TRIDENT
ROYALTIES PLC

# A GROWTH-FOCUSED DIVERSIFIED MINING ROYALTY AND STREAMING COMPANY

**Trident Royalties plc**
Annual Report & Accounts 2022

# TRIDENT IS FAST BECOMING A LEADING MINING ROYALTY COMPANY WITH A PORTFOLIO OF HIGH QUALITY INVESTMENTS ACROSS THE GLOBAL MINING SECTOR

For more information please visit
https://www.tridentroyalties.com


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# VALUE ACCRETIVE ACQUISITIONS AND TRANSACTIONS UNDERTAKEN TO BUILD A DIVERSIFIED AND HIGHLY CASH GENERATIVE PORTFOLIO OF ROYALTIES AND OFFTAKES

US$148m

Total value of transactions since June 2020

+140%

Monetised several pre-production assets for return on invested capital

US$29m

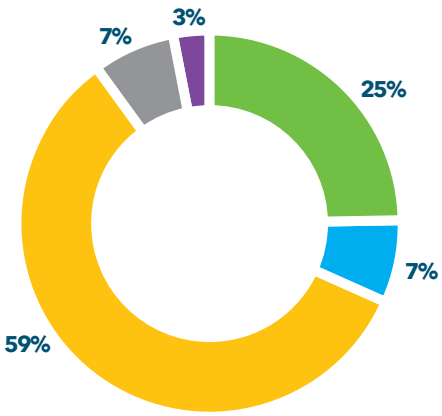
Current cash position to pursue new opportunities[1]

159%

Shareholder returns of since the inception of strategy[2]

+37%

Sector leading share price performance during 2022




Trident portfolio by commodity by acquisition price
(At 19 May 2023)

- Battery Metals - Lithium
- Base Metals - Copper
- Precious Metals - Gold
- Precious Metals - Silver
- Bulks and Industrial - Iron Ore

## TARGETING A MID-TEENS POST-TAX RETURN ON THE PORTFOLIO, WHILE REDUCING TRIDENT'S COST OF CAPITAL.

1 Pro forma cash balance including the upfront transaction proceeds from the Australian gold royalties sale and the net gold trading receivable, less the La Preciosa initial acquisition cost.

2 Share price performance since listing at 20p in June 2020 to 1 June 2023.

# A DIVERSIFIED PORTFOLIO OF COMMODITIES, GEOGRAPHICAL LOCATIONS

## Production

| Current assets | Operator | Location | Stage | Commodity | Terms[2] |
|---|---|---|---|---|---|
| Los Filos | Equinox Gold | Mexico | Production | Gold | Offtake |
| Eagle | Victoria Gold | Canada | Production | Gold | Offtake |
| Blyvoor | Blyvoor Gold | South Africa | Production | Gold | Offtake |
| Bonikro | Allied Gold | Cote d'Ivoire | Production | Gold | Offtake |
| Fazenda | Equinox Gold | Brazil | Production | Gold | Offtake |
| RDM | Equinox Gold | Brazil | Production | Gold | Offtake |
| Santa Luz | Equinox Gold | Brazil | Production | Gold | Offtake |
| Sugar Zone | Silverlake Resources | Canada | Production | Gold | Offtake |
| i-80 Gold | i-80 Gold | USA | Production | Gold | Offtake |
| Koolyanobbing | Mineral Resources | Australia | Production | Iron Ore | 1.5% FOB |
| Mimbula | Moxico Resources | Zambia | Production | Copper | 1.25% GRR |
| Kwale | Base Resources | Kenya | Production | Mineral Sands | 0.25% FOB |

## Development

| Current assets | Operator | Location | Stage | Commodity | Terms[2] |
|---|---|---|---|---|---|
| Sonora[1] | Ganfeng Lithium | Mexico | Construction | Lithium | 1.5% GRR |
| Greenstone | Equinox Gold | Canada | Construction | Gold | Offtake |
| La Preciosa | Avino Silver & Gold | Mexico | Construction | Silver | 1.25% NSR |
| Lincoln | Seduli Holdings | USA | Advanced | Gold | 1.5% NSR |
| Thacker Pass | Lithium Americas | USA | Advanced | Lithium | 1.05% GRR |

## Exploration

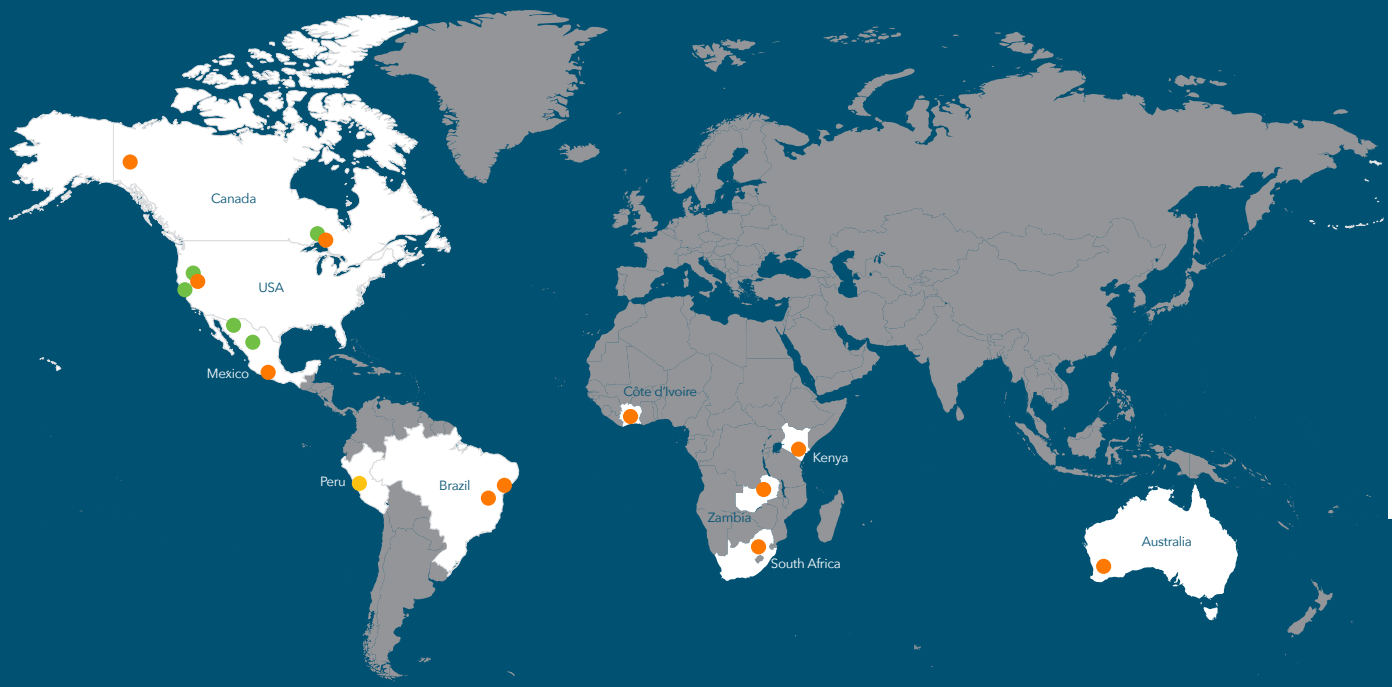
| Current assets | Operator | Location | Stage | Commodity | Terms[2] |
|---|---|---|---|---|---|
| Pukaqaqa | Nexa Resources | Peru | Exploration | Copper | 1% sliding scale NSR |

| Additional Assets Held During Period | Operator | Location | Stage | Commodity | Status |
|---|---|---|---|---|---|
| Spring Hill | Novo Resources | Australia | Advanced | Gold | Sold to Franco-Nevada |
| Lake Rebecca | Ramelius Resources | Australia | Advanced | Gold | Sold to Franco-Nevada |
| Warrawoona | Calidus Resources | Australia | Advanced | Gold | Sold to Franco-Nevada |
| Talga Talga | Novo Resources | Australia | Exploration | Gold | Sold to Franco-Nevada |
| Bullfinch | Torque Metals | Australia | Exploration | Gold | Sold to Franco-Nevada |

1 Effective 1.5% GRR attributable to Trident, pending completion.

2 GRR = Gross Revenue Royalty, FOB = Free on Board, NSR = Net Smelter Return.

# 18 diversified royalties, geographical locations and stages of development




**13**
Cash flowing assets[1]

**6**
Commodoties

**10**
Countries

## Trident portfolio by stage

**67%**
Production

**28%**
Development

**5%**
Exploration

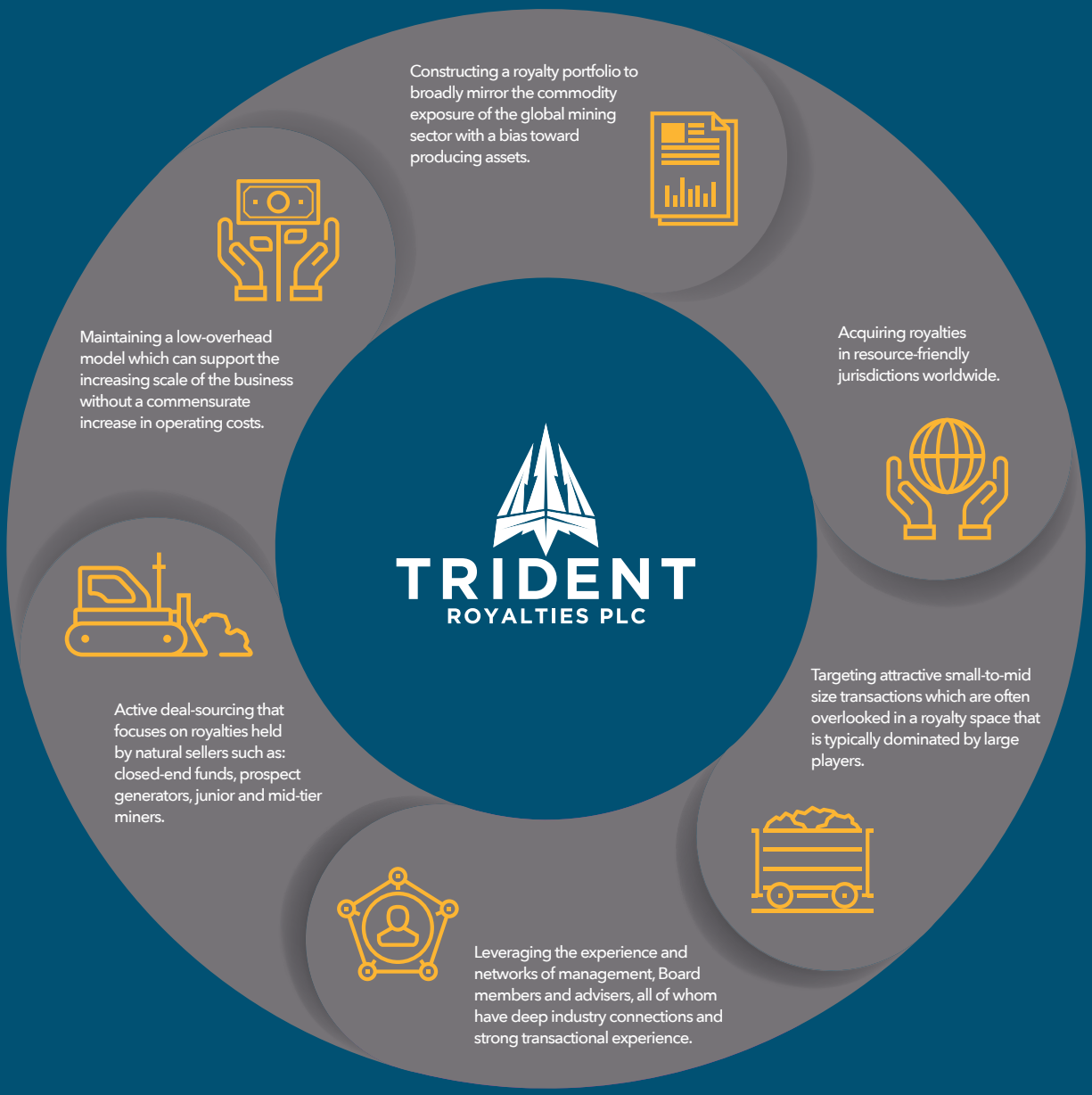
1 Includes Lincoln, which is currently making minimum payments whist development is ongoing

# DELIVERING VALUE FOR OUR SHAREHOLDERS

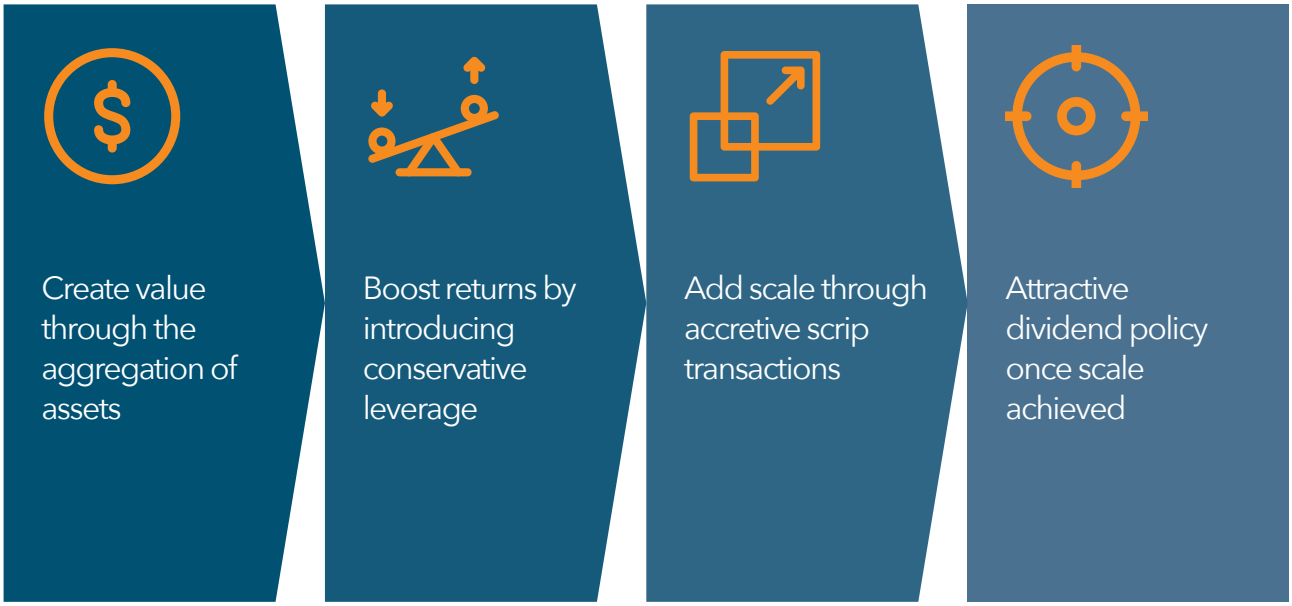
Trident has built a diversified portfolio of highly cash generative and/or high-quality royalties and offtakes. Royalty receipts for 2022 totalled US$13.6 million (including revenue from Mimbula and the Mercedes gold offtake amendment), a nearly ninefold increase over 2021. This is a trend that we believe will continue and strengthen over the coming years as additional assets move into production, and as we deploy further capital into value accretive opportunities.

The Company's current portfolio provides investors with exposure to base, precious, and battery metals, as well as bulk materials and includes lithium, gold, copper, molybdenum, mineral sands and iron ore assets.

Trident has adopted a strategy to provide investors with a broad asset base, reducing geographic and individual asset risk whilst providing shareholders with positive exposure to the energy transition and the strong macro environment for commodities. Its investment mandate explicitly excludes fossil fuels and focuses on mine operators which demonstrate industry-leading Environmental, Social and Governance stewardship.



# WHAT WE DO




Trident has built, and is now expanding, a royalty and offtake portfolio with a bias towards production or near-production assets. This differentiates Trident from the majority of peers which are exclusively, or heavily weighted, to precious metals. Trident also has a global mandate, targeting attractive assets in resource-friendly jurisdictions worldwide, while most competitors have portfolios focused on North and South America. A further competitive difference between the Company and its peers is that Trident targets attractive small-to-mid size transactions, which are often ignored in a sector dominated by large players.

