribution will be from materials required to affect the energy transition and a number of the operations underlying the Group's portfolio could command a premium given their low carbon emissions and other positive sustainability factors (e.g. ethically sourced cobalt).

Climate change risks and opportunities:

Transition risk and opportunity

[See more on p74](#)

Operator dependence and concentration risk

The Group is dependent on our counterparties operating effectively while upholding high standards of ESG practices to provide the returns expected at the time of investment.

Of the Group's eight producing royalties and streams, two account for 71% of our portfolio contribution in 2021.



Risk movement since 2021:
No change

Link to strategy



Cause

Ecora Resources is not directly involved in the ownership or operation of mines and mills underlying its portfolio. As a result it is generally the owners and operators who determine the manner in which the underlying projects are mined, including decisions to expand, advance, continue, reduce, suspend or discontinue production, together with decisions about the marketing of the minerals extracted from the projects.

Impact

The timing and quantum of cash flows may differ materially from those expected at the time of investment, potentially resulting in asset impairments/valuation losses, reduced profitability and lower corporate valuation. Lower cash flows and valuations may in turn constrain the Group's ability to fund the acquisition of new royalties and streams required to pursue its growth strategy.

Mitigation

When assessing potential investment opportunities, the Group undertakes extensive counterparty due diligence. For our existing portfolio, we maintain ongoing engagement with our mining partners, to understand the mine plans and development timetables associated with our assets.

On certain royalties and streams, the Group has information and audit rights which it generally exercises on the identification of any unexpected royalty outcome. It has also developed an ESG Risk Assessment and Monitoring Framework which assist pre- and post-acquisition reporting on matters which are fundamental to the Group's investment thesis.

In the terms of our Voisey's Bay stream, which accounted for 14% of our portfolio contribution in 2021, there is downside protection, if the mill throughput does not reach target levels by December 2025, in the form of reimbursement of some of the Group's initial investment.

The Group aims to include transfer restrictions change of control clauses into its new royalty agreements to help ensure its exposure continues to be to trusted counterparties underpinned by strong ESG principles.

The Group is actively expanding and diversifying its portfolio of royalties and streams to ensure that it has a well-balanced source of income.

Commentary

For further details on the Group's operator engagement together with its information and audit rights refer to pages 58 to 60.

Climate change risks and opportunities:

Physical and transition risk

[See more on p75](#)

Risk movement:

-  Increasing
-  Decreasing
-  Neutral

Strategy key:

-  Commodity selection
-  Investment framework
-  Portfolio diversification
-  Capital allocation

Geopolitical events

Geopolitical events and tensions have the potential to negatively impact our business.



Risk movement since 2021:
Increasing

Link to strategy



Cause

Geopolitical disputes including armed conflict involving world powers and restrictions or constraints to free trade can have a direct impact on commodity prices.

The introduction of new policies linked to natural resources or capital controls as a result of changes in the domestic politics of the countries our counterparties operate may impact our business.

Impact

Commodity price and sales volume volatility experienced by the operations underlying Group's portfolio, as a result of trade actions (increased tariffs, retaliations and sanctions) could lead to lower levels of cash flow, profitability and valuation, which in turn could constrain the Group's ability to fund the acquisition of new royalties and streams, or meet financial covenants associated with its borrowing facility.

If capital controls are introduced by a country, this could subsequently lead to a counterparty being unable to remit funds to the Group.

Mitigation

The Group's portfolio of royalties and metal streams is diversified by both commodity and geography.

Commentary

The ongoing war between Russia and Ukraine, together with the changes in China's trading policies although currently favourable in relation to Australian imports, creates uncertainty. As a result the risk from geopolitical events is considered to be increasing.

Financing capability

The Group is dependent on access to capital in order to achieve its growth ambitions.



Risk movement since 2021:
No change

Link to strategy



Cause

Sudden adverse change in capital market conditions, including higher cost of capital. Production issues or significant commodity price volatility.

Impact

The inability to access either debt or equity funding could materially impact the Group's ability to achieve its growth ambitions.

Mitigation

The Group has a strong shareholder base and a syndicate of lenders who understand the royalty and streaming business model and are supportive of the Group's strategy.

We regularly meet with advisers, shareholders and lenders to discuss the types of transactions we are considering to gauge their support.

Commentary

The Group's syndicate of external lenders agreed to add a \$50m accordion feature to the existing facility increasing its overall size to \$200m for approved acquisitions. In addition, the Group's lenders agreed to a 12-month extension to the facility's maturity.

Climate change risks and opportunities:
Transition risk and opportunity

Stakeholder support

Ecora Resources needs to be well supported by all stakeholders including:

- Operating counterparties
- Employees
- Shareholders
- Lending banks
- Brokers/analysts



Risk movement since 2021:
No change

Link to strategy



Cause

Failure to identify, understand and respond to the needs and expectations of our stakeholders.

Impact

A breakdown in the relationship between Ecora Resources and any of its stakeholders could materially impact its ability to achieve its strategy, fund future growth and execute on new acquisitions.

Mitigation

The Group's Code of Conduct governs our interaction with all our stakeholders. In addition, the Executive Committee and the Board have regular and ongoing interaction with all of our stakeholders, with the support of external advisers.

Commentary

Further information on how we engage with our stakeholders can be found on pages 50 to 51.

Climate change risks and opportunities:
Transition risk & opportunity

Investment approval

Ecora Resources' success will depend on the Board making sound investment decisions to ensure that the royalties and streams acquired match or exceed expectations at the point of acquisition.



Risk movement since 2021:
No change

Link to strategy



Cause

The actual performance of the royalties and streams acquired fail to achieve the expected returns, due to variations in the commodity prices, production volumes, and start dates assumed in the investment base case model.

Impact

The underperformance of an investment could result in the inability to achieve cash flow or profitability targets. In turn the Group's ability to obtain funding for future growth, service its debt obligations and provide shareholder returns could be significantly reduced.

Potential damage to Ecora Resources' reputation, and loss of support from stakeholders.

Mitigation

The Group undertakes a thorough due diligence and screening process when considering each investment opportunity, which is key to reducing the risks of making a bad investment.

Disciplined approach to investment, based on key criteria set out on pages 10 to 11 with all material investments subject to review and challenge by the Executive Committee and the independent Directors.

Commentary

Over the past 2 years ~\$0.4bn has been deployed to acquire the Voisey's Bay cobalt stream and a portfolio of near-term development stage royalties addressing the Group's critical strategic challenge of replacing the Kestrel royalty to secure earnings stability over the longer-term and reduce the Group's exposure to coal

Climate change risks and opportunities:

Transition risk and opportunity

Pandemic

On-going disruption caused by the COVID-19 pandemic.



Risk movement since 2021:
No change

Link to strategy



Cause

Vaccine resistant strains of COVID-19 or disruptions in the vaccine supply chain.

Impact

Operational disruption at the mines and mills underlying the Group's portfolio. Further shocks to the global economy, through supply chain disruption and inflation.

Mitigation

Diversified portfolio and operators who have protocols in place to limit disruption to production. The royalty and streaming business model provides a natural inflation hedge as it is only exposed to underlying operations at revenue level.

Ecora Resources updated its health and safety policies and procedures, responded to government guidelines on working from home and introduced a hybrid working policy to safeguard our employees.

Commentary

We are continuing to see sporadic lockdowns in China as it continues to pursue a 'zero-COVID' policy, which is having an adverse impact on the Chinese economy and as a result demand for some commodities.

Risk movement:



Increasing



Decreasing



Neutral

Strategy key:



Commodity selection



Investment framework



Portfolio diversification



Capital allocation

Climate-related risks and opportunities

Task Force on Climate-related Financial Disclosures (TCFD)

We recognise that climate change is one of the biggest challenges of our times. As a result, we have a responsibility to our stakeholders to assess the physical and transitional risks and opportunities together with the financial implications associated with climate change that could potentially impact our business model. The Group has used the TCFD framework, as set out below, to facilitate this assessment and build on the disclosures made in last year's Annual Report.

While the Group does not control or directly operate any of the mines or mills from which it receives royalties or physical metal deliveries, it does control its strategy and investment decisions; accordingly our most significant exposure to climate-related risks and opportunities arises indirectly through the operations underlying our portfolio of royalties and streams. It is in this context that we:

- undertake our assessment of climate-related risks and opportunities, including the scenario analysis used;
- respond to the risks and opportunities identified; and
- will establish metrics and targets to be used in managing climate-related risks and opportunities as well as measuring the Group's performance.

2022 is the Group's second year of making climate-related financial disclosures, and the first year in which it has undertaken climate-related scenario analysis. As our understanding of the impacts of climate change and possible responses continue to evolve, we will refine our assessment of climate-related risks and pursue further initiatives to enhance our climate resilience. The climate-related financial disclosures on pages 69 to 81, are consistent with 3 out of the 4 TCFD pillars and 8 out of 11 of the recommended disclosures. The Group is not yet in a position to make the 3 recommended disclosures under the "Metrics and Targets" TCFD pillar, which recommends the following disclosure:

(a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy

As indicated in the Group's key performance indicators on page 26, the Board intends on introducing a specific sustainability key performance indicator and is assessing the most appropriate metric with a view to including it from 2023. In undertaking this assessment, the Board is giving consideration to the available climate related metrics which could be used to assess climate-related risks and opportunities in line with the Group's strategy.

(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

The Group's Scope 1 and Scope 2 emissions are disclosed on page 80. The Group's material emissions exposure is to our operating partners' emissions (scope 3 – downstream emissions) and while the Group has commenced collating an emissions inventory for the operations underlying the Group's portfolio, a number of operators are yet to publish the relevant data. As a result, the Group is unable to fully quantify its Scope 3 – financed emissions. Throughout 2023, the Group will continue to engage with its operating partners to encourage transparent climate change disclosure with a view to provide a more complete emissions inventory.

(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets

Until the Group has defined the appropriate metrics by which it manages climate related risk and opportunities, together with quantifying its operating partners' emissions and determining the most appropriate methodology for calculating finance emissions, the Group has set emissions objectives outlined on page 80.

The Group's progress towards providing disclosures under the "Metrics and Targets" TCFD pillar is ongoing and we expect to be in a position to be fully compliant by 31 December 2025.

Task Force on Climate-related Financial Disclosures continued

TCFD framework

TCFD area	Our response	Focus for FY23	Further information
Governance	Sustainability Committee established in 2020, to assist with the Board's scrutiny and oversight of all sustainability matters, including climate-change related risk and opportunities.	Continued monitoring of the impact of climate change on the Group's existing portfolio and in the assessment of new royalty and stream acquisitions. Board training agenda to include specific sessions on climate change to ensure members have the expertise to meet their responsibilities.	Refer to the Sustainability Committee Report on page 52. The Group's governance processes for climate risks and opportunities are described below.
Strategy	Identified climate-related risks and opportunities most material to the Group. Explored two possible scenarios of climate change based on NGFS and IEA scenarios in relation to the likely future demand for the commodities underlying the Group's portfolio of royalties and streams. The Sustainability Committee reviewed these results and assessed the appropriateness of the Group's strategy. In addition, the results were considered as part of the Group's assessment for indicators of impairment and the Group's going concern and viability statement assessment.	Further refine the scenarios to enable the financial impact to be quantified. Implement ongoing review of climate risks and opportunities to ensure impact assessment are updated with the latest climate science and business understanding.	Highest ranked climate related risks and opportunities, are shown on pages 71 to 75. Scenario analysis and results is detailed on pages 76 to 79.
Risk management	Undertook a climate-related risk and opportunities identification process, forming a climate risk register which was presented to and discussed in detail by the Board at the strategy session in November 2022. The climate risk register was further refined through workshops with the Group's senior leadership team, facilitated by external consultancy Ever Sustainable.	Integration of the climate risk register in the Group's enterprise wide risk register. Monitoring of risk mitigation and opportunity implementation through the Sustainability and Audit Committees.	Refer to the Group's approach to risk management and principal risks and uncertainties on pages 62 to 68. Refer to pages 71 to 75 for the highest ranked climate related risks and opportunities.
Metrics and targets	The Group's Scope 1 and Scope 2 emissions are disclosed on page 80. The Group has commenced collating an emissions inventory for the operations underlying the Group's portfolio – our Scope 3 downstream emissions – with 86% of our operators publicly disclosing or providing this data on our request.	The Board will assess the available climate related metrics which could be used to assess climate-related risks and opportunities in line with the Group's strategy, and incorporate a new sustainability linked key performance indicator. Throughout 2023, the Group will continue to engage with its operating partners to encourage transparent climate change disclosure with a view to provide a more complete emissions inventory. The Group will continue to assess the methodologies for calculating Scope 3 financed emission for its royalties and streams.	Refer to page 80 for the Group's Scope 1 and Scope 2 emissions, together with emissions data published or provided by our operating partners.

Governance

Ultimate responsibility for the long-term sustainable success of the Company lies with the Board, which determines the purpose, values, culture, strategy, governance and risk management framework. The Board established the Sustainability Committee in 2020 to oversee the development and implementation of the Group's sustainability strategy and ESG policy. The Sustainability Committee is responsible for reviewing the Group's assessment of potential investments and the review of any sustainability risks and opportunities, including those linked to climate change, across the Group's portfolio. In addition, the Sustainability Committee collaborates with the Audit Committee to oversee the Group's risk management processes, with a particular focus on climate-related risks and opportunities, including the identification of such risks and opportunities and the scrutiny of the mitigation plans. The Sustainability Committee Report on pages 52 to 61 details its roles and responsibilities, together with the climate-related decisions taken in the year.

Some climate-related decisions and matters are reserved for the Audit and Remuneration Committees with delegated authority from the Board, as highlighted below.

Audit Committee

In addition to collaborating with the Sustainability Committee in overseeing the Group's risk management processes, the Audit Committee monitors the integrity of climate-related disclosures and the Group's compliance with climate-related reporting requirements.

Remuneration Committee

The Remuneration Committee designs and implements the Group's remuneration policy, which includes setting sustainability targets in collaboration with the Sustainability Committee. The Remuneration Committee monitors performance against the targets set and approves remuneration accordingly.

Management's role

The Executive Committee, supported by the Group's senior leadership team, is responsible for executing the Group's strategy of building a portfolio of royalties and streams through a disciplined approach to investment in commodities that directly enable the energy transition or will lower the carbon intensity of a product supply chain. Central to the successful execution of the Group's strategy is the 'investment approval', which is underpinned by the Group's investment framework outlined on page 10 and includes an extensive due diligence process to identify and address among other factors, climate-related risks and opportunities. As the investment approval could affect the Group's ability to achieve its long-term objectives, it continues to be classified as a principal risk (refer to page 68).

Once an investment is made, the Executive Committee is ultimately responsible for the day-to-day monitoring of the performance of the Group's portfolio including sustainability and climate-related incidents. In addition, the Executive Committee is responsible for maintaining the Group's risk register and undertaking a semi-annual enterprise risk assessment which includes sustainability and climate-related risks for the Board and its Committees to review and challenge.

Risk management

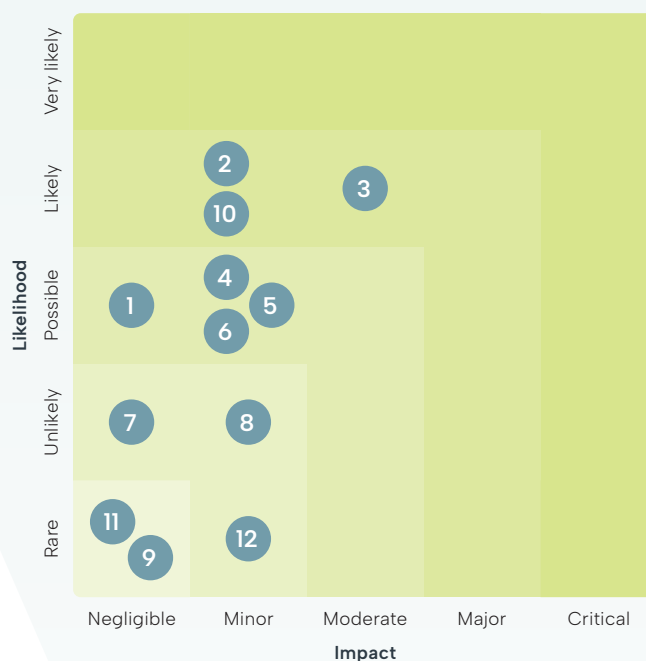
To fully understand the implications of climate change, the Group's semi-annual enterprise risk assessment was expanded in the second half of 2022 to include a detailed review of the key climate change related risks to and opportunities of the Group's business model, together with identifying the timeframes over which they are expected to materialise. To provide further context to the risk assessment and climate-related scenario analysis, the geographical location of each of the operations underlying the Group's portfolio of royalties and streams was considered, with particular focus on South America, Australia and North America. This review considered both the physical effects of changing weather and the economic and regulatory transitions required for society to either mitigate climate change or adapt to a new environment and resulted in the creation of a climate risk and opportunities register, which was reviewed and discussed in detail by the Board at the Group's strategy session in November 2022.

Given the specialised knowledge required to understand and respond to climate risk, the Group engaged Ever Sustainable, to review and enhance the Group's climate risk and opportunities register, by constructing tailored climate change scenarios and facilitating workshops with the Executive Committee and senior leadership team to assess the Group's strategic resilience against the scenarios and identifying mitigation plans where applicable. The Sustainability Committee, Audit Committee and Board have considered the outputs of the scenario analysis, and after applying existing consensus pricing to the future demand scenarios have concluded that climate change is not expected to have a material impact on the Group's business model, therefore we do not consider a quantitative analysis to be material to our

disclosures at this stage. However, the Board believe the assessment of the impact of climate change on the Group's business model is an iterative process, as assumptions relating to both the physical and transitional impacts are refined as more data becomes available. As a result, we continue to classify climate change as an emerging risk.

Risk assessment criteria

The likelihood and potential impact of each risk were rated in line with the Group's existing risk ranking system including within its ESG due diligence framework, the results of which are summarised in the risk assessment heat map.



- 1 Rising temperatures
- 2 Extreme weather
- 3 Pressure from financiers
- 4 Heavy rainfall
- 5 Stakeholder concern for climate
- 6 Drought and water scarcity
- 7 GHG emissions pricing
- 8 Uncertain demand for commodities
- 9 Rising sea level
- 10 Increasing climate regulation
- 11 Unpredictable technological development
- 12 Climate litigation

Risk management continued

Risk assessment criteria continued

The likelihood assessment reflects the probability of the issue having a significant impact on the Group in the short to medium-term time horizon and takes into consideration desktop research in addition to evidence of historical impacts on the Group's portfolio. In this context, a significant impact refers to an operational or financial effect that would require an active response or strategic planning by senior management.

The impact assessment is on a post-mitigation basis and reflects the estimated income statement impact of that risk within the financial year. The Group's definition of a significant financial impact of over U\$9m aligns with the materiality set by the Group's statutory auditor, as set out on page 125.

Climate risks are categorised into 'physical risks', being risks arising from the physical effects of climate change, and 'transition risks', being the risks related to the transition to a lower carbon economy. The Group's climate-related transition risks, physical risks and opportunities with the highest risk ratings are shown on pages 73 to 75. The time frames presented are the period over which the risks and opportunities could manifest to a significant impact and are defined as follows:

Short term:	12–24 months – aligned with the Group's going concern analysis
Medium-term:	3–5 years – aligned with the Group's viability statement period of 3 years
Long term:	5+ years – most of the Group's producing and near-term development royalties and streams are over mines with expected an expected life in excess of 5 years

Risk management and response

The Sustainability Committee and Audit Committee review the climate risk register as part of the semi-annual risk review to ensure that the assigned mitigating actions remain appropriate and are being implemented. Priority is given to those risks with a high rating that may manifest over the short to medium term. The Board also formally considers the Group's risk in designated sessions at the Group's semi-annual strategy days, in addition to the reports it receives from the Sustainability Committee and Audit Committee.

Ongoing oversight of the implementation and effectiveness of these actions is delegated to the Executive Committee supported by the senior leadership team. The senior leadership team meets monthly to review sustainability action items and monitor sustainability and climate-related incidents.

Strategy

We identified in the middle of the last decade that in order to manage climate change, a significant shift in energy origination, consumption and storage would be needed in future years. We realised that a significant amount of base metals and rare earths would be required to construct the technologies which would be required to drive such a step change and in early 2020, we announced a refinement to our investment strategy to focus our financing on commodities that support a sustainable future. We continue to believe that considerable quantities of these commodities will be required for the energy transition. We also recognise that both physical and transition climate risks and opportunities could impact our investment strategy, and we are committed to understanding and mitigating any potential financial impacts on our business.

Our climate-related risks and opportunities

The following tables outline the transition risks, physical risks and opportunities with the highest impact ratings that could affect the Group directly through our own operations or indirectly through the operations of our mining partners underlying our portfolio.

To the extent that climate change adversely affects our business and financial position, it may also have the effect of heightening a number of our principal risks and uncertainties detailed on pages 63 to 68. For example, the Group's portfolio contribution may be impacted by changes to production, for a variety of reasons including, but not limited to, climate change and the impact on production closely linked to the principal risk of 'operator dependence'. Where relevant, we have detailed the related principal risks and uncertainties that may be exacerbated by climate change risks in the tables on the following pages.

Transition risks

Pressure from financiers

Risk description:

Providers of debt and equity funding are increasingly making more stringent demands relating to climate impacts and decarbonisation, and in some cases raising the rate of loans of divesting completely from organisations that do not align with their criteria. Financiers are increasingly focused on understanding the impacts of Scope 3 emissions.

Related principal risks and uncertainties:

- Operator dependence
- Investment approval
- Financing capability
- Stakeholder support

Potential impact

Operators

- Delays, suspension or abandonment of development or production projects linked to unexpected decrease in commodity demand, rendering the project uneconomical

Potential impact on Ecora

- Divestment from the Group's securities due to ESG constraints
- Debt providers withhold or increase the cost of capital

Potential financial impacts for Ecora

- Market price: Decrease in the Group's market value and cost of shares
- Cost of capital: Reduced access and/or increased costs of capital
- Asset valuation: Potential impairment or write-off of the carrying value of the Group's royalty-related assets
- Revenue: Medium-term delays in royalty and metal stream revenue

Mitigating activities:

- Provision of data through reporting frameworks like the TCFD and CDP
- Work to enhance ESG rating scores with providers like MSCI and Sustainalytics
- Clear and transparent reporting on climate impacts, including Scope 3 emissions
- Aligning with recognisable net zero initiatives like SBTi

Time horizon:

12–24 months

Overall rating:

Moderate

Increasing regulation and reporting

Risk description:

- Policymakers will need to set stricter emissions and environmental compliance regulations, which are likely to be localised according to the priorities and ambitions of different regions. Companies may therefore encounter changing expectations related to their climate impacts.

Related principal risks and uncertainties:

- Investment approval
- Operator dependence

Potential impact

Operators

- Increased costs and possible project abandonment related to longer timelines and more arduous mining permitting processes
- Delays, suspension or abandonment of projects linked to costs to address mandatory compliance with local or national greenhouse gas emission laws, rendering the project uneconomical
- Potential impact on Ecora
- More resources need to meet more complex climate reporting obligations
- Failure to retrieve sufficient data from operators to report accurately

Potential financial impacts for Ecora

- Asset valuation: Potential impairment or write-off of the carrying value of the Group's royalty-related assets
- Revenue: Medium-term delays in royalty and metal stream revenue
- OPEX: Increased operational costs to meet reporting obligations

Mitigating activities:

- Proactive work to enhance greenhouse gas inventory methodology and align with standardised ESG reporting frameworks including UNGC and SBTi
- Extensive operator due diligence process which focuses on environmental aspects, including efforts to reduce emissions
- Regular market and regulation scans and forecasting in operator jurisdictions

Time horizon:

12–24 months

Overall rating:

Moderate

Transition risks continued

Stakeholder concern for climate change

Risk description:

- Stakeholders becoming more aware of and concerned by the impacts of climate change on their daily lives and the future, as well as the role and responsibilities of businesses in either supporting or detracting from the energy transition.

Related principal risks and uncertainties:

- Operator dependence
- Stakeholder support

Potential impact

Operators

- Disruption, suspension or abandonment of production or development projects due to community opposition or protests related to underlying commodity or high-carbon mining operations
- Potential impact on Ecora
- Stigmatisation of the industry leads to challenges in talent acquisition and retention within the organisation

Potential financial impacts for Ecora

- Revenue: Short or medium-term delays in royalty and metal stream revenue
- Asset valuation: Potential impairment or write-off of the carrying value of the Group's royalty-related assets
- OPEX: Higher costs to attract adequate talent to achieve the Group's strategy

Mitigating activities:

- Enhancing reporting transparency and communication efforts to illustrate the organisation's role in the energy transition
- Encouraging operators to invest in the decarbonisation of their operations
- Participation in industry forums to raise the profile of the wider industry

Time horizon:

12–24 months

Overall rating:

Moderate

Physical risks

Extreme weather events

Risk description:

- Increased frequency and intensity of acute weather events including more frequent and intense storms, floods and fire weather. These events may lead to damage to infrastructure and disruption to supply chains and livelihoods in the mining sector.

Related principal risks and uncertainties:

- Catastrophic events
- Operator dependence

Potential impact

Operators

- Delays, suspension or abandonment of production or development projects linked to partial or full destruction of assets
- Project delays linked to impacts on local labour force including staff health and safety and availability or higher costs associated with developments in response to climate-related events

Potential impact on Ecora

- Direct impacts likely minimal

Potential financial consequence for Ecora

- Revenue: Short to medium-term delays in royalty and metal stream revenue
- Asset valuation: Potential impairment or write-off of the carrying value of the Group's royalty and metal stream-related assets

Mitigating activities:

- Engagement of climate change expert to assess impacted assets
- Extensive operator due diligence process which focuses on environmental aspects, including exposure to extreme weather events

Time horizon:

3 - 5 years

Overall rating:

Moderate

Physical risks continued

Drought and water scarcity

Risk description:

- Changes to precipitation patterns and increasing aridity are likely to affect groundwater and surface water availability and water quality in several regions around the globe.

Related principal risks and uncertainties:

- Operator dependence
- Investment approval
- Stakeholder support

Potential impact

Operators

- Higher CAPEX investments to mitigate water impacts/availability (e.g. desalination plants) or OPEX costs associated with water treatment and discharge, potentially rendering the project uneconomical
- Project delays or suspension linked to conflict with surrounding communities on water withdrawal

Potential impact on Ecora

- Direct impacts likely minimal

Potential financial impacts for Ecora

- Revenue: Medium-term and potentially recurring delays in royalty and metal stream revenue
- Asset valuation: Potential impairment or write-off of the carrying value of the Group's royalty-related assets

Mitigating activities:

- Engagement of climate change expert to assess impacted assets
- Extensive operator due diligence process which focuses on environmental aspects, including water usage

Time horizon:

3–5 years

Overall rating:

Moderate

Opportunity

Increased demand for commodities

Opportunity description:

Demand for the commodities underlying the portfolio is expected to increase, which should result in higher prices, positively impacting the Group's future revenues.

Price premium may eventuate for those commodities ethically sourced or derived from operations with low carbon footprints and high sustainability credentials – e.g. Cobalt from Voisey's Bay and Iron Ore from IOC, both of which have strong sustainability credentials and low carbon footprints.

85% of the Group's portfolio contribution in 2026 is expected to be generated from royalties and streams directly linked to commodities required for a low carbon future – Copper, Nickel, Cobalt, Vanadium and, in some jurisdictions, Uranium.

Related principal risks and uncertainties:

- Investment approval
- Future demand
- Commodity prices
- Geopolitical events

Potential impact

Potential financial impacts for Ecora

- Revenue: Medium to long-term increases in royalty and metal stream revenue

Time horizon:

3–5 years

Scenario analysis

This year Ecora undertook climate scenario analysis to enhance understanding of the risks facing our business and to assess the strategic resilience of the Group's investment strategy. With the support of external consultancy Ever Sustainable, we developed two bespoke and challenging scenarios designed to explore how our identified risks might develop over the short, medium and long term.

We outline the key parameters used to define the scenarios we tested here:

Parameter	Selection	Rationale
Scenario source	Combination of NGFS and IEA with some input from IPCC	+ The nature of Ecora's business as a provider of financial capital creates natural alignment to the financial focus of the NGFS. + The IEA provides specific data and commentary on commodity demand outlook in the context of the energy transition that is highly relevant to our business and strategy. + Supplementing physical scenarios with IPCC data allows for deeper understanding of physical risks.
Base scenarios	1.5°C – Delayed Transition (emphasis on transition risk)	+ Given the Group's strategic emphasis on providing capital to support the energy transition, this scenario was chosen to understand how delayed time horizons could impact our strategy as well as the expectation of greater financial instability in markets.
	3–4°C – Current Policies (emphasis on physical risk)	+ The impact of climate change on mining operators is most evident in 'Hot House World' style scenarios, and this scenario was thus selected to understand how our operator dependence risk could evolve in light of increased physical climate risk.
Time frame	Short term: 12–24 months Medium term: 3–5 years Long term: 5+ years	+ The time horizons selected align to Ecora's business planning horizons. Because climate risks are longer term in nature and for the purpose of this exercise, we looked out to 2040 to gauge potential long-term impacts.
Geographies	Global with some focus on South America, North America and Australia	+ To better understand the breadth of climate-related risks, geographical emphasis was kept wide with some tailoring towards regions with the greatest portfolio exposure.
Commodities	Cobalt, Copper, Nickel and Vanadium	+ Where possible, data and trends relevant to these commodities was emphasised due to Ecora's portfolio exposure to these metals. + While the contribution from the Group's Kestrel royalty was material in 2022, production will transition outside of the Group's private royalty lands over the next 5 years, as a result metallurgical coal is not a focus commodity for the scenario analysis

The first scenario was influenced by the NGFS Delayed Transition Scenario with inputs from the IEA Sustainable Development Scenario (SDS). This scenario assumes that global emissions do not begin to decline until 2030 when sudden and stringent policy action is taken. The second scenario relies primarily on the NGFS Current Policies and IEA Stated Policies Scenario (STEPS). This scenario describes a pathway in which only currently implemented policies are continued, leading to severe physical climate risks and long-term socioeconomic tensions.

Assessing our resilience

A workshop with individuals from across the business including our CEO, explored how the attributes of each scenario might impact the Group over time. The key highlight from the scenario analysis was that with the Group's current commodity mix the potential financial upside for the Group in the Delayed Transition Scenario is stronger, while the trajectory of commodity demand in line with expectations outlined in Current Policies remains attractive for the Group's financial prospects. The Executive Committee, Sustainability Committee and Board have considered the outcomes of the scenario analysis exercise and conclude that our investment strategy remains resilient under both scenarios.

We outline key issues raised in the session here:

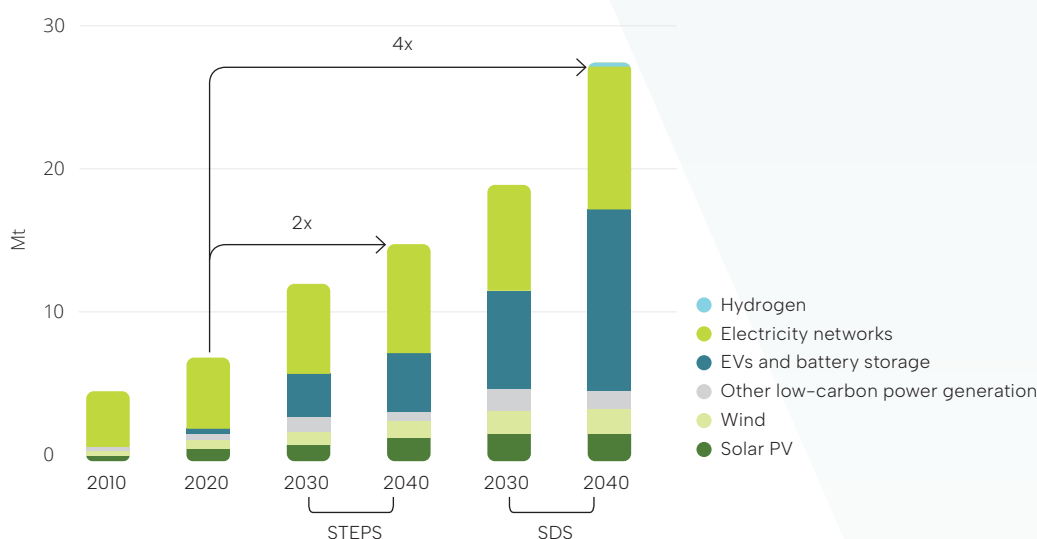
Delayed Transition

- Depending on the form of carbon pricing introduced, Ecora could be directly impacted. However, the Group's focus on low carbon operators helps to mitigate its exposure to high costs, and the Group would expect any eventual costs to pose a minimal impact to the business.
- Increased volatility in the marketplace may disrupt the Group's ability to raise capital in public markets temporarily. However, poor market conditions may also provide opportunities for the Group to identify attractive deals.
- Development projects in particular could face regulatory headwinds from government in the medium term, although the Group's portfolio exposure is limited.
- In the short term, Ecora's exposure to coal will roll off, greatly reducing associated reputational or financial risks.

Current Policies

- Understanding the physical climate risks facing the Group's assets would be helpful in determining the Group's exposure to physical climate impacts in the long term. The Group is enhancing its assessment of physical climate exposure as part of its ESG due diligence framework.
- Lower productivity levels at mine sites due to environmental hazards such as heatwaves could exacerbate the existing talent shortage facing the industry.
- Lower demand or market uncertainty linked to depressed GDP could lead to periods of reduced income; however, long-term supply dynamics suggest that even in a reduced demand scenario, there will still be shortfalls in supply that will need to be met.

Total mineral demand for clean energy technologies by scenario



Source: IEA

Critical mineral needs for clean energy technologies

	Copper	Cobalt	Nickel	Lithium	REEs	Chromium	Zinc	PGMs	Aluminium*
Solar PV	●	●	●	●	●	●	●	●	●
Wind	●	●	●	●	●	●	●	●	●
Hydro	●	●	●	●	●	●	●	●	●
CSP	●	●	●	●	●	●	●	●	●
Bioenergy	●	●	●	●	●	●	●	●	●
Geothermal	●	●	●	●	●	●	●	●	●
Nuclear	●	●	●	●	●	●	●	●	●
Electricity networks	●	●	●	●	●	●	●	●	●
EVs and battery storage	●	●	●	●	●	●	●	●	●
Hydrogen	●	●	●	●	●	●	●	●	●

Notes: shading indicates the relative importance of minerals for a particular clean energy technology
● = high; ● = moderate; ● = low, which are discussed in their respective sections in this chapter.

CSP = concentrating solar power; PGM = platinum group metals.

* Aluminium demand is assessed for electricity networks only and is not included in the aggregate demand projections.

Delayed transition

Using the our risk rating system, we assessed each of our identified climate risks in the context of both scenarios across the short, medium and long term.

Risk category	Risk	Short	Medium	Long
Physical risk	Extreme weather	●	●	●
	Drought and water scarcity	●	●	●
	Rising temperatures	●	●	●
	Rising sea level	●	●	●
	Heavy rainfall	●	●	●
Transition risk	Increasing climate regulation	●	●	●
	GHG emissions pricing mechanisms	●	●	●
	Climate litigation	●	●	●
	Uncertain demand for commodities	●	●	●
	Unpredictable technological developments	●	●	●
	Pressure from financiers	●	●	●
	Stakeholder concern for climate change	●	●	●

Current policies

Using the our risk rating system, we assessed each of our identified climate risks in the context of both scenarios across the short, medium and long term.

Risk category	Risk	Short	Medium	Long
Physical risk	Extreme weather	●	●	●
	Drought and water scarcity	●	●	●
	Rising temperatures	●	●	●
	Rising sea level	●	●	●
	Heavy rainfall	●	●	●
Transition risk	Increasing climate regulation	●	●	●
	GHG emissions pricing mechanisms	●	●	●
	Climate litigation	●	●	●
	Uncertain demand for commodities	●	●	●
	Unpredictable technological developments	●	●	●
	Pressure from financiers	●	●	●
	Stakeholder concern for climate change	●	●	●

● = high; ● = moderate; ● = low

The Sustainability Committee, Audit Committee and Board have considered the outputs of the scenario analysis, and after applying existing consensus pricing to the future demand scenarios have concluded that climate change is not expected to have a material impact on the Group's business model, therefore we do not consider a quantitative analysis to be material to our disclosures at this stage. However, the Board believe the assessment of the impact of climate change on the Group's business model is an iterative process, as assumptions relating to both the physical and transitional impacts are refined as more data becomes available.

Metrics and targets

As described, the Group is not currently in a position to fully comply with the disclosures required by the "Metrics and Targets" TCFD pillar. Following are the Group's disclosures in relation to its Scope 1, Scope 2 and Scope 3 (upstream) emissions together with details of the progress the Group has made in relation to collating its Scope 3 – downstream emissions.

Greenhouse Gas Emissions

During the course of 2022, the Group has been working to understand how it can set meaningful targets to mitigate the carbon impacts of its business. Ecora has decided to set the following objectives:

- Ecora commits to achieving and maintaining zero Scope 1 and 2 GHG emissions by the end of 2023.
- Ecora to maintain carbon neutrality (at the corporate level) (recognised by ClimatePartner). With regards to being carbon neutral, we include our Scopes 1,2 and 3 (upstream) (and do not currently include Scopes 3 (downstream) emissions predominantly related to our investments). Ecora will continue to engage with its operating partners to understand their emission reduction and net zero targets and respective action plans in line with a 1.5°C warming pathway.
- Ecora will continue to enhance its understanding of its Scope 3 (downstream) emissions.

In order to set these objectives, Ecora has leveraged guidance from the Science Based Targets initiative (SBTi) for small to medium enterprises (SMEs). The SBTi guidance for SMEs informed our approach to achieving zero Scope 1 and 2 emissions and reducing our Scope 3 (upstream) emissions. More broadly, SBTi guidance has enhanced our understanding of what it means to be net zero, and going forward the Group will explore how it might feasibly expand its ambitions.

Corporate level emissions

At the start of 2023, we began collating the Group's greenhouse gas emissions inventory following the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and Scope 2 Guidance for Ecora's Scope 1, 2 and 3 (upstream) emissions at the corporate level.

Climate change and energy	2022	2021	2020
Performance indicator			
Direct (Scope 1) GHG Emissions	0	0	0
Indirect (Scope 2) GHG Emissions	0	0	13.42
Total scope 1 and scope 2	0	0	13.42
Scope 3 - (upstream) at a corporate level	102t	35t	23.25t

Scope 1 (direct) and Scope 2 (indirect) emissions

As a royalty and streaming company, Ecora has a small direct carbon footprint with only one office and 14 employees. As a result, the Company does not produce Scope 1 (direct) emissions. Ecora had no Scope 2 (indirect) emissions in 2021 or 2022, as our office electricity was from renewable energy sources.

Scope 3 (upstream) emissions

The majority of our Scope 3 (upstream) emissions arise from business travel. International travel is an essential part of our business. Engaging with and monitoring our operator partners and connecting with our stakeholders is a key part of our wider sustainability strategy of responsible operations and responsible investments.

Scope 3 (upstream) emissions for employee commuting for both 2020 and 2021 are not representative of a typical year. There was a behavioural shift in employee commuting during this time, with a sharp increase in remote working after the spread of COVID-19 in March 2020. Although Ecora offices remained open to employees during 2021, full-time attendance in the office was not mandatory and as a result the number of employee commuting days was reduced. While office attendance is still not mandatory, Ecora has seen more employees return to the office in 2022 and envisages this will continue throughout 2023.

While the movement of our employees is essential to our business, Ecora continues to look at ways to reduce the associated carbon emissions. We set out our commitment to the measurement and reduction of these emissions below:

- Ecora encourages employees to make sustainable travel choices where possible through its sustainable travel and expenses policy which was implemented at the start of 2022.
- Under such travel policy, all international flights of employees need to be authorised by a member of the Executive Committee.
- Ecora commits to using, where possible, airlines that have committed to the reduction of carbon emissions in line with science-based targets, and we hope to see more airlines in the future align to the SBTi (or equivalent).
- Ecora continues to measure and offset its Scope 3 (upstream) emissions on an annual basis, noting that carbon credits do not count towards any of Ecora's science-based targets but are a means to finance additional climate mitigation beyond its ongoing reduction efforts.

Since 2021, Ecora has purchased offsets to neutralise all emissions that are currently reported in its emissions inventory. Ecora remains committed to offsetting emissions that it has historically measured and for which it has the most control. These mainly include emissions associated with Scope 3 (upstream) emissions (being employee commuting and employee travel). We offset our global emissions for 2020, 2021 and 2022 by purchasing from ClimatePartner a Gold Standard VER (GS VER) wind energy project in Ovalle, Chile. The project comprises two wind farms with a total of 57 wind turbines. It promotes clean wind energy and contributes to the energy transition in Chile by expanding the renewable energy sector. We chose to offset our emissions through this project based in Chile as it promotes sustainable development in the region and creates long-term jobs in Ovalle. Following the acquisition of Santo Domingo, Ecora now has two royalty investments in Chile and continues to be committed to impacting the countries in which we invest.