Trident has adopted a strategy of active deal-sourcing which, in addition to writing new royalties and streams, will focus on the acquisition of assets held by natural sellers such as: closed-end funds, prospect generators, junior and mid-tier miners holding royalties as non-core assets, and counterparties seeking to monetise packages of royalties and streams which are otherwise undervalued by the market.

The Board of Trident believes that the acquisition and aggregation of individual royalties, offtakes and streams has the potential to deliver strong returns for shareholders as assets are acquired on terms reflective of single asset risk as compared with the lower risk profile of a diversified, larger-scale portfolio, and potentially during periods of idiosyncratic price lows in a commodity-agnostic acquisition strategy.

As Trident continues to build scale within its portfolio the company expects strong cash generation to support a dividend policy, providing investors with a desirable mix of inflation protection (through exposure to commodities), capital growth and income, with returns enhanced through a lowering of cost of capital.

ROYALTIES TYPICALLY PROVIDE INVESTORS WITH TOP LINE EXPOSURE TO A VARIETY OF COMMODITIES WITHOUT DIRECT EXPOSURE TO CAPITAL OR OPERATING COST INFLATION

# STRATEGIC REPORT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# 2022 has seen Trident's business grow significantly in terms of revenue, as well as portfolio scale and diversification

Trident shares saw an increase of 37% during 2022. This increase compared to declines of 32% and 44% for the AIM and the All-Share Mining Index respectively. The outperformance reflected 3 factors; the inherent resilience of the royalty model, the evolution of Trident's portfolio; and further improvements in analyst coverage and our shareholder register.

2022 was light in terms of transactions, which partly reflected the economic backdrop and pressure on commodity prices. Many operators chose to postpone capital raising, in anticipation of improved conditions. We commenced the year with the completion of the gold offtake portfolio acquisition. This transaction materially increased the cash generation from within our portfolio, which in turn enables us to internally fund a larger proportion of future growth.

The sale of our Lake Rebecca royalty to Franco Nevada highlighted several key themes which underpin the reasons for owning Trident Royalties' shares. Firstly, Trident's ability to access world class assets. Secondly, our willingness to lock-in value and recycle capital when we feel this to be in shareholders' best interests. The transaction was at a value which was not reflected in our share price prior to sale. Thirdly, the cash proceeds from the disposal allowed us to renegotiate our debt facility and deliver a significant reduction in our cost of debt.

2022, also saw major improvements in the quality of our register and trading liquidity, which was principally due to management's active engagement with investors.

The Board recognises the importance of cash returns to shareholders. We ourselves are significant shareholders. Many of our major assets are not yet in production and our priority remains to invest in new royalties whilst further reducing our cost of capital. As we add more cash generating assets and our existing portfolio matures, we expect to pay a dividend based on a sustainable percentage of free cash flow.

Trident seeks to invest in royalties or streams where the asset owner runs safe, efficient, cost-effective mines and projects and demonstrates a commitment to the responsible management of their ESG impacts.

Looking forward, our priorities for 2023 are to further reduce our cost of capital (as this directly improves our competitiveness) and deploy capital for value. We are well resourced based on our existing cash on hand and debt facility. We continue to see base and battery metals as most prospective in terms of demand for royalty finance.

2023 is looking more prospective in terms of potential new transactions. The widespread postponement of capital raising by mining companies during 2022 has created a backlog of project funding. The combination of higher interest rates and continued depressed equity prices for mining companies are making royalties an increasingly attractive funding alternative.

With our strong management team and balance sheet, we are well positioned to deploy capital and continue to create shareholder value.

**Paul Smith**
Non-Executive Chairman
2 June 2023

# TRIDENT SHARES SAW AN INDUSTRY LEADING INCREASE OF 37% DURING 2022

# THE BUSINESS HAS ACHIEVED A NUMBER OF IMPORTANT MILESTONES DURING THE LAST YEAR

# 2022 has shown the resilience of the royalty model as a compelling investment approach and delivered results for Trident

The investment strategy that we implemented at the inception of Trident is yielding results and providing a solid foundation for considerable growth over the medium and long term. Importantly, the royalty model has proven to be a resilient investment approach, as highlighted in performance through 2022, a year in which a confluence of inflationary pressures had a significant impact on mine operators' capital and operating costs. As shareholders will be aware, as royalty holders, Trident is largely insulated from these capex overruns and operating margin squeezes, with our portfolio benefitting from exposure to top line revenue.

This strategy delivered for us in 2022 and is expected to continue as we expand and diversify our portfolio, offering shareholders superior returns through commodity cycles. Royalty receipts and offtake revenue for the year increased nearly ninefold to US$13.6 million, reflecting the significant asset-level progress of several of our royalties, in addition to the expansion of our portfolio with new, cash generative and value accretive transactions.

The completion of the acquisition of a portfolio of gold offtakes presented a strong start to 2022. It was our largest transaction to date and increased the number of producing assets in our portfolio significantly. This was a defining moment for Trident, which resulted in an immediate and significant boost to our revenue for the year.

This transactional momentum continued in late-January, as Trident entered into an agreement to acquire, subject to certain conditions and at its election, an indirect 1.5% gross revenue royalty over the Sonora Lithium Project in Mexico. Like the Thacker Pass Lithium Project, over which Trident acquired a gross revenue royalty in 2021, Sonora is a globally significant lithium asset. In the year, Ganfeng announced an expanded planned production profile, with Stage 2 production increasing by 43% to 50,000 tonnes per annum of lithium hydroxide, while noting that early construction works are underway.

Trident's transactional creativity was further evidenced in December with the agreement to sell its pre-production, exploration stage gold royalties over Rebecca, Spring Hill and three other projects to Franco-Nevada in exchange for cash proceeds of up to US$15.55 million. This portfolio of royalties was acquired by Trident for approximately US$6.5 million, representing a return on invested capital of over 140% in approximately two years. Not only was this transaction a clear demonstration of the potential returns from acquiring royalties over quality assets, but it also provided Trident with a significant increase in available capital for future acquisitions at a time of current weakness in traditional debt and equity markets. This disciplined investment approach will continue to define Trident's strategy as it targets accretive opportunities.

The sale of the pre-production gold royalties also precipitated the restructuring of the Group's existing debt facility with Macquarie Bank Limited on more favourable terms, reducing the coupon by up to 2%, deferring principal repayments, and extending the term by one year. This restructuring illustrates the longer-term downward direction of the Group's cost of capital, with the cost of debt nearly halving from the previous year.

Since the period end, Lithium Americas, the operator of the Thacker Pass Lithium Project, announced its intention to jointly develop the project alongside General Motors, as part of a landmark investment and offtake partnership valued at US$650 million. This is the largest-ever investment by an automaker to produce battery raw materials and is clear evidence of the automotive industry's desire to mitigate concerns relating to critical minerals supply chains over the long-term.

Lithium Americas subsequently announced the positive confirmation of the Record of Decision appeals process which, with all final key Nevada state-level environmental permits received, has allowed the project to move forward in earnest; reporting in early March that construction has commenced ahead of targeted first production in H2 2026.

The recent acquisition of the La Preciosa royalty, provides exposure to an exciting asset, with expected near term cash flows, along with diversifying the portfolio further with the addition of silver.

The numerous asset-level and transactional developments that we have reported during the year have had a marked impact on our value proposition and revenue generation potential. In addition, the board has also assessed additional corporate activities through which to grow the Group. One such undertaking was the decision to cross-trade Trident's shares on the OTCQX post period end. We believe this listing will provide enhanced investor benefits, including easier trading access for investors located in the US, and greater liquidity due to a broader geographic pool of potential investors.

In 2022, we have also been working to evaluate and develop our approach to ESG in order to lay strong foundations for future reporting, increase transparency and performance.

I would like to take this opportunity to thank our shareholders and reiterate my genuine enthusiasm and confidence in both our portfolio and wider investment strategy. 2022 proved to be highly significant for Trident, and I believe this will continue to build throughout 2023 and over the coming years.

**Adam Davidson**
Chief Executive Officer
2 June 2023

# ELECTRIFICATION & BATTERY METALS

## BATTERIES ARE A FOUNDATIONAL TECHNOLOGY IN THE TRANSITION AWAY FROM FOSSIL FUELS

### PERCENTAGE OF LITHIUM IN TRIDENT PORTFOLIO

25%

In order for car manufacturers to electrify their fleets, renewable energy developers to meet their aggressive goals, and governments worldwide to achieve net zero targets, demand for batteries is expected to grow significantly. Lithium is predominantly used in the manufacture of lithium-ion batteries and batteries for electric vehicles (EVs), mobile phones, laptops and other electronic devices.

Lithium is used in almost every EV battery design currently, and EV sales are increasing rapidly, driving the demand for lithium-ion batteries. Commentators have suggested that 2022 marked a potential inflection point for the industry with EVs surpassing 5% of all auto sales in the US, and global EV sales on target to more than triple by 2025[1].

By 2030, spurred by the Inflation Reduction Act and 2035 bans on sales of petroleum powered cars in California, New York, and the EU, EVs could make up more than 40% of all passenger-vehicle sales globally with more than half of those sales in the US, according to BNEF.

Trident is exposed to lithium though its acquisition of 60% of a royalty over the Thacker Pass Lithium Project in Nevada, which is the largest known lithium resource in the United States.

Trident has also secured the right to acquire an indirect 1.5% Gross Revenue Royalty over the Sonora Lithium Project, operated by Ganfeng Lithium. Construction has commenced at Sonora with planned production targeting 50,000 tonnes per annum of lithium hydroxide.

1 Source: BloombergNEF: https://about.bnef.com/blog/the-road-to-electric-car-supremacy-in-five-charts/

# COPPER

## COPPER IS A KEY COMPONENT FOR GLOBAL ELECTRIFICATION

### PERCENTAGE OF COPPER IN TRIDENT PORTFOLIO

7%

Copper is a key component for global electrification which is expected to increase annual copper demand to 36.6 million metric tonnes by 2031.

Copper's excellent electrical and thermal conductivity make it a critical constituent to batteries and all the wiring required for the charging infrastructure for electric vehicles. EVs require up to four times more copper than traditional petrol or diesel vehicles, and renewable energy systems use up to six times more copper than fossil fuel systems.

Trident is exposed to copper through its royalty over the Pukaqaqa pre-development asset in Peru and the producing Mimbula Mine in Zambia.

# MINERAL SANDS

## MINERAL SANDS CAN BE USED FOR A VARIETY OF INDUSTRIAL PURPOSES

### PERCENTAGE OF MINERAL SANDS IN TRIDENT PORTFOLIO

<1%

Mineral sands, also called "heavy mineral sands", contain concentrations of titanium minerals (including rutile and ilmenite) and zircon.

Mineral sands can be used for a variety of industrial purposes and are found in a range of everyday consumer goods such as pigment for paint, paper and plastics as well as toothpaste, sun cream and homewares such as ceramics.

Because of their widespread use in industrial and consumer goods, demand for mineral sands is strongly linked to global GDP growth. New housing construction, health of emerging economies and the seasonal northern hemisphere painting season (dry and warm months) are all key drivers of demand for mineral sands.

Trident has exposure to minerals sands through its acquisition of a 0.25% Free on Board royalty over the Kwale mineral sands project in Kenya.

# IRON ORE

## IRON ORE IS AN ESSENTIAL COMPONENT OF THE GLOBAL IRON AND STEEL INDUSTRIES

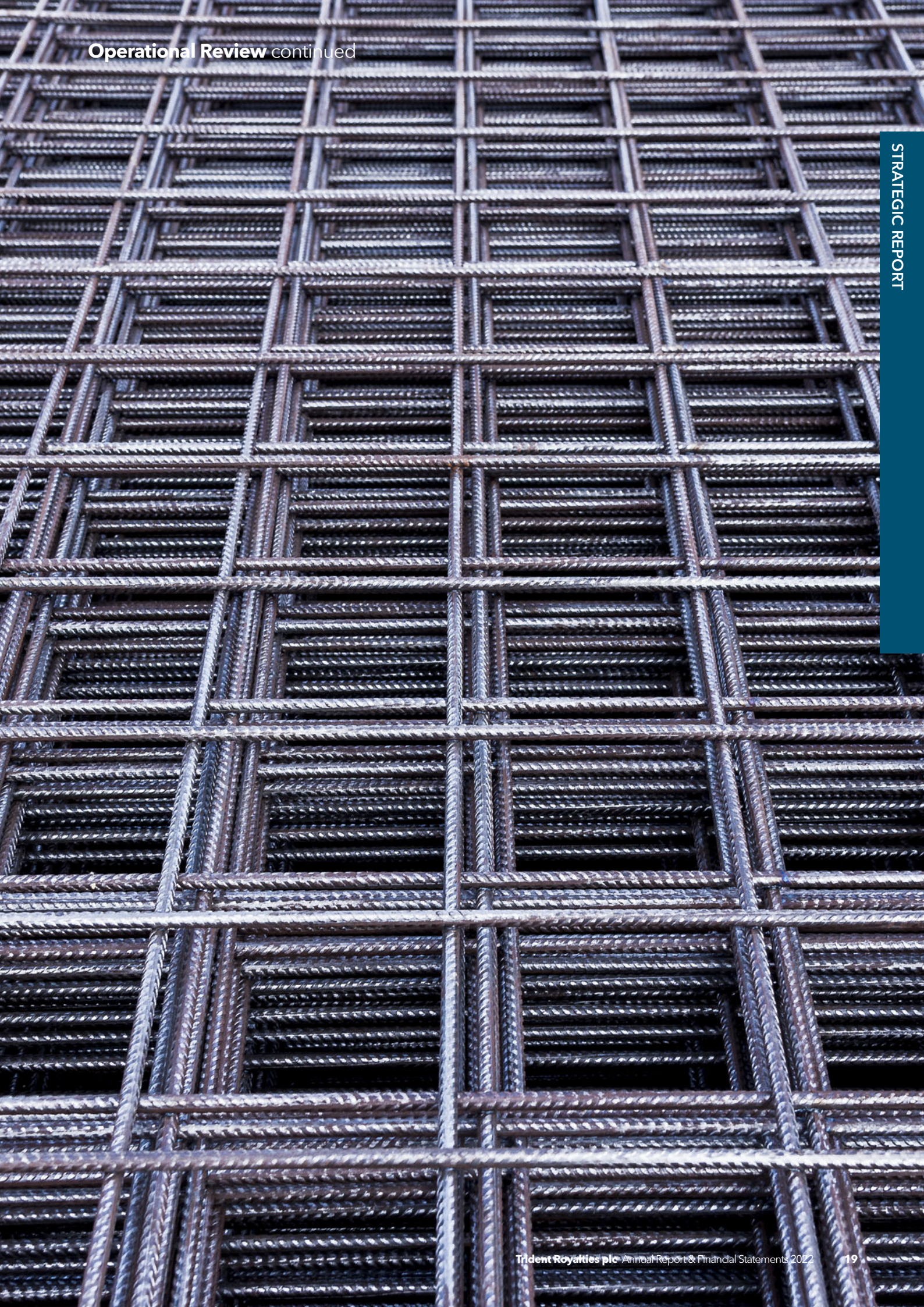
### PERCENTAGE OF IRON ORE IN TRIDENT PORTFOLIO

3%

Iron ore is an essential component of the global iron and steel industries. Almost 98% of mined iron ore is used in steel making.

Whilst approximately 50 countries mine iron ore, Australia and Brazil dominate the export market.

Trident is exposed to iron ore through its 1.5% Free on Board royalty over certain tenements at the Koolyanobbing Iron Ore mine in Australia.



# GOLD OFFTAKES, WORLDWIDE

## THE PORTFOLIO COMPRISES OFFTAKES OVER EIGHT PRODUCING MINES IN SIX COUNTRIES

**PERCENTAGE OF GOLD IN TRIDENT PORTFOLIO**

59%

On 11 January 2022, Trident completed the acquisition of a portfolio of gold offtake contracts from funds managed by Orion Resource Partners for US$69.75m. The portfolio comprises offtakes over seven producing mines in six countries. On 23 March 2022, Trident acquired a further gold offtake contract over the Sugar Zone mine operated by Silver Lake Resources Limited.

An offtake contract is a contract pursuant to which the operator agrees to sell, and the purchaser agrees to buy, refined gold produced from the mine or mines over which the offtake is granted. Gold offtakes provide "royalty-like" exposure, where returns are driven by the volatility, production profile, gold price and exploration success but is insulated from capex or operating costs.

The key commercial terms include those relating to the amount of gold to be purchased, the duration of the contract, and the payment terms. The purchaser has the right to purchase gold at the lowest reference price in a defined quotation period, which is typically 6-8 days. A positive margin can normally be made on the resale of the gold. The average margin is typically larger during periods of increased volatility and higher/rising gold prices.

The offtake portfolio generated US$6.1m of revenue for Trident during the year and is expected to grow significantly over the coming years.

| Asset | Operator | Location | Status | Quotation period | Contract key terms |
|---|---|---|---|---|---|
| **Los Filos** | Equinox Gold | Mexico | Production | 6 Days | Offtake on 50% of all refined gold production, up to cap of 1,100,000 ounces of refined gold. |
| **Eagle** | Victoria Gold | Canada | Production | 7 Days | Offtake on 25% of all refined gold production, up to cap of 1,111,500 ounces of refined gold. |
| **Blyvoor** | Blyvoor Gold | South Africa | Production | 8 Days | Offtake on 100% of all refined gold production (after deduction of streamed ounces), up to cap of 2,700,000 ounces of refined gold. |
| **RDM, Fazenda & Santa Luz** | Equinox Gold | Brazil | Production | 6 Days | Offtake on 35% of all refined gold production, up to a cap of 658,333 ounces of refined gold. |
| **Bonikro** | Allied Gold | Cote d'Ivoire | Production | 6 Days | Offtake on 50% of all refined gold production (after deduction of streamed ounces), no cap. |
| **Greenstone** | Equinox Gold | Canada | Construction | 6 Days | Offtake on 100% of refined gold production, up to cap of 58,500 ounces per year through March 2027. If annual production cap not achieved in 2024-25, then Trident paid $23.50/oz on any shortfall. |
| **Ruby Hill, Granite Creek & Cove** | i-80 Gold | USA | Production | 7 Days | Offtake on 100% of refined gold production subject to an annual ounce cap. |
| **Sugar Zone** | Silver Lake Resources | Canada | Production | 7 Days | Offtake on 50% of all refined gold production, up to a cap of 375,000 ounces of refined gold. |

# SILVER

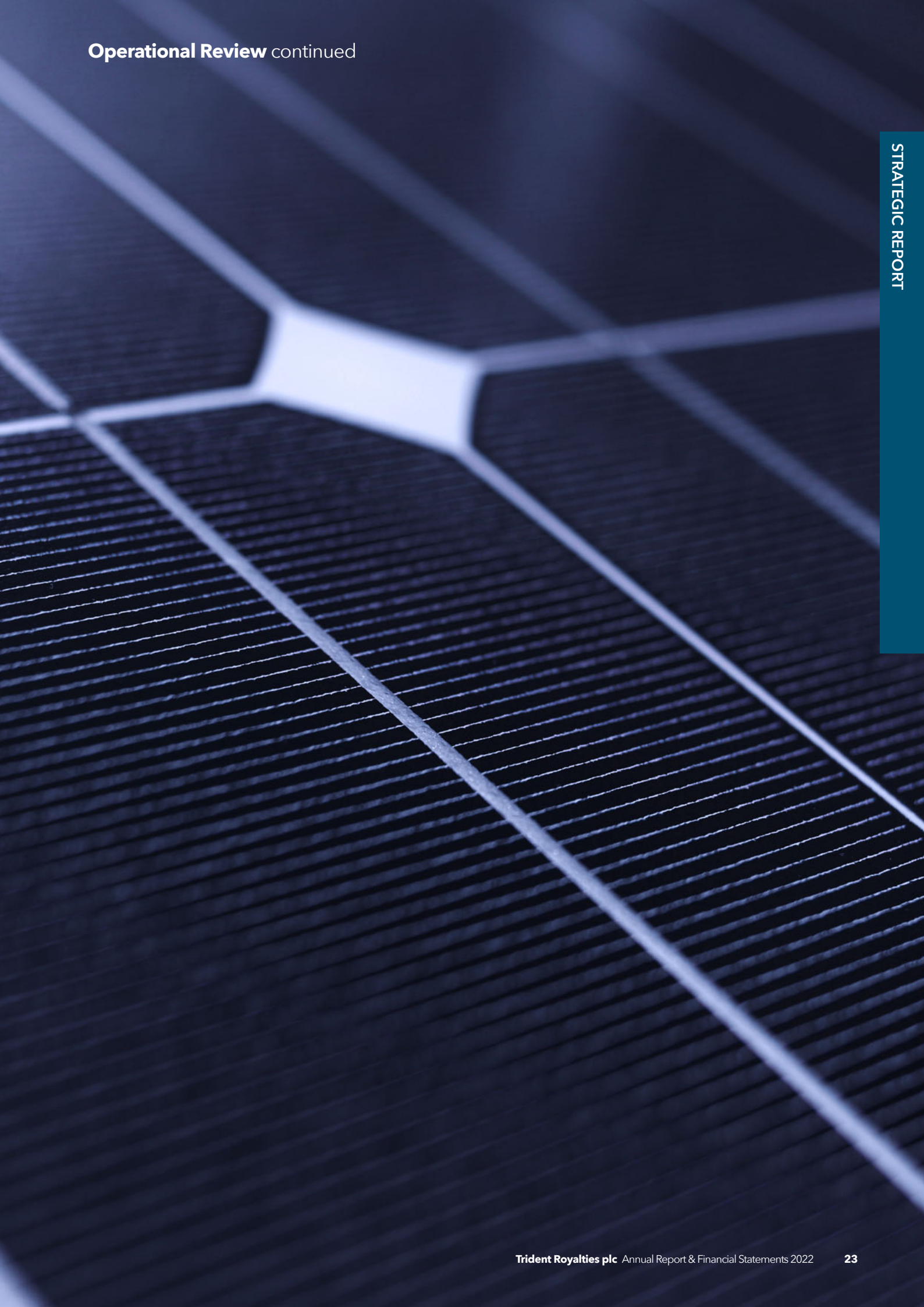
## SILVER IS AN IMPORTANT INDUSTRIAL METAL DUE TO ITS CONDUCTIVITY AND CORROSION RESISTANCE

### PERCENTAGE OF SILVER IN TRIDENT PORTFOLIO

7%

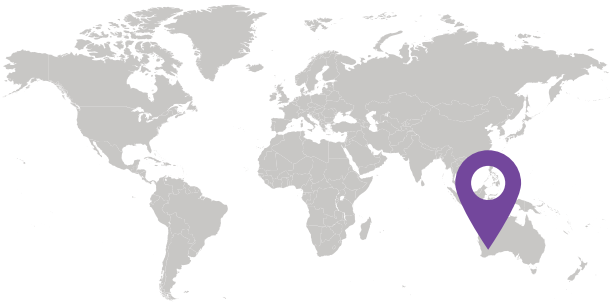
Silver is a tangible store of value for investment purposes and as a hedge against inflation, along with being an increasing important industrial metal due to its conductivity and corrosion resistance, making it a critical component of both solar panels and electric vehicles.

Trident is exposed to silver through its 1.25% NSR Royalty over the area covering the Gloria and Abundancia veins and a 2.00% GVR Royalty over the surrounding area and US$8.75m milestone payment at the La Preciosa project in Mexico.



# PRODUCING ROYALTIES
# KOOLYANOBBING

## AUSTRALIA // IRON ORE



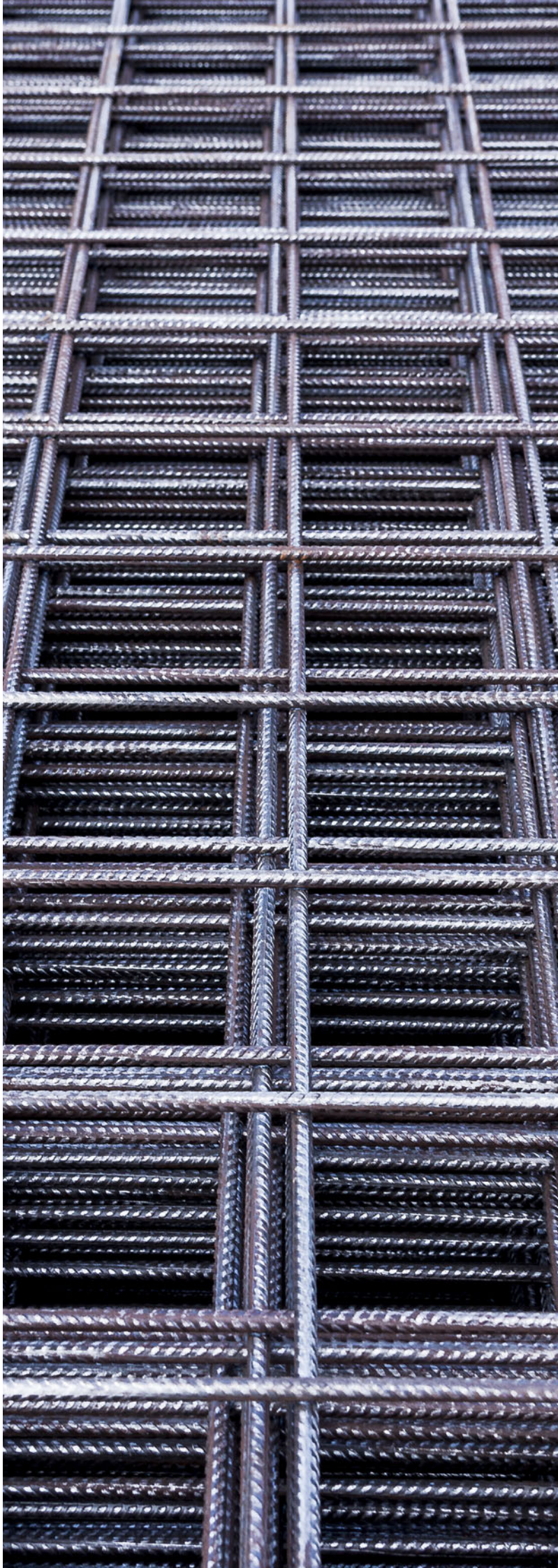
### KEY FACTS

| | |
|---|---|
| **Location:** | Western Australia |
| **Operator:** | Mineral Resources Ltd. (ASX: MIN) |
| **Commodity:** | Iron ore |
| **Mine Type:** | Open pit, Direct Ship Ore |
| **Stage:** | Production |
| **Royalty:** | 1.5% Free on Board |
| **Reserves & Resources:** | 9.3Mt @ 59.9% Fe Reserves (Deception Pit) |
| | 19.5Mt @59.9% Fe Resources (Deception Pit) |
| | 40.8Mt @ 58.2% Fe Reserves (Yilgarn) |
| | 108.6Mt @ 56.8% Fe Resources (Yilgarn) |

Trident owns a 1.5% Free on Board revenue royalty covering part of the producing Koolyanobbing Iron Ore Operation in Western Australia. The royalty is over tenements which covers part of the Deception Pit and all of the Claw Pit at Koolyanobbing.

The royalty provides Trident with attractive exposure to a significant and growing iron ore asset, operated by an innovative and renowned operator with a strong balance sheet in a worldclass jurisdiction. As a royalty over an operating asset, the royalty provides access to cashflow which will assist in bringing scale and diversification to Trident's growing royalty portfolio.

During the year Trident received US$1.55m (2021: US$0.08m) in royalty income. The significant increase was due to the operator, Mineral Resources, recommencing activity at the Deception Pit and beginning mining operations at the Claw deposit.



# PRODUCING ROYALTIES
## MIMBULA

### ZAMBIA // COPPER

**KEY FACTS**

| | |
|---|---|
| **Location:** | Zambia |
| **Operator:** | Moxico Resources Plc (private) |
| **Commodity:** | Copper |
| **Mine Type:** | Open Pit |
| **Stage:** | Production |
| **Royalty:** | Gross Revenue Royalty 1.25% |
| **Reserves & Resources:** | 93.7Mt @ 0.97% Total Copper ("TCu") Resources |
| | 67.5Mt @ 0.92% TCu Reserves |

Trident owns a 1.25% GRR over all copper produced from the Mimbula Mine in Zambia, which is operated by Moxico Resources PLC. The GRR will decrease to 0.3% upon US$5.0m being paid on the royalty, which is expected to occur in Q3 2023, with a subsequent decrease to 0.2% once the royalty has been paid on 575,000 tonnes of copper. In addition, the GRR is subject to a Minimum Payment Schedule in which the higher of the minimum amount, or the GRR amount, are due; specifically:

- Minimum payments of US$375,000 per quarter in 2021;
- Minimum payments of US$500,000 per quarter in 2022; and
- Minimum payments of US$750,000 in each of the first two quarters of 2023.

During the year Trident received US$2.0m (2021: US$1.5m) of payments from Mimbula in line with the minimum payment schedule.

# PRODUCING ROYALTIES
# KWALE

## KENYA // MINERAL SANDS

### KEY FACTS

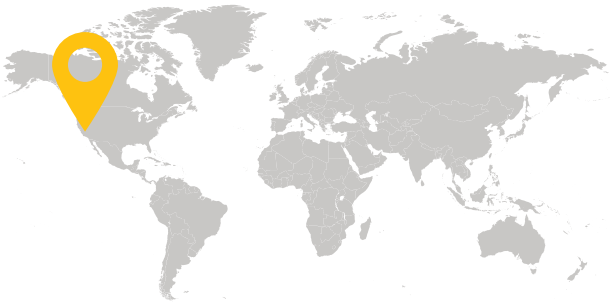
| | |
|---|---|
| **Location:** | Kenya |
| **Operator:** | Base Resources |
| **Commodity:** | Mineral Sands |
| **Mine Type:** | Open Pit |
| **Stage:** | Production |
| **Reserves & Resources:** | 40Mt @ 2.7% Heavy Mineral ("HM") Reserves |
| | 205Mt @ 1.7% HM Resources |

Trident acquired a 0.25% Free On Board royalty over the Kwale mineral sands project with an effective acquisition date of 1 October 2022. Kwale commenced production in 2013, with operator Base Resources extending the scheduled mine life to the end of 2024. Though a non-material purchase consideration and limited remaining mine life on the current schedule, Trident considers there to be potential for further mine life extensions.

During the year Trident received US$0.06m of payments from Kwale, relating to the Q4 period post-acquisition of the royalty.

# PRODUCING ROYALTIES
# LINCOLN

## USA // GOLD



### KEY FACTS

| | |
|---|---|
| **Location:** | California, USA |
| **Operator:** | Seduli Holdings Pty (private) |
| **Commodity:** | Gold |
| **Mine Type:** | Underground |
| **Stage:** | Production |
| **Royalty:** | 1.5% net smelter return royalty (over down dip extension zone) |
| **Total Resource:** | 958Kt @ 9.29g/t Au for 286koz gold |

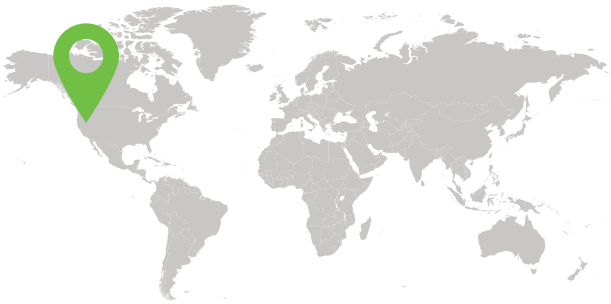
In 2021, Trident acquired a 1.5% NSR gold royalty covering the entire Lincoln gold project in California. The royalty includes a 5-mile area of interest which spans the majority of the exploration area. The Lincoln Gold Mine is the only permitted project and processing plant on the Californian Mother Lode, providing it with significant leverage to aggressively explore and acquire additional tenure for further upside.