Scope 3 (downstream) emissions

At Ecora, we are committed to capturing a complete picture of our emissions profile, including our operating partners' or Scope 3 (downstream) emissions. We recognise that a significant proportion of our Scope 3 emissions stem from our investments' financed emissions. Financed emissions refers to Ecora's attributable share of our royalty or stream investments' emissions. There is currently no defined methodology for calculating financed emissions for royalty companies. Although the Partnership for Carbon Accounting Financials ("PCAF") has developed guidance to help the financial industry assess and disclose financed emissions, this guidance currently does not cover investments like royalties and streams. Ecora is exploring a methodology for calculating financed emissions for its royalties and streams.

We continue to monitor our existing assets within our portfolio through our ESG risk due diligence framework and monitoring tools. Part of this process includes continuing to engage with our operating partners to understand their current and historic emissions including how such emissions are calculated, their emission reduction and net zero targets and respective action plans in line with a 1.5°C warming pathway, which, in time, will enable Ecora to set its own net zero transition plan.

As part of this ongoing dialogue, we have received the following Scope 3 (downstream) emissions data from our operating partners which is set out in the table below. This data is in relation to the operators' total emissions generated from their mines and mills, and therefore the financed emissions generated from our portfolio would be significantly lower. As stated above, Ecora is exploring ways to enhance its disclosures by reporting our investments' GHG emissions on an attributable basis, based on our royalty or streaming interest in each project.

Operating partners	GHG emissions	2021	2020	2019
Voisey's Bay Stream	Scope 1 (tCO ₂ e)	LHPP: 35,957.69 VB: 83,744.71	LHPP: 41,458.36 VB: 73,397.22	LHPP: 41,440.88 VB: 81,705.44
	Scope 2 (tCO ₂ e)	LHPP: 9,043.91 VB: 0	LHPP: 8,205.34 VB: 0	LHPP: 12,793.17 VB: 0
Mantos Blancos Mine	Scope 1 (tCO ₂ e)	156,382	132,848	—
	Scope 2 (tCO ₂ e)	71,689	65,043	—
Kestrel Mine	Scope 1 (tCO ₂ e)	1,236,654	1,178,560	—
	Scope 2 (tCO ₂ e)	148,269	142,177	—
Maracas Menchen Mine	Scope 1 (tCO ₂ e)	77,765	78,506	—
	Scope 2 (tCO ₂ e)	8,270	4,169	—
Carlota	Scope 1 (tCO ₂ e)	0.4035	0.3822	0.3303
	Scope 2 (tCO ₂ e)	—	—	—
Piauí Project	Scope 1 (tCO ₂ e)	1,209	—	—
	Scope 2 (tCO ₂ e)	31	—	—

Viability statement

In accordance with provision 31 of the 2018 revision of the Code, Ecora has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Directors confirm that they have a reasonable expectation that Ecora will continue to operate and meet its liabilities, as they fall due, over the next three years. The Directors' assessment has been made with reference to Ecora's current position and prospects, our strategy, the Board's risk appetite and Ecora's principal risks and how these are managed, as detailed on pages 62 to 68 in the Strategic report.

The Board reviews our internal controls and risk management policies and approves our governance structure and code of conduct. It also appraises and approves major investment and financing decisions, and evaluates and monitors the performance and prospects of Ecora as a whole. The focus is on continuing to apply the Group's disciplined approach to investment and build our portfolio through the acquisition of royalties and streams to sustain our long-term financial performance.

The Board reviews Ecora's strategy and makes significant investment decisions over a long-term time horizon, based on a multi-year assessment of return on capital, the performance of the company, and the outlook for commodities. This approach is aligned with the long-life but depleting nature of the Group's royalties and streams. However, since many external factors, such as commodity prices, become increasingly unpredictable over longer time horizons, Ecora focuses its detailed, bottom-up base case financial forecast on a three-year cycle.

The base case financial forecast is reviewed and approved at least annually by the Directors. The Directors believe that a three-year assessment period for the Viability statement is most appropriate as it aligns with the Group's well established business planning processes that balance the long-term nature of our royalties and streams with an assessment of the period over which analysis of near-term business performance is realistically visible.

Assessment process and key assumptions

The base case financial forecast covering the next three years is based on a number of key assumptions, the most important of which include commodity prices, estimated volumes, exchange rates and no further acquisitions or investment and holding our cost base (overheads and dividends) constant. On this basis, the Group would expect to remain firmly covenant compliant throughout the tenure of its borrowing facility with a manageable refinance ratio at maturity.

Assessment of viability

Assessment of the Group's viability is based on a financial forecast covering the next three years, which is consistent with the Group's medium-term planning horizon and the terms of its borrowing facility. The financial forecast has been stress tested on a 'severe but plausible' scenario to see whether the same conclusion would be reached should this materialise. This scenario is the Group's base case financial model adjusted for:

- 15% reduction in volumes
- 10% reduction in consensus commodity price assumptions
- 10% weakening in the currencies the Group is exposed from their current levels

This scenario is directly related to the following principal risks: commodity prices, operator dependence and concentration, geopolitical events and pandemic. The other principal risks are either likely to manifest outside the three year viability period or will be addressed by general mitigating strategies available to the Group such that they are unlikely to jeopardise the Group's viability over the three year period.

The three-year review also assumes there are no additional acquisitions during the period and that the Group's existing revolving credit facility is refinanced on maturity in January 2025.

The combination of the above would result in a ~35% reduction in overall portfolio contribution with liquidity headroom remaining positive throughout and the Group's leverage ratio expected to peak at 2.4x during the assessment period which is well within the financial covenants of the existing revolving credit facility. The Directors, therefore, have a reasonable expectation that even under the severe but plausible scenario, the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.



Our approach towards corporate governance

As a standard listed company on the London Stock Exchange, the Company is required to comply with, at a minimum, the relevant Listing Rules, the Disclosure, Guidance and Transparency Rules and the Prospectus Rules. However, it is not required by law to comply with the super-equivalent provisions of the Listing Rules which apply to companies with a premium listing.

The Company is, however, complying on a voluntary basis with related party requirements that are substantially equivalent to those set out in Chapter 11 of the Listing Rules.

Compliance with the UK Corporate Governance Code

The Board supports the principles and provisions of the UK Corporate Governance Code (the Code) issued by the Financial Report Council (FRC), which is available on the FRC's website (www.frc.org.uk). Although the Company is not subject to the Code on account of its standard listing on the London Stock Exchange, the Company has voluntarily agreed to adhere to the requirements of the Code.

It is the Board's view that the Company has complied throughout the year with the Code, with the exception of Provision 38 which relates to pension contributions rates. The outgoing CEO, Mr. Treger received a pension allowance of 11% until his departure on 31 March 2022, while the wider workforce allowance was 10%. Mr Bishop Lafleche's pension allowance on assumption of the role of CEO on 1 April 2022 was and remains 10% of base salary, in line with the wider workforce.

The Code specifically requires companies to report on how it complies with five main areas of governance: board leadership and company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration.

1. Board leadership and Company purpose

Role of the Board

The Company's governance is structured to deliver an effective and entrepreneurial Board which:

- is effective in providing challenge, advice and support to management;
- drives informed, collaborative and accountable decision-making;

- creates long-term sustainable value for our shareholders, having regard to our other stakeholders.

The Board is collectively responsible for approving the Group's purpose, long-term objectives and strategy and for reviewing performance against them. The Board is also responsible for the general oversight of the Group's operations and management.

The Company's purpose, values and strategy, and alignment with culture

Through the Ecora Resources Code of Conduct, the Board sets the Company's purpose, values, and standards for the Group's Directors, employees, contractors, consultants and agents. The Company's purpose and values are detailed on page 1. The Board is committed to acting in accordance with these values, championing, and embedding these in the organisation. The Board assesses and monitors the ongoing alignment of the Company's culture with its purpose, values and standards. The Company has an open culture where employees are encouraged to provide their views on strategic direction and ways in which communication can be improved. This is overseen by the Designated Non-Executive Director responsible for workforce engagement, as described below in 'stakeholder engagement' and on page 50.

Company performance and risk management

The Board oversees the Company's performance and reviews material investments at several stages prior to transacting. It aims to make informed, quality decisions in a timely manner, to achieve the Company's objectives, in alignment with our purpose, values and strategy.

The role of the Board in establishing and monitoring the internal control environment is set out in more detail on page 90. The way in which the Company assesses and manages risk is set out in the Principal risks and uncertainties section on pages 62 to 68.

The formal schedule of matters reserved for the Board's decision, available on our website: www.ecora-resources.com/sustainability/governance, covers areas including: setting the Group's purpose and strategic vision; monitoring performance of the delivery of the approved strategy; approving major investments, acquisitions and divestments; the oversight of risk and the setting of the Group's risk appetite; and reviewing the Group's governance framework.

Stakeholder engagement

The Group recognises the importance of developing a fuller understanding of its business model and risks amongst investors, through effective two-way communication with fund managers, institutional investors and analysts. This is particularly important in ensuring that the Company's values and objectives are aligned with our current and prospective stakeholders, as further explained in our section 172 (1) statement, set out on page 51.

The Board

Chairman

Mr. Meier leads the Board, shaping the culture of the Boardroom to ensure the Directors function effectively as a team. His main responsibilities include: chairing the Board and Nomination Committee and setting their agendas; Board composition encompassing Director performance, induction, training and development and succession planning; supporting the Chief Executive Officer and his team; engagement with external stakeholders and attendance by the Board at shareholder meetings.

Senior Independent Director (SID)

Mr. Rutherford has served as the Board's SID since January 2020.

He acts as a sounding board for the Chairman and engages with shareholders to develop a balanced understanding of their interests and concerns. The SID leads the annual review of the performance of the Chairman and is available to meet with shareholders as required.

Independent Non-executive Directors (NEDs)

The role of the NEDs is to support, constructively challenge, and provide advice to executive management; effectively contribute to the development of the Group's strategy; scrutinise performance of management and monitor the delivery of the Group's strategy.

Chief Executive Officer

Mr. Bishop Lafleche formulates and leads the implementation of the Group's strategy as agreed by the Board, chairs the Executive Committee through which he carries out his duties and oversees corporate relations with shareholders and other stakeholders. He has overall responsibility for the Group's sustainability policy and practices.

Chief Financial Officer

Mr. Flynn is a member of the Executive Committee and plays a key role in the overall management and direction of the Group in partnership with the Chief Executive Officer. He is responsible for devising and implementing the Group's financial strategy and policies.

Board Committees

Nomination Committee

Responsible for the composition of the Board ensuring an optimum mix of skills and experience; succession planning for the Board and senior management; annual effectiveness evaluation of the Board, Committees and individual directors.

For more information see pages 94–95

Audit Committee

Oversight of financial reporting, audit, internal control and risk management.

For more information see pages 96 to 99

Sustainability Committee

Responsible for the development and implementation of the Group's sustainability strategy and overseeing sustainability issues including environment, climate change and social performance.

For more information see pages 100 to 101

Remuneration Committee

Designs the Group's overall remuneration strategy and policy. Sets the remuneration of the executive directors, the chairman, senior management and considers the remuneration policy for the wider workforce.

For more information see pages 102 to 116

Chief Executive Officer

Executive Committee

Supports the Chief Executive Officer in fulfilling his duties. Responsible for formulating strategy, setting targets/budgets and managing the Group's portfolio of royalties and streams.

1. Board leadership and Company purpose continued

Stakeholder engagement continued

Following the appointment of Mr. Bishop Lafleche as the Company's Chief Executive Office on 1 April 2022, a full schedule of shareholder meetings was undertaken in-person and via virtual platforms. In addition to meeting with shareholders, a full programme of investor roadshow meetings and presentations was executed by the Chief Executive Office and Chief Financial Officer in the second half of 2022 following the completion of the \$185m acquisition of the South32 royalty portfolio. The Chairman and Senior Independent Director also continued to meet with stakeholders on a regular basis throughout 2022.

The Company has three joint brokers, RBC Capital Markets, Berenberg and Peel Hunt, and the Board remains satisfied that the United Kingdom, Europe and North America, which are the jurisdictions likely to make up most of our shareholder base, are well covered by brokers with significant local expertise.

At the same time, the Board continues to receive regular investor relations reports, including commentary on the perception of the Company, views expressed by the investment community, media reports, share price performance and analysis, so as to ensure that all Directors are made aware of the major shareholders' issues and concerns. In addition, the Committee Chairs also engage with their relevant stakeholders and details of this engagement are provided in each of the Committee reports on pages 94 to 116.

The Company's small number of employees are centrally located at the Company's Head Office, which aids regular direct engagement with the whole Board. Since 2018 the role of Designated Non-Executive Director responsible for workforce engagement has been rotated between the Company's Non-Executive Directors to further enhance the Board's interaction with and exposure to the Company's employees. Mr. Stan was appointed Designated Non-Executive Director in November 2020 and holds a number of virtual and in-person townhalls with all employees each year, with feedback from the meeting and action items arising placed on the Board's agenda. During 2022, Mr. Stan held two townhalls with the Company's employees. In addition to the townhalls, all employees attend the semi-annual strategy sessions with the Board, where they are encouraged to contribute to and participate in the Board discussions. The terms of reference for the Designated Non-Executive Director are available on the Group's website: www.ecora-resources.com/about-us/governance.

Annual General Meeting (AGM)

The Company's AGM is the highlight of the year for the Board, as it provides an excellent opportunity for active engagement with investors and to further the investors' understanding of the current business activity of the Group. After two years of COVID-19 restrictions, the Board was pleased to have the 2022 AGM return to its usual format, which was well attended.

The Board values the AGM as an opportunity for its retail shareholders to raise questions and comments to the

Board and in 2022 the meeting provided an opportunity for shareholders to meet the Company's newly appointed Chief Executive Officer, Mr. Bishop Lafleche, who outlined his vision for the Company's future.

Our workforce policies and practices

Ecora's core values and principles and the standards of behaviour to which personnel across the Group are expected to work, are set out in the Group's Code of Conduct. These values and principles are applied to our suppliers and our stakeholders. The Group has detailed policies and procedures in place on a range of relevant areas such as business ethics, diversity and inclusion, insider dealing and share dealing and human rights and modern slavery. The list of all the Group's policies and procedures can be found on the website www.ecora-resources.com/about-us/governance. Depending on the nature of their role, Directors and employees of the Group receive more detailed training on those policies both as part of their induction process and Ecora's ongoing training programme. A detailed corporate governance programme, which includes topics such as insider dealing, business integrity, insider dealing, related party transactions and conflicts of interest has been put in place and will be rolled out during the course of 2023.

Whistleblowing and anti-corruption policies and practices

All of the Company's business integrity (including whistleblowing and anti-bribery and corruption) policies are approved by the Board. The Board is ultimately responsible for our whistleblowing process, with day-to-day oversight by the Audit Committee and every member of the workforce has access to 'Safe Call' an independent third-party provider enabling all employees to raise any matters of concern anonymously. There were no instances of whistleblowing over the past year. In addition to our whistleblowing policy, the Group also has in place an anti-bribery, corruption and money-laundering policy. Compliance training is conducted across the Group, appropriate due diligence is carried out on counterparties and suppliers, and there are anti-bribery and corruption provisions in our agreements. Employee sign-off confirming their observance of the Code of Conduct, anti-bribery, corruption and money-laundering policy and the gifts and hospitality standard is conducted on our annual basis.

Conflicts of interest

In accordance with the Companies Act 2006 and the Articles of Association, conflicts of interest must be authorised by the Board and this ensures that the influence of third parties does not compromise the independent judgement of the Board. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Group. The Company Secretary and the General Counsel maintain a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict. The authorisations are for an indefinite period but are reviewed annually by the Board, which also considers the effectiveness of the process of authorising Directors' conflicts of interest. The Board retains the power to vary or terminate these authorisations at any time.

2. Divisions of responsibility

The Chairman, Mr. Meier, leads the Board and is responsible for its overall effectiveness. He was independent on the date of his appointment. He recognises the importance of creating a boardroom culture which encourages openness and debate and facilitates constructive relations between Executive and Non-Executive Directors.

The Chairman is responsible for: the management of the Board and its Committees; Director performance; induction; training and development; succession planning; engagement with external stakeholders and attendance by the Board at shareholder meetings. The Chairman is supported by the Senior Independent Director, the Chief Executive Officer, the Company Secretary and General Counsel.

The day-to-day management of the Group is delegated to the Chief Executive Officer (CEO), save for certain matters reserved for consideration by the Board. The Chairman and CEO have distinct roles which have been defined in writing and agreed by the Board. The CEO is supported by the Chief Financial Officer, meet as an Executive Committee. The Executive Committee is responsible for formulating the Group's strategy, setting budgets, and managing the Group's portfolio of royalties and metal streams.

Other responsibilities are devolved to the Nomination, Remuneration, Audit and Sustainability Committees; their members are all Non-Executive Directors, save for the Sustainability Committee where the CEO is a member, and their work is described more fully in the respective Committee reports on pages 94 to 102. The terms of reference of each Committee, and the matters reserved to the Board, are available on the Group's website.

The Senior Independent Director, Mr. Rutherford, is responsible for acting as a sounding board for the Chairman and engages with shareholders to develop a balanced understanding of their interests and concerns. The Senior Independent Director is not required to seek meetings with shareholders, however, is available to do so if required in order to understand shareholder concerns and take them to the Board for discussion.

Time commitment

All potential new Directors are asked to disclose their other significant commitments. The Nomination Committee then takes this into account when considering a proposed appointment to ensure that the potential new Directors can discharge their responsibilities to Ecora Resources effectively. This means not only attending and preparing for formal Board and Committee meetings, but also making time to understand the business, and to undertake training. The time commitment is agreed with each Non-Executive Director on an individual basis. In addition, all Directors must seek approval before accepting any significant new commitment.

Where circumstances require it, all Directors are expected to commit additional time as necessary to their work on the Board. The Company Secretary and the General Counsel maintain a record of each Director's commitments. For the year ended 31 December 2022 and as at the date of publication, the Board is satisfied that none of the Directors is over-committed and that each of the Directors allocates sufficient time to his or her role in order to discharge their responsibilities effectively.

Directors' attendance at Board and Committee meetings which they were eligible to attend during 2022 was as follows:

	Full Board	Audit	Nomination	Remuneration	Sustainability
Total meetings held	9	4	4	8	4
Attendance:					
M. Bishop Lafleche ⁽¹⁾	8	—	—	—	3
C. Coignard ⁽²⁾	—	—	—	—	—
R.G. Dacomb	9	4	4	8	—
K. Flynn	9	—	—	—	—
N.P.H. Meier	9	—	4	—	—
J.E. Rutherford	9	4	4	8	4
R.H. Stan	9	4	4	8	4
V. Shine	9	4	4	8	—
J.A. Treger ⁽³⁾	2	—	—	—	1

(1) M. Bishop Lafleche was appointed to the Board and Sustainability Committee on 1 April 2022.

(2) C. Coignard was appointed to the Board, Remuneration Committee and Sustainability Committee on 1 January 2023.

(3) J.A. Treger stepped down from the Board and Sustainability Committee on 31 March 2022.

3. Composition, succession and evaluation

Appointments to the Board

All Directors are subject to election by shareholders at the first opportunity after their appointment. Under the terms of the Company's Articles of Association, all Directors are required to retire and seek re-appointment by shareholders at an AGM on the third anniversary of their appointment. All current Non-Executive Directors were appointed for an initial three-year term, renewable at the Board's discretion for up to two further three-year periods thereafter, and the Board intends that all future Non-Executive Director appointments will be on similar terms. Notwithstanding this, it is the Board's intention that all Directors, including the Non-Executive Directors, shall be subject to re-election at each AGM.

The Nomination Committee ensures a formal, rigorous and transparent procedure for the appointment of new Directors. It is also responsible for Board and senior management succession planning, regularly assessing the balance of skills, experience, knowledge, diversity and capacity required to oversee the delivery of Ecora Resources' strategy.

The remit of the Nomination Committee includes reviewing proposals for appointments to the Executive Committee, and monitoring senior management succession planning, including ensuring that both of these are based on merit and objective criteria and within this context seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. All Non-Executive Directors are members of the Nomination Committee. The Committee is chaired by the Chairman, apart from when the Committee is dealing with the appointment of his or her successor. The Nomination Committee Report on pages 94 and 95 sets out the Board's approach to succession planning and how this supports the development of a diverse pipeline of talent, at all levels.

Following a review of the mix of skills, experience, diversity and perspectives of the Board, together with the objective of increasing female representation on the Board, the Nomination Committee initiated an extensive search for an additional Independent Non-Executive Director. Heidrick and Struggles were retained by the Committee to assist with the search process, after a competitive tender process having demonstrated a good understanding of the Board's requirements.

Prior to the search commencing, the Nomination Committee agreed the skills and experience it considered necessary for the role and provided this to Heidrick and Struggles. A longlist of diverse candidates was then identified by Heidrick and Struggles and discussed with the Chairman to agree a shortlist to be interviewed. Shortlisted candidates were interviewed by members of the Committee and other Board members, as relevant and culminated in the appointment of Ms. Coignard on 1 January 2023. Ms. Coignard's biography can be found on page 93.

Diversity and Inclusion

The Financial Conduct Authority ("FCA") introduced a new listing rule on diversity and inclusion disclosures (applying to financial period commencing on or after 1 April 2022) which forms part of the Listing Rules and Disclosure Guidance and Transparency Rules, that will be required next year. The new listing rule sets the following target:

- At least 40% of the board are women
- At least one of the senior board positions is held by a woman
- At least one Board Director is from a non-White ethnic minority background

The Group has considered the new disclosure requirements and has decided to report early on the Board specific targets set out in the new listing rule. As at 31 December 2022, the Group has not achieved any of the targets with 14.3% of the Board Directors being women; no senior Board positions were held by women; and no Board Directors were from a non-White ethnic minority background.

Between the 31 December 2022 and the date of this report, Ms. Coignard was appointed to the Board as an Independent Non-Executive Director, increasing the number of female Directors to two or 25% of the Board.

The Board, and the entire Group is on a journey to increase its diversity, which is considered to encompass and make good use of differences in the skills, regional and industry experience, background, race, gender and other attributes. Over the next twelve months the Board composition will continue to evolve with the orderly transfer of the role of Senior Independent Director from Mr. Rutherford to Ms. Shine, together with the planned departure of Mr. Stan at the conclusion of the 2023 Annual General Meeting, and the planned succession of the Chairman in 2024. This evolution in the Board composition will provide the Nomination Committee with the natural opportunity to consider and balance achieving the target set in the new listing rules against the replacement of the capabilities and skills lost as a result of retirements from the Board.

Further details on the Group's approach to diversity, inclusion and equal opportunity, including the gender diversity of our wider workforce can be found on page 55. In addition, further details on the Board's gender diversity can be found on page 89.

3. Composition, succession and evaluation continued

Skills, experience and knowledge of the Board and its Committees

The Group's succession planning aims to bring a diverse and complementary range of skills, knowledge and experience to the Board, so that the Board is equipped to navigate current and future challenges, and maximise value from current and future opportunities. Achieving the right blend of skills, experience, knowledge and diversity to support effective decision-making is a continuing process and forms part of the annual Board effectiveness review, which also attempts to identify any skills gaps.

The Chairman regularly reviews the Directors' training needs and, where appropriate, the Group provides the resources to meet the Directors' requirements. At least biannually external subject matter experts are engaged to update and advise the Board on governance and secretarial changes. In addition, the Board has in place a formal induction process for new Directors on joining the Board, which is tailored to the needs of the individual.

Independence of the Non-Executive Directors

Throughout 2022 and as at the date of this report, at least half of the Board are independent Non-Executive Directors. The Board determines all of the Non-Executive Directors (other than the Chairman) to be independent of management and free from any business or other relationship which could materially interfere with the ability to exercise independent judgement. The Code does not consider a chairman to be independent due to the unique position the role holds in corporate governance. Mr. Meier met the independence criteria

contained in the Code when he was appointed as the Group's Chairman in 2017.

On 19 February 2023, Mr. Stan had served on the Board for nine years. As a result, Mr. Stan will not be standing for re-election at the Company's AGM in May 2023 and will step down from the Board at that time.

To ensure the continued effectiveness of the Board, the Chairman and the Non-Executive Directors regularly meet without the Executive Directors present. The Chairman also meets each of the Non-Executive Directors, at least annually. On an annual basis, the Senior Independent Director leads the other Non-Executive Directors in the appraisal of the Chairman's performance.

Board effectiveness

A Board and Committee effectiveness evaluation is carried out each year. The evaluation considers (but is not limited to): the balance of Board members' skills and experience; independence; diversity; the running of the Board; and Directors' knowledge of the Company. At least every three years, the review is externally facilitated. The last externally facilitated effectiveness review of the Board was undertaken in 2020, the results of which were reported in the 2020 Annual Report.

From the 2021 internal review, the Board identified two effectiveness priority areas for 2022. An action plan to address these areas was developed in 2022 and progress measured throughout the year, as illustrated in the table below. While the Board succeeded in implementing the action plan for two of the priority areas in 2022, the aim to improve the Board's diversity remains an area of focus for 2023.

3. Composition, succession and evaluation continued

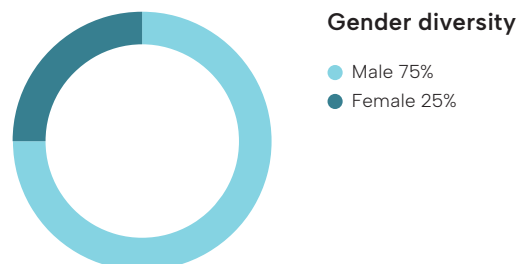
Board effectiveness continued

Following the 2021 evaluation, the Board identified the effectiveness priority areas below for 2022:

Topic	Areas identified for action	Actions taken in 2022
Strategy	After the significant progress made in the past year on increasing the Board's time focusing on strategic issues, continue to direct the Board's time towards oversight of executing the strategy, in addition to ongoing refinement of strategic objectives.	Strategic matters were discussed at every Board meeting, in addition to the dedicated strategy sessions held in May and November 2022. The Board discussed the progress towards delivering the Group's strategic objectives and reaffirmed the Group's purpose, vision and strategy.
Succession planning and development	Aim to enhance the management of our talent pipeline, in addition to focusing on greater gender diversity on at Board level.	As part of the orderly succession process, the Nomination Committee reviewed the mix of skills, experience, diversity and perspectives of the Board, concluding the recommendation to appoint Ms. Coignard to the Board with effect from 1 January 2023. Board succession will remain a focus for 2023. The Executive Directors and senior management team were set individual development goals for 2022 to further enrich our talent pipeline.

Board experience and diversity

Professional experience	Percentage of Board members %
Core industry	100
Financial, Audit & Risk	25
Legal/Public Policy	—
Senior Executive	100
E & S	25
Technical/Engineering	12
M&A/Capital Markets	100
International Markets	100
Health & Safety	—



3. Composition, succession and evaluation continued

Board effectiveness continued

Again in 2022, the Directors completed a questionnaire-based internal effectiveness review. The 2022 review reaffirmed that the Board believes it is performing well, with no significant issues identified. The importance of the Board's semi-annual designated strategy sessions was again highlighted in the review, for providing clarity and alignment on strategy, particularly in relation to the Group's commodity mix. In addition, the review precipitated further discussion on the current skill set of the Board versus the ideal skill set, which the Board has incorporated into its succession planning.

Building on the priority areas and actions taken in 2022, and taking into account the results of the 2022 review, the Board has identified the following effectiveness priorities for 2023:

Topic	Areas identified for action
Succession planning and development	The Board is committed to continuously reviewing its composition in terms of skills, experience, diversity and perspective. This will be a key focus for 2023 given Mr. Stan's planned departure from the Board at the conclusion of the 2023 AGM and the need to consider the succession planning for the role of Chairman in due course.
Strategy	Strategy will continue to be of the highest priority to ensure we are optimally positioned to benefit from opportunities to grow and improve our stakeholder experience in a changing world as well as ensuring we are well prepared for unexpected challenges.

The review of the Chairman's performance was led by the Senior Independent Director. The Chairman was not present during the discussions with both Executive and Non-Executive Directors as it related to him. All Directors are of the view that as Chairman, Mr. Meier fosters a positive and supportive culture that facilitates the contribution from each Director. In addition, the leadership provided by the Chairman to the Executive Directors and wider workforce, is having a positive impact on the organisational culture of the Company as a whole.

Committee effectiveness

The Committee evaluations looked at ways in which they could improve their overall effectiveness and their performance areas they needed to address in 2023. All Committees were believed to be performing well and were appropriately constituted.

Board information and support

All Directors have full and timely access to the information required to discharge their responsibilities fully and effectively. They have access to the advice and services of the Company Secretary, other members of the Group's senior management team and employees, and external advisers. Directors may take independent professional advice in the furtherance of their duties, at the Company's expense.

Where a Director is unable to attend a Board or Committee meeting, he or she is provided with all relevant papers and information relating to that meeting and encouraged to discuss issues arising with the respective chairs and other Board and Committee members. In 2022, all Directors attended 100% of the meeting they were eligible to attend, as evidenced in the table on page 86.

All Non-Executive Directors are provided with access to papers for each of the Board's Committees, including those who do not serve as members of those Committees. Non-Executive Directors regularly attend meetings of the Board's Committees they do not serve on, at the invitation of the respective Committee Chair.

Board induction and development

Following appointment and as required, Directors receive training and development appropriate to their level of experience and knowledge. This includes the provision of a comprehensive, tailored induction programme and individual briefings with the Executive Directors, members of the senior management team and their respective team members to provide newly appointed Directors with information about the Group's business, culture and values, and other relevant information to assist them in effectively performing their duties and contributing to Board discussions.

4. Audit, risk and internal control

Internal and external audit

The Audit Committee monitors the independence and effectiveness of the external auditors, and makes an annual assessment of whether an internal audit function is required. The Audit Committee is responsible for reviewing key judgements within the Group's financial statements and narrative reporting, with the aim of maintaining the integrity of the Group's financial reporting.

The Group's policies and system of internal control is designed to provide the Directors with reasonable assurance that the Group will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances that may reasonably be foreseen. However, no system of internal control can eliminate the possibility of poor judgement in decision-making, human error, fraud or other unlawful behaviour, management overriding controls, or the occurrence of unforeseeable circumstances and the resulting potential for material misstatement or loss.

4. Audit, risk and internal control continued

Internal and external audit continued

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility and appropriate delegation of authority.
- There are established procedures for planning and approving investments and information systems for monitoring the Group's financial performance against budgets and forecasts.
- The Chief Financial Officer is required to undertake an annual assessment process, to identify and quantify the risks that face the Group's businesses and functions, and to assess the adequacy of the prevention, monitoring and mitigation practices in place for those risks. This process covers all material controls, including financial, operational and compliance controls.
- The Board is responsible for reviewing the risk assessment and risk management processes for completeness and accuracy.
- In addition to its work on the above, the Audit Committee also receives reports about significant risks and associated control and monitoring procedures. The Group's internal controls and procedures documentation are regular agenda items for the Committee. The Committee also receives regular reports from the external auditors.
- The Audit Committee reports regularly to the Board on these matters, so as to enable the Directors to review the effectiveness of the system of internal control. The Board also receives regular reports or updates from its other Committees and directly from management in addition to carefully considering the Group's risk register at regular intervals.
- The Group's internal control system accords with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

There are no significant issues disclosed in the report and financial statements for the year ended 31 December 2022 and up to the date of approval of the report and financial statements that have required the Board to deal with any material internal control issues.

The Directors confirm that the Board has reviewed the effectiveness of the system of internal control during the period and concluded that the controls and procedures are adequate. The Board will continue to review the adequacy of the Company's internal controls on an ongoing basis and will test the controls and procedures again during 2023.

For further detail, please refer to the Audit Committee report on pages 96 to 99.

Fair, balanced and understandable assessment

The Board is responsible for the presentation of a fair, balanced and understandable assessment of the Company's position and prospects, not only in the Annual Report. The Company has a thorough process in place for the preparation of the Interim and Annual Reports, together with quarterly trading updates and other market announcements, to ensure that this is the case.

Risk management and internal control framework

The Board is ultimately responsible for aligning the risk appetite of the Company with its long-term strategic objectives, taking into account the principal and emerging risks faced by the Company and the risks it is willing to take in achieving its strategic objectives and how these support the Group's longer-term viability statement. The Board has risk as a regular agenda item in order to identify and respond to significant and sudden changes which may impact the Group's ability to achieve its strategic objectives, as and when they materialise. The Audit Committee monitors the work that the Board does in relation to risk on a regular basis.

The Group's principal risks are discussed in detail on pages 62 to 68. These are determined based on two formal reviews undertaken each year.

5. Remuneration

The Remuneration Committee is responsible for establishing and developing the Group's general policy on executive and senior management remuneration, together with determining the specific remuneration packages for the Chairman, Executive Directors and members of the Group's Executive Committee. In determining the executive remuneration, the level of pay and conditions throughout the Group are taken into consideration.

In addition to the consideration given to the remuneration of the wider workforce, the Remuneration Committee consults with the Company's shareholders to obtain feedback on the existing remuneration policy and any revisions. Further details on the Remuneration Committee's work in 2022, together with the remuneration policy are set out on pages 102 to 116.

N.P.H. Meier

Chairman

28 March 2023

Board of Directors



N.P.H. Meier
Chairman, 73

N

Appointed Non-Executive Director in April 2015

Currently Non-Executive Chairman, appointed May 2017

Mr. Meier has over 30 years of experience in investment banking with specialist knowledge of the mining sector. He has an MA in Natural Sciences from Cambridge University. Mr. Meier headed up the investment banking activities for RBC Capital Markets in Europe and Asia and drove a major expansion of RBC's European presence. Prior to this role, he headed up RBC's activities in the Metals and Mining sector in Europe, Africa and Asia for many years, and continues to enjoy strong relationships within the sector. Mr. Meier also served as a Director on the Board of RBC's main operating subsidiary in Europe. In addition to his role at Ecora Resources, Mr. Meier acts as a non-executive chairman of Firestone Diamonds Ltd.

Committee membership:

- A Audit
- R Remuneration
- N Nomination
- E Executive
- S Sustainability
- Chair



M. Bishop Lafleche
Chief Executive Officer, 39

E

Joined the Board as Chief Executive Officer on 1 April 2022

He brings a deep understanding of the royalty and stream sector, Ecora Resources' current portfolio as well as its culture and values developed over the past 8 years in his roles with the Group, most recently as Chief Investment Officer. Mr. Bishop Lafleche joined Ecora Resources in 2014 and was instrumental in the recent transformational Voisey's Bay cobalt stream acquisition which completed in March 2021, pivoting the Group towards 21st century commodities and away from its coal heritage. Prior to joining the Group, he worked at Citigroup primarily in the Metals & Mining Investment Banking team as well as in the European Leveraged Finance team, where he worked on a variety of M&A transactions as well as debt and equity financings for clients across the Metals & Mining and other sectors. He has an MSC in Banking and International Finance from Bayes Business School and a BA (Hons) in Political Science from the University of Western Ontario, and became a CFA charterholder in 2013.



K. Flynn
Chief Financial Officer, 42

E

Joined Ecora Resources as Chief Financial Officer in January 2012, and was appointed Executive Director in January 2020

He sits on the Executive Committee. Mr. Flynn is a Chartered Accountant with 20 years of experience of corporate finance both in practice and in the London listed market, having held senior roles within FTSE 100 and FTSE 250 real estate businesses. In his time with Ecora Resources, he has originated and negotiated all of the Group's borrowing facilities and played a leading role in raising equity. Mr. Flynn is involved in all investment decisions, specifically in relation to structuring and tax.



J.E. Rutherford
Senior Independent Director, 63

A R N S

Appointed Non-Executive Director in October 2019

Senior Independent Director from November 2019

He has over 25 years' experience in investment banking and investment management, specialising in the global mining and metals sector. Mr. Rutherford has extensive international experience, and brings to the Board considerable financial insight from the perspective of the capital markets and a deep understanding of the mining industry. Mr. Rutherford has served on the board of Centamin plc since January 2020, initially as deputy Non-Executive Chairman and then as Non-Executive Chairman from July 2020. He has previously served as Chairman of Dalradian Resources Inc. from 2015 to 2018; was a Non-Executive Director of Anglo American plc from 2013 to 2020; was the Lead Independent Director of GT Gold Corp from 2019 to 2021, when it was taken over by Newmont Corporation; and was a Non-Executive Director of Evraz plc from 2021 until 2022. Between 1997 and 2013, he was a senior vice president of Capital International Investors, a division of Capital Group, and had responsibility for investments in the mining and metals industry. Prior to joining Capital Group, Mr. Rutherford was vice president, equity research covering the South American mining and metals industry for HSBC James Capel in New York.



C. Coignard
Independent Non-Executive Director, 58

R N S

Appointed Non-Executive Director in January 2023

She has over 30 years' experience in the finance and mining sectors. Ms. Coignard is Founder and Managing Director of Coignard & Haas GmbH, a corporate finance advisory firm specialising on emerging markets and on a range of commodities including copper, iron ore, PGMs and rare earths. She has also worked as Managing Director of HCF International Advisers, a leading independent strategic and corporate finance adviser to the metals and mining sector. Prior to that Ms. Coignard was Head of Investment, Strategy and Corporate Finance at Norilsk Nickel PJSC following several years of serving in various risk, project finance and corporate finance roles in global banks. Between 2014 and 2020 she was an independent non-executive director of Polymetal International Plc, serving as a member of the audit & risk committee, the nomination committee and the remuneration committee throughout this period, chairing the remuneration committee from 2015 to 2020. Between 2014 and 2018 Christine was also Polymetal's senior independent director. Ms. Coignard is currently a non-executive director of Eramet SA where she is a member of both the strategy and sustainability, and the audit, risk and ethics committees. Christine is also a non-executive director of Rigel Resources Acquisition Corp. since 2021.



R.G. Dacomb
Independent Non-Executive Director, 67

A R N

Appointed Non-Executive Director in November 2019

He was a partner at Ernst and Young for 26 years where, for his last 12 years, he was a lead partner in the extractive industry, responsible for co-ordinating the provision of a full suite of services to multinational mining and oil and gas clients including Xstrata, Fresnillo, and BP across a broad range of countries including emerging markets. In addition to audit services, Mr. Dacomb provided critical advice for his clients on corporate governance structures, risk management, acquisitions, disposals and financial systems and controls. From 2011 to 2018, Mr. Dacomb was a member of the Financial Reporting Review Panel. Mr. Dacomb was appointed a non-executive director of Ferrexpo plc with effect from 10 June 2019.

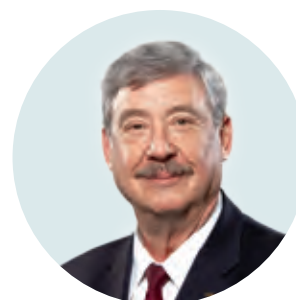


V. Shine
Independent Non-Executive Director, 59

A R N S

Appointed Non-Executive Director in August 2021

She is a highly experienced mining non-executive director, executive mentor and mining industry adviser with a career spanning 30 years. Previously she was CEO of De Beers Trading Company where she worked with stakeholders across the supply chain to introduce new distribution and price strategies for the business. From February 2015 to June 2019, Ms. Shine was a non-executive director, audit and nomination committee member and remuneration chair from August 2017 at Lonmin PLC. In addition to her role at Ecora Resources, Ms. Shine acts as senior independent director and remuneration committee chair of Petra Diamonds plc, and lead independent director and remuneration committee chair of Sarine Technologies. She is also a board member of the Mineral Development Company of the Government of Botswana and trustee of the Teenage Cancer Trust.



R.H. Stan
Independent Non-Executive Director, 69

A R N S

Appointed Non-Executive Director in February 2014

Designated Non-Executive Director – workforce engagement

He has a B.Comm from the University of Saskatchewan and has over 45 years' experience in mining and resource development. He held several senior positions with Fording Coal Limited, Westar Mining Ltd. and TECK Corporation before becoming a founding shareholder and director of publicly quoted Grande Cache Coal Corporation (GCC), an Alberta-based metallurgical coal mining company. At GCC, he served as President, CEO and Director from 2001 to 2012 and in 2012 negotiated the sale of the company to an Asian-backed strategic investor consortium (Winsway Coking Coal and Marubeni Corp) for \$1.0bn. Mr. Stan served two terms as Chairman of the Coal Association of Canada Board of Directors, was a board member of the International Energy Agency's Coal Industry Advisory Board and represented the mining industry on the Alberta Economic Development Agency. He currently serves on the boards of several private companies, including Quantex Resources Ltd, Sio Silica Corporation and Spruce Bluff Resources Ltd.



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We aim to optimise the mix of skills, experience, diversity and perspectives necessary for Ecora Resources to achieve its strategic objectives now and in the future."

N.P.H. Meier

Chairman of the Nomination Committee

Committee members

	Meetings attended
N.P.H. Meier – Chair	4/4
C. Coignard – appointed 1 January 2023	-/-
R.G. Dacomb	4/4
J.E. Rutherford	4/4
V. Shine	4/4
R.H. Stan	4/4

The Chief Executive Officer and the Company Secretary also attend meetings of the Committee.