The royalty is fully secured by the project assets and reduces to a 0.75% NSR in perpetuity once the royalty has paid US$3m. The operator, Seduli Holdings Pty, completed its first gold pour in March 2022, however the ramp up did not occur as planned and the operator suspended operations to focus on resource expansion. Trident agreed to revise to provide various waivers in relation to its security position in exchange for the implementation of a minimum payment schedule, which will replace the revenue expected from deferred Stage 1 production.

During the year Trident received US$0.35m of payments from Lincoln under the minimum payment schedule, relating to the Q3 and Q4 periods.

# ROYALTIES ADVANCING TOWARDS PRODUCTION
## THACKER PASS

### USA // LITHIUM



**KEY FACTS**

| | |
|---|---|
| **Location:** | USA |
| **Operator:** | Lithium Americas Corp. |
| **Commodity:** | Lithium |
| **Mine Type:** | Open pit |
| **Stage:** | Advanced |
| **Royalty:** | 60% interest in a 1.75% gross revenue royalty (1.05% net to Trident), assuming the buyback is completed, as detailed below |
| **Total Reserves:** | 3.1 million tonnes of Lithium Carbonate Equivalent ("LCE") at 3,283ppm Li |

In 2021 Trident acquired a 60% interest in a GRR over the Thacker Pass Lithium Project for US$28.0 million, with the remaining 40% retained by Orion Resource Partners.

The project is the largest known lithium reserve and resource in North America and currently contains CIM compliant Mineral Reserves of 3.7Mt LCE, the largest lithium reserve in the United States, with a mine life of 40 years based on Reserves. There is significant additional resource upside to potentially provide further reserve conversion to increase the mine life or support a production expansion leading to increased royalty revenues.

Post year-end, in February 2023, General Motors Co. (NYSE: GM) and Lithium Americas announced their intention to jointly invest to develop Thacker Pass. Under this agreement, General Motors will make a US$650 million equity investment in Lithium Americas. General Motors has also entered into a 10-year offtake agreement, to purchase the Phase 1 production from Thacker Pass. The price within the offtake agreement will be based on an agreed upon price formula linked to prevailing market prices.

The key terms of the royalty are as follows:

- A gross revenue royalty on all mineral products generated at the mine of 8% (4.8% attributable to Trident) until US$22.0m is paid, after which the GRR drops to 4%.
- The GRR may be reduced to 1.75% (1.05% attributable to Trident) at any time by the operator making a one-time payment of US$22.0m (US$13.2m attributable to Trident).
- Trident notes that the PFS assumes the US$22.0m buyback is completed within the first year of operation.

# ROYALTIES ADVANCING TOWARDS PRODUCTION
## SONORA

### MEXICO // LITHIUM

**KEY FACTS**

| | |
|---|---|
| **Location:** | Mexico |
| **Operator:** | Ganfeng Lithium |
| **Commodity:** | Lithium |
| **Mine Type:** | Open pit |
| **Stage** | Advanced |
| **Royalty:** | 50% interest in a 3.0% indirect gross revenue royalty (1.5% net to Trident) |
| **Total Reserves:** | 244Mt @ 3,480ppm – 4,515kt LCE |

A deposit of US$2.5 million has been paid by Sonoroy Holdings Ltd ("Sonoroy"), a joint venture company in which Trident holds a 50% interest, with the balance to be paid upon completion of the royalty acquisition transaction, pending several issues including a favourable resolution of a dispute between the seller of the royalty and Bacanora. If the dispute is found against the vendor of the royalty, Trident's funding is fully repayable by Sonoroy.

The project currently has Measured & Indicated Resources exceeding 5Mt LCE, and an additional 3.8Mt LCE Inferred Resource. Per the Feasibility Study published by Bacanora Lithium in 2018, the mine is expected to produce 17,500 tpa LCE in Stage 1 and 35,000 tpa at Stage 2. Subsequently, the project was acquired by Ganfeng Lithium which, in its 2022 Interim Report, noted a larger planned production profile relative to the Feasibility Study, increasing Stage 1 to 20,000 tpa of lithium hydroxide, with Stage 2 production increasing by 43% to 50,000 tpa of lithium hydroxide. Construction is underway. The project is also expected to generate potassium sulphate (potash), a high value fertiliser, as a by-product which would be covered by the royalty.

# ROYALTIES ADVANCING TOWARDS PRODUCTION
# PUKAQAQA

## PERU // IRON ORE

### KEY FACTS

| | |
|---|---|
| **Location:** | Peru |
| **Operator:** | Nexa Resources SA (TSX:NEXA) |
| **Commodity:** | Copper, Molybdenum |
| **Mine Type:** | Open pit |
| **Stage:** | Advanced |
| **Royalty (sliding scale NSR):** | Three royalties |
| **Total Resources:** | 349.1Mt @ 0.40% Cu |

Trident holds a portfolio of three royalties over the Pukaqaqa Copper Project, an advanced stage copper/molybdenum asset located in the Huancavelica region in Peru. The Pukaqaqa Project has NI 43-101 compliant Measured and Indicated Resources of 309m tonnes at 0.41% Cu (approximately 1.26m tonnes of contained copper), with an additional Inferred Resource of 40.1m tonnes at 0.34% Cu (for 136,340 tonnes contained copper and related molybdenum credits).

The project is held by NYSE- and TSX-listed Nexa Resources, an established South America-focused mid-tier producer with six operating base metals mines and three operating smelters in Peru and Brazil. The most recent technical report contemplates an open-pit mining operation to feed a 30,000 tonne-per-day processing plant to produce copper and molybdenum concentrates over an initial 19-year mine life.

# ROYALTIES ADVANCING TOWARDS PRODUCTION
## LA PRECIOSA

**MEXICO // SILVER**

**KEY FACTS**

| | |
|---|---|
| **Location:** | Mexico |
| **Operator:** | Avino Silver & Gold mines Ltd (TSX:ASM) |
| **Commodity:** | Silver |
| **Mine Type:** | Underground |
| **Stage:** | Advanced |
| **Royalty:** | 1.25% NSR and 2.00% gross value return royalty |
| **Total Resources:** | 137Moz Ag Equivalent - Indicated 17.4Mt @ 202 g/t AgEq & Inferred 4.4Mt @ 170 g/t AgEq |

Trident holds a 1.25% NSR Royalty over the area covering the Gloria and Abundancia veins and a 2.00% GVR Royalty over the surrounding area. Additionally, Trident is entitled to a milestone payment of US$8.75 million from Avino within 12 months of first production. The milestone payment may be paid up to 50% in shares of Avino.

The project is held by TSX-listed Avino Silver & Gold Mines Ltd, an established silver producer with other assets in Peru. Avino intends to begin processing stockpiled material from La Preciosa in late H2 2023 at its mill, before commencing production from fresh ore in 2024. Avino intends to ramp up annual silver production from La Preciosa to circa 3 million ounces by 2027, increasing to 3.5 million ounces in 2028. With a current total Mineral Resource estimate of 120Moz of silver and 224,000 ounces of gold, La Preciosa is expected to be a long-life asset with further expansion potential.

# ROYALTIES SOLD DURING THE YEAR

In December 2022, Trident announced the sale of a portfolio of pre-production, exploration stage gold royalties to Franco-Nevada Corporation for cash proceeds of up to US$15.8 million[1]. The transaction crystallised a return on invested capital of 143%, providing additional capital for redeployment into new transactions.

One early-stage royalty was removed from the portfolio prior to closing and the transactions proceeds were adjusted to be up to US$15.6 million. The sale of this gold portfolio was completed in February 2023.

The royalties sold to Franco-Nevada Corporation were as follows:

### LAKE REBECCA GOLD ROYALTY

| | |
|---|---|
| Location: | Western Australia |
| Operator: | Ramelius Resources Ltd (ASX: RMS) |
| Commodity: | Gold |
| Mine Type: | Open pit |
| Stage: | Pre-development |
| Royalty: | 1.5% net smelter return royalty |
| Total Resource: | 29.1Mt @ 1.2g/t Au for 1.1Moz |

### SPRING HILL GOLD ROYALTY

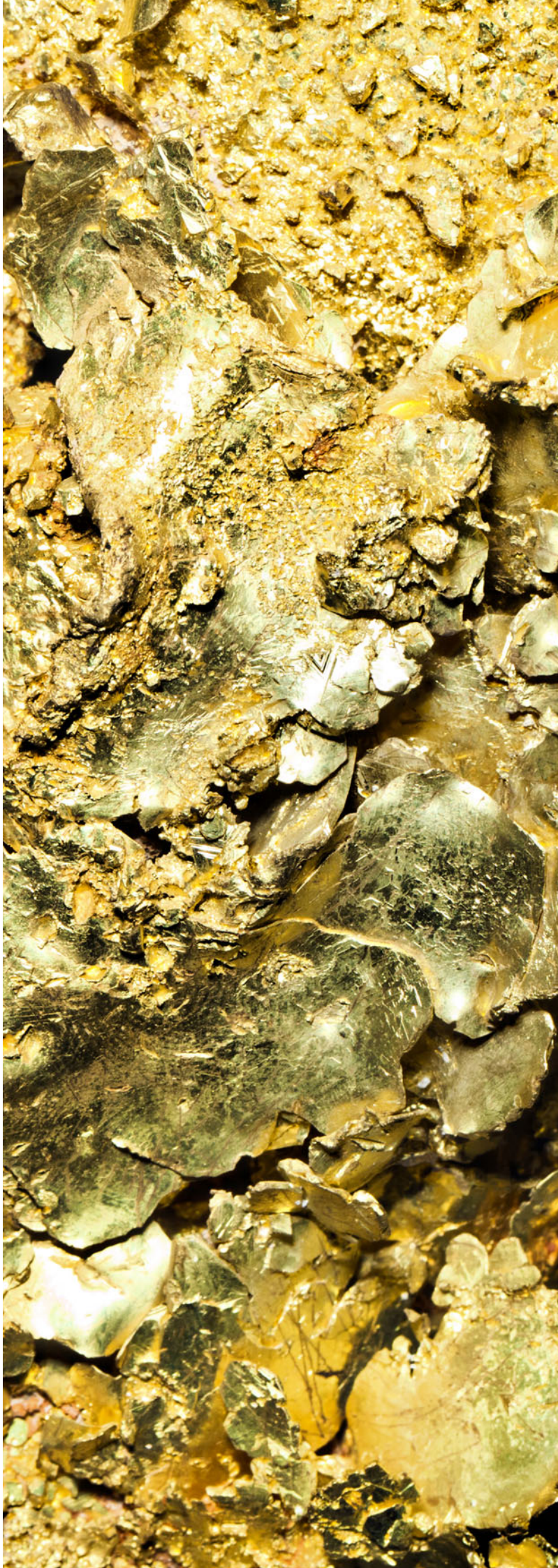
| | |
|---|---|
| Location: | Australian Northern Territory |
| Operator: | PC Gold Pty (private) |
| Commodity: | Gold |
| Mine Type: | Open pit |
| Stage: | Pre-development |
| Royalty: | Fixed rate A$13.30 per oz (where the gold price is > A$1,500/oz) |
| Total Resource: | 8.8Mt @ 1.26g/t Au for 355koz. |

### WARRAWOONA GOLD ROYALTY

| | |
|---|---|
| Location: | Western Australia |
| Operator: | Calidus Resources Ltd (ASX: CAI) |
| Commodity: | Gold |
| Mine Type: | Open pit |
| Stage: | Pre-development |
| Royalty: | 1.5% net smelter return royalty (over down dip extension zone) |
| Total Resource: | 13.6Mt @ 1.2g/t Au for 519koz |

### WESTERN AUSTRALIAN GOLD ROYALTIES

| | |
|---|---|
| Project: | Talga Talga and Bullfinch |
| Location: | Western Australia |
| Stage: | Pre-development |
| Operator: | Various |
| Royalty (NSR): | Various |



1 Source: Trident Royalties announcement dated 9 December 2022

# TRIDENT IS COMMITTED TO RESPONSIBLE AND SUSTAINABLE PRACTICES. AS A ROYALTY AND STREAMING BUSINESS, WE MAKE THE DISTINCTION BETWEEN TRIDENT'S OWN INTERNAL PRACTICES AND THE PERFORMANCE OF OUR PORTFOLIO WHEN CONSIDERING OUR ESG APPROACH.

**As a royalty and streaming business, we make the distinction between Trident's own internal practices and the performance of our portfolio when considering ESG approach.**

As a company, Trident is committed to responsible and sustainable practices, but as an office-based business with a small team, we are aware that the most material environmental and social impacts occur within our portfolio and therefore are not within Trident's direct control.

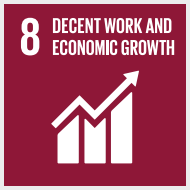
Trident seeks to invest in royalties or streams where the asset owner runs safe, efficient, cost-effective mines and projects and demonstrates a commitment to the responsible management of their ESG impacts.

### Our approach to ESG

We have been working to evaluate and develop our approach to ESG in 2022 in order to lay strong foundations for future reporting, increase transparency and performance. This involved conducting a materiality assessment to understand and assess our most relevant impacts, which was undertaken with the assistance of external consultants in 2022 and involved stakeholder engagement.

### Commitment to the UN Sustainable Development Goals

We have also analysed the 17 United Nations Sustainable Development Goals ("SDGs") to identify two initial priority goals to which we believe Trident can meaningfully contribute. As our ESG practices continue to develop, we will endeavour to include additional goals to demonstrate our commitment to sustainable development.




Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

**Trident's contribution**

By investing in mining and development assets, we are able to contribute to the positive impacts of these operations in our portfolio, which have the capacity to drive industry and socio-economic development, cultivate innovation and provide employment opportunities.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

**Trident's contribution**

We invest in the production of base, battery and industrial commodities which are essential components of global infrastructure expansion, driving economic development and sustainable industrialisation.

### Our ESG roadmap

Recognising that there is more the Company can do to advance its ESG commitments and practices, we have set out a clear roadmap to drive improvement and development. We aim to provide transparent communications with stakeholders on our approach to ESG.

## Complete

- Comprehensive ESG approach and benchmarking exercise undertaken
- Undertook first materiality assement
- Conducted analysis of UN SDGs and identified initial commitment goals

## Current

- Strengthening and development of policies
- Further explore appropriate approach to ESG due diligence and evaluation of assets

## Next Steps

- Identify applicable global ESG reporting frameworks for adoption
- Contiue to embed policies and strengthen ESG practices

### Our approach to responsible investment

Trident's team of mining investment professionals has extensive experience and expertise in all aspects of mine development and operation. This is fundamental in the Company's ability to evaluate and structure potential investments. Our team applies this experience to assess ESG risks and opportunities (alongside financial, technical and political), supplemented by external expertise as required.

Trident's royalty and offtake portfolio has been carefully constructed with a focus on high-quality assets in favourable jurisdictions, which are operated by well-established and reputable mining companies. We believe that this approach provides a diversified portfolio that is expected to generate the best returns for stakeholders in a sustainable manner.

### Due diligence and ongoing monitoring

Although Trident is not involved in, nor has any direct control over, the operational decisions of mining partners, the Company is aware of its indirect exposure to ESG risks arising from their business practices and actions. Trident therefore reviews ESG risks and issues as part of its due diligence process prior to entering into a royalty or streaming agreement and aims to monitor ESG issues on an ongoing basis once the agreement is in place.

Whilst all mining and development operations have potential ESG impacts, the nature of risks and issues can vary significantly depending on the project, jurisdiction and local context. Trident's due diligence process, whether for primary or secondary acquisitions, is based upon an understanding of the material ESG risks and issues of each operation as well as an assessment of how ESG is being managed and monitored by the operator.

Given that secondary royalties have been created by another party prior to Trident's investment, the due diligence process usually involves publicly available ESG information.