For more on biographies and Board experience details refer to pages 92 and 93

Role and responsibilities

The role of the Nomination Committee is to review the composition of the Board and of its Committees. The Committee leads the process for appointments and makes recommendations to the Board as part of succession planning for both Non-Executive and Executive Directors. It also monitors the succession planning and development of senior management.

The Committee's objectives and responsibilities are set out in our terms of reference, which are available to view online.

For more information, visit:

www.ecora-resources.com/about-us/governance

Committee focus in 2022

The Committee met four times during 2022. Discussions at the meetings covered the responsibilities outlined above, with a particular focus on Non-Executive Director succession planning and Committee membership.

The following matters were considered during 2022:

- the composition, structure and size of the Board and its committees, and the leadership needs of the Group;
- Non-Executive Director succession planning, approving the appointment of Heidrick and Struggles as external search consultants to facilitate recruitment, and formalising the search process for a non-executive appointment;
- recommending to the Board the appointment of Ms. Coignard as a Non-Executive Director and member of the Remuneration Committee and Sustainability Committee from 1 January 2023;
- the time commitment expected from each of the Non-Executive Directors to meet the expectations of their roles;
- recommending that the Board support the election or re-election of each of the Directors standing at the 2022 AGM. The length of tenure of Non-Executive Directors was taken into account when considering to support their re-election, to ensure they remain independent and recognising the need to progressively refresh the Board;
- succession planning for both the Non-Executive and Executive Directors; and
- reviewing the Committee's terms of reference.

Process used in relation to Non-Executive Board appointments

We base our appointments to the Board on merit making use of objective selection criteria, with the aim of optimising the mix of skills, experience, diversity and perspectives necessary for Ecora Resources to achieve its strategic objectives now and in the future.

Following a review of the mix of skills, experience, diversity and perspectives of the Board, together with the objective of increasing female representation on the Board, the Nomination Committee initiated an extensive search for an additional Independent Non-Executive Director in the second half of 2022. Heidrick and Struggles were retained by the Committee to assist with the search process, after a competitive tender process having demonstrated a good understanding of the Board's requirements. Heidrick and Struggles are accredited under the UK Government's Voluntary Code of Conduct for Executive Search Firms and have no connections with Ecora Resources PLC or its directors.

Prior to the search commencing, the Nomination Committee agreed the skills and experience it considered necessary for the role and provided this to Heidrick and Struggles. A longlist of gender and ethnically diverse candidates was then identified by Heidrick and Struggles and discussed with the Chairman to agree a shortlist to be interviewed. Shortlisted candidates were interviewed by members of the Committee and other Board members, as relevant and culminated in the appointment of Ms. Coignard on 1 January 2023. Ms. Coignard's biography can be found on page 93.

N.P.H. Meier

Chairman of the Nomination Committee

28 March 2023



The committee has the authority to investigate any matter within its remit, using any Group resources it may reasonably require and has direct access to the external auditor.”

Graeme Dacomb
Chair of the Audit Committee

Committee members

	Meetings attended
R.G. Dacomb* – Chairman	4/4
J.E. Rutherford	4/4
V. Shine	4/4
R.H. Stan	4/4

* The Chairman of the Audit Committee is deemed to have recent and relevant financial experience in accordance with the UK Corporate Governance Code. The Committee as a whole has competence relevant to the sector.

The Chairman, the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Group Financial Controller and Company Secretary and the external auditor also participate in meetings of the Committee, as required.

For more on biographies and Board experience details refer to pages 92 and 93.

Role and responsibilities

The Committee's objectives and responsibilities are set out in its terms of reference, which are available to view online.

For more information, visit www.ecora-resources.com/about-us/governance

The Committee's main responsibilities are:

- monitoring the integrity of the annual and interim financial statements, the accompanying reports to the shareholders and corporate governance statements;
- making recommendations to the Board concerning the adoption of the annual and interim financial statements;
- reviewing and challenging the consistency of, and any changes to, accounting policies, methods and standards;
- overseeing the Group's relations with the external auditor, including the assessment of their independence and their effectiveness;
- making recommendations to the Board on the appointment, retention and removal of the external auditor and the tendering of the external audit;
- advising the Board on the external auditor's remuneration for both audit and any non-audit work;
- reviewing the reports from management on the principal risks of the Group outlined on pages 62 to 68 and monitoring the management of those risks;
- monitoring and reviewing the adequacy and effectiveness of the Group's internal controls;
- considering the need for an internal audit function and reviewing the Group's approach to assessing the effectiveness of internal controls in the absence of an internal audit function;
- reviewing and challenging management's assumptions underlying the going concern assessment, together with overseeing completion of the viability statement; and
- reviewing and monitoring the Group's whistle-blowing procedure and the Group's systems and controls for the prevention of bribery, corruption and money laundering.

The Committee has authority to investigate any matter within its remit. It has the power to use any Group resources it may reasonably require and it has direct access to the external auditor. The Committee can also obtain independent professional advice at the Group's expense where it deems necessary. The Committee Chairman reports to the Board after each meeting on the main items discussed.

Fair, balanced and understandable

A key requirement of the Group's annual financial statements is that they be fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Audit Committee and the Board are satisfied that the 2022 Annual Report and Accounts meet this requirement and that appropriate weight has been given to both positive and negative developments in the year.

In justifying this statement, the Audit Committee has considered the robust processes which operate in producing the 2022 Annual Report and Accounts, including:

- early engagement with the external auditor on significant accounting matters by the finance team in advance of the year-end reporting process;
- the thorough process of review, evaluation and verification by senior management to ensure the accuracy and consistency of information presented in the 2022 Annual Report and Accounts;
- the provision of advice by external advisers to management and the Board on best practice regarding the preparation of the 2022 Annual Report and Accounts;
- a meeting of the Audit Committee held specifically to review and consider the draft 2022 Annual Report and Accounts in advance of the final sign-off by the Board. This review included the significant accounting matters explained in the notes to the consolidated financial statements; and
- consideration by the Audit Committee of the conclusions of the external auditor on the key audit matters that contributed to their audit opinion, specifically the valuation of the Kestrel royalty, impairments, the accounting treatment and classification of completed royalty acquisitions and taxation.

Committee focus in 2022

Throughout 2022, the Audit Committee focused on the valuation of the Kestrel royalty and the Group's royalty financial instruments, management's assessment of indicators of impairment in relation to the Group's royalty intangible assets, the accounting classification and treatment of the portfolio of four royalties acquired from a subsidiary of South32 Limited and taxation matters. In addition, the Committee reviewed the system of internal control and risk management.

The Audit Committee held four meetings in 2022 and has met twice to date in 2023, covering the key topics set out in the tables below.

Significant issues considered by the Audit Committee in relation to the Group's financial statements

Response of the Audit Committee

Review of carrying value of the Kestrel coal royalty	The Committee reviewed the independent valuation of the Group's Kestrel coal royalty, together with management's review and challenge of the key assumptions used by the independent valuer to determine the carrying value of the coal royalty as at 31 December 2022. The Committee reviewed the disclosures related to the revaluation gain of \$27.8m in relation to the Kestrel coal royalty described in note 15, for the year ended 31 December 2022. The Committee concluded that the fair value has been calculated in accordance with the Group's accounting policy outlined in note 3, is appropriate as at 31 December 2022 and is adequately disclosed.
Review of carrying value of royalty financial instruments	The Committee reviewed and challenged management's key assumptions including production profiles, forecast commodity prices and discount rates used to determine the carrying value of those royalties held at fair value. The Committee reviewed the disclosures related to the revaluation loss of \$1.3m in relation to royalty financial instruments, described in note 17 for the year ended 31 December 2022. The Committee concluded that the fair value has been calculated in accordance with the Group's accounting policy outlined in note 3, is appropriate as at 31 December 2022 and is adequately disclosed.
Review of carrying values of royalties held at amortised cost and resulting impairment charges	The Committee reviewed and challenged management's key assumptions including production profiles, forecast commodity prices and discount rates used to estimate the recoverable amount of each royalty and compared this to the respective carrying value. The Committee reviewed the disclosures related to the Group's impairment policy outlined in note 3 and the impairment charge of \$4.1m described in note 18 for the year ended 31 December 2022. The Committee concluded that the impairment charges recognised during the year ended 31 December 2022 were appropriate and have been adequately disclosed.
Review of accounting classification and treatment of completed acquisitions	The Committee reviewed and challenged management's accounting classification and treatment of the portfolio of four royalties acquired from a subsidiary of South32 Limited for fixed consideration of \$185m and contingent consideration of up to \$15m. The Committee concur with management's classification of the individual royalties acquired as royalty intangible assets on the balance sheet, accounted for in accordance with IAS 38 – Intangibles, as there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment under the individual contracts. The Committee reviewed the disclosures related to the acquisition detailed in note 18, including the revaluation of the contingent consideration receivable as at 31 December 2022.

Committee focus in 2022 continued

Significant issues considered by the Audit Committee in relation to the Group's financial statements

Response of the Audit Committee

Group tax exposures	The Committee considered management's assessment of any potential or uncertain tax exposures. The Committee challenged management, and its professional advisers, on tax positions taken and concluded that the disclosures contained in notes 4, 11 and 37 are sufficient and that no additional provision is appropriate.
Going concern basis of accounting in preparing the financial statements	The Committee considered the outcome of management's half-yearly and year end reviews of current and forecast net debt positions, together with the headroom on existing borrowing facilities and ongoing compliance with debt covenants. The Committee also considered the outcome of management's downside scenario analysis, which included possible reductions in commodity prices and production volumes, the Committee confirmed that the application of the going concern basis for preparation of the financial statements continued to be appropriate.

Other issues considered by the Audit Committee

Response of the Audit Committee

Application of the policy for calculating adjusted earnings	The Committee reviewed the Group's policy for the calculation of adjusted earnings and confirmed the consistent application of this policy year on year. Adjusted earnings is the profit/(loss) attributable to equity holders plus royalties received from financial instruments carried at fair value through profit or loss, less all valuation movements and impairments, amortisation charges, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals as such disposals are not expected to be ongoing. A reconciliation of adjusted earnings to profit/(loss) attributable to equity holders is presented in note 12.
Risk management	The Committee reviews and monitors the mitigation plans in place and the appropriate senior management responsibilities to address the principal risks (refer to pages 62 to 68) identified by the Board.
Viability Statement	The Committee reviewed the time period over which the assessment is made, along with the scenarios that are analysed, the potential financial consequences and assumptions made in the preparation of the statement. The Committee concluded that the downside scenarios analysed were sufficiently severe but plausible and the time period of the Viability Statement was appropriate, given the alignment with the budgeting process.
Internal audit	The Committee considers on an annual basis whether an internal audit function is required. The Committee's present view is that one is not currently justified given the Group's relatively uncomplicated control environment and business processes, together with the level of oversight and involvement in individual transactions by the Executive Directors. For the same reasons, the Committee does not believe the absence of an internal audit function adversely affects the work of the external auditor.
Ethical business conduct	The Committee, along with all other Board members, senior management and staff completed the annual certification of compliance with the Group's anti-bribery, corruption and money laundering policy.
External audit	The Committee reviewed and approved the planning report from the Group's external auditor, Deloitte, outlining the final audit plan and fee, in December 2022, having given due consideration to the audit approach, materiality levels and audit risks. In March 2023, the Committee reviewed the output of the external audit work that contributed to the auditor's opinion, including the challenge to the Group's assumptions on the issues noted in this report.

Ensuring independence of the external auditor

To safeguard the objectivity and independence of the external audit process, it remains the Committee's policy to review and approve all fees related to non-audit services. With the exception of the interim review, no non-audit services were provided during 2022 by the Group's external auditor.

Other safeguards include:

- The external auditor is required to adhere to a rotation policy based on best practice and professional standards in the UK. The maximum period for rotation of the audit engagement partner is five years. The audit engagement partner, David Paterson, was appointed in 2022.
- The external auditor is required to assess periodically whether, in their professional judgement, they are independent of the Group.
- The Audit Committee ensures that the scope of the auditor's work is sufficient and that the auditor is fairly remunerated. The Committee reviewed and discussed the 2022 fee proposal, concluding that the proposed fees were appropriate for the scope of work required. Details of the external auditor's remuneration are disclosed in note 6b.

Committee focus in 2022 continued

Ensuring independence of the external auditor continued

- An annual assessment is undertaken of the auditor's effectiveness through joint discussions between the Committee, the Chief Financial Officer and the Group Financial Controller. The assessment identifies strengths and areas for improvement which are discussed with the auditor and action plans agreed. The assessment conducted in 2022 of the 2021 external audit concluded that the external auditor was independent, objective and effective in the delivery of the audit.

Auditor tenure

Following an external audit tender in 2014, Deloitte LLP was appointed as Ecora Resources' statutory auditor with effect from the year ended 31 December 2014. David Paterson of Deloitte LLP is the Senior Statutory Auditor and was appointed to this role with effect from the year ended 31 December 2022.

Audit tender

As required by the Statutory Auditors Regulations, Ecora Resources will commence a formal tender process in the second half of 2023 for the appointment of an external auditor for the 2024 financial year onwards.

Conclusion of the Audit Committee for 2022

The Committee has satisfied itself that the external auditor's independence was not impaired.

The Committee held meetings with the external auditors without the presence of management on two occasions and the Chairman of the Committee held regular meetings with the audit engagement partner during the year.

Consideration given to the appointment of the external auditor

The Committee's assessment of the external auditor's performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte LLP as auditors until the conclusion of the AGM in 2024. Resolutions to authorise the Board to re-appoint and determine the remuneration of Deloitte LLP will be proposed at the AGM on 10 May 2023.

Risk management and internal control

Risk management is the responsibility of the Board and is integral to the achievement of the Group's objectives. The Board establishes the system of risk management, setting risk appetite and maintaining the system of internal control to manage risk within the Group. A robust process for identifying and evaluating the principal and emerging risks, detailed on pages 62 to 68, was in place during 2022 and up to the date of this report. The Group's system of risk management and internal control is monitored by the Audit Committee under delegation from the Board.

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility and appropriate delegation of authority.

- There are established procedures for planning and approving investments and information systems for monitoring the Group's financial performance against budgets and forecasts.
- The Chief Financial Officer is required to undertake an annual assessment process to identify and quantify the risks that face the Group's businesses and functions, and to assess the adequacy of the prevention, monitoring and mitigation practices in place for those risks. This process covers all material controls, including financial, operational and compliance controls. The process undertaken during the year is discussed in more detail within the Principal Risks and Uncertainties section on pages 62 to 68. The Audit Committee is responsible for reviewing the risk assessment process for completeness and accuracy.
- In addition to its work on the above, the Audit Committee also receives regular reports about significant risks and associated control and monitoring procedures. The Group's risk register and internal controls and procedures documentation are regular agenda items for the Committee. The Committee also receives regular reports from the external auditor.
- The Audit Committee reports to the Board on these matters, so as to enable the Directors to review the effectiveness of the system of internal control. The Board also receives reports from its other Committees and directly from management.
- The system accords with the Financial Reporting Council's Internal Control: Revised Guidance for Directors on the Combined Code.

In carrying out its role and determining in its opinion that the system of risk management and internal controls was effective during 2022, the Committee reviewed and considered the following:

- regular updates of key internal control matters in respect of the Group financial reporting processes, such as financial reporting systems and controls;
- the key risk areas of judgement and estimation uncertainty within financial reporting and mitigating actions taken by management;
- procedures developed by management to identify and evaluate key business, financial and operational risks, and the effectiveness of the responses being implemented to mitigate the potential impacts;
- the output of external audit work;
- policies and procedures in place to detect, monitor and investigate activity in respect of anti-fraud, bribery and corruption, including the Group's whistle-blowing facilities;

There are no significant issues disclosed in the report and financial statements for the year ended 31 December 2022 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

R.G. Dacomb

Chairman of the Audit Committee

28 March 2023



We deliver on our sustainability strategy by acting as both a responsible business and a responsible investor."

J.E. Rutherford
Chairman of the Sustainability Committee

Committee members

	Meetings attended
J.E. Rutherford – Chair	4/4
R.H. Stan	4/4
M. Bishop Lafleche – appointed 1 April 2022	3/4
C. Coignard – appointed 1 January 2023	–/–
J.A. Treger – stepped down 31 March 2022	1/4

The Chairman, the Chief Financial Officer, the General Counsel, the Company Secretary, and members of the Investor Relations team also attend meetings of the Committee. Other members of the Group are invited to attend where necessary.

For more on biographies and Board experience details refer to pages 92 and 93

Role and responsibilities

The role of the Sustainability Committee, on behalf of the Board, is to oversee the Group's policies, processes and strategies designed to achieve long-term, sustainable value for its stakeholders. The Committee is responsible for the development and implementation of the Group's sustainability strategy and overseeing sustainability issues including environment, climate change and social performance.

The Committee's objectives and responsibilities are set out in its terms of reference, which are available to view online. For more information, visit: www.ecora-resources.com/about-us/governance

The Committee's main responsibilities are summarised in more detail below.

- setting and revising the Group's sustainability strategy;
- overseeing compliance with the Group's ESG policy and monitoring the appropriateness of the Group's strategy against its ESG policy;
- considering material regulatory and voluntary developments in sustainability;
- recommending annually to the Board the Group's sustainable development targets and metrics against which the Group's implementation of its sustainability strategy can be evaluated;
- collaborating and liaising with the other Committees, including the Audit Committee, to oversee the Group's risk management processes (including an annual review of the risk register) with a particular focus on climate-related risks and opportunities, including the identification of such risks and opportunities and scrutiny of the mitigation plans;
- making recommendations to the Board on the adequacy of the reporting on sustainability opportunities, risks and issues in the Annual Report and other relevant public documents;
- overseeing the process for selection and engagement of external consultants engaged to assess the sustainability performance of potential investments together with the ongoing monitoring of the Group's portfolio;
- reviewing the Group's assessment of potential investments and the ongoing monitoring of the Group's portfolio, including reviewing any sustainability risks and opportunities reported by the Group's operating partners; and
- meeting with the General Counsel and the Company Secretary at least annually to review effectiveness of the Group's ESG Policy.

Role and responsibilities continued

The Sustainability Committee has authority to investigate all matters falling within its remit. It has the power to obtain, at the Group's expense, any external independent professional or expert advice, which it deems necessary and has direct access to the Group's resources as it may reasonably require, including access to management. The Sustainability Committee Chair reports to the Board after each meeting on the matters discussed.

Our approach to sustainability

Our approach to sustainability can be found on pages 52 to 61.

Committee focus in 2022

The Committee met four times during 2022, with full attendance (either virtually or in-person). Discussions at the meetings covered the responsibilities outlined above, with a particular focus on setting the Group's sustainability objectives and priorities for 2022, monitoring and evaluating any sustainability risks and opportunities across the Group's portfolio and enhancing the Group's due diligence and screening tools, particularly in relation to the ongoing monitoring of the Group's portfolio.

In addition to the Committee's standing agenda items, the following matters were discussed by the Committee during 2022:

Climate change

- Worked to understand how to set meaningful targets to mitigate the carbon impact of the Group, including leveraging guidance from initiatives such as the SME Science Based Target Initiative.
- The strategy to maintain carbon neutrality for the Group's corporate operations (including its carbon-offsetting strategy) alongside continuing efforts to reduce its carbon footprint in the office workplace.
- The impact of climate change risk on the Group's existing portfolio and any future investments.
- As part of the Group's annual TCFD disclosure, reviewed the climate risk register on a semi-annual basis to ensure that the assigned mitigating actions remain appropriate and are being implemented.
- Explored ways in which to work with our operating partners to gather data regarding the Group's Scope 3 (Downstream) GHG emissions.

Sustainability reporting and governance framework

- Reviewed the Group's progress towards its first submission of its annual Communication on Progress for the UNGC.
- Approved the proposed changes to the Group's ESG due diligence and screening tools used in the investment decision-making process and ongoing monitoring of the Group's portfolio to reflect the key sustainability trends, themes and best practice that have emerged over the past year.
- Oversaw a focus on the UN Sustainable Development Goals (UN SDGs) within the business and identified which UN SDGs align with the Group's investment strategy.
- Reviewed the Group's compliance with its business integrity programme.
- Advised on engagement with Sustainability rating agencies to ensure the Group's sustainability profile is scored accurately.
- Approved new policies on diversity, inclusion and equal opportunities, charitable donations and modern slavery.
- The Committee's effectiveness review (including a review of the Committee's terms of reference).

Communities and social performance

- Building on the Group's community investment and charity programme established in 2021, oversaw the evaluation of corporate social responsibility programmes in collaboration with the Group's operating partners.
- Discussed establishing a support framework for employees in areas such as physical and mental health, resilience, managing fatigue and maintaining hybrid working post the COVID-19 pandemic.

Further details refer to our Sustainability Progress Report on pages 52 to 61.

J. E. Rutherford

Chairman of the Sustainability Committee
28 March 2023



The Committee takes account of the level of pay and conditions throughout the Group when determining executive remuneration."

V. Shine

Chair of the Remuneration Committee

Committee members

	Meetings attended
V. Shine – Chair	8/8
C. Coignard – appointed 1 January 2023	–/–
R.G. Dacomb	8/8
J.E. Rutherford	8/8
R.H. Stan	8/8

The Chairman, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and the Company Secretary also attend meetings of the Committee by invitation.

For more on biographies and Board experience details refer to pages 92 and 93

Role and responsibilities

The Committee's objectives and responsibilities are set out in our terms of reference, which are available to view online.

For more information, visit www.ecora-resources.com/about-us/governance

The Committee's main responsibilities are:

- establishing and developing the Group's general policy on executive and senior management remuneration;
- determining specific remuneration packages for the Chairman, Executive Directors and members of the Group's Executive Committee;
- designing and operating the Company's share incentive schemes;
- reviewing the remuneration of the wider workforce and associated policies; and
- consulting shareholders and other stakeholders, when appropriate, regarding executive remuneration.

The Committee takes account of the level of pay and conditions throughout the Group when determining executive remuneration.

The Remuneration Committee held eight meetings in 2022 and has met twice to date in 2023, to fulfil its responsibilities as set out in the Committee's terms of reference.

Committee focus in 2022

- Confirmation of incentive results for the 2021 annual bonus, including awards under the Restricted Share Plan for the wider workforce;
- Setting of incentive targets for 2022 including the 2022 annual bonus;
- Review and approval of the Group's standard terms of employment for the Executive Committee and wider workforce; and
- Providing guidance to the Chief Executive Officer on salaries, bonuses and long-term incentives to be awarded to the wider workforce.

Committee focus in 2023

- Assessment of 2022 incentive outcomes;
- Review of the directors' remuneration policy, including consultation with shareholders on any material proposed changes;
- Setting of incentive targets for 2023, including the 2023 annual bonus and 2023 LTIP award;
- Providing guidance to the Chief Executive Officer on total compensation levels for the wider workforce; and
- Review of corporate governance and remuneration trends and implications for the Group.

Directors' Remuneration Report

Introductory letter

I am delighted to present my second report as the Chair of the Remuneration Committee.

2022 was another transformational year for the Group. In January 2022 we announced that Marc Bishop Lafleche would succeed Julian Treger as Chief Executive Officer with effect from 1 April 2022. This was followed by the acquisition of a high-quality portfolio of royalties over advanced development stage copper and nickel projects for \$185m, building on the Voisey's Bay acquisition in 2021 and transforming the Group's medium-term income growth profile.

As the year concluded, our existing portfolio delivered record results for the second consecutive year, generating \$143m of portfolio contribution which in turn resulted in adjusted earnings per share of 37.55c, which represents increases of 67% and 49% respectively over the prior year. Despite the backdrop of another record year for the Group, the Committee is conscious of the record levels of inflation contributing to the ongoing cost-of-living crisis and the impact this is having on our employees.

In making our decisions on remuneration outcomes for the Executive Directors for 2022 and the operation of our remuneration policy in 2023, we had regard for the context outlined above, with a particular focus on management's proposals to mitigate the impact of cost-of-living challenges for our employees. As a Committee we sought to make decisions that struck an appropriate balance between rewarding and continuing to incentivise management and the wider workforce to deliver value for all our stakeholders.

Our response to the cost-of-living crisis

The cost-of-living crisis exacerbated by higher energy prices and increased interest rates, was felt by our employees throughout the second half of 2022. Our approach to salary increases for our wider workforce in 2023 takes into account the continued high levels of inflation and the impact it has on our lower-paid employees.

As a result, we have implemented a tiered series of increases with a 10% increase on the first £50,000 of salary, 7.5% for salary between £50,000 and £75,000 and 5% for salary above £75,000. Following an extensive benchmarking exercise, we have also made targeted adjustment to bring individual employees' salaries closer to the lower quartile where they have been identified as significantly below this level. This approach has resulted in an average salary increase of 9% for the Group's employees in 2023.

2022 outcomes

Annual bonus

Employees, including the CEO, CFO and members of the Executive Committee, each had individual bonus objectives for 2022. The bonus award criteria relate to a series of agreed corporate and personal performance targets which are each scored, as outlined on pages 109 to 111.

The completion of the \$185m acquisition of a portfolio of royalties achieved one of the significant objectives for 2022, growth. This acquisition complements the 2021 Voisey's Bay acquisition, replacing the contribution from the Group's Kestrel royalty, securing our medium-term income growth profile, and is completely aligned with our stated strategy.

In addition to the Group's second largest acquisition in its history, peak volumes and a higher commodity price environment resulted in Kestrel generating royalty income of \$107m for the year. When combined with the contribution from the Group's other producing royalties and streams, this resulted in another record year with portfolio contribution totalling \$143m, well in advance of the Group's budget and stretch targets for 2022.

Marc was awarded a bonus of £225,180 under the bonus criteria (83.4% of the total potential award) for the nine months ended 31 December 2022, plus £52,125 for the first three months of the year in his role as Chief Investment Officer before being appointed to the Board as Chief Executive Officer. The Group's outgoing CEO, Julian Treger was awarded a bonus of £62,388 under the bonus criteria (65.5% of the total potential award prorated for time served). Kevin was awarded a bonus of £225,150 (79.0% of the total potential award).

The Committee did not exercise any discretion in relation to these rewards and believes that the bonuses are both appropriate, based on the Company's performance during the year, and proportionate, having had regard to the experience of the Company's broad range of stakeholders.

Long-term incentives

The performance period for the first awards granted under the Group's LTIP approved by shareholders at the 2021 AGM, does not end until 31 December 2023. As a result, no LTIP awards vested during the year ended 31 December 2022. The vesting outcomes for the 2021 awards will be disclosed in the remuneration report for 2023.

Operation of the policy in 2023

Salaries

The approach taken in respect of the Company's employees has been considered by the Committee as it deliberated on how the Executive Directors should be remunerated in 2023, resulting in the salary proposals detailed below.

Chief Executive Officer

Marc's salary on appointment was £360k which was set at 25% below Julian's full time equivalent salary of £476k, with the full expectation that it would be increased on a phased basis as he developed in the role. The Board is very pleased with Marc's development and the results the Company is achieving since his appointment. As a result, the Committee intends to start the phased salary increases from 1 January 2023.

Operation of the policy in 2023 continued

Chief Executive Officer continued

We have increased Marc's salary by 10% as part of the phased increases, plus an inflationary increase of 6% which is below that applied to the Company's employees. This takes his salary to £417k and allows for above inflation increases in future years before it reaches either the mid-market level for a company of our size or Julian's salary on departure (as indexed for salary inflation).

Chief Financial Officer

As we stated in our last annual report, in 2022 we started the process of phased increases in Kevin Flynn's salary to the mid-market level following his appointment in 2020 at a salary that reflected his appointment without previous listed company experience. The Board is pleased with Kevin's performance and that of the Company and has increased his salary by 8% plus an inflationary increase of 6%. This takes his salary from £285k to £325k and positions him between the lower quartile and median for a company of our size.

In terms of total target remuneration, after these salary increases, both individuals will be positioned approximately at the lower quartile relative to companies of a similar market capitalisation. The Committee is comfortable with this positioning for 2023 as both individuals continue to develop in their roles.

Non-Executive Chairman

As set out in the 2021 Annual Report, the Chairman's fees are reviewed annually, in line with the approach taken for the Executive Directors and the wider workforce. The Committee considered the impact of inflation together with the cost-of-living increases reflected in the 2023 remuneration of the Company's wider work force and determined a 5.5% increase in the Chairman's fee to £153,000 was appropriate.

Annual bonus

The 2023 bonus objectives for the CEO and CFO continue to be closely aligned. They include the same measures for Growth, Financial Performance and ESG although with slightly different weightings (CEO: Growth - 40%, Financial Performance - 25% and ESG - 15%; CFO: Growth - 30%, Financial Performance - 25% and ESG - 15%) reflecting the focus the Company would like each of them to maintain. They each then have individually crafted Personal/Strategic Performance targets with the weight for the CEO being 20% and for the CFO 30%. There will be no change in the opportunity available under the plan of 100% of salary earned in the year.

Long-term Incentives

We shall continue with our policy of making regular annual grants of Performance Shares at the most senior level of the Company and Restricted Shares at other levels which provide better alignment with shareholders and our strategy.

The level of grant to the CEO will be 150% of his salary. The CFO receives the same level of grant as last year of 125% of salary. The performance measures remain:

- i. Total shareholder return compared to a global mining index (currently EMIX Global Mining Ex Gold and Energy Index) with threshold vesting of a quarter for

meeting the index rising to full vesting for exceeding it after 3 years by 7% per annum.

- ii. Portfolio Contribution (as defined in note 37 to the financial statements), with threshold vesting of a quarter for meeting the minimum target 3 years later rising to full vesting for exceeding a stretch target.
- iii. Adjusted Earnings Per Share (based on the definition in note 13 to the financial statements), with threshold vesting of a quarter for meeting the minimum target 3 years later rising to full vesting for exceeding a stretch target.

The Committee determines the targets before each annual grant is made having regard to a combination of internal plans and forecasts and market expectations. The maximum vesting level will be 100% of the initial grant made (there will be no retesting) and when awards vest, Executive Directors will be required to retain all of the shares for 2 years (after the sale of those needed to meet income tax due at the time).

Engagement with Shareholders

In deliberating how the Executive Directors should be remunerated in 2023 and having regard to the proposed increases in base salary being higher than the wider workforce, we engaged with our largest shareholders and very much appreciate all of the feedback we received.

Ahead of refreshing the Group's remuneration policy to be approved at the 2024 AGM, I plan to meet with a number of our shareholders in the second half of 2023 to gain further insight on their views regarding both our strategy and Remuneration Policy.

Engagement with employees

With fewer than 15 employees, engagement takes place in a less formal manner than would occur with larger workforces. However, as part of the change in operation of both the annual bonus plan and long-term incentives, presentations were held and opportunities for feedback were provided to employees. In addition, the Group's Designated Non-Executive Director for workforce engagement facilitated two townhall meetings during 2022 with feedback on the matters discussed, including remuneration, provided to the Board.

Conclusion

On behalf of the Committee, I am pleased to say that our remuneration arrangements have operated as anticipated and have not required the exercise of the Committee's discretion either to favour or disadvantage any director in relation to the year.

The Committee believes that the decisions it has taken in respect of the 2022 remuneration outcomes and our proposed approach for 2023 are in the best interests of our shareholders, align with our strategy, reflect the wider economic environment and are fair, reasonable and appropriate. We therefore, hope that you will support the directors' report on remuneration, at the 2023 AGM.

V. Shine

Chair of the Remuneration Committee

28 March 2023

Directors' remuneration policy

The 2021 remuneration policy was set out in the 2020 Annual Report and was presented for shareholder approval at the AGM held on 26 May 2021. This policy was approved with 94.31% support. It is intended that this policy will apply until the Company's 2024 AGM.

The full remuneration policy can be found in the 2020 Annual Report available on our website – www.ecora-resources.com/investor-relations/results-reports-presentations

How our remuneration policy addresses UK Corporate Governance Code provision 40 principles

The 2021 remuneration policy was designed taking into consideration the principles of provision 40 of the UK Corporate Governance Code. The table below summarises how the policy addresses each of those principles:

Principle	How this is addressed in the 2021 remuneration policy
Clarity	Our remuneration structure is clearly defined. Performance-based elements, metrics and vesting schedules are clearly disclosed on payment.
Simplicity	Our remuneration elements comprise of well-understood UK market standard elements.
Risk	Our policy limits the risk of unfair or excessive remuneration through the following measures: • Clearly defined limits on the maximum opportunities of incentive awards. • Annual bonus awards in excess of 50% of the Executive Directors' base salary require the purchase of shares which are subject to a minimum holding period. • Operation of post-vesting holding period for LTIP awards. • Strong powers of discretion for the Remuneration Committee to adjust formulaic outcomes of incentive awards to ensure payouts are aligned to Group performance. • Robust malus and clawback provisions on all incentives.
Predictability	The policy has defined limits which can be used to determine potential values. Scenario charts were presented before approval of the policy to illustrate potential payout scenarios under the new policy.
Proportionality	Payouts under incentive awards are linked to the fulfilment of performance conditions that support the Group's long-term strategy. The annual grant of awards ensures performance measures will continue to be aligned. The Committee's powers of discretion ensure that there will be no rewards under incentives for poor performance.
Alignment to culture	Focus on share ownership and long-term sustainable performance is reflected in the policy. LTIP measures support a long-term focus for the Executive Directors.

Summary of policy and statement of implementation of policy in 2023

The following pages provide a summary of the key elements of our Directors' remuneration policy. The last column of the table below states how the policy will be applied in 2023. For 2023, there are no significant changes in the structure of the remuneration package of the Directors compared to previous years.

Performance measures

The annual bonus targets for 2023 are considered by the Board to be commercially sensitive; they will be disclosed in the 2023 Annual Report on Remuneration. Specific details of individual and strategic performance targets for 2023 will also be included in the 2023 report.

Directors' remuneration policy continued

Key aspects of the remuneration policy for Executive Directors

Element, purpose and link to strategy	Operation	Opportunity/performance measures	Implementation for 2023
Salary To recruit, retain and reward Executives of a suitable calibre for the roles and duties required	Salaries are set with reference to individual performance, experience and responsibilities to reflect the market rate for the individual and their role, determined with reference to remuneration levels in companies of similar size and complexity, taking into account pay levels within the Company in general. Salaries are reviewed annually. Increases for Executive Directors will normally be in line with those for the general workforce except where there is a change of role or responsibilities or in other exceptional circumstances.	There is no prescribed maximum annual increase.	The salaries of the Executive Directors and wider workforce were subject to an external benchmarking exercise. With effect from 1 January 2023, the full-time equivalent rates of salary for the Executive Directors will be: • Marc Bishop Lafleche – £417,000 • Kevin Flynn – £325,000
Pension and benefits To provide market competitive benefits	A Company contribution to a money purchase pension scheme, or a cash allowance in lieu of pension at the request of the individual. In addition, the main benefits currently provided are: death in service, long-term illness and private medical insurance schemes which are provided to all employees.	Pension: Executive Directors receive the same Company contribution as the wider workforce. Death in service policy: five times salary. The maximum value of benefit overall is not predetermined and is based upon the cost to the Company.	The pension contributions and all other benefits for Executive Directors for 2023 remain unchanged. Marc Bishop Lafleche and Kevin Flynn receive pension allowances of 10% of salary, in line with the wider workforce.
Annual bonus To encourage and reward delivery of the Company's operational objectives for the relevant year. To ensure through the required holding of shares, that longer-term focus is encouraged and in line with shareholder interests.	Executive Directors will be required to use that part of their cash bonus that exceeds 50% of their salary to purchase and hold shares for a three-year period. Bonus outturns are determined based on the achievement of a combination of corporate, financial and personal performance targets. Corporate and financial performance targets are agreed by the Board at the beginning of the year. Personal performance targets are agreed with the Chairman and the Committee. The Committee uses a balanced scorecard approach to assess performance against targets at the end of the year, while retaining overall discretion in the calculation of the final bonus outturn. Malus and clawback provisions apply as described below.	The maximum annual bonus opportunity is 100% of salary. The bonus earned at threshold performance is 25% of the maximum, increasing on a straight-line basis to the various targets set. For Growth, the threshold is set at 0%. The annual bonus is based on a mix of financial, strategic and personal conditions and is measured over one financial year.	The bonus opportunity for each Executive Director remains at 100% of salary earned in the year. The performance measures for the 2023 awards will be as follows: • Growth (30% – 40%) – delivery of the Group's strategic objective and the acquisition of new royalties and streams • Financial performance (25%) – performance against budget for portfolio contribution, adjusted earnings per share and P/NAV • ESG (15%) – delivery of 2023 strategic priorities agreed with the Sustainability Committee and the development of a sustainability roadmap • Personal objectives (20% – 30%) – individually tailored objectives to motivate the execution of the Group's strategy.

Key aspects of the remuneration policy for Executive Directors continued

Element, purpose and link to strategy	Operation	Opportunity/performance measures	Implementation for 2023
Long-term incentives – PSP To encourage and reward the achievement of long-term sustainable shareholder returns and delivery of the Company's strategic objectives. To align Executive Director and senior management interests to shareholder interests.	Conditional awards of shares or nil-cost options will be capable of being granted annually, with a performance period and vesting period of at least three years. Any awards that vest are subject to a holding period so that the overall PSP time horizon is at least five years. Vested awards may not generally be sold during the holding period, other than to cover tax liabilities arising on vesting. Dividend equivalents (normally satisfied in shares) accrue over the vesting/holding period and are payable in respect of awards that vest. Malus and clawback provisions apply as described below.	The maximum annual PSP opportunity is 150% of salary. The Committee will review the Executive Directors' PSP award sizes annually, prior to grant, to ensure they are appropriate. For each performance element, threshold performance warrants no more than 25% vesting of the element, rising on a straight-line basis to 100% for achieving stretch targets. Performance below threshold results in zero vesting. Performance measures attached to each award should be linked to the Group's strategy and may include, but are not limited to, TSR, Portfolio Contribution, adjusted earnings per share, free cash flow and other strategic objectives.	The LTIP opportunity for the roles of CEO and CFO will remain at 150% and 125% of the rate of salary respectively. The performance criteria (and weighting) for the 2023 LTIP, to be achieved in 2025, will be as follows: • TSR vs EMIX Global Mining Index (excluding gold and energy) (33%) – 25% vesting for TSR equal to index; 100% for Index performance + 7% per annum • Portfolio contribution (33%) – 25% vesting for achieving threshold (\$54.0m); 100% for achieving stretch (\$77.0m) • Adjusted earnings per share (33%) – 25% vesting for achieving threshold (10.5c); 100% for achieving stretch (15.5c) With straight-line vesting for performance between the targets.

Malus and clawback

Awards under the annual bonus (including both cash and deferred share bonus awards) and the LTIP are subject to malus provisions and clawback provisions, which may be applied during the period of two years after the date of vesting. Malus refers to the reduction, including to nil, of unvested or unpaid awards or the requirement for additional performance measures to be met for vesting of the award. Clawback refers to the recovery of paid or vested amounts. Malus and clawback may be applied in the circumstances below, as well as in other exceptional circumstances, at the Committee's discretion.

- Material misstatement in results
- Gross misconduct
- Material failing of management resulting in material downturn in financial or operational performance or serious reputational damage
- Error in calculation
- Corporate failure

Shareholding guidelines

Within five years of appointment, Executive Directors are expected to hold shares in the Company with a value of two times basic salary. The Committee will take into consideration these in-post guidelines when making grants under the Company's various incentive plans.

In order to provide further long-term alignment with shareholders, and in line with the UK Corporate Governance Code, Executive Directors will normally be expected to maintain a holding of Company shares for a period after their employment. Executive Directors will normally be required to continue to hold the lower of the in-post requirement at the time of cessation and the actual shareholding at cessation. The requirement

applies for a two-year period post-termination and applies to all share awards under the Deferred Share Bonus Plan and LTIP.

Non-Executive Director fee policy

The full remuneration policy for our Non-Executive Directors (NEDs) is outlined in the 2020 Annual Report. The policy does not set limits for individuals but provides that the maximum annual aggregate of fees for all NEDs (including the Chairman) is within the £600,000 limit set out in the Company's Articles of Association.

Chairman and Non-Executive Director (NED) fees: Implementation for 2023

Fee levels for the Chairman and NEDs were reviewed in December 2022 to ensure that they are set at an appropriate market level and remain competitive. These fees were last reviewed and set with effect from 1 January 2022.

In deciding to set fees for 2023 at the levels set out below, the following considerations were taken into account:

- The impact of inflation and the cost-of-living increases reflected in the remuneration of the Company's wider workforce.
- The incremental fees paid to the chairs of our Audit and Remuneration Committee have not risen for a considerable period and have not kept up with the demands of these roles in the context of our Company.

From 1 January 2023, the Chairman's fee was increased by 5.5% and the NED base and committee membership fees were increased by 10%. The additional fees for chairing the Audit and Remuneration Committees increased by £3,000 (43%).