When evaluating new primary investment opportunities, Trident's internal team employs extensive and diverse methods to identify and assess ESG and other risks prior to entering into agreements. The Company seeks to apply best practices across the risk spectrum, including consideration of safety records, community engagement, water management, energy consumption, closure planning, and employment practices.

Trident can build specific requirements from the operator into its royalty agreements ranging from specific ESG related targets, to reporting, to compliance with specific requirements.

### Our typical due diligence and evaluation process

**Initial "red flag" review**

- Trident assesses ESG information as part of its in-house review of private and public asset details .

**Detailed due diligence**

- Focusing on any areas identified during prior stage.
- Third party experts can be engaged to facilitate process.

**Commercial negotiations, documentation and Board approval**

- Engagement with counterparty on commercial aspects, including documentation of any ESG requirements.
- Investment approval document provided to the Board detailing all elements of the transaction.

**Ongoing investment management**

- Continued formal and informal engagement with counterparty, including site visits and management meetings.

### Governance

Robust corporate governance and business ethics are fundamental to the successful operation of Trident Royalties. This has been underscored by the materiality assessment which highlighted related topics as key priorities.

Trident is committed to maintaining the highest standards in corporate governance throughout its business activities. We aim to conduct our business activities transparently, ethically and efficiently– see further detail on pages 48 to 51.

In terms of our investments, Trident will only provide primary finance to businesses which comply with anti-bribery and corruption and anti-slavery legislation.

## Social

### Communities

Mining projects tend to have an important role in their local communities. Maintaining strong community stakeholder relationships is essential to achieving social licence to operate, allowing for profitable, sustainable and successful mining activities. Trident endeavours to ensure that the companies it works with have appropriate procedures in place to facilitate effective engagement. Aspects of projects relating to local communities are considered as part of Trident's investment due diligence process.

Whilst we have little direct contact with communities owing to our business model, Trident assesses community engagement practices as part of its investment due diligence, and we believe that mining project have both the opportunity and a duty to positively contribute to local communities.

### Employees

Health and safety have been identified by our stakeholders as one of Trident's most important issues. As an office-based business, it is the health and safety risks for our asset operators which are most material. Trident carefully considers the health and safety procedures in operation and performance track record prior to any potential asset purchase.

With regards to Trident's own social considerations, Trident has assembled a strong team with the requisite diverse experience, as well as the technical and financial acumen to successfully execute the company's strategy. Trident's Board demonstrates strong geographical diversity, which we believe is relevant in the context of the global reach of our portfolio. 20% of Trident's Non-Executive Directors are female (being 14% of the full Board of Directors).

## Environmental

Mining and development activities have the potential to create negative environmental impacts which must be responsibly managed to achieve long-term success and value generation. Given the differing operating contexts of our asset operators as well as the variety of projects, there are different environmental risks and opportunities to consider across our portfolio.

Careful consideration is given within Trident's investment decision process to the environmental aspects of any potential asset purchase during the due diligence phase. As part of this, we assess many areas, including the environmental impacts of mining operations, emissions, tailings storage and rehabilitation plans. As a minimum, Trident requires compliance with environmental laws and regulations in the locations in which our investee businesses operate.

As a result of the climate-related risks inherent in its business model, Trident's Board has taken the decision to avoid any investment in thermal coal operations.

**Case Study**

**Environmental considerations at Thacker Pass**

Thacker Pass has been engineered to minimise its environmental footprint, by avoiding sensitive environmental habitats and employing the best available environmental control technologies. As a responsible steward of the environment, Lithium Americas is focused on reducing energy consumption and aims to sustainably manage water resources.

Having collected baseline environmental data at the project over a seven-year period, Lithium Americas has put in place comprehensive plans to mitigate impacts to wildlife, water and air, with a commitment to extensive monitoring on an ongoing basis.

# Section 172



This section serves as our section 172(1) statement and should be read in conjunction with the Operational Review on pages 12 to 32 of this report and the Company's Corporate Governance Statement on pages 48 to 51 of this report. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172 in regard to:

(a) the likely consequences of any decision in the long term;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly between members of the Company.

The Board views engagement with our shareholders and wider stakeholder groups as an essential undertaking. We are aware that we need to listen to each stakeholder group, so that we can understand specific interests, and foster effective and mutually beneficial relationships. By understanding our stakeholders, we can build their needs into the decisions we take.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as 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.

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.

The following table acts as our section 172(1) statement by setting out the key stakeholder groups, their interests and how Trident Royalties Plc has engaged with them over the reporting period.

| Stakeholders | Aims and objectives | How Trident engages |
|---|---|---|
| **Investors** | Our shareholders play an important role in supporting our Company. We recognise the importance of the activities and outcomes of stewardship and regularly engage with investors on our financial performance, strategy and business model. | • Annual and Interim reports<br>• Regular portfolio and trading updates<br>• RNS Announcements<br>• Investor relations section on website<br>• Webcasts<br>• AGM<br>• Social Media |
| **Employees** | Four individuals are employed directly on a full-time basis within the Company and are vital to the success of its activities. | • The team is small and highly integrated with daily dialogue between the team and the Chief Executive Officer.<br>• Direct engagement to the Board to ensure the Company's values and purpose are upheld.<br>• Workforce remuneration policies focused on long term engagement and retention. |
| **Counterparties and Operators** | Trident aims to have direct communication with the operators of the underlying assets in which it invests either through a direct contractual arrangement – or more ad-hoc methods. | • The team will conduct site visits where possible.<br>• Direct communication with senior personnel from the operator.<br>• Ongoing monitoring of developments through public announcements. |
| **Community** | As a royalty and streaming company, Trident does not operate any of the underlying assets within its portfolio. While this limits the direct involvement the Company has with the communities impacted by the operations held in the royalty portfolio, the Board engages with the mine operators, seeking to influence and encourage compliance with relevant environmental, social and governance standards. | • Through dialogue with the operator to understand updates on key community and environmental milestones and incidents. |

On behalf of the Board

**Paul Smith**
Non-Executive Chairman
2 June 2023

# Risk Management

The Board has overall responsibility for the management and maintenance of systems and processes to manage and mitigate risk and ensure delivery of the Group's strategic priorities. The Board does not consider that given the current size of the Group, that a separate Risk Committee is required and that risk management is sufficiently governed by the Board, its sub-committees and the senior management team. The management of risk is subject to regular review by the Board and changes will be implemented as necessary and as the Group continues to grow.

The Chief Executive Officer and senior management are responsible for the day-to-day implementation of the risk management process and provide regular feedback to the Board for consideration. The Group assesses each risk and the requirement for mitigation, taking into account the appetite for the impact of the risks on the strategic objectives of the business.

### Risks and uncertainties

The following section provides an overview of the principal risks and uncertainties that have the potential to impact the implementation of the Group's strategy and business model.

| Risk and description | Business impact | Mitigation |
|---|---|---|
| **Royalty Acquisitions**<br>The growth and viability of the Group is dependent on its ability to successfully identify and acquire royalties. The availability of potential royalties which meet the Group's investing policy will depend, inter alia, on the state of the world economy, general business conditions, commodity prices, mining sector appetite, alternative sources of finance and financial markets generally. | **Medium** | The Board and executive team closely monitor the market and pays attention to general macro trends.<br><br>The Group targets the entire resources universe (except for thermal coal); accordingly, it considers that it has a wide number of options available for investment compared to a number of its precious metal peers.<br><br>In addition, the Group has an extremely active network of directors, employees and consultants that ensures that it generates numerous pipeline opportunities which may lead to investments by the Group. |
| **Competition**<br>The Group will compete with a large number of funds and other royalty or stream companies for investments. Some of its competitors are substantially larger and have considerably greater financial resources than the Group. Competitors may have a lower cost of capital and many have access to funding sources that allows them to undertake transactions that wouldn't be commercial for Trident. | **Medium** | The Group considers that its target investments are often overlooked by other royalty companies that are either solely focused on precious metals or are looking for larger investments.<br><br>Management considers that it is well placed to attract small/medium-sized operators that are looking for funding or early exits in the case of secondary royalties. |
| **Portfolio diversification**<br>The Group paid a deposit on a royalty during the year. The Group also acquired a portfolio of gold offtakes in January 2022, along with an additional gold offtake in March 2022. The Group currently has 13 cash flowing assets – however should there be a failure of an operator, or any dispute relating to any given royalty or offtake this may have a disproportionate and material adverse effect on the financial position and prospects of the Group at this stage of development. | **Medium / High** | Management is in regular contact with the operators of the producing assets and those in development. The current operations are all on sound financial footing with either consistent production or paths to production.<br><br>The best way the Group can mitigate dependence upon any one operator is to expand and diversify its royalty portfolio to ensure a well-balanced source of income by location and commodity.<br><br>The Group's overheads remain low and ensures a cash buffer of at least 12 months costs in the event of operator default. |

| Risk and description | Business impact | Mitigation |
|---|---|---|
| **Investment decisions**<br>Prior to making or proposing any royalty acquisition or financing, the Group will undertake legal, financial and commercial due diligence on potential transactions to a level considered reasonable and appropriate by the Group. However, these efforts may not reveal all material facts or circumstances which could have a material adverse impact upon the value of the royalty. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential royalty transaction or asset owner. | Medium | The Board has enacted strict investment criteria that avoids overly competitive bidding, or a transaction for transactions sake approach. The Board constructively challenges the executive team on the due diligence process.<br><br>In addition, the executive team consists of a highly experienced and professional team that has demonstrated a track record of successful investments. The team has considerable technical, financial and tax expertise to identify assets which do not meet the Group's stringent investment criteria, the Group engages equally professional third-party consultants when appropriate. |
| **Key personnel**<br>The Group is dependent upon the services of a small number of key management personnel who are highly skilled and experienced. The Group's ability to manage its activities will depend in part on the efforts of these individuals. The Group faces competition for qualified personnel, and there can be no assurance that the Group will be able to retain such personnel. | Medium | The Board will continually review its incentive schemes to ensure that its key personnel are rewarded and engaged appropriately, along with considering long term succession plans. |

The Group includes subject to a number of financial risks, including capital risk, commodity price risk, credit risk, liquidity risk and foreign exchange risk. Full details are provided in note 23.

# 2022 has been a transformational year, with a material uplift in revenue and a restructuring of the balance sheet to fund further growth

During 2022, Trident made significant progress in a number of areas. The newly acquired gold offtake portfolio was integrated effectively and provided a solid cash flow base for the business. The innovative transaction to acquire an option over a royalty on the Sonora lithium project provides exposure to a second high quality lithium asset, complimenting the existing portfolio. The sale of the Australian gold royalty portfolio delivered an over 140% return in approximately 2 years, allowing capital to be recycled into new opportunities.

From a capital structuring perspective, 2022 has been a transformational year, with the new US$40.0m debt facility with Macquarie Bank drawn down in January to facilitate the gold offtake portfolio acquisition. In conjunction with the Australian gold royalty sale announced in December, the facility was subsequently extended by a year to December 2025 and the interest coupon was reduced by 2%. Trident ended the year with a diverse portfolio of royalty assets, combined with a strong cash position to pursue future growth opportunities.

### Royalty and Offtake Transactions

The Group acquired the following royalties and offtake contracts during the year:

- A portfolio of 7 producing gold offtake contracts from Orion Resource Partners for US$69.75m;
- Gold offtake contract over 50% of the production from the Sugar Zone mine in Canada for US$3.75m;
- The payment of a US$2.5m cash deposit (treated as an interest free loan – in trade and other receivables) to secure the right to acquire an indirect 1.5% Gross Revenue Royalty over the Sonora Lithium Project in Mexico, through a joint venture company Sonoroy Holdings Limited in which Trident has a 50% shareholding; and
- Following the acquisition of the gold offtake portfolio, the Mercedes mine (which was included in one of the offtake contracts) was disposed of by the operator. This triggered a fee payable to Trident of US$3.7m and the Mercedes mine was removed from its obligations under the contract.

In addition, on 9 December 2022 the Group entered into a conditional agreement to sell several pre-production exploration stage gold royalties over assets in Australia for cash proceeds of up to US$15.8 million. A non-material royalty was removed from the transaction consideration reducing the previously announced total consideration from US$15.8 million to US$15.6 million and the transaction completed on 23 February 2023.

### Statement of Financial Position

Royalty intangible assets consist of US$116.58m cost, less US$4.86m amortisation and US$6.75m relating to the Australian gold royalties which were reclassified as assets held for sale, resulting in a total net book value of US$104.98m representing the Thacker Pass, Pukaqaqa, Koolyanobbing and Lincoln projects together with the acquisitions described.

Royalty financial instruments were valued at US$7.65m representing the fair value of the Mimbula copper project in Zambia. The royalty financial instrument has been designated as fair value through profit and loss with the fair value gains and losses recognised in 'revaluation of royalty financial assets' line item in the income statement. The value at the beginning of the financial year was US$7.46m, US$2.00m royalty income was received in the year and a fair value increase of US$2.19m was recognised in the income statement.

Trade and other receivables totalling US$12.05m (2021: US$1.21m) includes US$6.41m receivable from Macquarie bank relating to gold offtake trades which settled after the year end, US$0.99m in respect of 4th quarter 2022 royalty income due from Koolyanobbing and Mimbula receivable after the year-end. Other receivables also include US$2.50m in respect of the Sonora lithium project described above.

Trade and other payables totalling US$2.28m (2021: US$1.04m) consisted predominantly of US$1.29m payables relating to the gold received under the offtake contracts, which had been sold but not yet settled with the operators, trade payables, social security and taxation and accruals with all amounts within agreed payment terms.

At the year-end the net gold receivable amount was US$5.12m.

Deferred contingent consideration of US$0.41m represents A$0.60m contingent payment due on the Spring Hill project based on the operator meeting certain production targets. The amount has been treated as due > 1 year representing managements' assessment of when the project will become operational and the targets achieved. The Spring Hill royalty, along with the contingent consideration obligation was sold to Franco Nevada in February 2023.

Total cash at the end of the year was US$16.58m (US$21.70m including the net gold trading receivables) and total debt was US$40.00m.

Total net assets increased to US$104.87m during the year from US$88.07m at 31 December 2021 largely due to the gold offtake portfolio acquisition.

### Statement of Comprehensive Income and EBITDA

The Group reported a gross profit of US$2.99m (2021: US$0.06m) from reported net revenues of US$7.85m (2021: US$0.08m). The increase in net revenue was from the new gold offtake contracts acquired in January 2022 and the return of production at the Koolyanobbing royalty tenement. The fair value gain on the Mimbula copper project was US$2.19m (2021: US$1.51m) predominantly due to the payment of the minimum payment schedule in lieu of the mine currently in ramp up and therefore not materially depreciating in value.

A profit on disposal of US$1.86m was made on amendment to one of the gold offtake contracts – with gross proceeds of US$3.70m. The Group made a foreign exchange loss totalling US$1.01m (2021: US$0.52m loss) mainly as a result of the strengthening of the US dollar against the Australian dollar. Finance charges totalled US$6.24m including US$3.77m in interest payments and US$2.47m of amortised finance arrangement fees and other finance charges. Loss after taxation was US$3.68m (2021: US$3.54m loss) and basic loss per share of 1.28c (2021: 2.15c).

The Group generated net revenue from its gold offtake contracts of US$6.07m and its Koolyanobbing iron ore asset of US$1.43m (2021: US$0.08m). The amortisation charge was US$4.86m (2021: US$0.02m) and total Group overheads of US$4.67m (2021: US$3.74m) including US$0.47m (2021: $0.34m) non-cash share-based payments and other charges; resulting in an operating loss of US$1.67m (2021: US$3.68m). The gold offtakes and Koolyanobbing asset are amortised on a units of production basis over the life of the assets depleted.

### EBITDA and Adjusted EBITDA

The below table summarises EBITDA and adjusted EBITDA:

| | **Year ended 31 December 2022 US$'000** | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Loss after tax | **(3,684)** | (3,538) |
| Income tax | **(945)** | (863) |
| Amortisation | **4,857** | 21 |
| Finance costs net of finance income | **6,002** | 1,707 |
| EBITDA | **6,230** | (2,673) |
| Net foreign exchange losses | **1,007** | 523 |
| Income from financial instrument through profit and loss | **2,000** | 1,500 |
| Revaluation of royalty financial assets | **(2,193)** | (1,511) |
| Share-based payments charge and other non-cash items | **474** | 396 |
| Profit on disposal of intangible asset | **(1,862)** | - |
| Adjusted EBITDA | **5,656** | (1,765) |

The following table shows total royalty receipts for the period for royalty intangible assets, net offtake interests, disposals and financial assets:

| | **Year ended 31 December 2022 US$'000** | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Royalty interests | **1,780** | 83 |
| Offtake interests (net proceeds)* | **6,070** | - |
| Proceeds from Mercedes gold offtake amendment – (gross) | **3,706** | - |
| Royalties due or received from royalty financial assets | **2,000** | 1,500 |
| **Total** | **13,556** | 1,583 |

* Offtake interests

An offtake contract is a contract pursuant to which the operator agrees to sell, and the purchaser (Trident) agrees to buy, refined gold produced from the mine or mines over which the offtake is granted. The key commercial terms include those relating to the amount of gold to be purchased, the duration of the contract, and the payment terms. Trident has the right to purchase gold at the lowest reference price in a defined quotation period, which is typically 6-8 days. The revenue from these contracts is disclosed net of the purchase costs in the income statement. Net proceeds comprises gross offtake revenue of US$446.1m less purchase costs of US$440.0m.

### Cashflow and Borrowings

Net cash decreased in the period by US$29.06m (2021: US$38.46m increase). Financing inflows were US$36.17m (2021: US$70.25m) from an equity fund raise in January and the new loan facility with Macquarie Bank along with the repayment of the Tribeca facility; of which US$60.52m (2021: US$29.07m) was invested into acquiring those assets noted above, and US$3.53m (2021: US$2.93m) was used in operating activities. Note that the reduction in cash and use in operating activities includes a US$5.12m increase in net gold trading receivables, which is a function of the gold offtake trades settling open over the year end with Macquarie Bank. Depending on the timing and settlement of gold trades and the payments to operators this figure fluctuates and can be a receivable or payable item. The Group has a separate US$5.00m short term overdraft facility with Macquarie Bank entered into on 21 March 2022, to provide funding for the gold trading receivable over the 2-day settlement period if required. Given the cash balance on hand throughout 2022 the overdraft facility was not used.

The cash figure (excluding the net gold trading receivable) at 31 December 2022 was US$16.58m (31 December 2021: US$45.64m) with the majority held in US dollars with HSBC Bank plc and Macquarie Bank Limited. On 10 January 2022, Trident entered into a US$40.00m secured loan facility agreement with Macquarie Bank, US$10m of which was used to retire the debt held with a syndicate managed by Tribeca Investment Partners.

### Taxation

During the period the Group paid nil (2021: US$0.03m) in respect of tax due. A deferred tax asset was recognised totalling US$2.01m (2021: US$1.04m) primarily in relation to taxable losses incurred in the Australian subsidiary. Given the increase in activity on the Australian royalty tenements these losses are expected to be fully utilised and accordingly have been recognised in full; resulting in a deferred tax credit to the income statement of US$0.68m (2021: US$0.71m).

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# CORPORATE GOVERNANCE


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# Board of Directors

## Executive Directors

### Adam Davidson
Executive Director and
Chief Executive Officer

Adam Davidson has over 10 years' experience in the natural resources sector. Prior to joining Trident, Adam was a member of the investment team at Resource Capital Funds ("RCF"), a leading mining focused private equity firm. Prior to RCF, he held positions with BMO Capital Markets in Metals & Mining Equity Research and with Orica Mining Services in Strategic Planning. He has extensive mining capital markets experience across a breadth of jurisdictions and commodities. Adam began his career with T. Rowe Price and also served in the U.S. Marine Corps. Adam is a graduate of the Australian Institute of Company Directors and previously served as a Non-Executive Director of private gold producer RG Gold and currently serves on the Board of South Atlantic Gold Inc. He earned his MBA from the College of William & Mary and completed a post-graduate in Mining Studies from the University of Arizona.

### Richard Hughes
Executive Director and
Chief Financial Officer

Richard Hughes has over 15 years of experience in the natural resources sector. In 2019, he founded an independent consultancy providing corporate finance advisory services to both mining and royalty finance companies. Prior to this he was a senior member of the Metals and Mining Investment Banking team at RBC Capital Markets based in London from 2010 to 2018. Richard began his career at CIBC, where he was a member of the Global Mining Group. He has extensive mining capital markets and advisory experience across a breadth of jurisdictions and commodities. Richard holds an MA (Oxon) in Economics and Management from the University of Oxford.

## Non-Executive Directors

### Paul Smith
Non-Executive Chairman

Paul Smith has built a prominent career in the mining industry and has held various senior level positions at Glencore Plc including the group's Head of Strategy. During his time in this role, he successfully completed a number of large scale corporate and capital markets transactions, including the merger with Xstrata plc. Whilst working at Glencore, Paul also served as CFO of Katanga Mining Limited, Glencore's subsidiary, from 2019 until its de-listing in 2020. Additionally, Paul represented Glencore as a non-executive director of Lonmin Plc and Glencore Agriculture Limited. Prior to joining Glencore, Paul was an analyst and fund manager at Marshall Wace Asset Management before working in investment banking at Close Brothers and Credit Suisse. Paul is a qualified Chartered Accountant and holds an MA in Modern History from Oxford University.

**Peter Bacchus**
Non-Executive Director

Peter Bacchus is currently Chairman and Chief Executive of Bacchus Capital, an independent investment banking boutique with particular expertise in the natural resources sector. Peter has over 25 years of experience as a leading global M&A adviser, with particularly deep experience within natural resources having advised some of the largest companies in the sector. Throughout Peter's career he has been at the forefront of several large and transformative M&A transactions, financed substantial deals, and advised on development projects worldwide. Peter previously acted as the Global Head of Mining and Metals at Morgan Stanley and European Head of Investment Banking at Jefferies. Before relocating to London in 2006, he was based in Australia and Indonesia, where he was Asia-Pacific Head of Industrials and Natural Resources investment banking at Citigroup. Peter currently sits on the boards of New York and Johannesburg Stock Exchange listed Gold Fields Limited, London Stock Exchange listed Kenmare Resources Plc and Australian Stock Exchange listed Galaxy Resources Limited. He is also Chairman of Africa-focused conservation charity, Space for Giants. Peter holds an MA from St John's College, Cambridge and is a Member of the Institute of Chartered Accountants in England and Wales.

**Al Gourley**
Non-Executive Director

Al Gourley is the London Managing Partner of Fasken Martineau, an international law firm, where his practise focuses on finance and asset transactions in the natural resource industry. Mr. Gourley has served as a director of several TSX, TSX-V and AIM mining and mineral exploration companies, including a company that was acquired by Franco-Nevada for its gold royalty on the Newmont Ahafo Mine in Ghana. Mr. Gourley has direct mining industry experience having worked for the Noranda Group (1992 to 1995) and having served as CEO of an AIM-listed industrial mineral producer (2011 to 2012). Mr. Gourley is a member of the Solicitors Regulatory Authority (England and Wales), a member of the Ontario Law Society and Chairman of the Board of the World Association of Mining Lawyers (WAOML), whose Advisory Council he led from the date of its formation in 2014 until 2018. Mr. Gourley holds a BBA from Schulich School of Business and an LLB from the University of Ottawa.

**Helen Pein**
Non-Executive Director

Helen Pein has had a successful career spanning more than 30 years as an economic geologist in the natural resource sector. Helen is currently a director of Pan Iberia Ltd. (UK) and founder member of Panex Resources Pty. Ltd. (Mauritius and SA) a private company focusing on finding and developing global mining projects. Helen was formerly a director and shareholder of Pangea Exploration (Pty) Ltd for 20 years. She was part of the executive team which was directly responsible for the discovery and evaluation of a number of world class gold and mineral sands deposits throughout Africa (Burnstone, Tuluwaka, Buzwagi, Corridor Sands and Kwale). From 2012, Pangea was affiliated to Private Equity Company, Denham Capital International, providing asset analysis and technical evaluation of mining investments in Africa. Helen is a recipient of the Gencor Geology Award and Fellow of the Geological Society of South Africa and member of the International Society for Economic Geologists. She holds a B.Sc. Geoscience and a B.Sc. Geology (Hons) (Cum Laude), from the University of Stellenbosch SA. Helen sits on both the Nomination and Remuneration Committees.

**David Reading**
Non-Executive Director

David previously held Chief Executive Officer positions at Aureus Mining (TSX & AIM: AUE) and European Goldfields and was formerly Chief Geologist and SVP Exploration & New Business for Randgold Resources. From 2018 to 2020 David served as Special Advisor to the board of directors and CEO of Continental Goldfields Inc (TSX: CNL), undertaking a full review of all geology and exploration data and previous work providing strategic advice and being extensively involved in its sale to Zijin. Mr. Reading has over 40 years' experience in the mining industry covering all stages of mine development, including exploration, feasibility, financing, construction and operations. He has an MSc in Economic Geology and is a Fellow of the Institute of Materials, Minerals and Mining and is a Fellow of the Society of Economic Geologists.

# Directors' Report

**The Directors of the Company present their report, together with the audited Group financial statements of Trident Royalties plc for the year ended 31 December 2022.**

## Principal Activities

The Group's principal activity is to invest in mining royalties and offtakes across the natural resources sector. Its current activities are located in the United Kingdom, Australia, US, Zambia, Peru, Canada, South Africa, Mexico, Brazil and Kenya. Trident is domiciled and incorporated in the England and Wales with registration number 11328666.

## Review of Business

A review of the current and future development of the Group's business is given in the Strategic Report on pages 8 to 43 which forms part of, and by reference is incorporated in, this Directors' Report.

The Group's Financial Risk Management objectives and policies are discussed in note 23. The principal risks and uncertainties faced by the Group are set out on pages 38 and 39.

## Results and Dividends

The results of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend for the year.

## Directors and Directors' Interests

The Directors who served during the year to date are as follows:

| |
|---|
| Adam Davidson |
| Paul Smith |
| Richard Hughes (appointed 20 September 2022) |
| Peter Bacchus |
| Al Gourley |
| Helen Pein |
| David Reading (appointed 26 June 2022) |

The direct and beneficial shareholdings of the Board in the Company as at 31 December 2022 were as follows:

| | **Shares held at 31 December 2022** | Shares held at 31 December 2021 |
|---|---|---|
| Adam Davidson | **300,000** | 130,000 |
| Paul Smith | **4,201,867** | 3,317,000 |
| Richard Hughes | **475,000** | - |
| Peter Bacchus | **202,015** | 175,000 |
| Al Gourley* | **7,500,000** | 6,327,027 |
| Helen Pein | **105,468** | 9,009 |
| David Reading | **175,000** | - |

* 2,754,042 shares held directly, and 4,745,958 shares held through Albert C Gourley Professional Corporation, a corporation controlled by Mr. Gourley

Details of share options issued to the Executive Directors during the year are provided in the Renumeration Report and note 22.

## Substantial Shareholders

As at 31 December 2022, the total number of issued Ordinary Shares with voting rights in the Company was 291,130,600. The Company has been notified of the following interests of 3% or more in its issued share capital.

| Shareholder | Number of ordinary shares | % of issued share capital |
|---|---|---|
| Regal Funds Management Pty Limited | 31,329,800 | 10.76 |
| Orion Resource Partners | 25,742,752 | 8.84 |
| LIM Asia Special Situations Master Fund Limited | 25,428,837 | 8.73 |
| Ponderosa Investments (WA) Pty Limited | 16,124,196 | 5.54 |
| Amati UK Smaller Companies Fund | 14,663,060 | 5.03 |
| Tribeca Investment Partners Pty Limited | 12,322,285 | 4.23 |
| BlackRock World Mining Trust Plc | 11,586,558 | 3.97 |

### Changes in Share Capital
Details of transactions during the year, and subsequent to the year-end, that increased the share capital of the Company are detailed in note 21. As at 31 December 2022, 291,130,600 ordinary shares of 1p were in issue.

### Corporate Governance
The Group has set out its full Corporate Governance Statement on pages 48 to 51. The Corporate Governance Statement forms part of this Directors' report and is incorporated into it by cross reference.

### Greenhouse Gas Disclosures
The Group is an investment company, with 4 full time employees and the Board of Directors and no head office, and therefore has minimal carbon emissions. It is not practical to obtain emissions data and as such none is disclosed. Further information of the Group's environmental impact is give in its Environmental and Social Governance Statement on pages 33 to 36.

### Supplier payment policy
It is the policy and normal practice of the Group to make payments due to suppliers in accordance with agreed terms and conditions, generally 30 days. Where suppliers offer early settlement discounts, these may be taken advantage of.

### Directors' Insurance
During the year, Directors and Officers Liability Insurance was maintained for Directors and other Officers of the Group.

### Events after the Reporting Period
Events since the balance sheet date are included in note 26.

### Going Concern
The financial position of the Group and cash flows as at 31 December 2022 are set out on pages 63 and 65. The Group meets its day-to-day working capital and other funding requirements with its current cash, raised through equity placings and revenue from its cash generating royalties. The Group actively manages its financial risks as set out in note 23 and operates Board-approved financial policies, that are designed to ensure that the Group maintains an adequate level of headroom and effectively mitigates financial risks.

On the basis of current financial projections (at least 12 months from the date of the approval of the financial statements), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

### Section 172 Statement
A statement of how the Board has performed its duties under section 172 of the Companies Act 2006 can be found on page 37 of the Strategic Report.

### Political Donations
During the year, the Group did not make any political donations.

### Disclosure of information to Auditors
The Directors confirm that:
- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditor
A resolution proposing the re-appointment of PKF Littlejohn LLP as auditor is contained in the Notice of Annual General Meeting and will be put to shareholders at the Annual General Meeting.

This Directors' Report has been approved by the Board and signed on its behalf by:

**Paul Smith**
Non-Executive Chairman
2 June 2023

# Corporate Governance Statement

The Company is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure all of its practices are conducted transparently, ethically and efficiently. The Company believes scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and deliver value to shareholders. Therefore, and in accordance with the AIM Rules for Companies, the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Code 2018 ("QCA Code").

The 10 principles set out in the QCA Code are listed below, with an explanation of how the Company applies each of the principles and the reason for any aspect of non-compliance.

| Principle | Trident Response |
|---|---|
| **Establish a strategy and business model which promote long-term value for shareholders** | The strategic vision of the Company is explained in the Strategic Report on pages 8 to 43. The Company's strategy follows the well understood royalty company model, however it seeks to create value through the acquisition of attractive and robust royalties in commodities and jurisdictions which are inherently less competitive relative to those with a precious metal focus. |
| **Seek to understand and meet shareholder needs and expectations** | The Board is committed to maintaining good communications and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year. |
| **Take into account wider stakeholder and social responsibilities and their implications for long term success** | The Board recognises that the long-term success of the Company will be enhanced by good relations with different internal and external groups and to understand their needs, interest and expectations, the Board has established a range of processes and systems to ensure that there is ongoing two-way communication, control and feedback processes in place with which to enable appropriate and timely response. |
| **Embed effective risk management, considering both opportunities and threats, throughout the organisation** | The Board maintains a risk register and regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. |
| **Maintain the Board as a well-functioning, balanced team led by the Non-Executive Chairman** | The Board's composition and structure is discussed elsewhere in this corporate governance section together with a table of Board committee attendance. |
| **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities** | The complementary skills and experience of the Board and Executive Management team are included on pages 44 and 45. |
| **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement** | Review of the Company's progress against the long-term strategy and aims of the business provides a means to measure the effectiveness of the Board. This progress is reviewed in Board meetings held at least four times a year. The Chief Executive Officer's performance is reviewed once a year by the rest of the Board and measured against a definitive list of short, medium and long-term strategic targets set by the Board. |

| Principle | Trident Response |
|---|---|
| **Promote a corporate culture that is based on ethical values and behaviours** | The corporate culture of the Company is promoted through its employees and contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies including a Share Dealing Policy and Code, Anti-Corruption and Anti-Bribery Policy, Matters Reserved for the Board, Code of Business Ethics, Employee Leave Policy, Expenses Policy, Whistle Blowing Policy, Grievance Redressal and Disciplinary Policy, Social Media Policy and Media and Communications Policy so that all aspects of the Company are run in a robust and responsible way. |
| **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board** | The Company's governance structures are predominantly its Committees as noted below. |
| **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders** | The Company's financial and operational performance is summarised in the Annual Report and the Interim Report, with regular updates provided to stakeholders in other forums through the year, including press releases and regular updates to the Company's website. |

### Board role and objectives

In leading the Company, the Board defines the purpose of the Company and makes key decisions in relation to strategic matters to deliver this. The Board is also responsible for making key decisions about financial planning, review of financial performance, setting the cultural tone for the Group, review of operational matters, the governance framework, investments and Director appointments. In doing so, the Board draws on each Director's unique skillset and wide range of experience in the natural resources sector, financial and operational aspects of businesses, public markets and of different geographies around the world.