Directors' remuneration policy continued

Chairman and Non-Executive Director (NED) fees: Implementation for 2023 continued

Determining the fees paid to the NEDs is a matter for the Board, with the NEDs abstaining; therefore, the increases for 2023 were approved by the Chairman and Executive Directors. No Directors were involved in any decision as to their own fees. As set out in the 2022 Annual Report, the Chairman and NED fees are reviewed annually, in line with the approach taken for the Executive Directors and wider workforce.

	2023 £	2022 £	% Increase
Chairman	153,000	145,000	5.5%
Base fee	48,400	44,000	10%
Increment			
Senior Independent Director	10,000	10,000	—
Committee Chairmanship:			
– Audit or Remuneration	10,000	7,000	43%
– Sustainability	7,000	7,000	—
Committee Membership	6,600	6,000	10%

Annual Remuneration Report for 2022

This part of the report details the remuneration paid to Directors during 2022 with a comparison to the previous year.

Audited information

Elements of this section of the report have been audited. The areas of the report subject to audit are indicated in the headings.

Single figure for total remuneration (audited)

		Salary/fees £'000	Benefits ⁽⁹⁾ £'000	Total bonus £'000	Pension £'000	Other £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors									
M. Bishop Lafleche ⁽¹⁾	2022	270	3	225	27	7⁽²⁾	532	300	232
	2021	—	—	—	—	—	—	—	—
J.A. Treger ⁽³⁾	2022	95	5	62	10	20⁽⁴⁾	192	110	82
	2021	388	5	357	43	7 ⁽⁴⁾	800	436	364
K. Flynn	2022	285	4	225	28	—	542	317	225
	2021	250	3	214	18	5 ⁽⁵⁾	490	271	219
Non-Executive Directors									
N.P.H. Meier	2022	145	—	—	—	—	145	—	—
	2021	125	—	—	—	—	125	—	—
R. G. Dacomb ⁽⁶⁾	2022	57	—	—	—	—	57	—	—
	2021	57	—	—	—	—	57	—	—
V.A. Dennett ⁽⁷⁾	2022	—	—	—	—	—	—	—	—
	2021	22	—	—	—	—	22	—	—
J.E. Rutherford	2022	67	—	—	—	—	67	—	—
	2021	65	—	—	—	—	65	—	—
V. Shine ⁽⁸⁾	2022	57	—	—	—	—	57	—	—
	2021	20	—	—	—	—	20	—	—
R.H. Stan	2022	50	—	—	—	—	50	—	—
	2021	48	—	—	—	—	48	—	—

(1) M. Bishop Lafleche was appointed to the Board as Chief Executive Officer with effect from 1 April 2022.

(2) Other remuneration for M. Bishop Lafleche consists of £7k paid under the Company's annual leave buyback programme which is available to all staff.

(3) J.A. Treger agreed to receive 90% of his contractual salary until August 2021 before stepping down to 80% of his contractual salary, until he stepped down from the Board on 31 March 2022.

(4) Other remuneration for J.A. Treger consists of £20k in accrued annual leave at the time of stepping down from the Board on 31 March 2022, and £7k paid in 2021 under the Company's annual leave buyback programme which is available to all staff.

(5) Other remuneration for K. Flynn in 2021 consists of £5k paid under the Company's annual leave buyback programme which is available to all staff.

(6) The 2021 fees for R.G. Dacomb reflect the chairmanship of the Remuneration Committee until the appointment of V. Shine.

(7) V.A. Dennett retired from the Board on 26 May 2021.

(8) V. Shine was appointed to the Board on 23 August 2021.

(9) The benefits value consists of health insurance.

Annual bonus for the year ending 31 December 2022 (audited)

A set of individually crafted corporate and personal bonus criteria was agreed with the Executive Directors for the 2022 financial year which took into account the evolving corporate and financial priorities of the Group.

Discretion

Incentives are designed to ensure they drive appropriate short and long-term behaviours and it is the Committee's general preference to avoid making any adjustments. The Committee did not make any discretionary adjustments to the 2022 bonus outcomes.

The bonus matrices for the Executive Directors for 2022 are detailed below.

2022 CEO Scorecard – Marc Bishop Lafleche

Criteria		Maximum award (%)	Actual outcome (%)
Corporate Performance Criteria	Growth	40	37
	Measures for assessment included:		
	• Acquisition (actually completed and announced) of new value adding producing and/or near producing royalties		
	• Significant value adding M&A deal to grow the size of the Company		
	ESG	15	9.4
	Measures for assessment included:		
	• Improve disclosures and voluntary compliance with globally recognised sustainability frameworks		
	• Enhancing the Group's sustainability risk rating as assessed by ratings agencies		
	Financial performance	20	15
	Measures for assessment included:		
	• Portfolio contribution, AEPS, FCF and P/NAV		
Personal Performance Criteria	Professionalism and holistic contribution	25	22
	• Successful integration of acquisitions		
	• Leadership and direction		
	• Team development and succession planning		
	• Embedding culture		
	• Stakeholder engagement		
	• Personal contribution		
Total		100	83.4

Growth: The \$185m acquisition of a high-quality portfolio of advanced stage royalties from South32 in July 2022, as described in detail on pages 12 to 13, was another significant step in delivering on the Group's stated strategy. This acquisition transforms the Group's medium-term income growth profile, while increasing our copper and nickel exposure, commodities essential to achieving the energy transition. The threshold (0% vesting) to stretch (100% vesting) hurdles were \$0m to \$200m, as the acquisition totalled \$185m the Committee determined that 92.5% of the hurdles had been achieved, resulting in an overall bonus score of 37% being awarded.

ESG: Throughout 2022, the Group's sustainability disclosures and frameworks were enhanced through engagement with the Group's operating partners and external stakeholders including sustainability ratings agencies. During the second half of 2022, the Group's sustainability rating issued by Sustainalytics was improved considerably from a severe rating to a low rating, following considerable engagement and education in relation to the royalty and streaming business model. An overall bonus score of 9.4% was awarded.

Financial Performance: For the second consecutive year, the Group's portfolio of existing royalties and streams generated record levels of portfolio contribution, AEPS and FCF, outperforming the stretch targets for the year. The portfolio contribution target range was \$90m to \$130m (\$143.3m achieved); the AEPS target range was 28.7c to 40.4c (41.5c achieved after adjusting the AEPS of 37.55c for the consideration shares issued for the South32 acquisition); and the FCF target range was \$78.1m to \$108.2m (\$132.1m achieved). The Group's fourth financial metric was the P/NAV trading multiple with a target range of 0.9x to 1.1x (0.73x achieved).

25% of each element vested for threshold with 100% vesting at stretch. As the targets were exceeded for three out of the four metrics, a score of 15% was awarded.

Annual Remuneration Report for 2022 continued

Annual bonus for the year ending 31 December 2022 (audited) continued

Discretion continued

2022 CEO Scorecard – Marc Bishop Lafleche continued

Professionalism and holistic contribution: Marc made an outstanding transition from Chief Investment Officer to Chief Executive, fully grasping the broader mandate of his new role. In the short time he has been in the role of CEO, he has clearly articulated his vision on the growth strategy for the Group which has the support of our internal and external stakeholders. In addition, through his leadership and direction, Marc reinvigorated the Group's culture with a focus on personal development that leads to the collective success of the team. An overall bonus score of 22% was awarded.

Bonus outturn: The overall bonus score was agreed at 83.4% under the bonus scoring matrix for a total award of £225,180 (83.4% x £270,000 – weighted average salary from appointment on 1 April 2022 to 31 December 2022). The overall aggregate bonus of £225,180 falls within the 100% bonus limit set out in the policy table. In accordance with the remuneration policy, any amount over 50% of salary is required to be used to invest in on market purchases of shares in the Company. The Committee assessed that the level of bonus was reflective of the significant strategic progress delivered during the year.

2022 CEO Scorecard – Julian Treger

Criteria		Maximum award (%)	Actual outcome (%)
Corporate Performance Criteria	Growth	40	37
	Measures for assessment included:		
	• Acquisition (actually completed and announced) of new value adding producing and/or near producing royalties.		
	• Significant value adding M&A deal to grow the size of the Company		
	ESG	15	6
	Measures for assessment include:		
	• Improve disclosures and voluntary compliance with globally recognised sustainability frameworks		
	• Enhancing the Group's sustainability risk rating as assessed by ratings agencies		
	Financial performance	20	15
	Measures for assessment included:		
	• Portfolio contribution, AEPS, FCF and P/NAV		
Personal Performance Criteria	Professionalism and holistic contribution	25	7.5
	• Execute successful handover of Chief Executive role		
	• Leadership and direction		
	• Team development and succession planning		
	• Embedding culture		
	• Personal contribution		
Total		100	65.5

Growth: The outgoing CEO was assessed on the same basis as the CEO above for an overall bonus score of 37%.

ESG: The outgoing CEO was assessed on the same basis as the CEO above, with the exception of the improvement in the sustainability rating which occurred after Mr. Treger's departure. An overall bonus score of 6% was awarded.

Financial Performance: Mr. Treger was assessed on the same basis as CEO above for an overall bonus score of 15%.

Professionalism and holistic contribution: Mr. Treger's ongoing leadership and development of the wider team, together with his engagement with the Group's external stakeholders throughout the first quarter ensured the new CEO was embedded successfully in his new role, following a smoothly managed transition. An overall bonus score of 7.5% was awarded.

Bonus outturn: The overall bonus score was agreed at 65.5% under the bonus scoring matrix for a total award of £62,389 (65.5% x £381,000 x 25% – weighted average salary reflecting the time commitment of 80%, reduced to the time served of 3 months in 2022). The overall aggregate bonus of £62,389 falls within the 100% bonus limit set out in the policy table. In accordance with the remuneration policy, any amount over 50% of salary is required to be used to invest in on market purchases of shares in the Company. The Committee assessed that the level of bonus was reflective of the significant strategic progress delivered during the year.

Annual bonus for the year ending 31 December 2022 (audited) continued
2021 CFO Scorecard – Kevin Flynn

Criteria		Maximum award (%)	Actual outcome (%)
Corporate Performance Criteria	Growth	30	27.75
	Measures for assessment included:		
	• Acquisition (actually completed and announced) of new value adding producing and/or near producing royalties.		
	• Significant value adding M&A deal to grow the size of the Company		
	ESG	10	6.25
Personal Performance Criteria	Measures for assessment include:		
	• Implementation of ESG policy and enhanced due diligence process for new investments.		
	• Enhancing visibility of ESG matters relating to the existing portfolio		
	• Move the portfolio away from coal to future facing commodities		
	Financial performance	37.5	27.5
Professionalism and holistic contribution	Measures for assessment included:		
	• Meet and exceed budget for portfolio contribution, AEPS and FCF		
	• Ensuring effective currency hedging throughout the business		
	Professionalism and holistic contribution	22.5	17.5
	• Successful integration of acquisitions		
Total	• Leadership and direction		
	• Team development and succession planning		
	• Capital structure, risk and financing improvements		
	• Embedding culture		
	• Personal contribution		
Total		100	79

Growth: The CFO was assessed on the same basis as the CEO above for an overall bonus score of 27.75%.

ESG: The CFO was assessed on the same basis as the CEO above for an overall bonus score of 6.25%.

Financial Performance: The CFO was assessed on the same basis as the CEO above in relation to the Group's financial metrics with a score of 17.5% in relation to these elements of financial performance. The successful negotiation of maintaining the headline commitment of U\$150m under the Group's revolving credit facility, together with securing an accordion of a further U\$50m and a 12-month extension, as well as achieving improved returns by maximising the synergies across the Group's resulted in a further score of 10% and an overall bonus score of 27.5%.

Professionalism and holistic contribution: The CFO played a significant role in ensuring a smooth transition between Chief Executives. He rapidly developed a strong partnership with the new CEO and continues to play a crucial role in setting and delivering the Group's strategy. Through his support of the new CEO's approach to the personal development of the wider team, the CFO has reinforced the cultural change that focuses on the collective success of the team. An overall bonus score of 17.5% was awarded.

Bonus outturn: The overall bonus score was agreed at 79% under the bonus scoring matrix for a total award of £225,150 (79% x £285,000). The overall aggregate bonus of £225,150 falls within the 100% bonus limit set out in the policy table. In accordance with the remuneration policy, any amount over 50% of salary is required to be used to invest in on market purchases of shares in the Company.

Annual Remuneration Report for 2022 continued

Scheme interests granted during 2022 (audited)

The table below summarises LTIP-PSP share awards granted to Executive Directors during 2022.

The LTIP-PSP is granted in the form of conditional shares and vesting is dependent on the Group's performance over 2022-2024 based on the performance metrics detailed.

Type of award	Performance criteria (weighting)	Vesting schedule	Performance period end	Director	Basis of award	Number of shares awarded	Face value at grant
LTIP-PSP share awards	TSR vs EMIX Global Mining Index (33%)	25% for TSR equal to the Index; 100% for the Index +7% p.a. or above	31/12/2024	M. Bishop Lafleche	150% of salary	353,812 ⁽¹⁾	£540,000 ⁽¹⁾
				K. Flynn	125% of salary	257,834 ⁽²⁾	£356,250 ⁽²⁾
	Portfolio contribution (33%)	25% for achieving threshold; 100% for achieving stretch					
	Threshold: \$44.2m Stretch: \$76.0m						
	Adjusted earnings per share (33%)	25% for achieving threshold; 100% for achieving stretch					
	Threshold: 12.1c Stretch: 24.4c						

(1) Mr. Bishop Lafleche received two grants of LTIP-PSP awards during the year ended 31 December 2022. The first grant was made on 25 February 2022, prior to his appointment to the Board, with 180,936 shares awarded using a grant price of £1.3817 being equivalent to 100% of his base salary as Chief Investment Officer. The share price used was calculated based on the five-day volume weighted average share prices between 24 February 2022 and 28 February 2022. Mr. Bishop Lafleche received an additional grant of 172,876 shares following his appointment as Chief Executive Officer. The grant price of £1.6775 was calculated based on the five-day volume weighted average share prices between 05 May 2022 and 11 May 2022. The total of the combine awards for the year are equivalent to 150% of Mr. Bishop Lafleche's base salary as Chief Executive Officer. As receipt of the LTIP-PSP awards is conditional on performance, the actual value of these awards may be nil. Vesting outcomes will be disclosed in the remuneration report for 2024.

(2) The face value of the LTIP-PSP awards granted to Mr. Flynn has been calculated using the grant price of £1.3817. This share price has been calculated based on the five-day volume weighted average share prices between 24 February 2022 and 28 February 2022. As receipt of the LTIP-PSP awards is conditional on performance, the actual value of these awards may be nil. Vesting outcomes will be disclosed in the remuneration report for 2024.

Vesting of share-based awards during 2022 (audited)

On 26 February 2023, the 30% of the 2021 annual bonus deferred into shares under the Deferred Share Bonus Plan (DSBP) vested. In accordance with the plan rules, at the time of grant, the Remuneration Committee resolved that the awards would be entitled to a dividend equivalent which was settled in cash. The table below summarises the 2020 awards which have now vested.

Date granted	Executive Directors	Number of shares	Value on date of grant ⁽¹⁾	Value on date of vesting ⁽²⁾	Dividend equivalent settled in cash ⁽³⁾
26/02/2021	J.A. Treger	30,344	£42,420	£41,505	£4,248
26/02/2021	K. Flynn	16,900	£23,626	£23,116	£2,366

(1) Awards made under the DSBP on 26 February 2021 were based on the mid-market closing price of 139.8p on 25 February 2021.

(2) The value on vesting is based on the mid-market closing price of 136.8p on 24 February 2023.

(3) Dividend equivalent is equal to 14.00p per share being the total dividends with record dates occurring between the date of grant and the vesting date.

On 24 January 2022, the 20% of the 2020 annual bonus deferred into shares under the DSBP vested. In accordance with the plan rules, at the time of grant, the Remuneration Committee resolved that the awards would be entitled to a dividend equivalent which was settled in cash. The table below summarises the 2020 awards which have now vested.

Date granted	Executive Directors	Number of shares	Value on date of grant ⁽¹⁾	Value on date of vesting ⁽²⁾	Dividend equivalent settled in cash ⁽³⁾
24/01/2020	J.A. Treger	33,976	£58,608	£46,615	£6,243
24/01/2020	K. Flynn	16,835	£29,040	£23,098	£3,093

(1) Awards made under the DSBP on 24 January 2020 were based on the mid-market closing price of 172.5p on 23 January 2020.

(2) The value on vesting is based on the mid-market closing price of 137.2p on 24 January 2022.

(3) Dividend equivalent is equal to 18.375p per share being the total dividends with record dates occurring between the date of grant and the vesting date.

Total pension entitlements (audited)

The Company makes contributions to employees' pensions and has designated the National Employment Savings Trust (NEST) as its stakeholder pension provider. The Committee may pay a cash allowance in lieu of part or all of a Director's pension contribution.

Loss of office payments and payments to former Directors (audited)

There were no loss of office payments made to Directors or payments to former Directors in 2022 (2021: nil).

As disclosed in the 2021 Directors Remuneration Report, the remuneration arrangements for Mr. Treger on his departure consisted of the following:

- Pro-rated bonus for time served in 2022 up to 31 March 2022 and subject to performance. The 2022 bonus outturn is detailed on page 110, the payment for which was made in February 2023, with that portion in excess of 50% of salary being invested in shares which have to be held for three years under the Remuneration Policy.
- Good leaver treatment in respect of outstanding share awards, with awards vesting at their original vesting dates, and any LTIP awards which vest will be subject to a further two-year holding period. The deferred share bonus plan awards that vested in February 2023 are detailed in "Vesting of share-based awards during 2022 (audited)" section of this report.
- LTIP awards will be pro-rated for service up to 31 March 2022 and vesting remains subject to performance.
- No LTIP awards for 2022 were granted.

In addition to the remuneration arrangements detailed above, Mr. Treger received a payment of £1,053 in relation to a consultancy agreement for services provided to the Company following his departure. This consultancy agreement was terminated by mutual agreement in June 2022.

Directors' shareholding and share interests (audited)

Details of the Directors' interests in shares are shown in the table below.

	Beneficially owned at 24 March 2023 ⁽¹⁾	Beneficially owned at 31 December 2022	% of salary shareholding achieved ⁽²⁾	Shareholding requirement met ⁽³⁾	Not subject to performance conditions		Subject to performance conditions
					Share options	Deferred bonus shares	LTIP – PSP
Executive Directors							
M. Bishop Lafleche	299,978	274,978	59%	N/A	—	—	493,283
J.A. Treger ⁽⁴⁾	N/A	2,156,474	N/A	N/A	—	30,344	431,224
K. Flynn	153,424	162,465	44%	N/A	—	16,900	480,206
Non-Executive Directors							
N.P.H. Meier	466,151	437,781	N/A	N/A	—	—	—
C. Coignard	—	—	N/A	N/A	—	—	—
R.G. Dacomb	94,063	94,063	N/A	N/A	—	—	—
J.E. Rutherford	118,593	118,593	N/A	N/A	—	—	—
V. Shine	—	—	N/A	N/A	—	—	—
R.H. Stan	424,981	413,981	N/A	N/A	—	—	—

(1) None of the Directors hold their shares in hedging arrangement or as collateral for loans. Such an arrangement would require express permission from the board.

(2) The share price used to determine the percentage of shareholding of salary achieved is 156p based on the share price as at 30 December 2022.

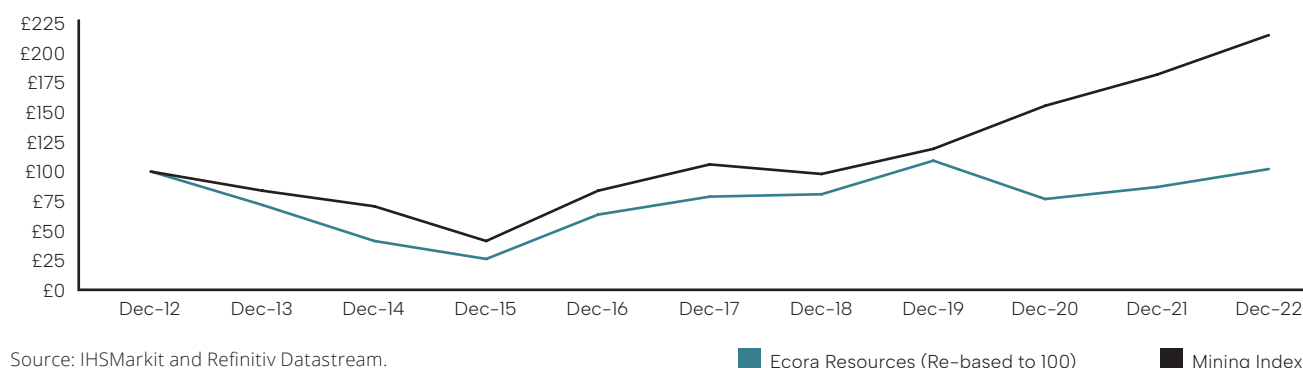
(3) The shareholding guideline for the Executive Directors is 200% of their salary within 5 years of appointment. From cessation, Executive Directors are normally required to hold the lower of the in-post requirement at the time of cessation and the actual shareholding at cessation for two-years.

(4) The number of beneficially owned shares and the deferred bonus shares reported for J.A. Treger is as at 31 March 2022, being the date he stepped down from the Board. Mr. Treger remains subject to the post cessation shareholding guidelines in relation to 29,610 shares until the second anniversary of his departure (31 March 2024).

Annual Remuneration Report for 2022 continued

Total shareholder return

EMIX Global Mining Index (excluding gold and energy) vs Ecora Resources PLC



The performance of the Company's ordinary shares compared with the EMIX Global Mining Index (excluding gold and energy) for the ten-year period ended on 31 December 2022 is shown in the graph above. The Committee believes that this index is the most appropriate over this period as it is included as part of the LTIP performance targets. Both have been re-based at the start of the period in order to provide a graphical measure of comparative performance.

The middle-market price of an ordinary share on 31 December 2022 was 156p. During the year the share price ranged from a low of 134p to a high of 189p.

Total remuneration for the CEO over time

	2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
	J.Theobald					J.A. Treger ⁽²⁾						M. Bishop Lafleche ⁽³⁾
Total remuneration (£'000)	193 ⁽¹⁾	39	432	374	563	655	696	737	594	800	192	532
Bonus outturn (%)	—	—	64	—	47	71	72	74	35	92	66	83
LTIP vesting (%)	—	—	—	—	—	—	—	—	—	—	—	—

(1) J. Theobald also received £63,333 as payment in lieu of notice, £95,000 termination payment (paid in January 2014) and £2,400 for legal advice.

(2) J.A. Treger was appointed CEO on 21 October 2013 and step down as CEO on 31 March 2022.

(3) M. Bishop Lafleche was appointed CEO on 1 April 2022.

The table above shows the total remuneration for the CEO during each of the financial years. The total remuneration figure includes the annual bonus. No LTIP awards vested. The bonus outturn percentage is expressed as a percentage of the cap, where applicable, for the period in question.

Change in Directors' remuneration compared to UK employees

The following table sets out the Directors' basic salary, benefits, and annual bonus amounts for 2022, 2021 and the year-on-year changes. We show the average change in each element for all of the Group's UK-based employees, all of whom are employed by Ecora Resources PLC directly. The Committee has chosen this comparator as it feels that it provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill.

Change in Directors' remuneration compared to UK employees continued

		2020 Salary/ fees ⁽¹⁾	2020 Benefits ⁽²⁾	2020 Bonus	2021 Salary/ fees ⁽¹⁾	2021 Benefits ⁽²⁾	2021 Bonus	2022 Salary/ fees ⁽¹⁾	2022 Benefits ⁽²⁾	2022 Bonus
Executive Directors										
M. Bishop Lafleche ⁽³⁾	% change	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
J.A. Treger	% change	2%	2%	(52%)	-%	(2%)	153%	6%	(5%)	(25%)
K. Flynn ⁽⁴⁾	% change	N/A	N/A	N/A	-%	5%	171%	14%	30%	5%
Non-Executive Directors										
N.P.H. Meier	% change	-%	-%	-%	-%	-%	-%	16%	-%	-%
R.G. Dacomb	% change	-%	-%	-%	10%	-%	-%	-%	-%	-%
V.A. Dennett ⁽⁵⁾	% change	-%	-%	-%	-%	-%	-%	N/A	N/A	N/A
J.E. Rutherford	% change	-%	-%	-%	3%	-%	-%	3%	-%	-%
V. Shine ⁽⁶⁾	% change	N/A	N/A	N/A	-%	-%	-%	4%	-%	-%
R.H. Stan	% change	-%	-%	-%	-%	-%	-%	4%	-%	-%
UK employees	% change	(2%)	(22%)	(45%)	6%	14%	161%	6%	20%	(6%)

(1) There was no increase in NED base or committee fees in 2020 or 2021; an increase is due to individuals taking on additional committee memberships or committee chairmanships.

(2) Benefits comprise of pension and medical cover, these being the most material.

(3) M. Bishop Lafleche was appointed Chief Executive Officer and appointed to the Board on 1 April 2022.

(4) K. Flynn was appointed to the Board on 1 January 2020.

(5) V.A. Dennett retired from the Board on 26 May 2021, her full year equivalent fee is the same as 2020.

(6) V. Shine joined the Board on 23 August 2021; no change is calculable for 2020.

Distribution statement for 2022

The table below sets out the total expenditure on employee reward over 2022, compared to the dividends received by shareholders, acquisitions during the year and income taxes paid.

	2022 \$m	2021 \$m	% (decrease) /increase
Employee benefit expense ⁽¹⁾	5.6	5.9	(5%)
Dividends	19.4	25.4	(24%)
Acquisition of royalty and metal stream related assets ⁽²⁾	185.0	208.1	(11%)
Income taxes paid ⁽³⁾	12.0	7.7	56%

(1) Employee benefit expense for the financial year as per note 7a to the financial statements.

(2) Acquisition of royalty and metal related assets during the financial year is the sum of the cash flows for the purchase of mining and exploration interests, royalty intangible assets, metal streams and royalty financial instruments per the Group's statement of cash flows, together with fixed deferred consideration.

(3) Income taxes paid are as per the Group's statement of cash flows.

Statement of shareholder voting

At the last year's AGM held on 12 May 2022, the resolutions relating to the 2021 Directors' Remuneration Report were approved by shareholders on a show of hands. Details of the valid proxy votes received for the resolution are detailed below:

Resolution	Votes for	Votes against	Votes withheld ⁽¹⁾
Approval of Directors' Remuneration Report	107,435,908	3,281,649	20,697
	97.03%	2.96%	

The Directors' remuneration policy was last put to shareholders at the AGM held on 26 May 2021, where it was approved by shareholders on a show of hands. Details of the valid proxy votes received for the resolution are detailed below:

Resolution	Votes for	Votes against	Votes withheld ⁽¹⁾
Approval of the Directors' remuneration policy	93,621,298	5,624,695	88,943
	94.33%	5.67%	

(1) A vote 'withheld' is not a vote in law, and is not counted in the calculation of the proportion of votes for and against the resolution.

Annual Remuneration Report for 2022 continued

External advisers

The table below details the external advisers to the Committee and the fees paid for services provided during 2022. The fees for external advisers are charged on a time and expenses basis and are in accordance with the terms and conditions set out in the relevant engagement letter.

The Committee is satisfied that the Korn Ferry engagement team, which provides remuneration advice to the Committee, does not have connections with Ecora Resources PLC or its Directors that may impair its independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has no other connection with the Company or any of the Directors.

External advisers and fees

Advisers		Fees for committee assistance
Korn Ferry	Appointed by the Committee as external advisers from February 2020 following a competitive tender process. Support during 2022 included attendance and advice at Remuneration Committee meetings, specialist share award valuation services, remuneration benchmarking and advice on the remuneration arrangements for the Executive Directors.	£23,203

Directors' service agreements

The Executive Directors are employed under rolling service contracts with no fixed term. The service contracts of Mr. Bishop Lafleche and Mr. Flynn provide for a six-month notice period and an additional payment equivalent to six months' basic salary in line with the Group's redundancy policy. In the event of change of control of the Company, there is no enhancement to contractual terms. The dates of the Executive Directors' service agreements are set out below.

	Date of appointment
M. Bishop Lafleche	1 April 2022
K. Flynn	1 January 2020

The Chairman and NEDs are appointed by the Company under letters of appointment and do not have service contracts or contracts for service. All NEDs are expected to serve for an initial period of three years, subject to annual re-election by shareholders at the AGM. At the Board's discretion, NEDs may have their service contracts renewed for up to two further three-year periods. The Chairman and the NEDs have a notice period of not less than one month from either side. The dates of each NED's original appointment are set out below.

	Date of appointment	Date of most recent term	Date of expiry
N.P.H Meier	30 April 2015	30 April 2021	30 April 2024
C. Coignard	1 January 2023	1 January 2023	1 January 2026
R.G. Dacomb	1 November 2019	1 November 2022	1 November 2025
J.E. Rutherford	1 November 2019	1 November 2022	1 November 2025
V. Shine	23 August 2021	23 August 2021	23 August 2024
R. Stan	19 February 2014	19 February 2020	10 May 2023

Approval

This report was approved by the Board on 28 March 2023 and signed on its behalf by

V. Shine

Chair of the Remuneration Committee

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2022.

Principal activities

The Group's principal royalty activities are set out in the Strategic Report on pages 1 to 82.

Going concern

The financial position of the Group and its cash flows are set out on pages 131 and 134. The Directors have considered the principal risks of the Group which are set out on pages 62 to 68, and considered key sensitivities which could impact the level of available borrowings. As at 31 December 2022, the Group had cash and cash equivalents of \$5.9m, as set out in note 23, and borrowings of \$42.3m under its revolving credit facility, as set out in note 25. Subject to continued covenant compliance, the Group has access to a further \$108m through its secured \$150m revolving credit facility as at the date of this report.

The Directors considered the Group's cash flow forecasts for the period to the end of March 2024 under base and downside scenarios with reference to the Group's principal risks as set out on pages 62 to 68. Further consideration was given to the wider macroeconomic environment, including the demand for the commodities produced and the prices realised by the underlying operations of the Group's royalty and stream portfolio, and the ongoing operations themselves, including production levels. In all of the scenarios modelled (including reductions in forecast commodity prices and volumes of 10% and 15% respectively, together with adverse currency movements of 10%), the Group continues to operate within its banking covenant limits with no debt redemption or amortisation commitments within the 12-month period from the date of approval of these consolidated financial statements.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and other uncertainties, together with the Group's cash position and access to the revolving credit facility, show that the Group will be able to operate within the level of its current facilities for the period of at least 12 months from the date of approval of the financial statements. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

Results and dividends

The consolidated income statement is set out on page 129 of the financial statements.

The Group reported a profit after tax of \$94.6m (2021: \$37.5m).

Total dividends for 2022 will amount to 7.00p per share (2021: 7.00p per share), combining the recommended final dividend of 1.75p per share for the year ended 31 December 2022 with the interim dividends of 1.75p per share paid on 31 August 2022, 26 October 2022 and 15 February 2023. The final dividend for the year ended

31 December 2022 is subject to shareholder approval at the 2023 AGM. The Board proposes to pay the final dividend on 7 June 2023 to shareholders on the Company's share register at the close of business on 12 May 2023. The shares will be quoted ex-dividend on the London and Toronto Stock Exchanges on 11 May 2023.

Outlook

The outlook for, and likely future developments of, the Group are described within the Chairman's Statement on pages 8 and 9, together with the Chief Executive Officer's Statement on pages 12 and 13, and the Group's Strategic Report on pages 1 to 82.

Directors

The names of the Directors in office on the date of approval of these financial statements, together with their biographical details and other information, are shown on pages 92 and 93.

All Directors will stand for election or re-election at the 2023 AGM, with the exception of Mr. R.H. Stan who is stepping down from the Board with effect from the conclusion of the AGM.

A table of Directors' attendance at Board and Committee meetings during 2022 is on page 86.

Directors' powers

The Directors may exercise all the powers of the Company, subject to applicable legislation and regulation and the Company's Articles of Association. The Company's Articles of Association may be amended by special resolution of the shareholders.

At the 2022 AGM, held on 12 May 2022, the Directors were given the power to:

- issue new shares up to an aggregate nominal amount of £1,428,277 (equivalent to one-third of the Company's issued share capital) together with a further aggregate nominal amount of £1,428,277 (equivalent to one-third of the Company's issued share capital) in connection with a pre-emptive offer by way of a rights issue to existing shareholders. This power will expire at the earlier of the conclusion of the 2023 AGM or 30 June 2023;
- make market purchases of ordinary shares up to a maximum number of 21,423,406. This power will expire at the earlier of the conclusion of the 2023 AGM or 30 June 2023; and
- to allot equity shares or sell treasury shares for cash other than pro-rata to existing shareholders up to an aggregate nominal amount of £214,234 (equivalent to 5% of the Company's issued ordinary share capital) for general purposes and an additional power to disapply pre-emption rights up to an aggregate nominal amount of £214,234 (equivalent to 5% of the Company's issued ordinary share capital) for transactions which the Directors determine to be an acquisition or other capital investment as defined by the Pre-emption Group in the Statement of Principles on Disapplying Pre-emption Rights (2015). These powers will expire at the earlier of the conclusion of the 2023 AGM or 30 June 2023.

Directors' disclosures continued

The Group maintains insurance for its Directors and officers against certain liabilities in relation to the Group. The Group has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006.

Political donations

No political donations were made during 2022 (2021: nil). Ecora Resources has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Our greenhouse gas emissions

Ecora Resources is a small organisation, with eleven employees and two Executive Directors, which means that any emission sources within its operational and financial control, such as business travel, purchase of electricity, heat or cooling by the Group, are limited. As outlined on page 80, Ecora Resources had zero scopes 1 and 2 emissions for 2022. Management of the operations underlying the Group's royalty and stream portfolio is outside its control. During the year ended 31 December 2022, the Group consumed less than 40,000Kwh of energy (2021: <40,000Kwh) and is therefore exempt from reporting under the UK Government's Streamlined Energy and Reporting Statutory Instrument: 2018/1155.

Capital structure

The structure of the Company's ordinary share capital at 15 March 2022 was as follows:

	Issued No.	Nominal value per share	Total £	% of total capital
Ordinary shares	257,856,157	0.02	5,157.123	100%

Change of control

A number of agreements terminate upon a change of control of the Company, such as certain commercial contracts and the revolving credit facility. None of these are considered significant in terms of the business as a whole. There is no change of control provision in any of the Directors' contracts.

Rights and obligations

Dividends

The £0.02 ordinary shares carry the right to dividends determined at the discretion of the Board.

Voting rights

The £0.02 ordinary shares carry the right to one vote per share.

Relationship agreement

On 19 July 2022, the Company entered into a relationship agreement with South32 SA Investments Limited (South32), a shareholder holding approximately 16.9% of the issued capital of the Company, which contains a

number of undertakings from South32 which are intended to ensure, subject to certain carve-outs, that the Company can operate its business independently of South32, that all transactions between the Company and South32 will be conducted in accordance with the related party transaction provisions contained in Chapter 11 of the Listing Rules with which the Company voluntarily complies and that South32 does not take any action to prevent the Company complying with its Listing Rule obligations. The relationship agreement also grants South32 the right to appoint a director to the Board of the Company (although this appointment right has not been exercised to date). The relationship agreement (including the board appointment right) will terminate if South32 shareholding falls below 10%.

The Board confirms that, since the relationship agreement was entered into by the Company on 19 July 2022, as at 28 March 2023 (being the latest practicable date prior to the publication of this annual report and accounts):

- the Company has complied with the independence provisions included in the relationship agreement;
- so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by South32 and its group companies/associates as applicable; and
- so far as the Company is aware, the procurement obligation relating to compliance by South32's group companies/associates included in the relationship agreement has been complied with by South32.

Restrictions on transfer of holdings

The South32 relationship agreement contains lock-in arrangements pursuant to which South32 agreed not to dispose of any interests in any of the consideration shares (comprising 43,622,091 of ordinary shares) for a nine-month period ending on 18 April 2023 (subject to customary exceptions).

Apart from the South32 lock-in arrangements, there are no specific restrictions on the size of a holding nor on the transfer of the Company's shares, which are both governed by the general provisions of the Company's Articles of Association and prevailing legislation.

Special control rights

The Company's ordinary shares are subject to transfer restrictions and forced transfer provisions that are intended to prevent, among other things, the assets of the Company from being deemed to be 'plan assets' under US Employment Retirement Income Security Act of 1974 (ERISA). For more information refer to the important notices section.

Employee share schemes

Details of employee share schemes are set out on pages 105 to 116 and in note 30 to the financial statements.

Shares held in treasury

The Company holds 3,876,396 £0.02 ordinary shares in treasury following the share buyback in 2020, detailed in note 29 to the financial statements.

Allotment of ordinary shares

On 19 July 2022, the Company issued 43,622,091 new ordinary shares to South32 Royalty Investments Pty Ltd (South32) in connection with the Company's copper and nickel royalty and portfolio acquisition from South32. In return the Company received, the transfer of a right to a 2% net smelter return royalty on part of the Santo Domingo project in Chile, further details are set out in notes 18 and 29. The royalty right was acquired by the Company for a value of \$89.3m which was partly settled by this issuance of new ordinary shares and partly settled by the payment in cash of \$10.3m. The new ordinary shares issued had a nominal value of 2p per share and were issued at a premium of 149.4p per share and rank pari passu in all respects with the existing ordinary shares.

As a result, of the preceding issuance, the Company has issued 43,622,091 new ordinary shares (other than as part of a pre-emptive offer) in the 12 months preceding the date of this Annual Report and Accounts, representing approximately 19% of the Company's share capital as at the date of this Annual Report and Accounts.

Purchase of own shares

At the AGM held on 12 May 2022, authority was given for the Company to purchase, in the market, up to 21,423,406 ordinary shares. This authority will expire at the 2023 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

There were no purchases of own shares during the years ended 31 December 2022 or 31 December 2021.

Substantial shareholdings

The Company has been notified, of the following interests of 3% or more in the share capital of the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules. As at 28 March 2023 (being the latest practicable date for inclusion in this report), the Company has not received any additional notifications pursuant to DTR 5.

	Ordinary shares of 2p each	Representing
South32 SA Investments Ltd	43,622,091	16.92%
Schroder Investment Management	23,435,323	10.90%
Aberforth Partners	22,068,452	10.29%
Canaccord Genuity Wealth Management	11,077,308	5.17%

See page 113 for a list of Directors' interests in shares.

Internal controls

The Directors confirm that there have been no significant changes to the system of internal controls, nor have there been any significant breaches reported during the year. As a result, the Board has concluded that the controls and procedures are adequate.

Statement as to disclosure of information to auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that such audit information has been communicated to the auditor.

Other statutory and regulatory information

Information in relation to the Group's payment policy can be found in note 27 and a statement on going concern is provided in note 3.1.1.

Auditor

Deloitte LLP has expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006 a resolution to appoint an auditor will be proposed at the 2023 AGM.

Designated Foreign Issuer status

The Company continues to be listed on the TSX and to be a 'reporting issuer' in the Province of Ontario, Canada. The Company also continues to be a 'designated foreign issuer', as defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers of the Canadian Securities Administrators. As such, the Company is not subject to the same ongoing reporting requirements as most other reporting issuers in Canada. Generally, the Company will be in compliance with Canadian ongoing reporting requirements if it complies with the UK Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (United Kingdom), as amended from time to time, and the applicable laws of England and Wales (the 'UK Rules') and files on its SEDAR profile at www.sedar.com any documents required to be filed or furnished pursuant to the UK Rules.

By Order of the Board

J. Gray

Company Secretary
28 March 2023

Registered office
Kent House
3rd Floor North
14–17 Market Place
London
W1W 8AJ

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the Group and parent company financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group and parent company financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). 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 Group and its profit or loss for that period. In preparing these financial statements, International Accounting Standard 1 required that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, whose names and functions are set out on pages 92 and 93, confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report, on pages 1 to 82, which is incorporated in the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website, www.ecora-resources.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By Order of the Board

N.P.H. Meier
Chairman
28 March 2023

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ecora Resources plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet and company balance sheet;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated and company cash flow statements; and
- the related notes 1 to 39.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • accounting for royalties acquired from South32 Royalty Investments Pty Limited • valuation of the Kestrel royalty; and • impairment assessment of the royalty intangibles and metal stream portfolio.
Materiality	The materiality that we used for the group financial statements was \$9m, which was determined on the basis of considering a range of different measures including net assets, total assets, and adjusted profit before tax.
Scoping	Consistent with the way the group is centrally managed from the UK office, we consider the group to be one component. Consequently, all assets, liabilities, income and expenses are subject to a full scope audit.
Significant changes in our approach	The risk associated with accounting for royalties acquired from South32 was identified as a key audit matter in 2022 due to the complexity of this transaction and given the level of judgement involved in accounting. The risk associated with uncertain tax positions included as a key audit matter in our prior year audit report is not identified as a key audit matter as it is no longer considered material.

4. 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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing the financing facilities including the nature of facilities, repayment terms and covenants;
- assessing the cash flow forecasts produced by management and challenging the underlying data and key assumptions, such as forecast commodity prices and expected production volumes, and evaluating their consistency with valuation models, budgets and actual performance where applicable;
- assessing the historical accuracy of management's cash flow forecasts;
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- challenging management's downside scenario by considering external information on actual and forecast commodity prices and production volumes;
- assessing, based on our own independent analysis, what reverse stress testing scenarios could lead either to a loss of liquidity or a covenant breach and whether these scenarios were plausible; and
- assessing the Group's going concern related financial statement disclosures.

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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Accounting for royalties acquired from South32 Royalty Investments Pty Limited

Key audit matter description	In July 2022 the Group acquired a portfolio of royalties over advanced development stage copper and nickel projects from South32 Royalty Investments Pty Ltd ("South32") for a fixed consideration of \$185m with further contingent consideration of up to \$15m. The fixed consideration of \$185m consists of: • \$47.6m in cash paid on completion of the transaction. • \$82.4m via an equity issue of 43,622,091 ordinary shares of 2p each at £1.54/share to South32. • Deferred cash consideration totalling \$55.0m to be paid in six equal quarterly instalments with the first instalment paid in October 2022 and the final instalment due in January 2024. The contingent consideration is payable subject to future nickel prices and minimum production levels at one of the royalties (West Musgrave) post commencement of production. In addition, the Group is entitled to a A\$10m payment from the operator of the mine in respect of the West Musgrave royalty. Given the materiality and complexity of the transaction and the significant level of judgement involved, our key audit matter focuses on the appropriateness of the accounting treatment for the acquired royalties and the validity of the amounts recorded in the financial statements. Management concluded that the purchased royalties should be classified as intangible assets at amortised cost under IAS 38 (Intangible Assets) by reference to the principles set out in the "Critical accounting judgements" section of Note 4. Management also concluded the contingent consideration payable should be initially recorded at fair value (with subsequent movements in fair value recorded against the carrying value of the intangible asset) under IFRS 9 (Financial Instruments) and the A\$10m payment due to the Group should be recorded as a financial asset and measured at fair value through profit and loss. Management determines the fair value of the contingent consideration payable and the A\$10m receivable based on valuation models in line with the terms of the respective purchase agreements with South32 and the underlying royalty agreements. Key input assumptions to the valuation models are: production forecast, discount rate and (for the contingent consideration payable) future nickel prices. Further details of this matter have been disclosed in the Audit Committee report on page 97 and in the "Critical accounting judgements" disclosure in note 4 of the financial statements.
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How the scope of our audit responded to the key audit matter	We read the underlying royalty agreements to obtain an understanding of the key terms that impacted the accounting treatment. In doing so we assessed whether, with the exception of the A\$10m West Musgrave payment, under the agreements the Group has no right to receive cash other than through a royalty related to production. In respect of the A\$10m West Musgrave payment, we evaluated whether under the relevant agreement this is separate and distinct from the West Musgrave royalty agreement and dependent solely on commercial production being achieved at West Musgrave. We assessed the appropriateness of the accounting treatment in respect of these arrangements, taking into consideration the requirements of relevant accounting standards, including IAS 38 (Intangible Assets) and IFRS 9 (Financial Instruments). For the royalty assets recorded at amortised cost, we reconciled the amounts recorded in the financial statements to the consideration stated in the underlying purchase agreements with South32. For the contingent consideration payable and the A\$10m receivable recorded at fair value, we reconciled the amounts recorded to management's valuation models and also assessed whether the models were consistent with the terms of the respective purchase agreements with South32 and the underlying royalty agreements. We also obtained appropriate support for the key input assumptions to the valuation models and tested the mechanical accuracy of the fair value models. We obtained an understanding of relevant controls in relation to accounting for the newly purchased assets. We assessed the appropriateness of the related disclosures in the financial statements.
Key observations	We are satisfied that the accounting treatment for the royalties acquired from South32 Royalty Investments Pty Limited, the related amounts recorded in the financial statements and the associated disclosures are appropriate.

5.2. Valuation of the Kestrel royalty

Key audit matter description	The Kestrel royalty was held at a fair value of \$106.7m at 31 December 2022 (2021: \$84.5m) with movements in fair value recognised through the income statement. The valuation of the Kestrel royalty is subjective and contains heightened levels of judgement in relation to the discount rate used, the forecast commodity prices and the expected production profile. Management engaged a third party valuation specialist to assist them in valuing this royalty asset. Based on their analysis of the commodity yield and the relatively short life of mine, management and their valuation specialist considered the impact of climate change not to be material, given that thermal coal constitutes only a minor part of the Kestrel royalty over the short to medium-term period and that coking coal, the primary product, is considered likely to remain a key input to the steel production process over the remaining life of mine. Due to the high level of judgements involved, the significance of this asset to the Group's portfolio and the potential for highly material movements in fair value to be recorded in the income statement, we have determined that there was a potential for fraud through possible manipulation of this balance. The commodity price, discount rate and exchange rate assumptions are set out in note 15 to the financial statements along with the related sensitivity analysis. Further details of this matter have been disclosed in the Audit Committee report on page 97 and in the "Key sources of estimation uncertainty" in note 4.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls applied by management in their estimation of the fair value, including oversight and supervision of the third party valuation specialist. We understood the methodology and assumptions applied by management's specialist in performing its valuation by reading their report and through follow up discussions with them. We challenged the pricing assumptions incorporated by management's specialist in their valuation model by comparison to recent third party forecast commodity price data and other available market information. We compared the forecast annual production incorporated by management's specialist in their valuation model to estimates provided by the operator and obtained an understanding of any significant differences. We involved internal valuation specialists to prepare an independent range of discount rates and compared that to the rate used in the valuation model. We assessed and challenged management's valuation specialist's analysis of climate change factors, taking into consideration the relatively limited remaining life of the mine. We evaluated the capability, objectivity and competence of management's third party valuation specialist. We also obtained an understanding of changes made to the key assumptions used in the valuation model at the request of management to address the risk of any possible management bias. We assessed the appropriateness of management's disclosure in the financial statements, including sensitivity analysis based on reasonably possible changes in key assumptions.
Key observations	We are satisfied that the fair value of the Kestrel royalty is within an acceptable range and the associated disclosures are appropriate.

5. Key audit matters continued

5.3. Impairment assessment of the royalty intangibles and metal stream portfolio

Key audit matter description	At 31 December 2022 royalty arrangements held as intangible assets and the metal stream, Voisey's Bay, held as property, plant and equipment ("PP&E") have a net carrying amount of \$252.5m (2021: \$69.5m) and \$164.7m (2021: \$173.8m) respectively. The assessment of whether impairment/impairment reversal indicators exist and, if they do, estimating the recoverable amount for each CGU, being royalty arrangements and metal stream, requires management to adopt key judgements in relation to the discount rates used, the forecast commodity prices, the expected production profiles and where relevant the probability of production commencing. Management also considered climate change factors in their impairment indicators analysis. Impairment indicators were identified for Pilbara and Ring of Fire with carrying amounts before impairment being \$5.9m (2021: \$9.1m) and \$2.1m (2021: \$3.1m), respectively. Following the completion of valuation models for these two assets, an impairment charge was recognised at Pilbara and Ring of Fire in an amount of \$2.8m and \$1.3m, respectively. Further details of this matter have been disclosed in the Audit Committee report on page 97, in the "Key sources of estimation uncertainty" in note 4 and in note 18.
How the scope of our audit responded to the key audit matter	We understood the methodology applied by management in performing its impairment test for each of the relevant CGUs and obtained an understanding of the relevant controls over the process. We challenged management's assessment as to whether indicators of impairment or impairment reversal exist for specific royalty and metal stream arrangements through evaluation of changes in production and pricing forecasts and a review of publicly available information. Where such indicators were identified and also for the newly acquired royalty arrangements in the year we obtained the valuation models and challenged: • the methodology of the models by comparison to the underlying agreements where applicable; • the accuracy of the models by reperforming key calculations; • the pricing assumptions adopted by management by comparison to third party forecast commodity price data and other available market information; and • the forecast production data by comparison to information from the operator or other publicly available information. We involved our internal valuation specialists to prepare an independent range of discount rates and compared those to the rates adopted by management. We involved our internal mining advisory specialists to benchmark the probability factors used for the non-producing assets by reference to industry data. We challenged management's assessment, including climate change factors, of whether and in what timeframe projects still in the development phase would reach commercial production, through an independent assessment based on third party data available from asset operators. We assessed the appropriateness of management's disclosure in the financial statements including sensitivity analysis based on reasonably possible changes in key assumptions.
Key observations	We are satisfied that the key assumptions used by management in their valuation models were within a reasonable range, and that the impairment charges recorded in the year and associated disclosures were appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	\$9m	\$6.5m
Basis for determining materiality	Materiality has been determined by considering a range of different measures and represents 1.8% of net assets, 1.3% of total assets, and 8% of adjusted profit before tax. Adjusted profit before tax for these purposes represents profit before tax adjusted for the revaluation gains/losses, impairment recorded during the period and foreign exchange gains/losses. This approach is similar to prior year.	Parent company materiality is determined based on 2% of net assets.
Rationale for the benchmark applied	The long-term value for shareholders is in the asset base as the company generates its wealth through royalties and metal streams acquired. Although some assets are acquired at the development stage and hence a portion of the group's value is not yet reflected in the income statement, a significant portion of the group's balance sheet is now revenue generating. Therefore the basis described above was considered appropriate as it takes into consideration the value of the group by considering both its revenue generating assets and the other assets that have not yet commenced production as at 31 December 2022 or were acquired during the period.	Net assets were considered a more stable base than profits due to the effect of unrealised fair value gains/losses in each financial year. The long-term value for shareholders is also in the asset base as the company generates its wealth through royalties and metal streams acquired. Considering that these are sometimes bought in the development phase of an asset's life a part of the company's value at this moment is not reflected in the income statement.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the group's overall control environment, and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$450,000 (2021: \$255,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Audit work to respond to the risks of material misstatement was performed directly by the engagement team.

Consistent with the way the group is centrally managed from the UK office, we consider the group to be one component. Consequently, all assets, liabilities, income and expenses are subject to full scope audit.

7.2. Our consideration of the control environment

We obtained an understanding of the internal controls which are relevant to our audit. We also tested certain controls over revenue. The approach remains broadly consistent with previous years.

7.3. Our consideration of climate-related risks

In planning our audit, we considered the potential impacts of climate change on the group's business and its financial statements. We challenged management's climate-related risk assessment and held discussions with management to understand the group's process for identifying climate-related risks, the determination of mitigating actions and the impact on the group's financial statements and evaluated the Task Force on Climate-related Financial Disclosures (TCFD) report, mandatory for this year, in line with the latest guidance and considered whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

The group has a limited exposure to thermal coal, constituting a minor part of the Kestrel royalty over the short to medium-term period, with the rest of the portfolio either aligned with the requirements for new technology or not being easily substitutable.

As disclosed in notes 15, 16 and 18 to the financial statements, management analysed the impact of climate change on those assets whose values are determined through modelling future cash flows, being royalty intangible assets, metal streams and Kestrel coal royalty. Our audit work considered the group's analysis of the climate impacts on those future cash flows, including both physical risks such as acute weather conditions and transitional risks such as change in demand.

We read the disclosures within the Annual Report with the involvement of our Environmental, Social and Governance specialists, and considered whether these disclosures are materially consistent with our understanding of the climate-related risks, assumptions and judgements during the year and our knowledge obtained in the audit. We also evaluated whether appropriate disclosures have been made in the financial statements.

8. 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 our 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. 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.

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

11. Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team and relevant internal specialists, including tax, climate change, mining advisory and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the Kestrel royalty. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of the Kestrel royalty as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 117;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 82;
- the directors' statement on fair, balanced and understandable set out on page 120;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 99;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 99; and
- the section describing the work of the audit committee set out on pages 96 to 99.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by shareholders at the AGM on 11 June 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 31 December 2014 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

David Paterson ACA

(Senior Statutory Auditor)

For and on behalf of Deloitte LLP Statutory Auditor

London, United Kingdom

28 March 2023

Consolidated income statement

for the year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
Royalty and metal stream-related revenue	5	141,870	85,295
Metal streams cost of sales	16	(4,265)	(4,046)
Amortisation and depletion of royalties and streams	16, 18	(9,351)	(14,845)
Operating expenses	6a	(10,849)	(10,740)
Operating profit before impairments, revaluations and gains on disposals		117,405	55,664
Impairment of royalty intangible assets	18	(4,083)	(5,232)
Revaluation of royalty financial instruments	17	(1,373)	17,501
Revaluation of coal royalties (Kestrel)	15	27,833	13,037
Finance income	8	8	1
Finance costs	9	(6,109)	(7,615)
Net foreign exchange (losses)/gains		(1,593)	616
Other income/(losses)	10	3,356	(19,333)
Profit before tax		135,444	54,639
Current income tax charge	11	(34,470)	(4,965)
Deferred income tax charge	11, 26	(6,337)	(12,198)
Profit attributable to equity holders		94,637	37,476
Total and continuing earnings per share			
Basic earnings per share	12	40.43c	18.03c
Diluted earnings per share	12	40.30c	18.00c

The notes on pages 135 to 188 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
Profit attributable to equity holders		94,637	37,476
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments held at fair value through other comprehensive income			
Revaluation of royalty financial instruments – net of income tax	17	(3,670)	712
Revaluation of mining and exploration interests	19	642	(4,171)
Deferred taxes relating to items that will not be reclassified to profit or loss	26	390	1,621
		(2,638)	(1,838)
Items that have been or may be subsequently reclassified to profit or loss			
Net exchange loss on translation of foreign operations		(10,355)	(10,058)
		(10,355)	(10,058)
Other comprehensive loss for the year, net of tax		(12,993)	(11,896)
Total comprehensive profit for the year		81,644	25,580

The notes on pages 135 to 188 are an integral part of these consolidated financial statements.

Consolidated balance sheet and Company balance sheet

as at 31 December 2022

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Property, plant and equipment	14	3,632	797	3,632	797
Coal royalties (Kestrel)	15	106,669	84,465	—	—
Metal streams	16	164,755	170,567	—	—
Royalty financial instruments	17	43,880	53,791	—	13,920
Royalty and exploration intangible assets	18	252,549	69,518	—	—
Mining and exploration interests	19	3,483	4,396	1,059	1,721
Deferred costs	20	2,491	4,415	2,491	4,415
Investments in subsidiaries	21	—	—	352,325	214,189
Other receivables	22	37,429	39,127	160,838	199,682
Deferred tax	26	36,632	36,478	—	—
		651,520	463,554	520,345	434,724
Current assets					
Trade and other receivables	22	21,566	34,913	604	1,134
Cash and cash equivalents	23	5,850	21,992	5,351	8,649
		27,416	56,905	5,955	9,783
Total assets		678,939	520,459	526,300	444,507
Non-current liabilities					
Borrowings	25	42,250	112,000	42,250	112,000
Other payables	27	22,649	2,910	3,423	1,376
Deferred tax	26	40,857	36,711	—	3,480
		105,756	151,621	45,673	116,856
Current liabilities					
Income tax liabilities		23,245	7,103	—	—
Derivative financial instruments	28	32	—	32	—
Trade and other payables	27	46,299	4,632	59,342	57,711
		69,576	11,735	59,374	57,711
Total liabilities		175,332	163,356	105,047	174,567
Net assets		503,604	357,103	421,253	269,940
Capital and reserves attributable to shareholders					
Share capital	29	6,761	5,706	6,761	5,706
Share premium	29	169,212	87,883	169,212	87,883
Other reserves		106,742	118,637	104,317	104,109
Retained earnings		220,889	144,877	140,963	72,242
Total equity		503,604	357,103	421,253	269,940

The notes on pages 135 to 188 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 (United Kingdom) not to present the parent company income statement. The profit for the parent company for the year was \$86,232,000 (2021: profit of \$6,356,000).

The financial statements of Ecora Resources PLC (registered number: 897608) on pages 129 to 188 were approved by the Board and authorised for issue on 28 March 2023 and are signed on its behalf by:

N.P.H. Meier
Chairman

M. Bishop Lafleche
Chief Executive Officer

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Notes	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Warrant reserve \$'000	Investment revaluation reserve \$'000	Other reserves			Investment in own shares \$'000	Retained earnings \$'000	Total equity \$'000	
							Share-based payment reserve \$'000	Foreign currency translation reserve \$'000	Special reserve \$'000				Treasury shares \$'000
Balance at 1 January 2021		4,670	83,214	38,416	189	25,800	6,759	24,365	833	122	(1,535)	110,653	293,486
Profit for the year		—	—	—	—	—	—	—	—	—	—	37,476	37,476
Other comprehensive income:													
Changes in fair value of equity investments held at fair value through other comprehensive income													
Valuation movement taken to equity	17, 19	—	—	—	—	(3,459)	—	—	—	—	—	—	(3,459)
Deferred tax	26	—	—	—	—	1,621	—	—	—	—	—	—	1,621
Foreign currency translation		—	—	—	—	—	—	(10,058)	—	—	—	—	(10,058)
Total comprehensive profit		—	—	—	—	(1,838)	—	(10,058)	—	—	—	37,476	25,580
Transferred to retained earnings on disposal	17, 19	—	—	—	—	(14,399)	—	—	—	—	—	14,399	—
Dividends	13	—	—	—	—	—	—	—	—	—	—	(25,365)	(25,365)
Expiration of warrants		—	—	—	(189)	—	—	—	—	—	—	189	—
Issue of ordinary shares	29	1,028	4,669	56,431	—	—	—	—	—	—	—	—	62,128
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	8	—	—	—	—	(159)	—	—	(8)	—	511	352
Value of employee services	30	—	—	—	—	—	(6,092)	—	—	—	—	7,014	922
Total transactions with owners of the Company		1,036	4,669	56,431	(189)	(14,399)	(6,251)	—	—	(8)	—	(3,252)	38,037
Balance at 31 December 2021		5,706	87,883	94,847	—	9,563	508	14,307	833	114	(1,535)	144,877	357,103
Balance at 1 January 2022		5,706	87,883	94,847	—	9,563	508	14,307	833	114	(1,535)	144,877	357,103
Profit for the year		—	—	—	—	—	—	—	—	—	—	94,637	94,637
Other comprehensive income:		—	—	—	—	—	—	—	—	—	—	—	—
Changes in fair value of equity investments held at fair value through other comprehensive income		—	—	—	—	—	—	—	—	—	—	—	—
Valuation movement taken to equity	19	—	—	—	—	(3,028)	—	—	—	—	—	—	(3,028)
Deferred tax	26	—	—	—	—	390	—	—	—	—	—	—	390
Foreign currency translation		—	—	—	—	—	—	(10,355)	—	—	—	—	(10,355)
Total comprehensive profit		—	—	—	—	(2,638)	—	(10,355)	—	—	—	94,637	81,644
Transferred to retained earnings on disposal	19	—	—	—	—	(604)	—	—	—	—	—	604	—
Unclaimed dividends transferred to retained earnings		—	—	—	—	—	—	—	—	—	—	92	92
Dividends	13	—	—	—	—	—	—	—	—	—	—	(19,384)	(19,384)
Issue of ordinary shares	29	1,043	81,329	—	—	—	—	—	—	—	—	—	82,372
Utilisation of treasury shares to satisfy employee-related share-base payments	30	12	—	—	—	—	(230)	—	—	(12)	—	983	753
Utilisation of shares held by the employee benefit trust to satisfy employee-related share-based payments	30	—	—	—	—	—	(194)	—	—	—	1,535	(920)	421
Value of employee services	30	—	—	—	—	—	603	—	—	—	—	—	603
Total transactions with owners of the Company		1,055	81,329	—	—	(604)	179	—	—	—	1,535	(18,625)	64,857
Balance at 31 December 2022		6,761	169,212	94,847	—	6,321	687	3,952	833	102	—	220,889	503,604

The notes on pages 135 to 188 are an integral part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 31 December 2022

Notes	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Warrant reserve \$'000	Investment revaluation reserve \$'000	Other reserves			Special reserve \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
						Share-based payment reserve \$'000	Foreign currency translation reserve \$'000					
Balance at 1 January 2021	4,670	83,214	38,416	189	5,479	6,759	7,595	833	122	82,235	229,512	
Changes in equity for 2021												
Changes in fair value of equity investments held at fair value through other comprehensive income												
Valuation movement taken to equity	19	—	—	—	(3,965)	—	—	—	—	—	(3,965)	
Net income recognised direct into equity		—	—	—	(3,965)	—	—	—	—	—	(3,965)	
Profit for the period		—	—	—	—	—	—	—	—	6,356	6,356	
Total recognised income and expenses		—	—	—	(3,965)	—	—	—	—	6,356	2,391	
Transferred to retained earnings on disposal	19	—	—	—	(1,302)	—	—	—	—	1,302	—	
Dividends		—	—	—	—	—	—	—	—	(25,365)	(25,365)	
Foreign currency translation		—	—	—	—	—	—	—	—	—	—	
Expiration of warrants		—	—	(189)	—	—	—	—	—	189	—	
Issue of ordinary shares	29	1,028	4,669	56,431	—	—	—	—	—	—	62,128	
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	8	—	—	—	(159)	—	—	(8)	511	352	
Value of employee services	30	—	—	—	—	(6,092)	—	—	—	7,014	922	
Balance at 31 December 2021		5,706	87,883	94,847	—	212	508	7,595	833	114	72,242	269,940
Balance at 1 January 2022		5,706	87,883	94,847	—	212	508	7,595	833	114	72,242	269,940
Changes in equity for 2022												
Changes in fair value of equity investments held at fair value through other comprehensive income												
Valuation movement taken to equity	19	—	—	—	645	—	—	—	—	—	645	
Net income recognised direct in equity		—	—	—	645	—	—	—	—	—	645	
Profit for the period		—	—	—	—	—	—	—	—	86,232	86,232	
Total recognised income and expenses		—	—	—	645	—	—	—	—	86,232	86,877	
Transferred to retained earnings on disposal	19	—	—	—	(604)	—	—	—	—	604	—	
Unclaimed dividends transferred to retained earnings		—	—	—	—	—	—	—	—	92	92	
Dividends		—	—	—	—	—	—	—	—	(19,384)	(19,384)	
Foreign currency translation		—	—	—	—	—	—	—	—	—	—	
Issue of ordinary shares	29	1,043	81,329	—	—	—	—	—	—	—	82,372	
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	12	—	—	—	(230)	—	—	(12)	983	753	
Utilisation of shares held by the employee benefit trust to satisfy employee-related share-based payments	30	—	—	—	—	(194)	—	—	—	194	—	
Value of employee services	30	—	—	—	—	603	—	—	—	—	603	
Balance at 31 December 2022		6,761	169,212	94,847	—	253	687	7,595	833	102	140,963	421,253

The notes on pages 135 to 188 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows and Company statement of cash flows

for the year ended 31 December 2022

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities					
Profit before taxation		135,444	54,639	83,189	10,671
<i>Adjustments for:</i>					
Finance income	8	(8)	(1)	(349)	(367)
Finance costs	9	6,109	7,615	6,722	7,929
Net foreign exchange losses/(gains)		1,593	(616)	402	(32)
Other (income)/losses	10	(3,356)	19,333	726	—
Impairment of royalty and exploration intangible assets	18	4,083	5,232	—	3,207
Revaluation of royalty financial instruments	17	1,373	(17,501)	11,138	(13,852)
Royalties due or received from royalty financial instruments	17	2,782	3,115	2,782	3,115
Revaluation of coal royalties (Kestrel)	15	(27,833)	(13,037)	—	—
Depreciation of property, plant and equipment	14	355	277	355	277
Amortisation and depletion of royalties and streams	16, 18	9,351	14,845	—	—
Amortisation of deferred acquisition costs	22	17	17	17	17
Impairment of investment in subsidiaries		—	—	169	15,978
Forgiveness of loan to subsidiary undertaking		—	—	—	371
Intercompany dividends		—	—	(105,486)	(26,597)
Share-based payment	30	709	328	709	328
		130,619	74,246	374	1,045
Decrease/(increase) in trade and other receivables		8,224	(11,637)	(926)	(103)
Increase/(decrease) in trade and other payables		5,700	837	(72)	1,211
Cash generated from operations		144,543	63,446	(624)	2,153
Income taxes paid		(12,048)	(7,666)	(984)	(1,226)
Net cash generated from/(used in) operating activities		132,495	55,780	(1,608)	927
Cash flows from investing activities					
Proceeds on disposal of mining and exploration interests	19	1,310	2,512	1,310	2,512
Purchase of property, plant and equipment	14	(537)	(38)	(537)	(38)
Purchase of royalty and exploration intangibles	18	(59,360)	—	—	—
Proceeds on disposal of royalty intangibles	18	5,029	4,400	—	—
Proceed on disposal of royalty financial instruments	17	—	62,984	—	—
Purchase of metal streams	16	(3,323)	(207,705)	—	—
Repayments under commodity-related financing agreements	22	2,859	1,256	2,859	1,256
Prepaid acquisition costs		—	(22)	—	(22)
Finance income	8	8	1	—	—
Investment in subsidiaries		—	—	(53,717)	(23,374)
Intercompany dividends		—	—	113,554	34,344
Loans granted to subsidiary undertakings		—	—	(6,136)	(127,993)
Loan repayments (to)/from subsidiary undertakings		—	—	(13,700)	2,358
Net cash (used in)/generated from investing activities		(54,014)	(136,612)	71,033	(110,957)
Cash flows from financing activities					
Drawdown of revolving credit facility	24, 25	49,500	123,500	49,500	123,500
Repayment of revolving credit facility	24, 25	(119,250)	(72,494)	(119,250)	(72,494)
Loans from subsidiary undertakings		—	—	45,049	18,011
Repayment of loans from subsidiary undertakings		—	—	(24,751)	—
Proceeds from issue of share capital	29	922	62,128	922	62,128
Dividends paid	13	(19,384)	(25,365)	(19,384)	(25,365)
Lease payments	14	(312)	(268)	(312)	(268)
Finance costs	9, 20	(4,213)	(10,874)	(3,776)	(10,627)
Net cash (used in)/generated from financing activities		(92,737)	76,627	(72,002)	94,885
Net (decrease)/increase in cash and cash equivalents		(14,256)	(4,205)	(3,010)	(15,145)
Cash and cash equivalents at beginning of period		21,992	27,513	8,649	24,127
Effect of foreign exchange rates		(1,886)	(1,316)	(721)	(333)
Cash and cash equivalents at end of period		5,850	21,992	5,351	8,649

The notes on pages 135 to 188 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2022

1 General information

Ecora Resources PLC (formerly Anglo Pacific Group PLC) (the 'Company') and its subsidiaries (together, the 'Group') secure natural resources royalties and streams by creating new royalties directly with operators or by acquiring existing royalties and streams. The Group has royalties and investments in mining and exploration interests primarily in Australia, North and South America and Europe, with a diversified exposure to commodities represented by cobalt, steelmaking coal, iron ore, copper, vanadium, uranium and gold.

The Company changed its name on 5 October 2022 from Anglo Pacific Group PLC to Ecora Resources PLC. The new name reflects the Group's successful transformation from a predominantly coal royalty business to one that by 2026 is expected to generate the majority of its portfolio contribution from commodities required to support a sustainable future.

The Company is a public limited company, which is listed on the London Stock Exchange and Toronto Stock Exchange. The Company was incorporated and is domiciled in the United Kingdom, and registered in England and Wales. The address of its registered office is Kent House, 3rd Floor North, 14-17 Market Place, London W1W 8AJ, United Kingdom (registered number: 897608).

2 Changes in accounting policies and disclosures

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2021. The Group has applied the following amendments for the first time for the financial year commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018 – 2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3

None of the amendments effective 1 January 2022 had an impact on the Group.

New and revised IFRS Standards in issue but not yet effective

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that, where applicable, these standards and amendments will be adopted on each respective effective date. The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Group:

Definition of Accounting Estimate – Amendments to IAS 8

In February 2021 the IASB issued amendments to IAS 8 that replace the definition of a change in accounting estimates with a definition of accounting estimates.

Under the new definition, accounting estimates are clarified as monetary amounts in financial statements that are subject to measurement uncertainty. Where an entity's accounting policy requires an item to be measured at monetary amounts that cannot be observed directly, it should develop an accounting estimate to achieve this objective.

The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021 the IAS issued amendments to IAS 1 that require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the concept of materiality and its application to accounting policy information.

Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

- Deferred tax relates to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021 the IAS issued amendments to IAS 12, 'Income Taxes'. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and will be applied from that date.

- Lease liability in a Sale and Leaseback – Amendments to IFRS 16

2 Changes in accounting policies and disclosures continued

New and revised IFRS Standards in issue but not yet effective continued

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 continued

The amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and will be applied from that date.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments are effective for annual periods beginning on or after 1 January 2024, and will be applied from that date.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, UK-adopted International Accounting Standards and those parts of the Companies Act 2006 applicable to companies reporting under those standards and the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom as applicable to periodic financial reporting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of coal royalties (investment property) and certain financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. A summary of the principal Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 4.

3.1.1 Going concern

The financial position of the Group and its cash flows are set out on pages 131 and 134. The Directors have considered the principal risks of the Group which are set out on pages 65 to 68, and considered key sensitivities which could impact the level of available borrowings. As at 31 December 2022, the Group had cash and cash equivalents of \$5.9m, as set out in note 23, and borrowings of \$42.3m under its revolving credit facility, as set out in note 25. Subject to continued covenant compliance, the Group has access to a further \$108m through its secured \$150m revolving credit facility as at the date of this report.

The Directors considered the Group's cash flow forecasts for the period to the end of March 2024 under base and downside scenarios, including the demand for the commodities produced and the prices realised by the underlying operations of the Group's royalty and stream portfolio, and the ongoing operations themselves, including production levels. In all of the scenarios modelled (including reductions in forecast commodity prices and volumes of 10% and 15% respectively, together with adverse currency movements of 10%), the Group continues to operate within its banking covenant limits with no debt redemption or amortisation commitments within the 12-month period from the date of approval of these consolidated financial statements.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and other uncertainties, together with the Group's cash position and access to the revolving credit facility, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

3.2 Consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company, its subsidiaries. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

3 Significant accounting policies continued

3.2 Consolidation continued

Investments in subsidiaries are accounted for in the parent company at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The carrying values of investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rates at the date of the transaction (and not retranslated). Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity.

Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future, and therefore form part of the Group's net investment in these foreign operations, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. If a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified in the income statement as part of the gain or loss on sale.

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Once a mining project has been established as commercially viable, expenditure other than that on land, buildings, plant and equipment is capitalised as a producing asset within 'other assets' together with any amount transferred from 'exploration and evaluation costs' (note 3.7(b)).

Property, plant and equipment is depreciated over its useful life, or, where applicable, over the remaining life of the mine if shorter once it is operating in the manner intended by management. The major categories of property, plant and equipment are depreciated on a units-of-production and/or straight-line basis as follows:

Equipment and fixtures 4 to 10 years

Other assets:

Producing assets Units of production (over reserves)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.5 Coal royalties (investment property)

Royalty arrangements which are derived from the ownership of sub-stratum lands are accounted for as investment properties in accordance with IAS 40. Investment property is held to earn a return in the form of royalty entitlements arising from mining activity and is initially measured at cost including any transaction costs. Investment property is subsequently measured at fair value at each reporting date with any valuation movements recognised in the income statement. Fair value is determined by a suitably qualified independent external consultant based on the discounted future royalty income expected to accrue to the Group.

3 Significant accounting policies continued

3.6 Metal streams (property, plant and equipment)

Agreements for which settlement is called for in the underlying commodity, the amount of which is based on production at the mines, are stated at cost less accumulated depletion and accumulated impairment charges, if any.

The cost of the asset is comprised of its purchase price, any closing costs directly attributable to acquiring the asset, and, for qualifying assets, borrowing costs. The purchase price is the aggregate cash amount paid and the fair value of any other non-cash consideration given to acquire the asset.

Depletion

The cost of these mineral streams is allocated to the total expected deliveries to be received over the life of the mine determined by reference to reserves, resources and exploration potential. The cost of the mineral streams is depleted on a unit-of-production basis over the total expected deliveries to be received.

3.7 Intangible assets

(a) Royalty arrangements

Royalty arrangements which are identified and classified as intangible assets are initially measured at cost, including any transaction costs.

Upon commencement of production at the underlying mining operation intangible assets are amortised on a straight-line basis over the life of the mine. Amortisation rates are adjusted on a prospective basis for all changes to estimates of the life of mine.

(b) Exploration and evaluation costs

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or other projects that have been identified as having economic potential.

Expenditure on exploration and evaluation activities is capitalised when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Group. If this is no longer the case, an impairment loss is recognised in the income statement. Amortisation of capitalised exploration and evaluation costs does not commence until the underlying project commences commercial production.

3.8 Impairment of property, plant and equipment, metal streams and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, metal streams and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication is identified, the recoverable amount of the asset is estimated in order to determine the extent of any impairment.

The recoverable amount is the higher of fair value (less costs of disposal) and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that has been adjusted to reflect the risks specific to that asset. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is also recognised in the income statement.

Metal streams and intangible assets

Metal streams and royalty intangibles are assessed for indicators of impairment at each reporting date with the assessment considering variables such as the production profiles, production commission dates where applicable, forecast commodity prices and guidance from the mine operators.

Where indicators are identified, the starting point for the impairment review will be to measure the future cash flows expected from the metal stream or royalty intangible should the project continue/come into production. A pre-tax nominal discount rate is applied to the future cash flows. The discount rate applied to the metal stream or royalty intangible is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation. Changes in discount rate are most sensitive to changes in the risk-free rate, country risk premiums and the expected mine life.

For metal streams and royalty intangibles not currently in production, the outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and stream income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment loss is also recognised in the income statement.

3 Significant accounting policies continued

3.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition loans and receivables are stated at their fair value. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables fall into this category of financial instruments.

(c) Contingent consideration – receivable

Contingent consideration – receivable, comprises that portion of the consideration receivable under the royalty sale agreement relating to the Narrabri royalty, contingent upon permitting and the achievement of certain volume and price thresholds as outlined in note 18. In addition, this also comprises the contingent consideration receivable based on West Musgrave achieving commercial production, as outlined in note 18. On initial recognition the contingent consideration is stated at its fair value. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the 'other (losses)/income' line item of the income statement. Fair value is determined in the manner described in notes 18 and 34.

(d) Derivative financial instruments

The Group will selectively enter into foreign exchange forward contracts to manage its exposure to foreign exchange risk associated with its Australian and Canadian dollar denominated royalty income, when considered necessary. Further details of derivative financial instruments are disclosed in note 28.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(e) Mining and exploration interests

Mining and exploration interests are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs.

On initial recognition, the Group may make an irrevocable election to designate investments in mining and exploration equity instruments as fair value through other comprehensive income ('FVTOCI'). Designation as FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve, within 'other reserves'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group has designated all investments in equity instruments that are not held for trading at FVTOCI on initial application of IFRS 9 (see notes 17 and 19).

3 Significant accounting policies continued

3.9 Financial instruments continued

(f) Royalty financial instruments

Royalty financial instruments are recognised or derecognised on completion date where a purchase or sale of the royalty is under a contract, and are initially measured at fair value, including transaction costs.

All of the Group's royalty financial instruments have been designated as at fair value through profit or loss ('FVTPL'), with the exception of the investment in Labrador Iron Ore Royalty Corporation, for which the Group has made an irrevocable election to designate as at FVTOCI.

The royalty financial instruments at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the 'revaluation of royalty financial instruments' line item of the income statement. Fair value is determined in the manner described in notes 18 and 34.

The Group's investment in the equity instruments of Labrador Iron Ore Corporation is classified as a royalty financial instrument as its primary asset is a royalty income stream. On initial recognition the Group made the irrevocable election to designate this investment as FVTOCI. The dividends received from this investment are recognised in profit or loss, and are included in the 'royalty-related revenue' line item (note 5).

(g) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(h) Trade payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition. After initial recognition these are measured at amortised cost using the effective interest method.

(i) Contingent consideration – payable

Contingent consideration – payable, comprises that portion of the consideration payable under the Voisey's Bay acquisition agreement, as well as the West Musgrave, Santo Domingo, Nifty and Carlota royalties acquisition agreement. These payments are contingent upon certain volume and price thresholds being achieved as outlined in notes 16 and 18 respectively. On initial recognition the contingent consideration is stated at its fair value. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses on the Voisey's Bay acquisition recognised in the metal streams balance and any fair value gains or losses on the West Musgrave, Santo Domingo, Nifty and Carlota royalties acquisition recognised in the royalty intangible assets balance on the balance sheet. Fair value is determined in the manner described in notes 16, 18 and 34.

(j) Borrowings

Interest-bearing bank facilities are initially recognised at fair value, net of directly attributable transaction costs. Transaction costs are recognised in the income statement on a straight-line basis over the term of the facility.

(k) Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

3.10 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group's primary asset held at amortised cost is the interest-bearing loan to Denison Mines and the non-interest-bearing deferred consideration from the sale of the Narrabri royalty (note 22).

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date, including time value of money where appropriate. Due to trade receivables ultimately representing royalty and metal stream-related income which is typically paid within a month after the reporting date, the amount of expected credit losses is immaterial. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 Significant accounting policies continued

3.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.12 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and jointly-owned shares) of the Company.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options and jointly-owned shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options and jointly-owned shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

3 Significant accounting policies continued

3.13 Reserves

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares in issue.
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of issuance costs.

Other reserves comprise the following:

- 'Merger reserve' is created when more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company.
- 'Warrant reserve' was created in June 2014 in connection with the issue of share warrants as part consideration of the Maracás Menchen royalty; these warrants expired in 2020 with the associated reserve being transferred to retained earnings during 2021.
- 'Investment revaluation reserve' represents gains and losses due to the revaluation of the investments in mining and exploration interests and royalty financial instruments designated as fair value through other comprehensive income, from the opening carrying values, including the effects of deferred tax and foreign currency changes.
- 'Share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised.
- 'Foreign currency reserve' represents the differences arising from translation of investments in overseas subsidiaries.
- 'Special reserve' represents the level of profit attributable to the Group for the period ended 30 June 2002 which was created as part of a capital reduction performed in 2002.
- 'Treasury shares' represents the shares acquired by the Group under the share buyback programme in 2020 (note 29).
- 'Investment in own shares' represents the shares held by the Anglo Pacific Group Employee Benefit Trust for awards made under the Group's various share-based payment plans (notes 29 and note 30).
- 'Retained earnings' represents retained profits.

3.14 Revenue recognition

Revenue relating to the Group's royalties, is measured at the fair value of the consideration received or receivable after deducting discounts, value added tax and other sales tax. The royalty income becomes receivable on extraction and sale of the relevant minerals, and once able to be reliably measured, the revenue is recognised.

Revenue relating to metal sales is recognised in a manner that depicts the pattern of the transfer of goods to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. In determining whether a sale has completed, the Group considers the indicators of the transfer of control, which include, but are not limited to, whether:

- the Group has a present right to payment;
- the customer has legal title to the asset; or
- the Group has transferred physical possession of the asset to the customer; and
- the customer has the significant risks and rewards of ownership of the asset.

Revenue from contracts with customers is measured at the fair value of consideration received or receivable as at the date control is transferred.

Interest income is accrued on a time basis, by reference to the carrying value and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3 Significant accounting policies continued

3.15 Leases

Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office equipment and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is included within non-current trade and other payables (refer to note 27) in the consolidated balance sheet.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, and lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included within the property, plant and equipment (refer to note 14) line in the consolidated balance sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of property, plant and equipment and intangible assets' policy (refer to note 3.8).

3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of the interim dividend, when it is paid to the shareholders.

3.17 Alternative Performance Measures

The financial statements include certain Alternative Performance Measures (APMs) which include adjusted earnings per share, adjusted dividend cover, free cash flow per share and portfolio contribution. These APMs are defined in the table of contents and explained in the Strategic Report on pages 26 and 27, and are reconciled to GAAP measures in the notes 12, 13, 35 and 36 respectively.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements and estimates that can have a significant impact on the financial statements. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical accounting judgement relates to the Group's classification of royalty and stream arrangements and uncertain tax positions. The key sources of estimation uncertainty relate to the calculation of the fair value of certain royalty arrangements, the key assumptions used when assessing impairment of intangible assets and the determination of uncertain tax provisions. The use of inaccurate or unreasonable assumptions in assessments made for any of these estimates could result in a significant impact on the financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements

Classification of royalty and streaming arrangements: initial recognition and subsequent measurement

The Directors must decide whether the Group's royalty and metal stream arrangements should be classified as:

- intangible assets in accordance with IAS 38 Intangible Assets;
- financial assets in accordance with IFRS 9 Financial Instruments;
- investment properties in accordance with IAS 40 Investment Property; or
- property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment.

The Directors use the following selection criteria to identify the characteristics which determine which accounting standard to apply to each royalty arrangement:

Type 1 – Intangible assets ('vanilla' royalties): Royalties, in their simplest form, are classified as intangible assets by the Group. The Group considers the substance of a simple vanilla royalty to be economically similar to holding a direct interest in the underlying mineral asset. Existence risk (the commodity physically existing in the quantity demonstrated), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by future supply and demand) are all risks which the Group participates in on a similar basis to an owner of the underlying mineral licence. Furthermore, in a vanilla royalty, there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment. These are accounted for as intangible assets under IAS 38.