The Board retains ultimate accountability for good governance and maintains full and effective control over the Company. The Company holds regular Board meetings (approximately once a month) at which financial, operational and other reports are considered and, where appropriate, voted on. The Board is responsible for the Group's strategy, performance, key financial and compliance issues approval of any major capital expenditure and the framework of internal controls.

The Board is meeting by video-conference and doing so for regular updates to be able to closely monitor and consider developments in the Group and more widely during this period. As well as the Executive Directors, senior management are invited to attend and present at meetings of the Board and its Committees where appropriate.

All Directors devote ample time in order to discharge their duties both at and outside of Board meetings. The Board is well briefed in advance of meetings and receives high-quality, comprehensive reports to ensure matters can be given thorough consideration. All Directors on the Board have access to, and the support of, the Company Secretary who acts as secretary to the Board and its Committees, reporting directly to their Chairs, advising on, and assisting on compliance with, relevant governance regulations and procedures. In addition, all Directors have unrestricted access to the Company's external advisers.

### Board Composition

The Board is comprised of a diverse group of experienced Directors, both from the UK and abroad, each with a wealth of expertise and a depth of knowledge appropriate to their role. Many have worked across a variety of jurisdictions and have extensive business and financial experience in the sector in which the Group operates. As at 31 December 2022, the Board of the Company consisted of the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and four Non-Executive Directors. Four of the Non-Executive directors are considered to be independent and ensure the Board independence requirement. All the Non-Executive Directors are independent in character and judgement and have the range of experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The Board believes that there is an adequate balance between the Non-Executive and Executive Director, both in number and in experience and expertise, to ensure that the Board operates independently of executive management.

The Company constantly keeps under review the constitution of the Board and may seek to add more members as required as the Company grows and develops.

### Board Committees

As described above Trident draws from the principles of the QCA Code for guidance in structuring its governance framework. The Board is supported by three Committees, specifically the Audit, Remuneration and Nomination Committees. These standing Committees focus on the areas of the Group's operation which the Board views as having key importance to the Group's shareholders and other stakeholders.

#### Audit Committee

The Audit Committee comprises Peter Bacchus as Chairman, Paul Smith and Al Gourley.

The Audit Committee reviews reports from management and from PKF Littlejohn LLP ("PKF"), the Company's statutory auditor, relating to the interim and annual accounts and to the system of internal financial control.

The Audit Committee is responsible for assisting the Board's oversight of the integrity of the financial statements and other financial reporting, the independence and performance of PKF, the regulation and risk profile of the Company and the review and approval of any related party transactions. The Audit Committee may hold private sessions with management and PKF without management present. Further, the Audit Committee is responsible for making recommendations to the Board on the appointment of PKF and the audit fee and reviews reports from management and PKF on the financial accounts and internal control systems used throughout the Company. The Committee makes recommendations to the Board on the appointment, retention and removal of the external auditor and the tendering of external audit services and will ensure that consideration of audit rotation takes place every 3 years.

The Audit Committee meets at least two times a year and is responsible for ensuring that the Company's financial performance is properly monitored, controlled and reported. The Audit Committee is responsible for the scope and effectiveness of the external audit and compliance by the Company with statutory and other regulatory requirements.

The Audit Committee also reviews arrangements by which the staff of the Company and the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action.

Where necessary, the Audit Committee obtains specialist external advice from appropriate advisers.

#### Remuneration Committee

The Remuneration Committee comprises David Reading, as Chairman, Al Gourley and Helen Pein.
The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Executive Directors and senior management (as appropriate) and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company.
The Remuneration Committee also reviews the performance of the Chief Executive Officer and sets the scale and structure of his remuneration, including the implementation of any bonus arrangements, with due regard to the interests of shareholders.

The Remuneration Committee is also responsible for granting options under the Company's share option plan and, in particular, the price per share and the application of the performance standards which may apply to any grant, ensuring in determining such remuneration packages and arrangements, due regard is given to any relevant legal requirements, the provisions and recommendations in the AIM Rules and The QCA Code.

The Remuneration Committee:

- determines and agrees with the Board the framework or broad policy for the remuneration of the Chief Executive Officer;
- determines the remuneration of Non-Executive Directors;
- determines targets for any performance-related pay schemes operated by the Company;
- ensures that contractual terms on termination and any payments made are fair to the individual, the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- determines the total individual remuneration package of the Chief Executive Officer, including bonuses, incentive payments and share options;
- is aware of and advises on any major changes in employees' benefit structures throughout the Company;
- ensures that provisions regarding disclosure, including pensions, as set out in the (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, are fulfilled; and
- is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.

## Board Committees continued

### Nominations Committee

The Nominations Committee comprises David Reading as Chairman, Paul Smith and Helen Pein.

The Nominations Committee shall be responsible for considering all criteria for new Executive and Non-Executive Director appointments, including experience of the industry in which the Company operates and professional background. Specifically, the Nominations Committee:

- is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- evaluates the balance of skills, knowledge, experience and diversity of the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment;
- reviews annually the time required from the Non-Executive Directors and assess whether each Non-Executive Director is spending enough time to fulfil their duties;
- considers candidates from a wide range of backgrounds;
- gives full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise therefore needed on the Board, reporting to the Board regularly;
- regularly reviews the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to changes;
- keeps under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- makes a statement in the annual report about its activities, the process used for appointments and explains if external advice or open advertising has not been used, the membership of the Nominations Committee, number of Nominations Committee meetings and attendance over the course of the year;
- ensures that on appointment the Executive and Non-Executive Directors receive formal letters of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- considers and makes recommendations to the Board about the re-appointment of any Non-Executive Director at the conclusion of their specified term of office or retiring in accordance with the Company's Articles of Association; and
- considers and make recommendations to the Board on any matter relating to the continuation in office of any Director at any time.

### Board and Committee attendance

The table below sets out the number of Board Committee meetings held during the year ended 31 December 2022 and each Director's attendance at those meetings.

| Director | Board Meetings | Nominations Committee | Audit Committee | Remuneration Committee |
|---|---|---|---|---|
| Paul Smith | 5 | 1 | 2 | 2 |
| Adam Davidson | 6 | - | - | - |
| Peter Bacchus | 5 | - | 2 | - |
| Al Gourley | 6 | - | 2 | 2 |
| Helen Pein | 6 | 1 | - | 2 |
| David Reading[1] | 3 | 1 | - | 2 |
| Richard Hughes[2] | 2 | - | - | - |
| **Total Meetings** | **6** | **1** | **2** | **2** |

1 David Reading appointed 27 June 2022

2 Richard Hughes appointed 20 September 2022

Further information about the Group's approach to Corporate Governance is provided on the Company's website at www.tridentroyalties.com.

Approved on behalf of the Board on 2 June 2023.

**Adam Davidson**
Chief Executive Officer

The table below sets out the total remuneration in respect of qualifying services for both Executive and Non-Executive Directors for the year ended 31 December 2022.

| | | Salary/fees US$'000 | Bonus US$'000 | Other[1] US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| **Executive Directors:** | | | | | |
| Adam Davidson | **2022** | **385** | **231** | **-** | **616** |
| | 2021 | 250 | 188 | 29 | 467 |
| Richard Hughes[2] | **2022** | **63** | **44** | **0.1[6]** | **107** |
| | 2021 | - | - | - | - |
| **Non-Executive Directors[7]:** | | | | | |
| Peter Bacchus[3] | **2022** | **93** | **-** | **1[6]** | **94** |
| | 2021 | 21 | - | - | 21 |
| Al Gourley | **2022** | **91** | **-** | **-** | **91** |
| | 2021 | 69 | - | - | 69 |
| Helen Pein | **2022** | **87** | **-** | **-** | **87** |
| | 2021 | 49 | - | - | 49 |
| Paul Smith[4] | **2022** | **155** | **-** | **-** | **155** |
| | 2021 | 44 | - | - | 44 |
| David Reading[5] | **2022** | **37** | **-** | **-** | **37** |
| | 2021 | - | - | - | - |

1 Other remuneration consists of a one-off US$29k payment to Adam Davidson for untaken annual leave.
2 Richard Hughes was appointed to the Board on 20 September 2022.
3 Peter Bacchus was appointed to the Board on 23 July 2021.
4 Paul Smith was appointed non-executive Chairman on 21 June 2021.
5 David Reading was appointed to the Board on 27 June 2022.
6 The Company made pension contributions of US$0.1k and US$0.9k on behalf of Richard Hughes and Peter Bacchus respectively.
7 Given the payment timings, the amounts paid to Non-Executive Directors in 2022 includes cash conservation payments relating to the 2021 and 2022 financial years.

The aggregate emoluments of the highest paid Director totalled US$616k (2021: US$467k). No Director has a service agreement with the Company that is terminable on more than twelve months' notice. Details of shares owned by the Directors is provided in the Directors' Report.

### Executive Directors

The discretionary bonuses of the Executive Directors were assessed against a number of objectives and criteria by the Remuneration Committee, resulting in an award to Adam Davidson of US$231k (2021: US$188k) and an award to Richard Hughes of US$44k (2021: N/A).

Adam Davidson has a rolling service contract that is subject to twelve months' notice. Richard Hughes has a rolling service contract that is subject to six months' notice. On 1 January 2023, Adam Davidson's base salary was increased from US$385k to US$412k per annum and Richard Hughes' base salary increased from £180k to £200k per annum.

### Non-Executive Directors

Each Non-Executive Director appointment is subject to periodic renewal, in terms of the Company's Articles of Association, at the AGM. For Non-Executive Directors, these engagements can be terminated by either party on six months' notice.

On 1 January 2023, the Non-Executive Directors signed updated letters of appointment. Under the terms of these letters, the Non-Executive Directors were entitled to an annual fee totalling GBP£32.1k, plus a cash conservation sum of GBP£26.8k payable 2/3 in shares and 1/3 in cash (the share total calculated by reference to the 5-day VWAP prior to admission of the shares), plus GBP£5k for each Committee they chair. The Non-Executive Chairman was entitled to an annual fee totalling GBP£64.2k plus a cash conservation sum of GBP£42.8k payable 2/3 in shares and 1/3 in cash (the share total calculated by reference to the 5-day VWAP prior to admission of the shares).

On 26 April 2022, the Non-Executive Directors received updated letters of appointment increasing the cash conservation fee of the Non-Executive Chairman to GBP£40k and the Non-Executive Directors to GBP£25k.

On 1 January 2023, the Non-Executive Directors signed updated letters of appointment. Under the terms of these letters, the Non-Executive Directors were entitled to an annual fee totalling GBP£32.1k, plus a cash conservation sum of GBP£26.8k paid in January each year payable 2/3 in shares and 1/3 in cash (the share total calculated by reference to the 5-day VWAP prior to admission of the shares), plus GBP£5k for each Committee they chair. The Non-Executive Chairman was entitled to an annual fee totalling GBP£64.2k plus a cash conservation sum of GBP£42.8k paid in January each year payable 2/3 in shares and 1/3 in cash (the share total calculated by reference to the 5-day VWAP prior to admission of the shares).

On 15 February 2023, it agreed that going forward the share-based portion of the cash conservation sum would now be paid in cash rather than through the issuance of new shares. It was also agreed that David Reading and Helen Pein will each receive an additional GBP£20k annual payment in respect of the additional technical advice and support provided to the Company for the review and analysis of new royalty opportunities and portfolio assets.

### Directors Option Awards

During the year Adam Davidson was awarded 3,150,000 options which vest and become exercisable in 5 tranches from the date of grant (1 February 2022) with an exercise price of 50 pence and vesting target share prices of 80, 90, 100, 110 and 120 pence respectively. The options lapse after the 7th anniversary from the date of grant.

In addition Richard Hughes was awarded 1,600,000 options which vest and become exercisable in 5 tranches from the date of grant (20 September 2022) with an exercise price of 50 pence and vesting target share prices of 80, 90, 100, 110 and 120 pence respectively. The options lapse after the 7th anniversary from the date of grant.

Approved on behalf of the Board on 2 June 2023.

**Adam Davidson**
Chief Executive Officer

## Directors' Responsibility Statement

**The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. 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 company and of the profit or loss of the group and company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, for the group and company, UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The company is compliant with AIM Rule 26 regarding the company's website.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Approved on behalf of the Board on 2 June 2023.

**Adam Davidson**
Chief Executive Officer

# GOLD HAS HISTORICALLY BEEN HELD AS A STORE OF WEALTH AND HEDGE AGAINST INFLATION

# FINANCIAL STATEMENTS


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# Independent Auditor's Report
to the members of Trident Royalties plc

## Opinion

We have audited the financial statements of Trident Royalties plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

**In our opinion:**

- the financial statements 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 loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-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.

## 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 parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 a review of budgets for twelve months from the sign off date including checking the mathematical accuracy of the budgets and discussion of significant assumptions used by the management and comparing these with current year and post year end performance. We have also reviewed the latest available post year end management accounts, bank statements, regulatory announcements, board minutes and assessed any external industry wide factors which might affect the group and the parent company.

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 or 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements as a whole was set at US$1,400,000, (2021: US$950,000), with performance materiality set at US$980,000, (2021: US$665,000) and triviality threshold set at $70,000 (2021: US$47,500). Considering group operations and controls are centrally managed, and the low level of historically identified misstatements, a performance materiality threshold of 70% was considered appropriate. We agreed that we would report to Those Charged with Governance all misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Materiality has been calculated as 1% of the benchmark of gross assets, which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the group in assessing financial performance. As the group has acquired royalty investments in the year previously and this represents the most significant balance in the group financial statements, therefore we consider gross assets to be the best indicator of the group performance as a whole and most relevant to the users of the financial statements. The increase in the underlying business activities, means that materiality has changed significantly from the prior year.

The materiality applied to the parent company financial statements was US$210,000 (2021: US$40,000), based on 1% of gross assets, as the Company continues to hold royalty assets acquired in the prior year, and this represents the most significant balance. The performance materiality was US$147,000, (2021: US$28,000).

Trident Services Australia Pty Limited was audited using a materiality of US$110,000 (2021: US$220,000), based on 1% of gross assets, with performance materiality being $77,000 (2021: US$154,000), which was considered appropriate given the importance of the assets on the current and future group operations.

Trident Services LLC was audited using a materiality of US$310,000 (2021: nil), based on 1% of gross assets, with performance materiality being $217,000 (2021: nil), which was considered appropriate given the importance of the assets on the current and future group operations.

Trident Offtakes LLC was audited using a materiality of US$820,000 (2021: nil), based on 1% of gross assets, with performance materiality being $574,000 (2021: nil), which was considered appropriate given the importance of the assets on the current and future group operations.