Type 2 – Financial assets (royalties with additional financial protection): In certain circumstances where the 'vanilla' risk is considered too high, but the Group still fundamentally believes in the quality or potential of the underlying resource, the Group will look to introduce additional protective measures. This has typically taken the form of performance milestone penalties (usually resulting in the receipt of cash or cash equivalent), minimum payment terms and interest provisions or mechanisms to convert the initial outlay into the equity instruments of the operator in the event of project deferral. Once an operation is in production, these mechanisms generally fall away such that the royalty will display identical characteristics and risk profile to the vanilla royalties; however, it is the contractual right to enforce the receipt of cash through to production which results in these royalties being accounted for as financial assets under IFRS 9.

Type 3 – Investment property (coal royalties): Royalties which are derived from the ownership of sub-stratum land are accounted for as investment properties under IAS 40, although the substance of their commercial terms is identical to vanilla royalties. The Group does not expect to obtain royalties in this manner going forward, as it is unusual for sub-stratum minerals not to be the property of the state.

Type 4 – Property, plant and equipment (metal streams): Similar to the Group's royalty intangible assets, metal streams expose the Group to existence risk (the commodity physically existing in the quantity reported), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by supply and demand) on a similar basis to the owner of the underlying mineral licence. However, unlike the Group's royalty intangible assets, metal streams result in the physical delivery of the underlying commodity with the consequent inventory risk prior to sale and the revenue generated is under the Group's direction, rather than a percentage of revenue generated by the operator. As a result of physical delivery of the underlying commodity and the associated inventory risk prior to sale, metal streams are classified as property, plant and equipment and accounted for under IAS 16.

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

A summary of the Group's accounting approach is set out below:

Accounting classification	Substance of contractual terms	Accounting treatment	Examples
Royalty intangible assets	Simple royalty with no right to receive cash other than through a royalty related to production	- Investment is presented as an intangible asset and carried at cost less accumulated amortisation and any impairment provision - Royalty income is recognised as revenue in the income statement - Intangible asset is amortised on a systematic basis - Intangible asset is assessed for indicators of impairment at each period end	- Mantos Blancos - Maracás Menchen - Four Mile - Salamanca - Pilbara - Ring of Fire - Cañariaco - Ground Hog - Amapá - Santo Domingo - West Musgrave - Nifty - Carlota
Royalty financial instruments	Royalty arrangement with a contractual right to receive cash (e.g. through a mandated interest rate or milestones which, if not met, trigger repayment)	- Financial asset is recognised at fair value on the balance sheet - Fair value movements taken through the income statement (FVTPL), with the exception of the LIORC investment where fair value movements are taken through other comprehensive income (FVOCI) - Royalty income is not recognised as revenue in the income statement and instead reduces the fair value of the asset, with the exception of the dividends received from the LIORC investment which are included in royalty-related revenue on the income statement	- EVBC - Dugbe 1 - McClean Lake - Piauí - LIORC
Investment property – coal royalties	- Direct ownership of sub-stratum land - Returns based on royalty-related production	- Coal royalties accounted for as investment property is carried at fair value on the balance sheet - Movements in fair value recognised in income statement - Royalty income is recognised as revenue in the income statement	- Kestrel - Crinum
Property, plant and equipment – metal streams	- Agreement settled through the physical delivery of the underlying commodity - Inventory risk prior to sale is borne by the Group - Revenue is generated under the Group's direction, rather than a percentage of revenue generated by the operator	- Metal streams accounted for as property, plant and equipment are carried at cost less accumulated depletion and any impairment provision - Metal stream sales are recognised as revenue in the income statement - Metal streams are depreciated on a systematic basis, using units of production, and recognised as accumulated depletion - Metal stream asset is assessed for indicators of impairment at each period end	Voisey's Bay

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Classification of West Musgrave, Santo Domingo, Nifty, and Carlota royalties acquired: initial recognition and subsequent measurement

On 19 July 2022, the Group acquired a high-quality portfolio of royalties over advanced development stage copper and nickel projects (note 18). The Directors considered the Group's existing criteria to identify the characteristics which determine which accounting standard to apply to the royalties as detailed in the 'Classification of royalty and streaming arrangements: initial recognition and subsequent measurement' section above.

Under the royalty agreements the Group has no right to receive cash other than through a royalty related to production (apart from the West Musgrave payment detailed below) and the Directors concluded that the royalties should be classified as royalty intangible assets in accordance with IAS 38 – Intangible Assets.

In accordance with IAS 38, the royalty intangible assets are stated at cost less accumulated depreciation and accumulated impairment charges, if any. The cost of the asset is comprised of its purchase price and any closing costs directly attributable to acquiring the asset. The purchase price is the aggregate cash amount paid and the fair value of any other non-cash consideration given to acquire the asset.

Under the West Musgrave royalty the Group is entitled to a A\$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL") (note 22).

The purchase price of the Santo Domingo royalty was partially settled in Company shares. The number of consideration shares issued as part consideration for Santo Domingo was determined in the Royalty Sale Agreement based on a 30-day volume weighted average price ("VWAP"), which then differed from the share price on the day the shares were issued. In accordance with IFRS 2 'share-based payments' the Santo Domingo royalty was recognised at fair value. Therefore, the difference in the value ascribed to the shares in the agreement and the share price at date of issue was recognised as share premium (note 29).

Amortisation

The cost of the royalty intangible assets is being allocated in accordance with the Group's intangible assets accounting policy detailed in note 3.7.

Impairment review

The royalty intangible assets are being assessed for indicators of impairment in accordance with the Group's intangible assets accounting policy detailed in note 3.8.

Contingent consideration

The contingent consideration payable in relation to the acquisition of the West Musgrave royalty is determined by reference to minimum production thresholds and nickel prices, and has been classified as a financial liability that is carried at fair value based on the discounted expected future cash outflows. The contingent consideration is included as a non-current liability (note 27).

Deferred consideration

The deferred consideration in relation to the West Musgrave royalty is payable quarterly, over a period of 18 months. Given the short period over which the deferred consideration is to be paid, the carrying value is deemed to approximate the fair value and is recognised as a current and non-current liability (note 27).

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Key sources of estimation uncertainty

Assessment of fair value of royalty arrangements held at fair value

A number of the Group's royalty arrangements are held at fair value. Fair value is determined based on discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The determination of assumptions used in assessing fair values is subjective and the use of different valuation assumptions could have a significant impact on the financial statements.

In particular, expected future cash flows, which are used in discounted cash flows models are, inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and resources and timing/likelihood of mines entering production together with economic factors such as commodity prices, discount rates and exchange rates.

The Group's most significant royalty arrangement held at fair value is Kestrel, for which the key assumptions and sensitivity analysis are set out in note 15. The key assumptions relating to the Group's royalty financial instruments classified as fair value through profit or loss, are set out in notes 17 and 34.

Impairment review of royalty intangible assets and metal streams

Royalty intangible assets and metal streams are assessed for indicators of impairment at each reporting date with the assessment considering variables such as the production profiles, production commissioning dates where applicable, forecast commodity prices and guidance from the mine operators.

Where indicators are identified, the starting point for the impairment review will be to measure the future cash flows expected from the royalty arrangement should the project continue/come into production. A pre-tax nominal discount rate of between 10.00% and 17.00% is applied to the future cash flows. The discount rate of each royalty and metal stream arrangement is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation. Changes in discount rate are most sensitive to changes in the risk-free rate, country risk premiums and the expected mine life.

The outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and royalty or metal stream income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

The Group has reviewed the sensitivity of its assessment for indicators or impairment in relation to its royalty intangibles, as detailed in note 18. A similar assessment was undertaken in relation to the Group's metal streams in note 16; however, there are no indicators of impairment where the discount rate was increased by 1% or the commodity prices were reduced by 10%.

4 Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

Uncertain tax positions

The Group operates across many jurisdictions. Application of tax law can be complex and requires judgement to assess risk and estimate outcomes, particularly in relation to the Group's cross-border operations and transactions. The evaluation of tax risks considers both amended assessments received and potential sources of challenge from tax authorities. In some cases, it may not be possible to determine a range of possible outcomes or a reliable estimate of the potential exposure.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreement with tax authorities. Tax obligations assessed as having probable future economic outflows capable of reliable measurement are provided for (refer to note 11). Matters with a possible economic outflow and/or presently incapable of being measured reliably are contingent liabilities and disclosed in note 37.

5 Royalty and metal stream related revenue

	2022 \$'000	2021 \$'000
Group		
Royalty revenue	118,032	60,701
Metal stream sales	18,847	16,521
Interest from royalty-related financial assets	2,144	2,433
Dividends from royalty financial instruments	2,847	5,640
	141,870	85,295

Interest from royalty-related financial assets for the year ended 31 December 2022 of \$2.1m (2021: \$2.4m) relates to interest earned on the Group's 13-year loan of C\$40.8m with an interest rate of 10% per annum, to Denison Mines Inc ('Denison'), which is classified as a non-current other receivable (note 22).

Dividends from royalty financial instruments for the year ended 31 December 2022 of \$2.8m (2021: \$5.6m) relates to the dividends received from the Group's investments in Labrador Iron Ore Royalty Corporation (2022: \$2.5m; 2021: \$4.9m) as described in note 17, together with the dividends received from the Group's investment in Flowstream Vintage (2022: \$0.3m; 2021: \$0.7m), an unquoted oil and gas streaming company included in the Group's mining and exploration interests (note 19).

6a Expense by nature

	2022 \$'000	2021 \$'000
Group		
Employee benefit expense (note 7a)	5,646	5,853
Professional fees	2,521	2,816
Listing fees	182	164
Depreciation of property, plant and equipment (note 14)	355	277
Other expenses	2,145	1,630
	10,849	10,740

6b Auditor's remuneration

	2022 \$'000	2021 \$'000
Group		
Fees payable to Company's auditor for the audit of parent company and consolidated financial statements	437	429
Fees payable to the Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries	38	26
Total audit fees	475	455
– Other assurance services pursuant to legislation	155	135
– Other services	—	—
Total non-audit fees	155	135

Details of the Company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity are safeguarded are set out in the Audit Committee Report on pages 98 and 99. No services were provided pursuant to contingent fee arrangements.

7a employee costs

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Wages and salaries	4,066	4,868	4,030	4,825
Share-based awards to Directors and employees	709	328	709	328
Social security costs	653	468	649	464
Other pension costs	218	189	218	189
	5,646	5,853	5,606	5,806

7b Retirement benefits plans

The Group operates a money purchase group personal pension scheme. Under this scheme the Group makes contributions to personal pension plans of individual Executive Directors and employees. The pension cost charge represents contributions payable by the Group to these plans in respect of the year.

The total cost charged to the income statement of \$218,000 (2021: \$189,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2022, contributions of \$35,000 (2021: \$30,000) due in respect of the current reporting period had not been paid over to the schemes.

7c Average number of people employed

	2022	2021
Group		
Number of employees	14	12
	2022	2021
Group		
Average number of people (including Executive Directors) employed:		
Executive Directors	2	2
Administration	12	10
	14	12

Company

The average number of administration staff employed by the Company during the year, including Executive Directors was 13 (2021: 11).

Directors' salaries are shown in the Directors' Remuneration Report on pages 103 to 116, including the highest paid Director.

8 Finance income

	2022 \$'000	2021 \$'000
Group		
Interest on bank deposits	8	1
Other interest	—	—
	8	1

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

9 Finance costs

	2022 \$'000	2021 \$'000
Group		
Professional fees	(2,334)	(2,625)
Revolving credit facility fees and interest	(3,775)	(4,990)
	(6,109)	(7,615)

Professional fees represent legal and arrangement fees relating to the Group's revolving credit facility. \$1.9m relates to the amortisation of capitalised facility fees that are amortised over the term of the facility; refer to note 20 (2021: \$2.4m).

10 Other income/(losses)

	2022 \$'000	2021 \$'000
Group		
Revaluation of foreign exchange instruments	(223)	(140)
Provision for royalty revenue receivable	(1,455)	—
Loss on disposal of royalty intangible assets (note 18)	—	(18,974)
Other gains/(losses)	5,034	(219)
	3,356	(19,333)

During the second half of 2022, the Group commenced discussions with the operator of EVBC in light of the sustained margin pressures and operational constraints at the mine. While negotiations are ongoing, the most likely outcome will be deferring the payment of the Group's royalties from Q3 and Q4 2022 which totalled \$1.5m together with any royalties from 2023 until the start of 2024. Until the mine's operating margins improve and the operational constraints are addressed, management has assessed the recoverability of the Q3 and Q4 2022 royalties to be inherently uncertain and has fully provided for the \$1.5m receivable at 31 December 2022.

Included in other gains is a gain of \$3.8m on revaluation of contingent consideration receivable on the disposal of Narrabri (note 22), a gain of \$0.5m on revaluation of contingent consideration receivable related to West Musgrave (note 22) and a gain of \$0.9m due to reversal of expected credit losses on the Denison receivable (note 22).

11 Income tax expense

	2022 \$'000	2021 \$'000
Analysis of charge for the year		
United Kingdom corporation tax	—	—
Overseas tax	35,048	5,145
Adjustments in respect of prior years	(578)	(180)
Current income tax charge per consolidated income statement	34,470	4,965
Deferred income tax charge as per consolidated income statement	6,337	12,198
Adjustments in respect of prior years	—	—
Deferred tax	6,337	12,198
Income tax expense	40,807	17,163
Factors affecting tax charge for the year:		
Profit before tax	135,444	54,639
Tax on profit calculated at United Kingdom corporation tax rate of 19.00% (2021: 19.00%)	25,734	10,381
Tax effects of:		
<i>Items non-taxable/deductible for tax purposes:</i>		
Non-deductible expenses	26,714	4,912
Non-taxable income	(23,571)	(5,186)
<i>Temporary difference adjustments</i>		
Utilisation of losses not previously recognised	(2,524)	(1,335)
Current year losses not recognised	1,623	1,618
Adjustment in deferred tax due to change in tax rate	(783)	191
Other temporary difference adjustments	(2,174)	(1,298)
<i>Other adjustments</i>		
Withholding taxes	2,945	3,082
Effect of differences between local and United Kingdom tax rates	14,926	3,552
Prior year adjustments to current tax	(578)	(180)
Other adjustments	(1,505)	1,426
Income tax expense	40,807	17,163

The Group's effective tax rate for the year ended 31 December 2022 of 30.13% (2021: 31.4%) is higher (2021: higher) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 19.00% (2021: 19.00%). The higher effective tax rate in 2022 compared to the headline tax rate is mainly due to the Group's primary source of income, the Kestrel royalty, being held in Australian subsidiary and as such is subject to a higher corporation tax rate.

In future periods, it is expected that the Group's effective tax rate will mainly be driven by the prevailing Australian corporation tax rates.

Refer to note 26 for information regarding the Group's deferred tax assets and liabilities.

Uncertain tax positions

As outlined in note 4, tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreement with tax authorities. Where such matters are assessed as having probable future economic outflows capable of reliable measurement they are provided for. As at 31 December 2022, the Group's provision for uncertain tax positions was \$4.0m (31 December 2021: \$4.2m) and is included in current income tax liabilities. Matters with possible economic outflow and/or presently incapable of being measured reliably are contingent liabilities and are disclosed in note 37.

Apart from the matters outlined above, the Group does not currently have any material unresolved tax matters or disputes with tax authorities. The interpretation of tax legislation in certain jurisdictions where the Group has established structures may, however, be a potential source of challenge from tax authorities. Due to the complexity of changes in international tax legislation, the Group has taken local advice and has recognised provisions where necessary. None of these provisions are material in relation to the Group's assets or liabilities.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

12 Earnings per share

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 1.

Earnings per ordinary share is calculated on the Group's profit after tax of \$94,637,000 (2021: \$37,476,000) and the weighted average number of shares in issue during the year of 234,062,267 (2021: 207,403,286).

	2022 \$'000	2021 \$'000
Net profit attributable to shareholders		
Earnings – basic	94,637	37,476
Earnings – diluted	94,637	37,476

The weighted average number of shares in issue for the purpose of calculating basic and diluted earnings per share are as follows:

	2022	2021
Weighted average number of shares in issue		
Basic number of shares outstanding	234,062,267	207,901,255
Dilutive effect of Employee Share Option Scheme	765,835	322,006
Diluted number of shares outstanding	234,828,102	208,223,261
Earnings per share – basic	40.43c	18.03c
Earnings per share – diluted	40.30c	18.00c

At 31 December 2021, earnings per ordinary share excluded shares held by the Company's Employee Benefit Trust as it had waived its right to receive dividends on the 444,726 ordinary 2p shares it held. During the year ended 31 December 2022 these shares were transferred to employees in settlement of share awards and are included in the calculation of weighted average numbers of shares above.

Adjusted earnings per share

Adjusted earnings represent the Group's underlying operating performance from core activities. Adjusted earnings is the profit/loss attributable to equity holders plus royalties received from financial instruments carried at fair value through profit or loss, less all valuation movements and impairments (which are non-cash adjustments that arise primarily due to changes in commodity prices), amortisation charges, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals as such disposals are not expected to be ongoing.

Valuation and other non-cash movements such as these are not considered by management in assessing the level of profit and cash generation available for distribution to shareholders. As such, an adjusted earnings measure is used which reflects the underlying contribution from the Group's royalties and metal streams during the year.

	Earnings \$'000	Earnings per share c	Diluted earnings per share c
Net profit attributable to shareholders			
Earnings - basic and diluted for the year ended 31 December 2022	94,637	40.43c	40.30c
Adjustment for:			
Amortisation and depletion of royalties and metal streams	10,065		
Amortisation of finance costs	(339)		
Impairment of royalty and exploration intangible assets	4,083		
Receipts from royalty financial instruments	2,782		
Revaluation of royalty financial instruments	1,373		
Revaluation of coal royalties (Kestrel)	(27,833)		
Revaluation of foreign currency instruments	223		
Effective interest on contingent consideration	169		
Unrealised foreign exchange (gains)/losses	1,483		
Other gains – revaluation of contingent consideration	(4,143)		
Tax effect of the adjustments above	6,019		
Adjusted earnings – basic and diluted for the year ended 31 December 2022	87,894	37.55c	37.43c

12 Earnings per share continued

Adjusted earnings per share continued

	Earnings \$'000	Earnings per share c	Diluted earnings per share c
Net profit attributable to shareholders			
Earnings - basic and diluted for the year ended 31 December 2021	37,476	18.03c	18.00c
Adjustment for:			
Amortisation and depletion of royalties and streams	14,845		
Amortisation of finance costs	339		
Impairment of royalty and exploration intangible assets	5,232		
Loss on disposal of royalty intangible assets	18,974		
Receipts from royalty financial instruments	3,115		
Revaluation of royalty financial instruments	(17,501)		
Revaluation of coal royalties (Kestrel)	(13,037)		
Revaluation of foreign currency instruments	140		
Effective interest on contingent consideration	176		
Unrealised foreign exchange (gains)/losses	(744)		
Tax effect of the adjustments above	3,325		
Adjusted earnings – basic and diluted for the year ended 31 December 2021	52,340	25.18c	25.14c

In calculating the adjusted earnings per share, the weighted average number of shares in issue takes into account the dilutive effect of the employee share option schemes in those years where the Group has adjusted earnings. In years where the Group has an adjusted loss, the employee share option schemes are considered anti-dilutive as including them in the diluted number of shares outstanding would decrease the loss per share; as such they are excluded.

The weighted average number of shares in issue for the purpose of calculating basic and diluted adjusted earnings per share are as follows:

	2022	2021
Weighted average number of shares in issue		
Basic number of shares outstanding	234,062,267	207,901,255
Dilutive effect of Employee Share Option Scheme	765,835	322,006
Diluted number of shares outstanding	234,828,102	208,223,261

13 Dividends and adjusted dividend cover

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 1.

On 17 February 2022 an interim dividend of 1.75p per share was paid to shareholders (\$5.1m) in respect of the year ended 31 December 2021. On 31 May 2022 a final dividend of 1.75p per share was paid to shareholders (\$4.7m) to make a total dividend for the year ended 31 December 2021 of 7.00p per share. The first quarterly dividend of 1.75p for the year ended 31 December 2022 was paid to shareholders (\$4.4m) on 31 August 2022. On 26 October 2022 the second quarterly dividend of 1.75p was paid to shareholders (\$5.2m). Total dividends paid during the year were \$19.4m (2021: \$25.4m).

On 15 February 2023 a further quarterly dividend of 1.75p per share was paid to shareholders (\$5.5m) in respect of the year ended 31 December 2022. This dividend has not been included as a liability in these financial statements. The Directors propose that a final dividend of 1.75p per share be paid to shareholders on 7 June 2023, to make a total dividend for the year of 7.00p per share. This dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

The proposed final dividend for 2022 will be payable to all shareholders on the Register of Members on 12 May 2023. The total estimated dividend to be paid is \$5.3m. At the present time the Board has resolved not to offer a scrip dividend alternative.

Adjusted dividend cover

Adjusted dividend cover is calculated as the number of times adjusted earnings per share exceeds the dividend per share. The Group's adjusted earnings per share for the year ended 31 December 2022 is 37.55c per share (note 12) with dividends for the year totalling 8.62c (7.00p), resulting in dividend cover of 4.4x (2021: adjusted earnings per share 25.18c, dividends totalling 9.63c (7.00p) and dividend cover 2.6x).

2023 dividend determination

The portfolio contribution generated by the Group's royalties and metal streams arise from sales revenue denominated in US dollars, making this the most appropriate measure of our business performance. It is also now our main reporting currency and consequently the natural currency for dividend determination. Dividends for the year ended 31 December 2023 and beyond will be determined in US dollars, translated at exchange rates prevailing on the record date of each dividend declared and payable in sterling and Canadian dollars to our shareholders on the London and Toronto Stock Exchanges respectively.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

14 Property, plant and equipment

Group	Other assets \$'000	Right-of-use assets \$'000	Equipment and fixtures \$'000	Total \$'000
At 1 January 2022	1,851	1,295	443	3,589
Additions	—	2,669	537	3,206
Disposals	—	—	(424)	(424)
At 31 December 2022	1,851	3,964	556	6,371
Depreciation and impairment				
At 1 January 2022	(1,851)	(536)	(405)	(2,792)
Depreciation	—	(312)	(43)	(355)
Disposals	—	—	408	408
At 31 December 2022	(1,851)	(848)	(40)	(2,739)
Carrying amount 31 December 2022	—	3,116	516	3,632

Group	Other assets \$'000	Right of use assets \$'000	Equipment and fixtures \$'000	Total \$'000
Gross carrying amount				
At 1 January 2021	1,851	1,295	405	3,551
Additions	—	—	38	38
At 31 December 2021	1,851	1,295	443	3,589
Depreciation and impairment				
At 1 January 2021	(1,851)	(268)	(396)	(2,515)
Depreciation	—	(268)	(9)	(277)
At 31 December 2021	(1,851)	(536)	(405)	(2,792)
Carrying amount 31 December 2021	—	759	38	797

Other assets relate to the Group's Panorama and Trefi coal projects in British Columbia, Canada, and the Group's talc deposit in Shetland, Scotland. Right-of-use assets relate to the Group's office premises.

Company	Other assets \$'000	Right-of-use assets \$'000	Equipment and fixtures \$'000	Total \$'000
Gross carrying amount				
At 1 January 2022	1,127	1,295	443	2,865
Additions	—	2,669	537	3,206
Disposals	—	—	(424)	(424)
At 31 December 2022	1,127	3,964	556	5,647
Depreciation and impairment				
At 1 January 2022	(1,127)	(536)	(405)	(2,068)
Depreciation	—	(312)	(43)	(355)
Disposals	—	—	408	408
At 31 December 2022	—	(848)	(40)	(2,015)
Carrying amount 31 December 2022	—	3,116	516	3,632

Company	Other assets \$'000	Right of use assets \$'000	Equipment and fixtures \$'000	Total \$'000
Gross carrying amount				
At 1 January 2021	1,127	1,295	405	2,827
Additions	—	—	38	38
At 31 December 2021	1,127	1,295	443	2,865
Depreciation and impairment				
At 1 January 2021	(1,127)	(268)	(396)	(1,791)
Depreciation	—	(268)	(9)	(277)
At 31 December 2021	(1,127)	(536)	(405)	(2,068)
Carrying amount 31 December 2021	—	759	38	797

15 Coal royalties (Kestrel)

	Group \$'000
At 1 January 2021	76,268
Foreign currency translation	(4,840)
Gain on revaluation of coal royalties	13,037
At 31 December 2021	84,465
Foreign currency translation	(5,629)
Gain on revaluation of coal royalties	27,833
At 31 December 2022	106,669

The Group's coal royalty entitlements comprise the Kestrel and Crinum coal royalties, and derive from mining activity carried out within the Group's private land area in Queensland, Australia. Rather uniquely to this royalty, the sub-stratum land is the property of the freeholder, including the minerals contained within. The ownership of the land therefore entitles the Group to a royalty, equivalent to what the State receives on areas outside the Group's private land. This royalty is accounted for as Investment Property in accordance with IAS 40. Further details on the calculation of the Kestrel royalty, together with its performance for 2022 can be found on page 31.

The carrying value of \$106.7m (A\$156.5m) (2021: \$84.5m and A\$116.3m) is based on a valuation completed during December 2022 by an independent coal industry adviser, amended for management's assessment of the nominal discount rate and future commodity price assumptions. The independent coal industry adviser's assumptions relating to volumes and foreign exchange were not changed.

The valuation is on a net present value of the pre-tax cash flow discounted at a nominal rate of 10.50% (2021: 6.00%) (2022: independent discount rate of 9%; 2021: independent discount rate of 6.00%). The key assumptions in the independent valuation relate to price, foreign exchange and discount rate.

Price assumptions

The independent coal industry adviser's price assumptions were based on the December 2022 Consensus Economics forecast average price of U\$277/t for the first half of 2023. Given the volatility in the commodity prices management have assumed an average price for the first half of 2023 of U\$325/t based on the Australian Premium Coking Coal FOB Financial Future price, before reverting to Consensus Economics pricing which decreases to an average nominal price U\$225/t between the second half of 2023 and 2026, and an average long-term nominal price of U\$192/t.

If the price were to increase or decrease by 10% over the life of the mine the valuation effect would be:

- a 10% reduction in the coal price would have resulted in the coal royalties being valued at \$86.6m (A\$127m) and an \$20.4m decrease to the revaluation gain in the income statement to \$7.4m; and
- a 10% increase in the coal price would have resulted in the coal royalties being valued at \$128.5m (A\$188.4m) and a \$22.2m increase in the revaluation gain in the income statement to a gain of \$50m.

Foreign exchange rate assumptions

The independent coal industry adviser's AUD:USD exchange rate assumptions used in the 2022 valuation assume a slight strengthening in the Australia dollar from a short-term rate of 0.72 to a long term rate of 0.74 against the US dollar. If the Australian dollar were to strengthen or weaken by 10% against the US dollar over the life of the mine that valuation effect would be:

- a 10% strengthening of the Australian dollar against the US dollar would have resulted in the coal royalties being valued at \$88.3m (A\$129.5m) and a \$18.7m decrease to the revaluation gain in the income statement to \$9.2m; and
- a 10% weakening of the Australian dollar against the US dollar would have resulted in the coal royalties being valued at \$131m (A\$192.2m) and a \$24.8m increase in the revaluation gain in the income statement to a gain of \$52.6m.

Discount rate assumptions

The independent coal industry adviser's pre-tax nominal discount rate was 9.00%, however, as this was outside the range of discount rates determined by management, a pre-tax nominal discount rate of 10.5% was used for the valuation. If the discount rate used were to increase or decrease by 1% the valuation effect would be:

- a 1% reduction in the nominal discount rate would have resulted in the coal royalties being valued at \$108.5m (A\$159m) and a \$1.8m increase in the revaluation gain in the income statement to \$29.7m; and
- a 1% increase in the nominal discount rate would have resulted in the coal royalties being valued at \$105m (A\$154m) and a \$1.8m decrease in the revaluation gain in the income statement to \$26m.

The net royalty income from this investment is currently taxed in Australia at a rate of 30%. The revaluation of the underlying Australian dollar asset is recognised in the Income Statement with the retranslation to the Group's US dollar presentation currency recognised in the foreign currency translation reserve.

Refer to note 34 for additional fair value disclosures relating to Kestrel.

15 Coal royalties (Kestrel) continued

Impact of climate change

The output from the Group's climate-related scenario analysis outlined on pages 76 to 79, has been considered in assessing the Group's independent coal industry adviser's valuation of Kestrel. The Group's scenario analysis to date does not indicate that climate change will have material impact on the Group's business model, however, this analysis is an iterative process with assumptions relating to both the physical and transitional impacts of climate change continuing to be refined.

The Group's independent coal industry adviser who undertook the valuation of Kestrel, also considered the impact of climate change when undertaking their valuation by having regard to the following:

- the likely future demand for metallurgical coal which is the primary product produced by the mine;
- the historic and possible future impact of climate change on the operations of Kestrel, such as extreme weather events; and
- possible legislative changes that may impact either our royalty or the underlying operations.

Considering mining at Kestrel progressively moving out of the Group's private royalty lands between 2023 and 2026, the impact of climate change is not expected to have a material impact on the carry value of the Kestrel royalty.

The shares over the entity which is the beneficial owner of the Kestrel royalty have been guaranteed as security in connection with the Group's borrowing facility (note 25).

16 Metal streams

	Cost \$'000	Contingent consideration \$'000	Total \$'000
Gross carrying amount			
At 1 January 2022	175,585	2,308	177,893
Fair value of contingent consideration	—	670	670
At 31 December 2021	175,585	2,308	177,893
Depletion and impairment			
At 1 January 2022	(7,197)	(129)	(7,326)
Depletion	(6,356)	(126)	(6,482)
At 31 December 2022	(13,553)	(255)	(13,808)
Carrying amount 31 December 2022	162,032	2,723	164,755

	Cost \$'000	Contingent consideration \$'000	Total \$'000
Gross carrying amount			
At 1 January 2021	—	—	—
Additions	175,585	—	175,585
Fair value of contingent consideration	—	2,308	2,308
At 31 December 2021	175,585	2,308	177,893
Depletion and impairment			
At 1 January 2021	—	—	—
Depletion	(7,197)	(129)	(7,326)
At 31 December 2021	(7,179)	(129)	(7,326)
Carrying amount 31 December 2021	168,388	2,179	170,567

On 12 March 2021, the Group completed the acquisition of a holding company that, in turn, holds a 70% net interest in a stream of cobalt production from the Voisey's Bay mine in Canada for cash consideration of \$205.6m at closing and further potential contingent consideration subject to cobalt prices and production levels over the next five years. Costs directly associated with the acquisition were \$2.1m, resulting in a total payment of \$207.7m. The holding company acquired had working capital balances of \$0.2m and carried forward tax losses of \$120.5m, with the latter resulting in \$31.9m of the consideration being allocated to deferred tax assets on acquisition (note 26).

16 Metal streams continued

The stream agreement entitles the Group to 22.82% of all cobalt production from both the open pit and underground operations at Voisey's Bay. The Group's entitlement steps down to 11.41% once 7,600 tonnes of finished cobalt has been delivered. Deliveries under the stream agreement from its inception to 31 December 2022 total 900 tonnes.

The Group pays 18% of an industry cobalt reference price prevailing at the date of delivery, until the original upfront amount paid for the stream, by its original holder, of \$300m is reduced to nil (through accumulating credit from 82% of the cobalt reference price), increasing to 22% thereafter. This payment is included in the \$4.3m (2021: \$4.0m) metal streams cost of sales in the income statement. The accumulated credit for deliveries under the stream agreement from its inception to 31 December 2022 was \$46.0m, reducing the original upfront amount to \$254.0m (31 December 2021: accumulated credit \$23.6m, original upfront amount \$276.4m).

The metal stream is being depleted on a units-of-production basis over the total expected deliveries to be received of 15.5Mlbs. During the period to 31 December 2022, the Group received 0.59Mlbs (2021: 0.65Mlbs) of cobalt resulting in a depletion charge of \$6.5m (2021:\$7.3m).

The contingent consideration in relation to the acquisition is determined by reference to minimum production thresholds and cobalt prices, and has been classified as a financial liability that is carried at fair value based on the discounted expected cash outflows. The fair value of the contingent consideration is remeasured at each reporting date, and depreciated on a units-of-production basis over the total expected deliveries to be received from the metal stream.

During the year ended 31 December 2022, \$3.3m was paid in contingent consideration as a result of the minimum production and price thresholds being achieved in the second half of 2021 (\$1.0m) and the first half of 2022 (\$2.3m). As at 31 December 2022, the fair value of the contingent consideration for future period has been reduced to nil (note 27) as the minimum production and price thresholds are not expected to be achieved in the period to 30 June 2025.

Impairments of metal streams

As described in notes 3.7 and 3.8, at each reporting date the Group's metal stream asset is reviewed for any impairment indicators. Consideration is given to the presence or occurrence of adverse operational developments at the underlying mine, together with any significant declines in the cobalt price and the impact of climate change, as detailed below. Where impairment indicators exist, a full impairment review is carried out to determine whether the discounted future expected cash flows (calculated on a value-in-use basis) exceed cost. Note 4 outlines the impairment methodology applied.

Climate change considerations in assessing for indicators of impairment

The output from the Group's climate-related scenario analysis outlined on pages 76 to 79, has been considered by the Board when undertaking the semi-annual impairment review of the Group's royalty intangible assets. The Group's climate-related scenario analysis considered:

- the likely future demand for the commodities underlying the Group's royalty and metal stream portfolio;
- the historic and possible future impacts of climate change on the operations underlying the Group's metal stream, such as extreme weather events; and
- possible legislative changes that may impact either our metal stream agreements or the operations underlying the Group's metal.

The Group's scenario analysis to date does not indicate that climate change will have material impact on the Group's portfolio of royalties and streams, however, this analysis is an iterative process with assumptions relating to both the physical and transitional impacts of climate change continuing to be refined. As at 31 December 2022 there were no indicators of impairment in relation to the Group's metal stream.

Further details on the Group's Voisey's Bay cobalt stream, including its performance during the period to 31 December 2022 can be found on page 29.

At 31 December 2022, the shares of the entity which is the beneficial owner of the Voisey's Bay metal stream have been guaranteed as security in connection with the Group's borrowing facility (note 25).

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17 Royalty financial instruments

	Group \$'000	Company \$'000
Fair value		
At 1 January 2021	99,923	3,183
Disposals	(64,784)	—
Royalties due or received from royalty financial instruments	(3,115)	(3,115)
Revaluation of royalty financial instruments recognised in profit or loss	17,501	13,852
Revaluation of royalty financial instruments recognised in equity	2,762	—
Foreign currency translation	1,504	—
At 31 December 2021	53,791	13,920
Royalties due or received from royalty financial instruments	(2,782)	(2,782)
Revaluation of royalty financial instruments recognised in profit or loss	(1,373)	(11,138)
Revaluation of royalty financial instruments recognised in equity	(3,670)	—
Foreign currency translation	(2,086)	—
At 31 December 2022	43,880	—

The details of the Group's royalty financial instruments, which are held at fair value, are summarised below:

	Commodity	Royalty rate	Escalation	Classification	Carrying value 31 December 2022 \$'000	Carrying value 31 December 2021 \$'000
EVBC	Gold, silver, copper	2.50%	3% gold >US\$1,100/oz 2.5% >US\$1,800/oz	FVTPL	—	13,920
Dugbe 1	Gold	2.00%	<50,000oz/qrt 22.5% of tolling milling receipt on production	FVTPL	1,409	1,400
McClellan Lake	Uranium	—	>215Mlbs	FVTPL	3,426	2,544
Piauí	Nickel-cobalt	1.25%	—	FVTPL	13,455	5,433
Labrador Iron Ore	Iron ore	7.00%	—	FVOCI	25,590	30,494
					43,880	53,791

The Group's royalty financial instruments are represented by four royalty agreements, EVBC, Dugbe 1, McClellan Lake and Piauí, which entitle the Group to either the repayment of principal and a net smelter return ("NSR") royalty for the life of the mine or a gross revenue royalty ("GRR") where the project commences commercial production or the repayment of principal where it does not. All four royalty agreements are classified as fair value through profit or loss ('FVTPL').

The Group's entitlements to cash by way of the repayment of the principal and the NSR royalty or the GRR have been classified as fair value through profit or loss in accordance with IFRS 9 and are carried at fair value in accordance with the Group's classification of royalty arrangements criteria set out in note 4.

The Group's fifth royalty financial instrument is its equity investment in Labrador Iron Ore Royalty Corporation ('LIORC'), which entitles the Group to a share of the 7% GRR LIORC receives from the Iron Ore Company of Canada ('IOC') mine and distributes to its shareholders via dividends. As LIORC is a single asset company, being GRR over the IOC mine, the Group has classified its investment in LIORC as a royalty financial instrument and made an irrevocable election to designate it as FVTOCI.

EVBC – refer to page 35 of the Business Review

The Group's EVBC royalty acquired in 2008 and is classified as FVTPL resulting in movements in the fair value being recognised directly in the income statement. The royalties received from EVBC reduce the fair value of the royalty and are included in the total movement in fair value recognised directly in the income statement, in accordance with IFRS 9.

During the second half of 2022, the Group commenced discussions with the operator of EVBC in light of the sustained margin pressures and operational constraints at the mine. While negotiations are ongoing, the most likely outcome will be deferring the payment of the Group's royalties from Q3 and Q4 2022 which totalled U\$1.5m together with any royalties from 2023 until the start of 2024. Until the mine's operating margins improve and the operational constraints are addressed, management has assessed the fair value of the EVBC royalty to be \$nil as at 31 December 2022 (2021: \$13.9m), which when adjusted for the 2022 royalties due or received of \$2.8m results in a valuation loss of \$11.1m recognised in the income statement (2021: gain of \$13.8m). Amounts due but not settled at year end of \$1.5m were provided for and included in other losses (see note 10).

17 Royalty financial instruments continued

Dugbe 1 – refer to page 43 of the Business Review

In 2016, Hummingbird Resources PLC ('Hummingbird'), the operator of the Dugbe 1 project, gave notice under the \$15.0m royalty financing arrangement with the Group that a Mineral Development Agreement ('MDA') had been approved by the Liberian Government, converting the financing agreement into a NSR royalty agreement.

The net smelter return royalty over the Dugbe 1 project is classified as FVTPL as outlined in note 4. As at 31 December 2022 the Group assessed the likely start date of commercial production at Dugbe 1 to be 2030 (2021: 2030), and applied a 32.5% (2021: 25%) probability factor to the project reaching commercial production to the discounted future cash flows of the royalty with an 31.50% (2021: 21.50%) pre-tax nominal discount rate, resulting in a valuation of \$1.4m (2021: \$1.4m).

In certain circumstances where the operator fails pursue the development of the Dugbe 1 project or there is a change in control, the Group has the option to terminate the royalty agreement and recover the \$15.0m paid under the royalty financing agreement. As at 31 December 2022, these circumstances had not arisen as development work continued on the project.

McClean Lake – refer to page 33 of the Business Review

The Group completed a C\$43.5m (\$33.3m) financing and streaming agreement with Denison Mines Inc ('Denison') in 2017. The financing agreement comprises two separate transactions: (i) a 13-year amortising secured loan of C\$40.8m with an interest rate of 10% per annum payable to the Group which is classified as non-current other receivables (note 22); and (ii) a streaming agreement, which entitles the Group to receive Denison's portion of toll milling proceeds from the McClean Lake Mill after the first 215Mlbs of throughput from 1 July 2016, which was acquired for C\$2.7m and is classified as FVTPL in accordance with note 4.

As at 31 December 2022, the Group assessed the probability of the McClean Lake Mill achieving throughput in excess of 215Mlbs at 60% (2021: 50%), and applied this to the discounted future cash flows of the stream with a 10.00% (2021: 8.00%) pre-tax nominal discount rate, resulting in a valuation of \$3.4m (2021: \$2.5m). The \$0.9m increase (2021: \$0.3m decrease) in the carrying value of the stream has been recognised in the income statement for the year.

Piauí – refer to page 38 of the Business Review

The Group acquired a 1% gross revenue royalty over the Piauí nickel-cobalt project in Brazil for \$2.0m in 2017. In accordance with the acquisition agreement the gross revenue royalty rate increased to 1.25% on 31 December 2019 after certain development milestones had not been achieved. The Group also has the option to acquire additional gross revenue royalties up to 4.50% for total consideration of \$70.0m, subject to certain development milestones under the acquisition agreement.

On initial recognition the Group decided to invoke the fair value option in classifying this royalty financial instrument, due to there being one or more embedded options that are not closely related in the underlying contract. Following the adoption of IFRS 9 the Group continues classify the Piauí royalty as FVTPL.

As at 31 December 2022 the Group assessed the probability of the Piauí project reaching commercial production at 100% in relation to the start-up plant and 55% in relation to expansion project (2021: 90% start-up and 25% expansion project) and applied this to the discounted future cash flows of the royalty with a 18.50% (2021: 13.50%) pre-tax nominal discount rate, resulting in a valuation of \$13.5m (2021: \$5.4m). The \$8.1m increase in carrying value has been recognised as a royalty financial instrument valuation gain in the income statement for the year (2021: \$3.3m increase).

Labrador Iron Ore – refer to page 34 of the Business Review

LIORC is a single asset company, being the 7% gross revenue royalty over the IOC mine which is majority owned and operated by Rio Tinto; as a result, the Group classifies its investment in LIORC as a royalty financial instrument. On initial recognition the Group made the irrevocable election to designate this investment as FVTOCI. The resulting dividends from the Group's investment in LIORC have been classified as royalty-related revenue, as described in note 3.14.

The Group sold 2,510,700 shares in the first quarter of 2021, generating a further C\$82.4m (\$63.0m) in proceeds to fund the Voisey's Bay cobalt stream acquisition, and retained 1,032,190 shares. The Group's partial sale of its holding in LIORC during the first quarter of 2021, resulted in a capital gain of C\$19.2m (\$15.5m) which was transferred directly to retained earnings, net of C\$2.6m (\$2.1m) in income tax arising from the gain.

At 31 December 2022, the shares of the entity which is the beneficial owner of the investment in LIORC have been guaranteed as security in connection with the Group's borrowing facility (note 25).

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

18 Royalty and exploration intangible assets

The Group's intangibles comprise capitalised exploration and evaluation costs and royalty interests.

Group	Exploration and evaluation costs \$'000	Royalty interests \$'000	Contingent consideration \$'000	Total \$'000
Gross carrying amount				
At 1 January 2022	919	135,561	—	136,480
Additions	—	182,022	9,311	191,333
Revaluation of contingent consideration	—	—	827	827
Foreign currency translation	—	(5,373)	(80)	(5,453)
At 31 December 2022	919	312,210	10,058	323,187
Amortisation and impairment				
At 1 January 2022	(919)	(66,043)	—	(66,962)
Amortisation charge	—	(2,869)	—	(2,869)
Impairment charge	—	(4,083)	—	(4,083)
Foreign currency translation	—	3,276	—	3,276
At 31 December 2022	(919)	(69,719)	—	(70,638)
Carrying amount 31 December 2022	—	242,491	10,058	252,549

Group	Exploration and evaluation costs \$'000	Royalty interests \$'000	Total \$'000
Gross carrying amount			
At 1 January 2021	919	207,222	208,141
Additions	—	—	—
Disposals	—	(64,510)	(64,510)
Foreign currency translation	—	(7,151)	(7,151)
At 31 December 2021	919	135,561	136,480
Amortisation and impairment			
At 1 January 2021	(919)	(76,710)	(77,629)
Amortisation charge	—	(7,519)	(7,519)
Impairment charge	—	(5,232)	(5,232)
Disposals	—	20,534	20,534
Foreign currency translation	—	2,884	2,884
At 31 December 2021	(919)	(66,043)	(66,962)
Carrying amount 31 December 2021	—	69,518	69,518

18 Royalty and exploration intangible assets continued

Company	Royalty interests \$'000
Gross carrying amount	
At 1 January 2022	3,206
At 31 December 2022	3,206
Amortisation and impairment	
At 1 January 2022	(3,206)
At 31 December 2022	(3,206)
Carrying amount 31 December 2022	—

Company	Royalty interests \$'000
Gross carrying amount	
At 1 January 2021	3,206
At 31 December 2021	3,206
Amortisation and impairment	
At 1 January 2021	—
Impairment charge	(3,206)
At 31 December 2021	(3,206)
Carrying amount 31 December 2021	—

Exploration and evaluation costs

The exploration and evaluation costs comprise expenditure that was directly attributable to the Trefi coal project in British Columbia, Canada. Due to the inherent uncertainty that the Trefi coal project would be developed, the Group fully impaired it in 2014.

Royalty intangible assets

On 19 July 2022, the Group acquired a high-quality portfolio of royalties over advanced development stage copper and nickel projects from South32 Royalty Investments Pty Ltd ('South32') for a fixed consideration of \$185m with further contingent consideration of up to \$15m.

The fixed consideration of \$185m consisted of:

- \$47.6m in cash paid on completion of the transaction;
- \$82.4m in an equity issue of 43,622,091 ordinary shares of 2p each at £1.54/share to South32. These new shares represent approximately 16.9% of the share capital of the Company (note 29). The Company entered into a Relationship Agreement with South32 which governs the rights and obligations South32 has as a result of its shareholding, further details are contained in the Directors' Report on page 119; and
- deferred cash consideration totalling \$55m to be paid in six equal quarterly instalments with the first instalment paid in October 2022 and the final instalment due in January 2024, as detailed in note 27.

In addition, contingent consideration is payable subject to future nickel prices and minimum production levels at West Musgrave post commencement of production and has been classified as a financial liability that is carried at fair value based on the discounted expected future cash outflows. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the royalty intangible assets balance. As at 31 December 2022, the fair value of the contingent consideration payable is \$10m as detailed in note 27 based on a pre-tax nominal discount rate of 10.50%.

The royalties acquired are the West Musgrave, Santo Domingo, Nifty, and Carlota royalties. The royalties have been recognised as intangible assets as detailed in note 4. The value of the royalty intangibles acquired consists of the fixed and deferred consideration above (\$185m) plus the value on acquisition of the contingent consideration payable (\$9m) less the value on acquisition of the contingent consideration receivable (\$6m – as detailed below). Transaction costs totalling \$2.6m have been capitalised on acquisition.

Under the West Musgrave royalty the Group is entitled to a A\$10.0m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL"). As at 31 December 2022, the fair value of the contingent consideration receivable is \$6.0m as detailed in note 22, based on a pre-tax nominal discount rate of 10.50%.

On 31 December 2021 the Group completed the sale of its 1% gross revenue royalty over the Narrabri mine to the operator, Whitehaven Coal Limited, for fixed consideration of \$21.6m, of which \$4.4m was received on completion with the remaining balance receivable in instalments until 31 December 2026 and further contingent consideration also receivable over the period to 31 December 2026.

18 Royalty and exploration intangible assets continued

Royalty intangible assets continued

The contingent consideration consists of \$5.0m, receivable in instalments, upon the approval of the Narrabri South extension project by state and federal authorities in Australia, prior to 31 December 2026. In addition, the Group is entitled to receive bi-annual contingent payments linked to future realised coal prices during the period from closing to 31 December 2026. Subject to minimum volumes of 3.0Mt per half year being achieved, where the realised prices exceed \$90/t the Group will be entitled to \$0.05/t, increasing to \$0.25/t if realised prices exceed \$150/t. Both elements of the contingent consideration in relation to the sale of the Narrabri royalty have been classified as a financial asset that is carried at fair value based on discounted expected cash flows.

Total contingent consideration as at 31 December 2021 was valued at \$4.0m resulting in total consideration on completion of \$25.6m. The carrying value of the Narrabri royalty immediately prior to completion was \$44.0m, as a result there was a loss on disposal of \$19.0m and a translation effect of \$0.6m.

As at 31 December 2022, the Group assessed the probability of the Narrabri South Extension being approved at 50% (2021: 50%) and applied this to the discounted future cash flows with an 11% (2021: 8.50%) pre-tax nominal discount rate resulting in a fair value of \$2.1m (2021: \$2.3m) for this element of the contingent consideration. The price and sales volume linked contingent consideration was also valued by applying an 11% (8.50%) pre-tax nominal discount rate to the expected future cash flows, resulting in a fair value of \$4.6m (2021: \$1.7m) for this element of the contingent consideration as detailed in note 22.

Amortisation of royalty intangible assets

The Group's royalty intangible assets are amortised on a straight-line basis, upon the commencement of production at the underlying mining operation, over the life of mine.

Four of the underlying mining operations of the Group's royalty intangibles assets were in production during 2022, and were amortised on the following basis:

Royalty interest	Currency	Carrying value 31 December 2022 '000	Carrying value 31 December 2021 '000	Estimated life of mine	Remaining life of mine
Mantos Blancos	USD	40,387	42,911	17 years	14 years
Maracás Menchen	AUD	20,764	21,856	21 years	19 years
Four Mile	AUD	974	1,113	10 years	2 years
Carlota	USD	818	—	2.5 years	2 years

The amortisation charge for the year, of \$3.5m (2021: \$7.5m including Narrabri) relates to the Group's producing royalties, Mantos Blancos, Maracás Menchen, Carlota and Four Mile. Amortisation of the remaining interests will commence once they begin commercial production.

At 31 December 2022, the shares of the entities which are the beneficial owners of the Mantos Blancos and Maracás Menchen royalties have been guaranteed as security in connection with the Group's borrowing facility (note 25).

Impairments of royalty intangible assets

As described in notes 3.7 and 3.8, at each reporting date the Group's royalty intangible assets are reviewed for any impairment indicators. Consideration is given to the presence or occurrence of adverse operational developments at the underlying mines, together with any significant declines in commodity prices and the impact of climate change, as detailed below. Where impairment indicators exist, a full impairment review is carried out to determine whether the discounted future expected cash flows (calculated on a value-in-use basis) exceed cost. Note 4 outlines the impairment methodology applied.

Climate change considerations in assessing for indicators of impairment

The output from the Group's climate-related scenario analysis outlined on pages 76 to 79, has been considered by the Board when undertaking the semi-annual impairment review of the Group's royalty intangible assets. The Group's climate-related scenario analysis considered:

- the likely future demand for the commodities underlying the Group's royalty and metal stream portfolio;
- the historical and possible future impact of climate change on the operations underlying the Group's portfolio, such as extreme weather events; and
- possible legislative changes that may impact either our royalty and metal stream agreements or the operations underlying the Group's portfolio.

18 Royalty and exploration intangible assets continued

Climate change considerations in assessing for indicators of impairment continued

The Group's scenario analysis to date does not indicate that climate change will have material impact on the Group's portfolio of royalties and streams, however, this analysis is an iterative process with assumptions relating to both the physical and transitional impacts of climate change continuing to be refined.

2022 impairment of royalty intangible assets

Pilbara iron ore royalty

Despite the ongoing expansion of BHP's mining operations in the Pilbara, limited public information is available for the Group to assess the likely timing of the development of tenements covered by the Group's royalty, the largest of which covers the Railway Deposit which is located to the north of BHP's South Flank development.

In the absence of any publicly available information, the Group has estimated the likely start date for production from the tenements covered by the Group's royalty to be 2050 (2021: start date 2040), and the probability factor of the tenements being brought into production has been reduced from 75% in 2021 to 62.5% in 2022. Applying the 62.5% probability factor together with a pre-tax nominal discount rate of 10.5% (2021: 9%) and a long-term iron ore price of \$239/dmtu for lump (2021: \$133/dmtu) and \$174/dmtu for fines (2021: £113/dmtu) resulted in a net present value of the discounted future royalty cash flows of A\$4.8m, compared to the carrying value of A\$8.8m. As a result of the net present value being lower than the carrying value, the Group recognised an impairment charge of A\$4m (\$2.8m) for the year ended 31 December 2022.

Ring of Fire royalty

The proposed acquisition of Norton Resources Ltd, by Wyloo Metals Pty Ltd, an exploration company which forms part of the Forrest family's private office, is seen as a positive step toward the Ring of Fire tenements covered by the Group's royalty being developed.

In the absence of any publicly available information the Group estimates the likely start date for production from the tenements covered by the Group's royalty to be 2044 (2021: start date 2034). The probability factor of the tenements being brought into production has remained unchanged at 25% and is expected to remain at this level until greater certainty on the development timetable is known.

Applying this start date and probability factor to the Group's valuation model, together with a pre-tax nominal discount rate of 13.50% (2021: 11%) and a long-term chromite price of \$360/t (2021: £174/t), resulted in a net present value of the discounted future royalty cash flows of C\$1.1m, compared to the carrying value of C\$2.8m. As a result of the net present value being lower than the carrying value, the Group recognised an impairment charge of C\$1.7m (\$1.3m) for the year ended 31 December 2022.

2021 impairment of royalty intangible assets

During the year ended 31 December 2021, the Group recognised impairment charges of \$3.2m in relation to the Salamanca royalty, \$1.1m in relation to the Pilbara iron ore royalty and \$0.9m in relation to the Ring of Fire royalty.

Impairment sensitivity

The Group has reviewed the sensitivity of its assessment for indicators of impairment to an increase in the discount rates applied to the expected future cash flows and a decrease in the underlying commodity prices of each royalty, concluding the following:

- a 1% increase in the discount rate applied to expected future cash flow of the royalties, would result in impairment charges being recognised for the Santa Domingo and Nifty royalties of \$0.8m and \$0.5m, as well as increasing the impairment charges recognised in relation to the Pilbara and Ring of Fire royalties by \$0.8m and \$0.2m, increasing the impairment charge in the income statement to \$6.4m; and
- a 10% decrease in the underlying commodity prices would result in impairment charges being recognised for the Santo Domingo and Nifty royalties of \$4.2m and \$0.5m respectively, as well as increasing the impairment of the Pilbara and Ring of Fire royalties by a further \$0.3m and \$0.1m respectively, increasing the impairment charge in the income statement to \$9.2m.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

19 Mining and exploration interests

	Group \$'000	Company \$'000
Fair value through other comprehensive income		
At 1 January 2021	10,946	8,224
Additions	—	—
Disposals	(2,512)	(2,512)
Revaluation adjustment	(4,171)	(3,965)
Foreign currency translation	133	(26)
At 31 December 2021	4,396	1,721
Disposals	(1,310)	(1,310)
Revaluation adjustment	642	645
Foreign currency translation	(245)	3
At 31 December 2022	3,483	1,059

The fair values of listed securities are based on quoted market prices. Unquoted investments are initially recognised using cost where fair value cannot be reliably determined. In the absence of an active market for these securities, the Group considers each unquoted security to ensure there has been no material change in the fair value since initial recognition.

Mining and exploration interests are held at fair value through other comprehensive income, with the effect that the gains and losses on disposal and impairment losses are transferred directly to retained earnings.

For the year ended 31 December 2022 the Group realised \$1.3m in cash (2021: \$2.5m) through its disposal of a number of its quoted mining and exploration interests. These disposals resulted in a gain of \$0.6m for the year ended 31 December 2022 (2021: \$1.3m) which was transferred directly to retained earnings.

Total mining and exploration interests at 31 December are represented by:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Quoted investments	988	1,648	988	1,646
Unquoted investments	2,495	2,748	71	75
	3,483	4,396	1,059	1,721
Number of investments	8	8	5	5

20 Deferred costs

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred acquisitions costs	280	309	280	309
Deferred financing costs	2,211	4,106	2,211	4,106
	2,491	4,415	2,491	4,415

Deferred acquisition costs

As at 31 December 2022 deferred acquisition costs of \$0.3m (2021: \$0.3m) represent those costs associated with royalty and metal stream opportunities that the Group is actively pursuing and expects to complete in 2023. Should the opportunity not proceed to completion, these costs will be charged to the income statement.

Deferred financing costs

As at 31 December 2022 deferred financing costs of \$2.2m represent the unamortised costs associated with the Group's \$150m revolving credit facility entered into on 24 February 2021 (note 25). These deferred financing costs are being amortised over the four-year term of the facility, with \$1.9m (2021: \$1.5m) being released to the income statement for the period to 31 December 2022. Upon entering into the new facility in February 2021, the deferred financing costs related to the Group's amended and extended 2018 facility were released to the income statement. As a result total deferred financing costs released to the income statement in 2021 were \$2.4m.

21 Investments in subsidiaries

The Group's full listing of subsidiaries is provided in note 39. The Company's investment in subsidiaries as 31 December 2022 and 31 December 2021 is as follows:

Company	\$'000
Cost	
At 1 January 2022	258,807
Acquisition of additional share capital of subsidiaries	138,136
At 31 December 2022	396,943
Impairment of investment in subsidiary	
At 1 January 2022	(44,618)
Impairment	—
At 31 December 2022	(44,618)
Carrying amount 31 December 2022	352,325

The Directors believe that the carrying value of the investments is supported by their realisable value.

Company	\$'000
Cost	
At 1 January 2021	255,203
Capital injection into subsidiaries	85,000
Return of capital from subsidiaries	(81,396)
At 31 December 2021	258,807
Impairment of investment in subsidiary	
At 1 January 2021	(28,642)
Impairment	(15,976)
At 31 December 2021	(44,618)
Carrying amount 31 December 2021	214,189

22 Trade and other receivables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Income tax receivable	81	6,309	—	1
Prepayments	406	446	340	353
Royalty receivables – net of impairment	13,769	23,506	—	594
Other receivables	7,310	4,652	264	186
	21,566	34,913	604	1,134

Current trade and other receivables

Trade and other receivables principally comprise amounts relating to royalties receivable from Kestrel, Mantos Blancos, Maracás Menchen, EVBC and Carlota for the final quarter in each year (including Narrabri in 2021), together with dividends declared but not yet received from Labrador Iron Ore Company. These amounts were received in full subsequent to year end, with the exception of the Q3 and Q4 royalties due from EVBC totalling \$1.5m.

During the second half of 2022, the Group commenced discussions with the operator of EVBC in light of the sustained margin pressures and operational constraints at the mine. While negotiations are ongoing, the most likely outcome will be deferring the payment of the Group's royalties from Q3 and Q4 2022 which totalled \$1.5m, together with any royalties from 2023, until the start of 2024. Until the mine's operating margins improve and the operational constraints are addressed, management has assessed the recoverability of the Q3 and Q4 2022 royalties to be inherently uncertain and has fully provided for the \$1.5m receivable at 31 December 2022.

Current trade and other receivables also includes \$7m (2021: \$4.4m) in deferred and contingent consideration receivable from Whitehaven Coal following the sale of the Narrabri royalty. A further \$12.4m (2021: \$12.8m) of deferred and contingent consideration in respect of this sale is included in non-current other receivables and will be received between January 2024 and December 2026.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

22 Trade and other receivables continued

Current trade and other receivables continued

The Directors consider that the carrying amount of trade and other receivables is approximately their fair value.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current				
Other receivables	37,429	39,127	19,042	22,333
Amounts due from subsidiaries	—	—	141,796	177,349
	37,429	39,127	160,838	199,682

Non-current other receivables

Non-current other receivables comprise amounts relating to the interest-bearing loan receivable from Denison Mines Inc, the deferred consideration together with the contingent consideration arising from the disposal of the Group's Narrabri royalty (note 19) and the contingent consideration related to West Musgrave (note 18).

Denison financing agreement

In 2017, the Group completed a C\$43.5m (\$33.3m) financing and streaming agreement with Denison. The streaming agreement is classified as a royalty financial instrument (note 17), with an initial value of C\$2.7m (\$2.1m).

The financing agreement is structured as a 13-year secured loan of C\$40.8m (\$31.2m) with an interest rate of 10% per annum payable to the Group. The loan contains mandatory repayment provisions in any period where the equivalent toll revenues exceed the interest liability. Conversely, in any period when toll revenues are less than the interest payment, the shortfall is capitalised and carried forward to the next period. The loan principal, along with any capitalised interest, is repayable in full at maturity.

Operations at the McClean Lake mill from which the toll revenue is generated were suspended from March 2020 to September 2020 and from January 2021 to April 2021 in response to the COVID-19 pandemic. As a result, principal repayments under the loan were lower than pre-pandemic levels, with the Group receiving principal repayments totalling \$1.3m in 2021. The Group earned \$2.4m in interest, with \$0.3m of the interest earned being capitalised as described above.

In contrast, the McClean Lake mill remained fully operational during 2022. The Group earned \$2.1m in interest revenue and received principal repayments of \$2.9m.

The Group assesses the carrying value of the Denison financing agreement for expected credit losses over the next 12 months by making reference to the security held by the Group and the financial position of Denison at each reporting date. As at 31 December 2022, the previously recognised expected credit losses of \$0.9m were reversed due to the improved financial condition of Denison.

As operations resumed in April 2021 and have continued uninterrupted since, the Directors do not consider the COVID-19-related suspensions significantly increase default risk and therefore continue to recognise 12-month ECL rather than lifetime ECL.

As at 31 December 2022, the outstanding loan balance was \$18.9m (C\$25.6m) and unamortised costs associated with the loan were \$0.1m. (31 December 2021: loan balance \$23.1m (C\$29.4m), provision for expected credit losses \$0.9m and unamortised costs \$0.1m). The total amortisation of costs associated with the loan during the year was \$17,000 (2021: \$17,000).

West Musgrave acquisition

As described in note 18, under the West Musgrave Royalty the Group is entitled to a A\$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL"). As at 31 December 2022, the fair value of the contingent consideration receivable is \$6.0m.

Narrabri disposal – deferred consideration and contingent consideration

As described in note 18, the Group disposed of its 1% gross revenue royalty over the Narrabri mine to the operator, Whitehaven Coal Limited, for fixed consideration of \$21.6m, of which \$4.4m was received on completion with the balance payable in annual instalments until 31 December 2026 and further contingent consideration also payable over the period to 31 December 2026.

The Group assessed the carrying value of the deferred consideration for expected credit losses over the next 12 months by making reference to the security held by the Group and the financial position of Whitehaven Coal Limited. As at 31 December 2022, the previously recognised expected credit losses of \$43,000 were reversed due to the improved financial condition of Whitehaven Coal Limited.

22 Trade and other receivables continued

Denison financing agreement continued

As at 31 December 2022, the total outstanding deferred consideration net of expected credit losses is \$12.0m (2021: \$17.2m), of which \$4.0m is included in current trade and other receivables. The fair value of the contingent consideration was \$6.7m (2021: \$4.0m), of which \$2.3m is included in current trade and other receivables, together with \$0.7m in contingent consideration due from Whitehaven Coal following the volume and price thresholds being achieved in second half of 2022 as detailed in note 18.

Non-current amounts due from subsidiaries

Amounts due from subsidiaries are considered long-term loans. The Directors consider that the carrying value of amounts due from subsidiaries is approximately their fair value (note 32).

23 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and on hand	5,723	21,903	5,224	8,561
Trading deposits with brokers	127	89	127	88
Cash and cash equivalents	5,850	21,992	5,351	8,649

Of the Group's \$22.0m cash at bank and on hand as at 31 December 2021, \$4.4m related to proceeds from the disposal of the Narrabri royalty. These funds were held in restricted accounts in 2021 as security under the Group's revolving credit facility and were utilised to fund the permitted acquisition of royalties in 2022 as allowed by the facility.

24 Net debt

See note 4.9(a) and note 4.9(h) for the Group's accounting policy on cash and debt.

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group and Company's net (debt)/cash and cash equivalents position after offsetting the revolving credit facility against cash and cash equivalents is as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revolving credit facility	(42,250)	(112,000)	(42,250)	(112,000)
Cash and cash equivalents	5,850	21,992	5,351	8,649
Net debt	(36,400)	(90,008)	(36,899)	(103,351)

Movement in net debt

Group	Cash and cash equivalents \$'000	Medium and long-term borrowings \$'000	Net debt \$'000
At 1 January 2021	27,513	60,767	(33,254)
Cash flow	(4,207)	51,006	(55,213)
Foreign exchange differences	(1,314)	227	(1,541)
At 31 December 2021	21,992	112,000	(90,008)
Cash flow	(14,107)	(69,750)	55,643
Foreign exchange differences	(2,035)	—	(2,035)
At 31 December 2022	5,850	42,250	(36,400)

During the year ended 31 December 2022, the Group drew \$49.5m (2021: \$123.5m) on its revolving credit facility (refer to note 27) and repaid \$119.25m (2021: \$72.5m).

The only financing related liabilities are the Group's borrowings and the Group's lease liabilities. The movements in the former are shown above and the movements in the latter are shown in note 27.

Notes to the consolidated financial statements continued

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25 Borrowings

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Secured borrowing at amortised cost				
Revolving credit facility	42,250	112,000	42,250	112,000
	42,250	112,000	42,250	112,000
Amount due for settlement within 12 months	—	—	—	—
Amount due for settlement after 12 months	42,250	112,000	42,250	112,000

In conjunction with the Voisey's Bay cobalt stream acquisition, the Group repaid its borrowings in full and cancelled its existing facility in March 2021, before entering a new \$180m revolving credit facility which was reduced to \$150m following the completion of the equity placing detailed in note 16.

To part finance the Voisey's Bay cobalt stream acquisition, the Group drew down \$123.5m on the new facility. In 2022 the Group borrowed a further \$43.2m to partially fund the completion payment due in relation to the acquisition of a portfolio of royalties as detailed in note 18.

In addition to consenting to the acquisition of the portfolio of royalties, the Group's lending syndicate agreed to maintain the revolving credit facility at \$150m and would no longer require the previously scheduled \$25m facility step-down which was due in August 2022. The lending syndicate also agreed a \$50m accordion feature for future acquisitions which can be drawn subject to lender consent.

In December 2022 the Group has exercised the option to extend the term of the facility by one year and as such the facility now has a maturity date of 24 February 2025. In addition to the extension, the Group's facility was restated to reflect the discontinuation of LIBOR; as a result the facility is now available at SOFR, SONIA or EURIBOR for drawings in US dollars, sterling and euros respectively, plus 2.75% to 4.50% depending on leverage ratios. The Group's facility is secured by way of a floating charge over the Group's assets and is subject to a number of financial covenants, all of which have been met during the period ended 30 December 2022.

The Directors consider that the carrying amount of the Group's borrowings approximates their fair value.

26 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the period:

Group	Revaluation of coal royalty \$'000	Revaluation of royalty instruments \$'000	Accrual of royalty receivable \$'000	Other tax losses \$'000	Other tax losses \$'000	Total \$'000
At 1 January 2021	22,881	(846)	982	—	—	23,017
Deferred tax assets on acquisition (note 16)	—	—	—	—	(31,930)	(31,930)
Charge/(Credit) to profit or loss	3,911	3,847	4,697	—	(448)	12,007
(Credit) to other comprehensive income	—	(1,621)	—	—	—	(1,621)
Exchange differences	(1,452)	231	(210)	—	—	(1,431)
Effect of change in tax rate:						
Income statement	—	191	—	—	—	191
At 31 December 2021	25,340	1,802	5,469	—	(32,378)	233
(Credit)/charge to profit or loss	8,351	(902)	(2,109)	1,243	(432)	6,337
(Credit) to other comprehensive income	—	(390)	—	—	—	(390)
Exchange differences	1,690	57	(299)	(23)	—	(1,955)
At 31 December 2022	32,001	567	3,061	1,406	(32,810)	4,225

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 \$'000	2021 \$'000
Deferred tax liabilities	(40,857)	(36,711)
Deferred tax assets	36,632	36,478
	(4,225)	(233)

The Group has the following balances in respect of which no deferred tax asset has been recognised, as these losses are not expected to be utilised:

	2022				2021			
	Tax losses – trading \$'000	Tax losses – capital \$'000	Other temporary differences \$'000	Total \$'000	Tax losses – trading \$'000	Tax losses – capital \$'000	Other temporary differences \$'000	Total \$'000
Expiry date								
Within one year	—	—	—	—	—	—	—	—
Greater than one year, less than five years	—	—	—	—	—	—	—	—
Greater than five years	—	—	—	—	—	—	—	—
No expiry date	19,704	60,152	12,345	92,201	17,885	66,429	12,151	96,465
	19,704	60,152	12,345	92,201	17,885	66,429	12,151	96,465

Temporary differences associated with investments in subsidiaries, joint ventures and associates are insignificant.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

26 Deferred tax continued

The following are the major deferred tax liabilities recognised by the Company utilising a rate of 25% (2021: 25%) and the movements thereon during the period:

Company	Revaluation of royalty instruments \$'000	Total \$'000
At 1 January 2021	605	605
Charge to profit or loss	2,684	2,684
Effect of change in tax rate: Income statement	191	191
At 31 December 2021	3,480	3,480
Credit to profit or loss	(3,480)	(3,480)
At 31 December 2022	—	—

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Company	2022 \$'000	2021 \$'000
Deferred tax liabilities	—	3,480
	—	3,480

27 Trade and other payables

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Other taxation and social security payables	36	33	35	30
Trade payables	505	96	100	67
Borrowings from subsidiaries	—	—	55,819	54,366
Accruals and other payables	3,409	3,553	3,065	3,248
Lease liability	323	—	323	—
Deferred income	5,359	—	—	—
Deferred consideration	36,667	—	—	—
Contingent consideration	—	950	—	—
	46,299	4,632	59,342	57,711

On 13 April 2022, the Supreme Court of Western Australia handed down a favourable judgement in relation to the Group's legal dispute with Quasar Resources Pty Ltd ('Quasar'), the owner of the Four Mile uranium mine over which the Group has a 1% net smelter return royalty. The judgement ruled that none of the processes at the Beverley plant or Four Mile mine amount to refining which means that Quasar have wrongly claimed charges, costs and penalties that were for, or related to the extraction or processing of uranium ore into yellowcake or uranium concentrate as "Allocable Charges".

Quasar were ordered to pay A\$2.7m in additional royalties and interest in the amount of A\$0.3m for the original claim which runs from Q4 2015 to Q4 2018. The funds for the judgement amount were received in May 2022. Prior to paying the original judgement amount, Quasar lodged an appeal. As a result, the judgement amount received has been and will remain classified as deferred income until the appeal is decided and the Group's entitlement to the monies becomes irrevocable. The appeal is expected to be heard in Q3 2023.

On 15 August 2022, the parties entered into a settlement agreement, which required Quasar to pay A\$3.1m plus interest in respect of the underpaid royalties during the period Q1 2019 to Q4 2021, which was not covered by the original claim. The settlement agreement calculates the royalties in line with the judgement in relation to the original claim. Under the terms of the settlement agreement, should Quasar's appeal be successful, the settlement amounts will be repaid with interest. The settlement payment has been and will remain classified as deferred income similar to the judgement amount, until the appeal is decided and the Group's entitlement to the monies becomes irrevocable.

Borrowings from subsidiaries are detailed further in note 32.

The average credit period taken for trade purchases is 20 days (2021: 28 days). The Directors consider that the carrying amount of trade and other payables approximates their fair value. All amounts are considered short-term and none are past due.

27 Trade and other payables continued

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current				
Non-current	9,167	—	—	—
Deferred consideration	10,058	1,534	—	—
Contingent consideration	3,025	769	3,025	769
Lease liability	399	607	398	607
Other taxation and social security payables	22,649	2,910	3,423	1,376

As at 31 December 2022, current deferred consideration and non-current deferred and contingent consideration payable is in relation to the acquisition of West Musgrave as detailed in note 18. For the period from commencement of production to 30 June 2027, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and nickel prices.

The contingent consideration classified as non-current represents the net present value of the discounted future cash outflows estimated based on forward-looking nickel prices and expected production volumes for the period to 30 June 2027, which the Directors consider represents the fair value of this potential liability.

As at 31 December 2021, current and non-current contingent consideration of \$1.0m and \$1.5m respectively, relates to the Voisey's Bay cobalt stream acquisition (note 16). For the period from completion date to 30 June 2025, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and cobalt prices. At 31 December 2022, there is no contingent consideration owing based on actual and expected cobalt prices and production volumes. Therefore, the Directors consider the fair value of this potential liability to be nil.

Current and non-current lease liability relates to the Group's office premises in London, which comprises annual payments of £0.4m and expires in 2032.

Non-current other taxation and social security payables relates to employer National Insurance due on vesting of the certain share-based payments.

Movement in leases

	Group \$'000	Company \$'000
At 1 January 2021	1,038	1,038
Lease payments	(268)	(268)
Interest	40	40
Foreign exchange differences	(41)	(41)
At 31 December 2021	769	769
New lease	2,669	2,669
Lease payments	(312)	(312)
Interest	61	61
Foreign exchange differences	161	161
At 31 December 2022	3,348	3,348

28 Derivative financial instruments

The Group's hedging policy allows foreign exchange forward contracts to be entered into to manage its exposure to foreign exchange risk associated with its Australian and Canadian dollar royalty-related income (note 34). These foreign exchange forward contracts are accounted for as financial assets or liabilities carried at fair value through profit or loss in accordance with note 3.9(d). The fair value of the foreign exchange forward contracts as at 31 December is as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial liabilities carried at fair value through profit or loss				
Fair value as at 31 December	32	—	32	—

As at 31 December 2022 the Group had an outstanding forward contract totalling A\$3.3m to receive £1.9m, with a fair value of \$32k. The Group had no outstanding forward contracts as at 31 December 2021.

Notes to the consolidated financial statements continued

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29 Share capital and share premium

Issued share capital

Group and Company	Number of shares	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Total \$'000
Ordinary shares of 2p at 1 January 2021	177,129,016	4,670	83,214	38,416	126,300
Issue of share capital under private placing ^(a)	33,664,371	952	—	56,431	57,383
Issue of share capital under retail offer ^(a)	2,687,372	76	4,669	—	4,745
Utilisation of shares held in treasury on exercise of employee options ^(b)	300,000	8	—	—	8
Ordinary shares of 2p at 31 December 2021	213,780,759	5,706	87,883	94,847	188,436
Utilisation of shares held in treasury on exercise of employee options ^(c)	453,307	12	—	—	12
Issue of share capital as consideration for acquisition ^(d)	43,622,091	1,043	81,329	—	82,372
Ordinary shares of 2p at 31 December 2022	257,856,157	6,761	169,212	94,847	270,820

(a) On 24 February 2021, the Company completed a private placing of 33,664,371 new ordinary shares of 2p each and a retail offer of 2,687,372 new ordinary shares of 2p each. Both the private placing and the retail offer were priced at 128p per share, raising total proceeds of \$62.1m net of costs. As the shares issued in relation to the private placing were placed in return for acquiring over 90% of the share capital of a related entity, the proceeds raised in excess of the nominal value issued was recorded in the merger reserve. The funds raised through the private placing and the retail offer were used to part finance the Voisey's Bay acquisition (note 16).

(b) On 11 March 2021, the Company utilised 300,000 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Unapproved Share Option Plan.

(c) On 21 February 2022, the Company utilised 19,974 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Share Ownership Plan. On 25 February 2022, the Company utilised a further 433,333 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Unapproved Share Option Plan.

(d) On, 19 July 2022, the Company issued 43,622,091 new ordinary shares of 2p each to South32 as partial consideration for the acquisition of a high-quality portfolio of royalties over advanced development stage copper and nickel projects (note 18).

Own shares

Included in the Company's issued share capital are shares held by the Anglo Pacific Group Employee Benefit Trust ('EBT') to settle existing employee-related share-based payments as follows:

	2022		2021	
	Number of shares	\$'000	Number of shares	\$'000
Own shares				
At 1 January	444,726	(1,535)	925,933	(3,430)
Transferred to employees in settlement of share awards	(444,726)	1,535	(559,266)	2,072
Shares acquired to settle future share awards	—	—	78,059	(177)
At 31 December	—	—	444,726	(1,535)

As the EBT has waived its right to receive dividends, the Company's shares held by the EBT are excluded from the weighted average number of shares in issue for the purposes of calculating earnings per share in note 12.

Treasury shares

	2022		2021	
	Number of shares	\$'000	Number of shares	\$'000
Treasury shares				
At 1 January	4,329,703	114	4,629,703	122
Utilisation of shares held in treasury on exercise of employee options	(453,307)	(12)	(300,000)	(8)
At 31 December	3,876,396	102	4,329,703	114

Shares are held in treasury do not receive dividends; as such they are excluded from the weighted average number of shares in issue for the purposes of calculating earnings per share in note 12.

30 Share-based payments

The Group had outstanding awards under the following equity-settled share-based compensation plans in 2021 and 2022:

- the HMRC approved Company Share Ownership Plan ('CSOP');
- the Unapproved Share Ownership Plan ('USOP');
- the Value Creation Plan ('VCP'); and
- the Long-term Incentive Plan ('LTIP').

(a) Company Share Ownership Plan

Under the CSOP, share options were granted to Executive Directors and employees. The exercise price of the granted options is equal to the average mid-market closing price of an ordinary share for the three days before the grant. The options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, subject to the Group achieving its target growth in absolute TSR over the period of 3% per annum (not compounded) in excess of the UK Retail Price Index; the options have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

In accordance with the CSOP rules, no further grants of awards under this plan can be made after April 2020. As a result, no awards were made under the CSOP in 2021 or 2020.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2022		2021	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at 1 January	19,974	0.7700	47,502	1.2708
Exercised during the year	(19,974)	0.7700	—	—
Forfeited during the year	—	—	(27,528)	1.6342
Outstanding at 31 December	—	—	19,974	0.7700

Out of the 19,974 outstanding options (2021: 47,502), 19,974 options were exercisable (2021: 19,947). Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in £ per share	Options	
		2022	2021
2025	0.7700	—	19,974
		—	19,974
Weighted average remaining contractual life in years		—	4.00

(b) Unapproved Share Option Plan

The Group's USOP was approved by shareholders at the 2016 AGM. The plan was established to provide the Group additional scope to incentivise employees, over and above the limit of the CSOP.

The exercise price of the granted options is equal to the average mid-market closing price of an ordinary share for the three days before the grant. The options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date and have a contractual option term of five years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The weighted average fair value of options granted during March 2021 determined using a Black-Scholes valuation model was £0.19 per option. The significant inputs into the model were the share price of £1.34 at the grant date, exercise price of £1.389, volatility of 37.00%, expected dividend yield of 6.99%, expected option life of four years and an annual risk-free rate of 0.20%.

The weighted average fair value of options granted during January 2020 determined using a Black-Scholes valuation model was £0.30 per option. The significant inputs into the model were the share price of £1.760 at the grant date, exercise price of £1.788, volatility of 34.00%, expected dividend yield of 4.55%, expected option life of four years and an annual risk-free rate of 0.39%.

Notes to the consolidated financial statements continued

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30 Share-based payments continued

(b) Unapproved Share Option Plan continued

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2022		2021	
	Options	Weighted average exercise price (£)	Options	Weighted average exercise price (£)
Outstanding at 1 January	1,500,000	1.2144	1,725,000	1.1487
Granted during the year	—	—	75,000	1.3887
Exercised during the year	(800,000)	0.8801	(300,000)	0.8801
Forfeited during the year	(150,000)	0.8801	—	—
Outstanding at 31 December	550,000	1.7918	1,500,000	1.2114

Out of the 550,000 outstanding options (2021: 1,500,000), 375,000 options were exercisable as at 31 December 2022 (2021: 950,000).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in £ per share	Options	
		2022	2021
2022	—	—	266,667
2022	1.2607	—	683,333
2024	1.8617	300,000	300,000
2024	1.9208	75,000	75,000
2025	1.7883	100,000	100,000
2026	1.3887	75,000	75,000
		550,000	1,500,000
Weighted average remaining contractual life in years		1.54	1.06

(c) Long-term Incentive Plan

Following the approval at the 2021 AGM, the Group implemented the LTIP for the Executive Directors and employees. The LTIP allows for the grant of Performance Share Awards ('PSA') whereby awards are granted to Executive Directors and senior management to acquire shares in Ecora Resources PLC at no cost, subject to the achievement by the Group of specified performance targets and Restricted Share Awards ('RSA') whereby awards are granted to employees who are not granted PSAs to acquire shares in Ecora Resources Pacific Group PLC at no cost after a three-year vesting period with no performance criteria attached. The granting of these restricted share awards has replaced the granting of awards under the USOP to employees.

Performance Share Awards

Under the LTIP, Performance Share Awards are granted to Executive Directors and senior management at no cost. The percentage of each award that vests is based upon the performance of the Group over a defined measurement period. For awards granted in 2022 and 2021, the performance conditions are based on three equally weighted measures over a three-year performance period. These are total shareholder return, portfolio contribution and adjusted earnings per share.

The fair value of the awards is determined based on the closing share price on the day of grant. For the total shareholder return performance element, this is adjusted by the likelihood of that conditions being met, as assessed at the time of grant.

	2022		2021	
	Shares	Weighted fair value	Shares	Weighted fair value
At 1 January	793,067	0.8404	—	—
Awards granted	611,646	0.7950	793,067	0.8404
At 31 December	1,404,713	0.8206	793,067	0.8404

30 Share-based payments continued**(c) Long-term Incentive Plan** continued**Restricted Share Awards**

Under the LTIP, Restricted Share Awards are granted to those employees not granted performance share awards, at no cost. The awards vest after three years and there are no performance criteria attached. The fair value of these awards is determined based on the closing share price on the day of grant.

	2022		2021	
	Shares	Weighted fair value	Shares	Weighted fair value
At 1 January	79,101	1.4014	—	—
Awards granted	180,895	1.4035	79,101	1.4014
At 31 December	259,996	1.4029	79,101	1.4014

Refer to note 7(a) for the total expense recognised in the income statement for awards under the Group's CSOP, USOP, and LTIP granted to Executive Directors and employees.

31 Special reserve

As part of the capital reduction in 2002, a special reserve was created, which represents the level of profit attributable to the Group for the period ended 30 June 2002. At 31 December 2022, this reserve remains unavailable for distribution.

	Group \$'000	Company \$'000
At 1 January 2022 and 31 December 2022	833	833

32 Related party transactions

During the year, the Company entered into the following transactions with subsidiaries:

	2022 \$'000	2021 \$'000
Net financing of related entities	(20,298)	(18,011)
Net investing of related entities	(7,564)	125,635
Dividends from related entities	105,486	26,597
Management fee	4,003	4,466
Amounts owed by related parties at year end	141,796	177,349
Amounts owed to related parties at year end	(55,819)	(54,366)

All transactions were made in the course of funding the Group's continuing activities.

Amounts owed by related parties are non-interest bearing and are not due to be received in the next twelve months. Amounts owed to related parties comprise both interest-bearing (at a rate of 1.6%) and non-interest-bearing borrowings that are repayable on demand.

Remuneration of key management personnel

The remuneration of the key management personnel including Directors of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 108 to 113.

	2022 \$'000	2021 \$'000
Short-term employee benefits	2,305	1,765
Post-employment benefits	81	83
Share-based payment	58	199
	2,444	2,047

Directors' transactions

The Group received \$26,707 from Audley Capital Advisors LLP, a company which Mr. J.A. Treger, former Chief Executive Officer, is both a director and shareholder, for the reimbursement of travel costs and the subletting of office space during the year ended 31 December 2022 (2021: \$107,173.14). Transactions with Audley Capital Advisors have ceased since Mr J.A. Treger's resignation. At 31 December 2022 and 2021 there were no amounts owing from Audley Capital Advisors LLP.

Notes to the consolidated financial statements continued

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33 Segment information

The Group's chief operating decision maker is considered to be the Executive Committee. The Executive Committee evaluates the financial performance of the Group based on a portfolio view of its individual royalty and metal stream arrangements. Royalty and metal stream related revenue and its associated impact on operating profit is the key focus of the Executive Committee. The income from the Group's royalties and metal streams is presented based on the jurisdiction in which the income is deemed to be sourced as follows:

Australia:	Kestrel, Narrabri (disposed of in 2021), Four Mile, Pilbara, West Musgrave and Nifty
Americas:	Voisey's Bay, McClean Lake, Mantos Blancos, Maracás Menchen, LIORC, Ring of Fire, Piauí, Cañariaco, Ground Hog, Flowstream, Carlota and Santo Domingo
Europe:	EVBC and Salamanca
Other:	Dugbe I, Corporate and also includes the Group's mining and exploration interests (excluding Flowstream)

Despite the Group's royalty and metal stream arrangements being exposed to different commodities, the Executive Committee, having considered the impact of climate change on the demand for and pricing of the commodities underlying the Group's portfolio, concluded the arrangements in each jurisdiction to have similar economic characteristics which should result in similar long-term performance over the commodity cycle.

The following is an analysis of the Group's results by reportable segment. The key segment result presented to the Executive Committee for making strategic decisions and allocating resources, is operating profit as analysed below.

The segment information for the year ended 31 December 2022 is as follows (noting that total segment operating profit corresponds to operating profit before impairments, revaluations and gains/losses on disposals on the face of the consolidated income statement):

	Australia royalties \$'000	Americas royalties \$'000	Europe royalties \$'000	All other segments \$'000	Total \$'000
Royalty and metal stream-related revenue	108,214	33,656	—	—	141,870
Amortisation and depletion of royalties and streams	(97)	(9,968)	—	—	(9,351)
Metal streams cost of sales	—	(4,265)	—	—	(4,265)
Operating expenses	(4,399)	(272)	—	(6,178)	(10,849)
Total segment operating profit/(loss)	103,718	19,866	—	(6,178)	117,406
Total segment assets	247,758	419,812	—	11,366	678,936
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	96,062	95,271	—	3,206	194,539
Total segment liabilities	119,960	47,316	—	8,055	175,332

The segment information for the year ended 31 December 2021 is as follows:

	Australia royalties and streams \$'000	Americas royalties and streams \$'000	Europe royalties and streams \$'000	All other segments \$'000	Total \$'000
Royalty and metal stream-related revenue	51,774	33,521	—	—	85,295
Amortisation and depletion of royalties and streams	(3,311)	(11,534)	—	—	(14,845)
Metal streams cost of sales	—	(4,046)	—	—	(4,046)
Operating expenses	(5,061)	(386)	—	(5,293)	(10,740)
Total segment operating profit/(loss)	43,402	17,555	—	(5,293)	55,664
Total segment assets	145,532	340,137	14,514	20,276	520,459
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	—	181,083	—	38	181,121
Total segment liabilities	35,164	119,247	3,480	5,465	163,356

33 Segment information continued

The amounts provided to the Executive Committee with respect to total segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Executive Committee with respect to total segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The royalty and metal stream-related revenue in Australia of \$108.2m (2021: \$51.8m) includes the Kestrel royalty which generated \$107.2m (2021: \$48.1m). Individually the revenue generated by Kestrel represented greater than 10% of the Group's revenue in both 2021 and 2022.

The royalty and metal stream-related revenue in the Americas of \$33.7m (2021: \$33.5m) includes the Voisey's Bay cobalt stream which generated \$18.9m (2021: \$16.5m), which individually represents more than 10% of the Group's revenue in 2022 (2021: 10%).

The royalty and metal-related revenue from Voisey's Bay of \$18.9m (2021: \$16.5m), together with \$3.6m from Maracás Menchen (2021: \$3.3m), \$6m from Mantos Blancos (2021: \$5.7m), \$1m from Four Mile (2021: \$0.3m) and \$0.2m from Carlota (2021: \$nil) represents revenue recognised from contracts with customers as defined by IFRS 15. In 2021, this also included \$3.4m from Narrabri.

Impairments

During the year ended 31 December 2022, the Group recognised an impairment charge of \$4.1m, of which \$1.3m relates to the Ring of Fire royalty and \$2.8m relates to the Pilbara royalty, both within the 'Australia royalties and streams'.

During the year ended 31 December 2021, the Group recognised an impairment charge of \$3.2m in relation to the Salamanca royalty, which is within the 'Europe royalties and streams' segment. In addition, the Group recognised impairment charges of \$1.2m (2021: \$3.5m) in relation to the Pilbara royalty and \$0.9m in relation to the Ring of Fire royalty which within the 'Australia royalties and streams' and 'Americas royalties and streams' segments respectively. Refer to note 18 for further details on the Group's impairments.

34 Financial risk management

The Group's principal treasury objective is to provide sufficient liquidity to meet operational cash flow and dividend requirements and to allow the Group to take advantage of new growth opportunities whilst maximising shareholder value. The Group's activities expose it to a variety of financial risks including liquidity risk, credit risk, foreign exchange risk and price risk. The Group operates controlled treasury policies which are monitored by management to ensure that the needs of the Group are met while minimising potential adverse effects of unpredictability of financial markets on the Group's financial performance. The Group's financial risk management should be read in conjunction with the principal risks outlined on pages 65 to 68 of the Strategic Report.

Liquidity and funding risk

The objective of the Company in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. As at 31 December 2022 the Group had borrowings of \$42.3m (2021: \$112.0m). Subsequent to the year end, the Group repaid \$9.5m of these borrowings and drew down \$9.2m and subject to continued covenant compliance, the Group has access to a further \$108m through its secured \$150.0m revolving credit facility.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayments periods as at 31 December 2022. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	1-5 years \$'000	Total \$'000
31 December 2022			
Interest-bearing revolving credit facility	4.84	42,250	42,250
		42,250	42,250
31 December 2021			
Interest-bearing revolving credit facility	4.29	112,000	112,000
		112,000	112,000

34 Financial risk management continued

Credit risk

The Group's principal financial assets are bank balances, royalty financial instruments (excluding the investment in LIORC), trade and other receivables. These represent the Group's maximum exposure to credit risk in relation to financial assets and total \$83.1m at 31 December 2022 (\$112.3m at 31 December 2021).

The Group's credit risk is primarily attributable to its trade and other receivables, including royalty and metal stream receivables, the interest-bearing long-term receivable from Denison Mines Inc (note 22) and the deferred consideration due from Whitehaven Coal Limited following the disposal of the Narrabri royalty (notes 18 and 22). It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables and expected credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group's credit risk on royalty interests held as financial instruments has been reviewed and the estimated current exposure is as disclosed in note 17 where the future contractual right to cash flows from these instruments is reflected in their fair value.

The credit risk on bank deposits is mitigated by banking with financial institutions with credit ratings assigned by Standard & Poor's and Moody's of 'A' or higher, in reputable jurisdictions. The Group has no significant concentration of credit risk, with exposure spread over a number of currencies and financial institutions.

The Group's credit risk on foreign exchange forward contracts is mitigated by the restriction that such contracts can only be entered into with the existing lending syndicate. The Group limits its exposure to credit risk, together with that of the contracting financial institution, by restricting the settlement date to no more than a year from the contract date. In addition, the Group limits the quantum of the forward contracts to no more than an average 70% of forecast royalty and metal stream-related revenue expected to be received by the date of settlement.

Share price risk

The Group is exposed to share price risk in respect of its mining and exploration interests (note 19) which include listed and unlisted equity securities, together with its investment in LIORC which is classified as a royalty financial instrument (note 17).

A 10% increase or decrease in the fair value of our mining and exploration interests (quoted and unquoted) would increase/decrease the mining and exploration interests balance (and investment revaluation reserve in equity) by \$0.3m at 31 December 2022 (\$0.4m at 31 December 2021).

Similarly, had there been a 10% increase or decrease in the underlying share price of the Group's investment in LIORC, the Group's royalty financial instrument designated as FVTOCI (and the investment revaluation reserve in equity) would have increased/decreased by \$2.6m as at 31 December 2022 (\$3.0m at 31 December 2021).

The Group's mining and exploration interests are in entities whose primary projects the Group already holds a royalty over, for example Berkeley Energia and Brazilian Nickel plc, or in entities where a future royalty or metal stream opportunity may exist. While these interests are considered long-term, strategic investments, they are no longer a significant part of the Group's approach to securing new royalties and metal streams.

No specific hedging activities are undertaken in relation to these interests and the voting rights arising from these equity instruments are utilised in the Group's favour.

Other price risk

The royalty and metal stream portfolio exposes the Group to other price risk through fluctuations in commodity prices, particularly the prices of steelmaking coal, cobalt, vanadium, nickel, copper, iron ore, gold and uranium. As the Directors obtain independent commodity price forecasts, the generation of which takes into account fluctuations in prices, limited analysis of the impact of fluctuations on the valuations of the royalties has been undertaken in note 15 and note 17.

Foreign exchange risk

The Group's transactional foreign exchange exposure arises from income, expenditure and purchase and sale of assets denominated in foreign currencies. With royalty-related revenue from Kestrel accounting for over 75% of the Group's income (2021: over 60% including Narrabri), the Group's primary foreign exchange exposure is to the Australian dollar, which these royalties are denominated in. In addition to the Group's exposure to the Australian dollar, it is also exposed to the Canadian dollar through the royalty-related revenue from LIORC and McClean Lake which is denominated in Canadian dollars and accounted for 3.3% of the Group's income in 2022 (2021: 9%).

The Group's hedging policy allows foreign exchange forward contracts to be entered into with a maximum exposure of 70% of forecast Australian and Canadian dollar denominated royalty revenue expected to be received during a period not exceeding 12 months from contract date to settlement. As at 31 December 2022 the Group had an outstanding forward contract totalling A\$3.3m to receive £1.9m, with a fair value of \$32k. There were no outstanding foreign exchange forward contracts at 31 December 2021 (note 28). The Group has no other hedging programme in place.

34 Financial risk management continued

Foreign exchange risk continued

In terms of material commitments, the risk in relation to currency fluctuations is assessed by the Executive Committee at the time the commitment is made and regularly reviewed. As at 31 December 2022 that Group has no material commitments denominated in a foreign currency (31 December 2021: nil).

Financial assets and liabilities are split by currency as follows:

	2022					2021				
	USD US\$'000	AUD US\$'000	CAD US\$'000	GBP US\$'000	EUR US\$'000	USD US\$'000	AUD US\$'000	CAD US\$'000	GBP US\$'000	EUR US\$'000
Financial assets	29,748	139,289	45,545	3,797	11	46,525	120,125	55,536	9,724	18
Financial liabilities	98,674	1	3	3,025	—	114,566	—	8	—	5
Net exposure	(68,927)	139,288	45,542	772	11	(68,042)	120,125	55,528	9,724	13

Foreign exchange sensitivities

With the exception of the cash balances, non-current other receivables and borrowings, the majority of the financial instruments not denominated in USD are held in entities with the same functional currency and for the purpose of this sensitivity analysis, the impact of changing exchange rates on the translation of foreign subsidiaries into the Group's presentation currency has been excluded.

In terms of the cash balance, the significant sensitivities are as follows:

- a +/- 10% change in the USD:AUD rate would increase/decrease profit after tax and equity by \$0.03m (2021: \$0.8m);
- a +/- 10% change in the USD:CAD rate would increase/decrease profit after tax and equity by \$0.02m (2021: \$0.2m); and
- a +/- 10% change in the USD:GBP rate would increase/decrease profit after tax and equity by \$0.08m (2021: \$0.4m).

In terms of the non-current other receivable balance, which relates to the Canadian dollar denominated loan to Denison (note 22), a +/- 10% change in the USD:CAD rate would increase/decrease profit after tax and equity by \$1.9m (2021: \$2.2m).

In terms of borrowings, the Group had drawings under the revolving credit facility in USD only; at 31 December 2022 and 31 December 2021 and therefore, would not be impacted by movements in foreign exchange rates.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Capital risk management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to realise the full value of its assets and to enhance shareholder value in the Company and returns to shareholders by acquiring further royalty assets.

The Directors continue to monitor the capital requirements of the Group by reference to expected future cash flows. Capital for the reporting periods presented is summarised in the consolidated statement of changes in equity.

In funding the business activities of the Group, the Directors consider both debt and equity, having regard to the Group's available debt facility and the prevailing share price at the time funding is required. Where funding is obtained through debt, the Group maintains its targeted debt capacity of 2-2.5 times adjusted EBITDA, although a higher ratio can be tolerated for shorter periods when there is a reasonable expectation of a recovery in free cash flow.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

34 Financial risk management continued

Financial instruments

The Group and Company held the following investments in financial instruments and other items held at fair value:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Investment property (held at fair value)				
Coal royalties (Kestrel)	106,669	84,465	—	—
Fair value through other comprehensive income				
Royalty financial instruments	25,590	30,494	—	—
Mining and exploration interests	3,483	4,396	1,059	1,721
Fair value through profit or loss				
Royalty financial instruments	18,290	23,297	—	13,920
Contingent consideration – receivable ⁽¹⁾	12,650	4,018	—	—
Cash at bank and in hand	5,850	21,992	5,351	8,649
Financial assets at amortised cost				
Trade and other receivables ⁽²⁾	45,177	63,267	161,102	200,462
Contingent consideration – receivable ⁽¹⁾	681	—	—	—
Financial liabilities at amortised cost				
Trade and other payables ⁽³⁾	505	96	55,919	54,433
Borrowings ⁽⁴⁾	42,250	112,000	42,250	112,000
Deferred consideration ⁽⁵⁾	45,834	—	—	—
Contingent consideration – payable ⁽⁶⁾	—	950	—	—
Lease liability	3,275	769	—	—
Financial liabilities at fair value through profit or loss				
Derivative financial instruments ⁽⁷⁾	32	—	32	—
Contingent consideration – payable ⁽⁶⁾	10,058	1,534	—	—

(1) Contingent consideration – receivable as detailed in notes 18 and note 22.

(2) Trade and other receivables include royalty receivables, other receivables and other non-current receivables, less contingent consideration only, as set out in note 22.

(3) Trade and other payables include trade payables only, as set out in note 27.

(4) Borrowings include the revolving credit facility only, as set out in note 26.

(5) Deferred consideration as detailed in notes 18 and 27.

(6) Contingent consideration – payable as detailed in notes 16, 18 and note 27.

(7) Derivative financial instruments include the Group's foreign exchange forward contracts, as set out in note 23.

Cash and cash equivalents comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair value.

Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. This hierarchy aggregates financial assets and liabilities into three levels based on the significance of the inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

34 Financial risk management continued

Fair value hierarchy continued

The following table presents the Group's assets that are measured at fair value at 31 December 2022:

Group	Notes	2022			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Coal royalties (Kestrel)	(a)	—	—	106,669	106,669
Royalty financial instruments	(b)	25,590	—	18,291	43,880
Mining and exploration interests – quoted	(c)	988	—	—	988
Mining and exploration interests – unquoted	(d)	—	2,495	—	2,495
Contingent consideration – receivable	(e)	—	—	12,650	12,650
Cash at bank and in hand		5,850	—	—	5,850
Liabilities					
Contingent consideration – payable	(f)	—	—	(10,058)	(10,058)
Financial derivative instruments	(g)	—	(32)	—	(32)
Net fair value					
		32,428	2,463	127,551	162,442

The following table presents the Group's assets that are measured at fair value at 31 December 2021:

Group	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Coal royalties (Kestrel)	(a)	—	—	84,465	84,465
Royalty financial instruments	(b)	30,494	—	23,297	53,791
Mining and exploration interests – quoted	(c)	1,648	—	—	1,648
Mining and exploration interests – unquoted	(d)	—	2,748	—	2,748
Contingent consideration – receivable	(e)	—	—	4,018	4,018
Cash at bank and in hand	(f)	21,992	—	—	21,992
Liabilities					
Contingent consideration – metal stream acquisition	(g)	—	—	(1,534)	(1,534)
Net fair value		54,134	2,748	110,246	167,128

The following table presents the Company's assets that are measured at fair value at 31 December 2022:

Company	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Royalty financial instruments	(b)	—	—	0	0
Mining and exploration interests – quoted	(c)	988	—	—	988
Mining and exploration interests – unquoted	(d)	—	71	—	71
Cash at bank and in hand	(e)	5,351	—	—	5,351
Liabilities					
Financial derivative instruments	(f)	—	(32)	—	(32)
Net fair value		6,339	39	—	6,378

34 Financial risk management continued

Fair value hierarchy continued

The following table presents the Company's assets that are measured at fair value at 31 December 2021:

Company	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Royalty financial instruments	(b)	—	—	13,920	13,920
Mining and exploration interests – quoted	(c)	1,646	—	—	1,646
Mining and exploration interests – unquoted	(d)	—	75	—	75
Cash at bank and in hand	(e)	8,649	—	—	8,649
Net fair value		10,295	75	13,920	24,290

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purposes of measuring fair value of royalty financial instruments gives more prominence to the probability of production by applying a risk weighting to the discounted net present value outcome in order to fully reflect the risk that the operation never comes into production rather than factoring this risk into the discount rate applied to the future cash flow.

(a) Coal royalties (investment property)

The Group's coal royalties derive from its ownership of certain sub-stratum land in Queensland, Australia. In accordance with IAS 40, this land is revalued at each reporting date on the basis of future expected income discounted at 9% (2021: 6%) by an independent valuation consultant. Refer to note 15 for details of the key inputs into the valuation, together with a sensitivity analysis for fluctuations in the price assumptions and discount rate. All unobservable inputs are obtained from third parties.

(b) Royalty financial instruments

The Group's royalty financial instruments comprise of the investment in LIORC and the McClean Lake streaming agreement, together with the NSR and GRR royalties over EVBC, Dugbe 1 and Piauí as detailed in note 17.

At the reporting date, the fair value of the Group's investment in LIORC has been determined by reference to the quoted bid price of the instrument. As LIORC has a quoted share price in an active market, it has been categorised as level 1 in the fair value hierarchy.

The Group's remaining royalty financial instruments are valued based on the net present value of pre-tax cash flows discounted at a rate between 10.00% and 31.50% at the reporting date. The discount rate of each royalty arrangement is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation.

For those royalty financial instruments not in production, the outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and royalty income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

The table below outlines the discount rate and risk weighting applied in the valuation of the Group's royalty financial instruments:

	Classification	31 December 2022		31 December 2021	
		Discount rate	Risk weighting	Discount rate	Risk weighting
EVBC	FVTPL	13.00%	0%	8.50%	100%
Dugbe 1	FVTPL	31.50%	32.50%	21.50%	25%
McClean Lake	FVTPL	10.00%	60%	8.00%	50%
Piauí	FVTPL	18.50%	55% – 100%	13.50%	25%–90%

The Group has reviewed the impact on the carrying value of its royalty financial instruments, and does not consider a +/- 1% change in the discount rate or a +/- 10% change in the underlying commodity prices to have a material impact.

34 Financial risk management continued

Fair value hierarchy continued

(c) Mining and exploration interests – quoted

All the quoted mining and exploration interests have been issued by publicly traded companies on well-established security markets. Fair values for these securities have been determined by reference to their quoted bid prices at the reporting date.

(d) Mining and exploration interests – unquoted

All the unquoted mining and exploration interests are initially recognised using cost as the best approximation of fair value. The Group notes any trading activity in the unquoted instruments and will value its holding accordingly. At present the Group holds these investments with a view to generating future royalties and there is no present intention to sell. The vast majority of these are in investments which the Group anticipates a realistic possibility of a future listing.

(e) Contingent consideration – receivable

Contingent consideration – receivable, relates to the West Musgrave royalty intangible purchased on 19 July 2022 and the sale of the Narrabri royalty intangible completed on 31 December 2021 (note 18).

Under the West Musgrave royalty the Group is entitled to a A\$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and is carried at fair value based on the net present value of the discounted future cash flows estimated based on the expected start of commercial production. The financial asset in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in profit or loss.

In relation to the disposal of Narrabri, the Group may receive additional consideration following state and federal government approvals in Australia of the Narrabri South extension for the period from completion date until 31 December 2026, together with price and volume linked consideration. The contingent consideration has been classified as a financial asset that is carried at fair value based on the net present value of the discounted future cash flows estimated based on the probability of the Narrabri South extension being approved and the forward-looking thermal coal prices and expected production volumes. The financial asset in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in profit or loss over the period to 31 December 2026 during which the additional consideration may be received.

(f) Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Contingent consideration – payable

Contingent consideration – payable, relates to the acquisition of the West Musgrave royalty intangible in on 19 July 2022 (note 18) and Voisey's Bay metal stream completed on 11 March 2021 (note 16).

In relation to the acquisition of the West Musgrave royalty intangible the Group may become liable for additional consideration payments for the period from commencement of production to 30 June 2027, determined by reference to minimum production thresholds and nickel prices. This contingent consideration has been classified as a financial liability that is carried at fair value based on the net present value of the discounted future cash outflows estimated based on forward-looking nickel prices and expected production volumes. The financial liability in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in carrying value of royalty intangible and amortised at straight line over the life of the mine.

In relation to the acquisition of Voisey's Bay metal stream for the period from completion date until 30 June 2025, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and cobalt prices. This contingent consideration has been classified as a financial liability that is carried at fair value based on the net present value of the discounted future cash outflows estimated based on forward-looking cobalt prices and expected production volumes. The financial liability in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in carrying value of metal stream and depreciated on a unit-of-production basis over the total expected deliveries to be received.

(h) Derivative financial instruments

The derivative financial instruments consist of the foreign exchange forward contracts entered into to hedge the Group's Australian dollar denominated royalty income. At the reporting date the foreign exchange forward contracts are valued based on the net present value of the discounted future cash flows estimated based on forward exchange rates and contract forward rates, discounted at rates that reflect the credit risk of various counterparties.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

34 Financial risk management continued

Fair value measurements in Level 3

The Group's financial assets classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2022.

	Royalty financial instruments \$'000	Coal royalties (Kestrel) \$'000	Contingent consideration – receivable \$'000	Contingent consideration – acquisition \$'000	Total \$'000
At 1 January 2022	23,297	84,465	4,018	(1,534)	110,246
Fair value on initial recognition	—	—	5,544	(9,311)	(3,767)
Contingent consideration – (received)/paid	—	—	(629)	2,373	1,744
Effective interest	—	—	—	(169)	(169)
Revaluation gains or losses recognised in:					
Income statement	(1,373)	27,833	4,083	—	26,952
Royalty intangible and metal stream	—	—	—	(1,497)	1,783
Royalties due or received from royalty financial instruments	(2,782)	—	—	—	(2,782)
Foreign currency translation	(852)	(5,629)	(366)	80	(6,456)
At 31 December 2022	18,290	106,669	12,650	(10,058)	127,551

The following table presents the changes in Level 3 instruments for the year ended 31 December 2021.

	Royalty financial instruments \$'000	Coal royalties (Kestrel) \$'000	Contingent consideration – royalty intangible disposal \$'000	Contingent consideration – metal stream acquisition \$'000	Total \$'000
At 1 January 2021	9,251	76,268	—	—	85,519
Revaluation gains or losses recognised in:					
Income statement	17,501	13,037	—	—	30,538
Royalties due or received from royalty financial instruments	(3,115)	—	—	—	(3,115)
Fair value on initial recognition	—	—	4,018	(1,534)	2,484
Foreign currency translation	(340)	(4,840)	—	—	(5,180)
At 31 December 2021	23,297	84,465	4,018	(1,534)	110,246

There have been no transfers into or out of Level 3 in any of the years.

The Group measures its entitlement to the royalty income and any optionality embedded within the royalty financial instruments using discounted cash flow models. In determining the discount rate to be applied, management considers the country and sovereign risk associated with the projects, together with the time horizon to the commencement of production and the success or failure of projects of a similar nature.

35 Free cash flow

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 1,

The structure and classification of a number of the Group's royalty arrangements result in a significant amount of cash flow not being included in the income statement. As the Group considers dividend cover based on the free cash flow generated by its assets, management has determined that free cash flow per share is a key performance indicator.

Free cash flow per share is calculated by dividing net cash generated from operating activities and proceeds from the disposal of non-core assets, less finance costs, by the weighted average number of shares in issue.

	2022 \$'000	Free cash flow per share c
Net cash generated from operating activities		
Net cash generated from operating activities for the year ended 31 December 2022	132,529	
<i>Adjustment for:</i>		
Proceeds on disposal of mining and exploration interests	1,310	
Finance income	8	
Finance costs	(4,213)	
Lease payments	(312)	
Repayments under commodity-related financing agreements	2,859	
Free cash flow for the year ended 31 December 2022	132,181	56.47
	2021 \$'000	Free cash flow per share c
Net cash generated from operating activities		
Net cash generated from operating activities for the year ended 31 December 2021	55,780	
<i>Adjustment for:</i>		
Proceeds on disposal of mining and exploration interests	2,512	
Finance income	1	
Finance costs	(10,874)	
Lease payments	(268)	
Repayments under commodity-related financing agreements	1,256	
Free cash flow for the year ended 31 December 2021	48,407	23.28

The weighted average number of shares in issue for the purpose of calculating the free cash flow per shares is as follows:

	2022	2021
Weighted average number of shares in issue	234,062,267	207,403,286

36 Portfolio contribution

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 1.

Portfolio contribution represents the funds received or receivable from the Group's underlying royalty and metal stream-related assets. A number of the Group's royalty financing arrangements result in a significant amount of cash flow being reported as principal repayments, which are not included in the income statement. In addition, following the adoption of IFRS 9, royalty receipts from those royalty financial instruments classified as FVTPL, are no longer recognised in the income statement. The Group considers total portfolio contribution as a means of assessing the overall performance of the Group's underlying royalty and metal stream-related assets.

+ denotes interest is held indirectly.

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

36 Portfolio contribution continued

Portfolio contribution is royalty and metal stream related revenue (note 5), less metal stream cost of sales, plus royalties received or receivable from royalty financial instruments carried at FVTPL (note 17) and principal repayment received under the Denison financing agreement (note 22) as follows:

Group	2022 \$'000	2021 \$'000
Royalty and metal stream-related revenue (note 5)	141,870	85,295
Royalties due or received from royalty financial instruments	2,782	3,115
Repayments under commodity-related financing agreements	2,859	1,256
Metal streams cost of sales	(4,265)	(4,046)
	143,246	85,620

Metal streams costs of sales represent the cost of cobalt purchases under the Voisey's Bay stream agreement, marketing costs and insurance. The cost of cobalt purchases is 18% of an industry cobalt reference price until the original upfront amount paid for the stream, by its original holder, of \$300m is reduced to \$nil (through accumulating credit from 82% of the cobalt reference price), increasing to 22% thereafter.

37 Contingent liabilities

During 2022 on advice from professional advisers, the Group undertook the capital restructuring of a number of subsidiaries with significant historical losses and impairment charges. This advice involved the interpretation of certain tax legislation for which there is no clear precedent or guidance. Absent clear guidance from relevant tax authorities there is the possibility that those tax authorities could interpret the legislation in a different way from the Group. Should the relevant tax authorities interpret the legislation in a different way from the Group, this could result in an additional income tax charge of \$5.5m for the year ended 31 December 2022.

38 Events occurring after year end

Subsequent to year end, following the receipt of its Q4 2022 royalties, the Group made a partial repayment of \$9.5m of its borrowings (note 27) and drew down a further \$9.2m and, subject to continued covenant compliance, the Group has access to a further \$108m through its secured \$150.0m revolving credit facility as at the date of this report.

On 15 February 2023 a quarterly dividend of 1.75p per share was paid to shareholders (\$5.5m) in respect of the year ended 31 December 2022 (note 13).

There are no other events that have occurred subsequent to the year end that require additional disclosure.

39 Subsidiaries

The following tables outline the Group's subsidiaries, as defined in Regulation 7 of the UK Companies Act 2006. All subsidiaries are included in the Group consolidation.

Company and country of incorporation/operation	Principal activities	Class of shares held	Proportion of class held at 31 December 2022 %	Proportion of class held at 31 December 2021 %
Australia				
Alkormy Pty Ltd	Investments	Ordinary A\$1.00	100+	100+
APG Aus No 1 Pty Ltd	Owner of iron ore royalties	Ordinary A\$1.00	100	100
APG Aus No 2 Pty Ltd	Owner of iron ore royalties	Ordinary A\$1.00	100+	100
APG Aus No 3 Pty Ltd	Owner of uranium royalties	Ordinary A\$1.00	100	100
	Owner of iron ore and copper royalties	Ordinary A\$1.00	100	100
APG Aus No 4 Pty Ltd	Owner of iron ore royalties	Ordinary A\$1.00	100	100
APG Aus No 5 Pty Ltd	Owner of vanadium royalties	Ordinary A\$1.00	100	100
APG Aus No 6 Pty Ltd	Owner of coal royalties	Ordinary A\$1.00	100	100
APG Aus No 7 Pty Ltd	Owner of nickel royalties	Ordinary A\$1.00	100	100
APG Aus No 8 Pty Ltd	Owner of nickel and copper royalties	Ordinary A\$1.00	100	100
APG Aus No 9 Pty Ltd	Investments	Ordinary A\$1.00	100	100
APG Aus No 10 Pty Ltd	Investments	Ordinary A\$1.00	100+	100+
Argo Royalties Pty Ltd	Owner of coal royalties	Ordinary A\$0.20	100+	100+
Gordon Resources Ltd	Dormant	Ordinary A\$1.00	100+	100+
HydroCarbon Holdings Pty Ltd	Investments	Ordinary A\$0.25	100+	100+
Indian Ocean Resources Pty Ltd	Dormant	Ordinary A\$0.20	100+	100+
Indian Ocean Ventures Pty Ltd	Investments	Ordinary A\$1.00	100	100
Starmont Holdings Pty Ltd	Treasury	Ordinary A\$1.00	100+	100+
Starmont Finance Pty Ltd	Investments	Ordinary A\$1.00	100	100+
Starmont Ventures Pty Ltd	Dormant	Ordinary A\$0.25	100+	100+
Woodford Wells Pty Ltd				
The registered office of all of the entities listed above is 6 Price Street, Subiaco, Western Australia 6008				
Barbados				
Entrée International Holdings Inc	Intermediate holding company	Ordinary U\$1.00	100	100
Entrée Peru Holdings Inc	Intermediate holding company	Ordinary U\$1.00	100+	100+
The registered office of all of the entities listed above is Suite 208, Building No 8, Harbour Road, Bridgetown, St Michaels, Barbados				
Canada				
Advance Royalty Corporation ⁽¹⁾	Owner of uranium royalties	Ordinary C\$0.01	100+	100+
Albany River Royalty Corporation ⁽¹⁾	Owner of chromite royalties	Ordinary C\$1.00	100+	100+
Panorama Coal Corporation ⁽¹⁾	Owner of coal royalties	Ordinary C\$1.00	100	100
Polaris Royalty Corporation ⁽¹⁾	Intermediate holding company	Ordinary C\$1.00	100+	100+
Trefi Coal Corporation ⁽¹⁾	Owner of coal tenures	Ordinary C\$0.01	100	100
2809558 Ontario Inc ⁽²⁾	Intermediate holding company	Ordinary U\$1.00	100+	N/A
APG Metals Holdings Limited ⁽²⁾	Intermediate holding company	Ordinary U\$1.00	100+	N/A
APG Metals Limited ⁽³⁾	Owner of metal stream	Ordinary U\$1.00	100+	N/A

(1) The registered office of this entity is 1720 Queens Avenue, West Vancouver, British Columbia, Canada V7V 2X7

(2) The registered office of these entities is 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1

(3) The registered office of this entity is 620-111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6

Notes to the consolidated financial statements continued

for the financial year ended 31 December 2022

39 Subsidiaries continued

Company and country of incorporation/operation	Principal activities	Class of shares held	Proportion of class held at 31 December 2022 %	Proportion of class held at 31 December 2021 %
England				
Anglo Pacific Cygnus Ltd	Investments	Ordinary £1.00	100	100
Centaurus Royalties Ltd	Investments	Ordinary £1.00	100	100
Southern Cross Royalties Ltd	Investments	Ordinary £1.00	100	100
Pyxis Royalties Limited	Intermediate holding company	Ordinary £1.00	100	100
Vela Royalties Limited	Owner of copper royalties	Ordinary £1.00	100	—
Carina Royalties Limited	Owner of copper royalties	Ordinary £1.00	100	—
Scutum Royalties Limited	Dormant	Ordinary £1.00	100	—
Pyxis Royalties Limited	Intermediate holding company	Ordinary £1.00	100	N/A
The registered office of all of the entities listed above is Kent House, 3rd Floor North, 14-17 Market Place, London W1W 8AJ, United Kingdom				
Guernsey				
Anglo Pacific Group Employee Benefit Trust	Administering Group incentive plans		100	100
The registered office of the entity listed above is, Frances House, Sir William Place, St Peter Port GY1 4HQ				
Ireland				
Anglo Pacific Finance DAC	Treasury	Ordinary £1.00	100+	100
The registered office of the entity listed above is Atlantic Avenue, Westpark Business Campus, Shannon, Co Clare				
Peru				
Exploraciones Apolo Resources SAC	Owner of copper royalties	Ordinary S/1.00	100+	N/A
The registered office of the entity listed above is Av. Ricardo Angulo No 776, Office 301, District of San Isidro, Lima, Peru				
Scotland				
Shetland Talc Ltd	Mineral exploration	Ordinary £1.00	100	100
The registered office of the entity listed above is Grant Thornton, 95 Bothwell Street, Glasgow, Scotland G2 7JZ				

+ denotes interest is held indirectly.

Shareholder statistics

(a) Size of holding (at 27 March 2022)

Category	Number of shareholders	%	Number of shares	%
UK and Canada	538	35.37	274,551	0.13
1 – 1,000	532	34.98	1,237,977	0.57
1,001 – 5,000	130	8.55	989,893	0.45
5,001 – 10,000	321	21.10	215,608,041	98.85
10,001 – and over	1,521	100	218,110,462	100

(b) The percentage of total shares held by or on behalf of the 20 largest shareholders as at 27 March 2022 was 63.37%.

Other Information

REGISTERED OFFICE

Ecora Resources PLC

Kent House, 3rd Floor North, 14-17 Market Place, London W1W 8AJ

Registered in England No. 897608

Telephone: +44 (0) 20 3435 7400

Fax: +44 (0) 20 7629 0370

Website: ecora-resources.com

SHAREHOLDERS

Please contact the respective registrar if you have any queries about your shareholding.

EQUINITI GROUP

Aspect House

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Lancing

West Sussex BN99 6DA

Telephone: +44 (0)871 384 2030

TSX Trust Company

301 – 100 Adelaide Street West

Toronto, ON M5H 4H1

Canada

Telephone: +1 416 342 1091

STOCKBROKERS

BERENBERG

60 Threadneedle Street

London EC2R 8HP

PEEL HUNT

100 Liverpool Street

London EC2M 2AT

RBC Capital Markets

100 Bishopsgate

London EC2N 4AA

Cautionary statement on forward-looking statements and related information

Certain statements in this Annual Report are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which includes any statement which constitutes 'forward-looking information' for the purposes of Canadian securities legislation) may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of acquiring new royalties and making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities and future demand for products which include precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as, amongst others, 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', 'potential', 'positioned', 'strategy', 'outlook', 'predict' or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; the stability of local governments and legislative background; the relative stability of interest rates; the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties, streams and investments by the owners or operators of such properties in a manner consistent with past practice and/or with production projections, including the ongoing financial viability of such operators and operations; no material adverse impact on the underlying operations of the Group's portfolio of royalties, streams and investments from the global pandemic; the accuracy of public statements and disclosures (including feasibility studies, estimates of reserve, resource, production, grades, mine life and cash cost) made by the owners or

operators of such underlying properties; the accuracy of the information provided to the Group by the owners and operators of such underlying properties; contractual terms honoured of the Group's royalty and stream investments, together with those of the owners and operators of the underlying properties; no material adverse change in the price of the commodities produced from the properties underlying the Group's portfolio of royalties, streams and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant property in which the Group holds a royalty or other interest, including but not limited to unusual or unexpected geological formations and natural disasters; successful completion of new development projects; planned expansions or additional projects being within the timelines anticipated and at anticipated production levels; and maintenance of mining title.

Forward-looking statements are provided for the purposes of assisting readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and of presenting information about management's current expectations and plans relating to the future. It is believed that the expectations reflected in this Annual Report are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes outlined in this Annual Report. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, that may be general or specific, which could cause actual results to differ materially from those forecast, anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate and no statement in this communication should be interpreted to mean that earnings per share for the current or any future financial periods would necessarily match, exceed or be lower than the historical published earnings per share.

Forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this communication. Such risks and uncertainties include, but are not limited to: the failure to realise contemplated benefits from acquisitions and other royalty

and stream investments; the effect of any mergers, acquisitions and divestitures on the Group's operating results and businesses generally; current global financial conditions; royalty, stream and investment portfolio and associated risk; adverse development risk; financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties, streams and investments; royalties, streams and investments subject to other rights; and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section herein. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noted in the section herein entitled 'Risk' is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and the other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

This Annual Report also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. This Annual Report contains information and statements relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.

US Employment Retirement Income Security Act

Fiduciaries of (i) US employee benefit plans that are subject to Title I of the US Employment Retirement Income Security Act of 1974 (ERISA), (ii) individual retirement accounts, Keogh and other plans that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and (iii) entities whose underlying assets are deemed to be ERISA 'plan assets' by reason of investments made in such entities by such employee benefit plans, individual retirement accounts, Keogh and other plans (collectively referred to as Benefit Plan Investors) should consider whether holding the Company's ordinary shares will constitute a violation of their fiduciary obligations under ERISA or a prohibited transaction under ERISA or the Internal Revenue Code. Shareholders should be aware that the assets of the Company may be or become treated as 'plan assets' that are subject to ERISA fiduciary requirements and/or the prohibited transaction rules of ERISA and the Internal Revenue Code. The Company's ordinary shares are subject to transfer restrictions and provisions that are intended to mitigate the risk of, among other things, the assets of the Company being deemed to be 'plan assets' under ERISA. Shareholders who believe these provisions may be applicable to them should review these restrictions which are set forth in the Company's Articles of Association and should consult their own counsel regarding the potential implications of ERISA, the prohibited transaction provisions of the Internal Revenue Code or any similar law in the context of an investment in the Company and the investment of the Company's assets.

Technical and third-party information

As a royalty and streaming company, the Group often has limited, if any, access to non-public scientific and technical information in respect of the properties underlying its portfolio of royalties, or such information is subject to confidentiality provisions. As such, in preparing this Annual Report, the Group has largely relied upon the public disclosures of the owners and operators of the properties underlying its portfolio of royalties investments, as available at the date of this announcement. Accordingly, no representation or warranty, express or implied, is made and no reliance should be placed, on the fairness, accuracy, correctness, completeness or reliability of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

Capstone, the owner of the Santo Domingo project, is listed on the Toronto Stock Exchange and reports in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and the NI 43-101 standards.

OZ Minerals, the owner of the West Musgrave project, is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

Cyprium Metals, the owner of the Nifty project, is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

Candente Copper Corp., the owner of the Cañariaco project, is listed on the Toronto Stock Exchange and reports in accordance with the Canadian Institute of Mining and Metallurgy (CIM) Definition Standards for Mineral Resources and Mineral Reserves.

Hummingbird Resources plc, the owner of the Dugbe 1 project, is listed on the AIM of the London Stock Exchange and reports in accordance with NI 43-101 standards.



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Both the printer and the paper mill are registered to ISO 14001.

Produced by

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