All other components are considered as insignificant for audit purposes and have been audited at a level below group materiality.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

### Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain, such as the impairment of intangible assets and assumptions used in calculating the fair value of financial assets. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The group has six trading companies within the consolidated financial statements, two based in the UK, one based in Europe, one based in Australia and two in the US. We identified four significant components, the parent company, Trident Royalties Plc, TRR Services Australia Pty Ltd, Trident Services LLC and Trident Offtakes which were subject to a full scope audit by a team with relevant sector experience. Component offices were not visited due to the fact that the finance function is centrally managed, and all data was provided to the audit team remotely.

In addition, we identified components which were not significant to the group and performed an audit of specific account balances and classes of transactions to ensure that balances which were material to the group were subject to audit procedures.

The approach gave the audit team the sufficient coverage on revenue, gross assets and loss for the year.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including 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.

| Key audit matter | How our scope addressed this matter |
|---|---|
| **Accounting treatment and recoverability of royalty interest assets** | |
| The group has continued to increase its holdings in royalty interests significantly in the year, completing four new acquisitions worth a combined $34.8m as at 31 December 2022. Investments in royalty interest assets represented US$119m (80%) of the group's total assets. Further details can be found at note 2, 12 & 13 of the Financial Statements. The investments comprise upfront payments for royalty entitlements, including associated direct acquisition costs. The group accounts for investments in royalty interests in one of two ways, as detailed below:<br>• Financial assets at Fair Value through Profit or Loss – if there is a contractual right to receive cash (i.e. minimum payments). Royalties are not recognised in revenue and reduce the financial asset; or<br>• Intangible assets – if no contractual right to receive cash. Such assets are amortised over the life of the mine and royalties recognised as revenue.<br><br>Value in use calculations are performed for each project based on discounted future cash-flows and compared to carrying value. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting cash flows. Where royalty interest assets are not yet revenue generating, management assess whether there are any indicators of impairment, having regard to progress of the underlying exploration project towards commercial mining activity and other publicly available information regarding successful progression of the project, securing funding, permitting etc.<br><br>There is the risk that royalty interest assets have not been correctly valued and classified in accordance with the requirements of IFRS.<br><br>We have determined this to be a key audit matter based on the financial significance of these assets to the group combined with the requirement for management to use their judgment in assessing their recoverability. | Our work in this area included;<br>• A review of the technical accounting memorandums prepared by management and the accounting policies adopted by the group for compliance with IFRS;<br>• A review of the asset acquisition accounting treatment including contingent consideration for compliance with IFRS, including verification of the key terms back to the underlying acquisition agreement;<br>• Re-performance of amortisation charges during the year and review of the useful economic lives;<br>• Verification of ownership of the royalty interests and corroboration to the agreements;<br>• An assessment of each royalty interest for indicators of impairment;<br>• Reviewing the valuation methodology for each type of investment held and ensuring that the carrying values are supported by sufficient and appropriate audit evidence; and<br>• Reviewing the associated disclosures in the financial statements. |
| **Recoverability of related party balances (parent company)** | |
| There is a risk around the recoverability of investments and inter-company balances on the parent company's balance sheet, which is directly related to the recoverability of the underlying asset performance. The parent had loans and contributions receivable from subsidiaries to the value of US$90.4m at year end, as shown in note 15 of the financial statements. Management considers the requirements of IFRS 9 and IAS 36 when assessing recoverability and the recognition of expected credit losses and impairments, which requires estimation and judgement. | Our work in this area included:<br>• Corroborating any significant changes in the business environment that would have an adverse effect on the underlying projects within each geographical area.<br>• Obtaining audit evidence of the entity's assessment of indicators of impairment as per IFRS 9 and IAS 36. Where indicators of impairment existed, we have obtained supporting explanations from management to confirm the prospects of recovering the related balances.<br><br>We have drawn conclusions on the related party balances through aligning to findings in respect of the group's underlying project interests. |

### 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 group and parent company 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group 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.

### 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.

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:

We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of audit knowledge and experience of the sector.

Our audit procedures were designed to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. The group and parent company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We addressed the risk of fraud arising from management override of controls by performing audit procedures over all significant components which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### Use of our report

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

**Zahir Khaki (Senior Statutory Auditor)**
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
2 June 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

# FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2022

# Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

| Continuing operations | Notes | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|---|
| Royalty and offtake related revenue | 3 | **7,850** | 83 |
| Amortisation of royalty intangible assets | 12 | **(4,857)** | (21) |
| **Gross profit** | | **2,993** | 62 |
| Administrative expenses | 4 | **(4,667)** | (3,744) |
| **Operating loss** | | **(1,674)** | (3,682) |
| Revaluation of royalty financial assets | 13 | **2,193** | 1,511 |
| Profit on disposal of intangible asset | 12 | **1,862** | - |
| Finance income | 7 | **241** | - |
| Other finance costs | 8 | **(6,244)** | (1,707) |
| Net foreign exchange (losses)/gains | | **(1,007)** | (523) |
| **(Loss)/profit before taxation** | | **(4,629)** | (4,401) |
| Income tax | 9 | **945** | 863 |
| **(Loss)/profit attributable to owners of the parent** | | **(3,684)** | (3,538) |
| **Other comprehensive income** | | | |
| Items that may be subsequently reclassified to profit and loss: | | | |
| Deferred tax | 9 | **-** | - |
| Exchange gains on translation of foreign operations | | **141** | 29 |
| **Other comprehensive income for the period, net of tax** | | **141** | 29 |
| **Total Comprehensive income attributable to owners of the parent** | | **(3,543)** | (3,509) |
| **Earnings per share:** | | | |
| Basic and diluted earnings per share (U.S. cents) | 10 | **(1.28)** | (2.15) |

The notes on pages 69 to 88 are an integral part of these financial statements.

# Consolidated Statement of Financial Position
As at 31 December 2022

| | Notes | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Royalty intangible assets | 12 | **104,975** | 44,900 |
| Royalty financial assets at fair value through profit and loss | 13 | **7,653** | 7,461 |
| Deferred tax asset | 9 | **2,005** | 1,043 |
| **Total non-current assets** | | **114,633** | 53,404 |
| **Current assets** | | | |
| Trade and other receivables | 17 | **12,047** | 1,212 |
| Assets classified as held for sale | 14 | **6,750** | - |
| Cash and cash equivalents | 18 | **16,577** | 45,637 |
| **Current assets** | | **35,374** | 46,849 |
| **Total assets** | | **150,007** | 100,253 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **2,277** | 1,039 |
| Current tax liabilities | 9 | **-** | - |
| Borrowings | 20 | **7,500** | 10,536 |
| **Total current liabilities** | | **9,777** | 11,575 |
| **Non-current liabilities** | | | |
| Contingent consideration | 19 | **408** | 436 |
| Borrowings | 20 | **32,500** | |
| Derivative financial liability | 20 | **2,452** | 172 |
| **Total non-current liabilities** | | **35,360** | 608 |
| **Total liabilities** | | **45,137** | 12,183 |
| **Net assets** | | **104,870** | 88,070 |
| **Equity attributable to owners of the parent** | | | |
| Share Capital | 21 | **3,835** | 3,307 |
| Share Premium | 21 | **106,387** | 87,046 |
| Share-based payments reserve | 22 | **511** | 403 |
| Foreign exchange reserve | | **259** | 118 |
| Retained Earnings | | **(6,122)** | (2,804) |
| **Total equity** | | **104,870** | 88,070 |

The notes on pages 69 to 88 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 2 June 2023 and are signed on its behalf by:

**Adam Davidson**
Director

# Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

| | Share capital US$'000 | Share premium US$'000 | Share based payments reserve US$'000 | Foreign exchange reserve US$'000 | Retained earnings US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2021 | 1,335 | 23,288 | 63 | 89 | 734 | 25,509 |
| Loss for the year | - | - | - | - | (3,538) | (3,538) |
| Other comprehensive income: | | | | | | |
| Exchange gains on translation of foreign operations | - | - | - | 29 | - | 29 |
| Total comprehensive income | - | - | - | 29 | (3,538) | (3,509) |
| Transaction with owners in their capacity as owners: | | | | | | |
| Issue of share capital | 1,972 | 66,993 | - | - | - | 68,965 |
| Share issue costs | - | (3,235) | - | - | - | (3,235) |
| Share-based payment charge | - | - | 340 | - | - | 340 |
| Total transactions with owners, recognised directly in equity | 1,972 | 63,758 | 340 | - | - | 66,070 |
| Balance at 31 December 2021 | 3,307 | 87,046 | 403 | 118 | (2,804) | 88,070 |
| Loss for the year | - | - | - | - | (3,684) | (3,684) |
| Other comprehensive income: | | | | | | |
| Exchange gains on translation of foreign operations | - | - | - | 141 | - | 141 |
| Total comprehensive income | - | - | - | 141 | (3,684) | (3,543) |
| Transaction with owners in their capacity as owners: | | | | | | |
| Issue of share capital | 528 | 19,613 | - | - | - | 20,141 |
| Share issue costs | - | (272) | - | - | - | (272) |
| Share options lapsed | - | - | (366) | - | 366 | - |
| Share-based payment charge | - | - | 474 | - | - | 474 |
| Total transactions with owners, recognised directly in equity | 528 | 19,341 | 108 | - | 366 | 20,343 |
| **Balance at 31 December 2022** | **3,835** | **106,387** | **511** | **259** | **(6,122)** | **104,870** |

The notes on pages 69 to 88 are an integral part of these financial statements.

# Consolidated Statement of Cash Flows
for the year ended 31 December 2022

| | Notes | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|---|
| **Cash flow from Operating Activities** | | | |
| (Loss)/profit before taxation | | **(4,629)** | (4,401) |
| Revaluation of royalty financial assets | 13 | **(2,193)** | (1,511) |
| Profit on sale of intangible asset | | **(1,862)** | - |
| Finance income | | **(241)** | - |
| Other finance costs | | **6,244** | 1,707 |
| Net foreign exchange losses | | **1,442** | 523 |
| Amortisation of royalty intangible asset | 12 | **4,857** | 21 |
| Other non-cash items | | **-** | 56 |
| Share-based payments charge | | **474** | 340 |
| **Net cash generated/(used) before changes in working capital** | | **4,092** | (3,265) |
| Increase in payables | | **1,424** | 684 |
| Increase in receivables | | **(9,048)** | (195) |
| **Net cash used in operating activities before tax** | | **(3,532)** | (2,776) |
| Corporate income tax paid | | **-** | (153) |
| **Net cash used in operating activities** | | **(3,532)** | (2,929) |
| **Cash flows from investing activities** | | | |
| Payments for acquisition of royalty intangible assets | | **(60,518)** | (29,072) |
| Cash received from sale of intangible asset | | **3,528** | - |
| Cash received from royalty financial asset | | **1,875** | 1,182 |
| Finance income | | **215** | - |
| **Net cash used in investing activities** | | **(54,900)** | (27,890) |
| **Cash flows from financing activities** | | | |
| Issue of share capital | | **6,438** | 63,489 |
| Share issue costs and AIM listing fees | | **(272)** | (3,235) |
| Proceeds from borrowings | 20 | **40,000** | 10,000 |
| Repayment of borrowings | 20 | **(10,000)** | - |
| Issue costs of credit facility | | **(1,576)** | - |
| Finance costs | | **(4,529)** | (979) |
| **Net cash generated from financing activities** | | **30,061** | 69,275 |
| Net (decrease)/increase in cash and cash equivalents during the year | | **(28,371)** | 38,456 |
| **Cash at the beginning of year** | | **45,637** | 6,971 |
| Effect of foreign exchange rate on cash and cash equivalents | | **(689)** | 210 |
| **Cash and cash equivalents at the end of the year** | | **16,577** | 45,637 |

The notes on pages 69 to 88 are an integral part of these financial statements.

# Company Statement of Financial Position
As at 31 December 2022

| | Notes | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in subsidiaries | 15 | **113** | 113 |
| Royalty financial assets at fair value through profit and loss | 13 | **7,653** | 7,461 |
| Amount due from subsidiary undertakings | 16 | **90,553** | 47,609 |
| Deferred tax asset | 9 | **221** | 93 |
| **Total non-current assets** | | **98,540** | 55,276 |
| **Current assets** | | | |
| Trade and other receivables | 17 | **4,041** | 1,176 |
| Cash and cash equivalents | 18 | **9,537** | 34,480 |
| **Current assets** | | **13,578** | 35,656 |
| **Total assets** | | **112,118** | 90,932 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **322** | 439 |
| Current tax liabilities | 9 | **-** | - |
| **Current liabilities** | | **322** | 439 |
| **Non-current liabilities** | | | |
| Derivative financial liability | 20 | **2,452** | 172 |
| **Total liabilities** | | **2,774** | 611 |
| **Net assets** | | **109,344** | 90,321 |
| **Equity** | | | |
| Share Capital | 21 | **3,835** | 3,307 |
| Share Premium | 21 | **106,387** | 87,046 |
| Share-based payments reserve | 22 | **511** | 403 |
| Foreign exchange reserve | | **(23)** | (23) |
| Retained Earnings | | **(1,366)** | (412) |
| **Total equity** | | **109,344** | 90,321 |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company Statement of Comprehensive Income. The loss for the Parent Company for the year was US$1.32m (2021: US$0.20m).

The notes on pages 69 to 88 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 2 June 2023 and are signed on its behalf by.

**Adam Davidson**
Director

# Company Statement of Changes in Equity
For the year ended 31 December 2022

| | Share capital US$'000 | Share premium US$'000 | Share based payments reserve US$'000 | Foreign exchange reserve US$'000 | Retained earnings US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2021 | 1,335 | 23,288 | 63 | (23) | (216) | 24,447 |
| Loss for the year | - | - | - | - | (196) | (196) |
| Total comprehensive income for the year | - | - | - | - | (196) | (196) |
| Issue of share capital | 1,972 | 66,993 | - | - | - | 68,965 |
| Share issue costs | - | (3,235) | - | - | - | (3,235) |
| Share-based payment charge | - | - | 340 | - | - | 340 |
| Total transactions with owners, recognised directly in equity | 1,972 | 63,758 | 340 | - | - | 66,070 |
| Balance at 31 December 2021 | 3,307 | 87,046 | 403 | (23) | (412) | 90,321 |
| Loss for the year | - | - | - | - | (1,320) | (1,320) |
| Total comprehensive income for the year | - | - | - | - | (1,320) | (1,320) |
| Issue of share capital | 528 | 19,613 | - | - | - | 20,141 |
| Share issue costs | - | (272) | - | - | - | (272) |
| Share options lapsed | - | - | (366) | - | 366 | - |
| Share-based payment charge | - | - | 474 | - | - | 474 |
| Total transactions with owners, recognised directly in equity | 528 | 19,341 | 108 | - | 366 | 20,343 |
| **Balance at 31 December 2022** | **3,835** | **106,387** | **511** | **(23)** | **(1,366)** | **109,344** |

The notes on pages 69 to 88 are an integral part of these financial statements.

# Company Statement of Cash Flows
for the year ended 31 December 2022

| | Notes | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| (Loss)/profit before taxation | | **(1,364)** | (255) |
| Revaluation of royalty financial asset | 13 | **(2,193)** | (1,511) |
| Finance income | | **(113)** | - |
| Intercompany interest received | | **(831)** | (510) |
| Other finance costs | | **1,694** | 51 |
| Net foreign exchange losses/(gains) | | **127** | (239) |
| Other non-cash items | | **-** | 56 |
| Share-based payments charge | | **474** | 340 |
| **Net cash used before changes in working capital** | | **(2,206)** | (2,068) |
| Increase in payables | | **86** | 462 |
| Increase in receivables | | **(2,154)** | (277) |
| **Net cash used in operating activities before tax** | | **(4,274)** | (1,883) |
| Corporate income tax paid | | **-** | (33) |
| **Net cash used in operating activities** | | **(4,274)** | (1,916) |
| | | | |
| **Cash flows from investing activities** | | | |
| Cash received from royalty financial asset | | **1,875** | 1,182 |
| Finance income | | **113** | - |
| Net foreign exchange gains | | **7** | - |
| Finance costs | | **-** | (51) |
| Loans granted to subsidiary undertakings | | **(28,696)** | (38,589) |
| Loan repayments from subsidiary undertakings | | **-** | 7,000 |
| **Net cash used in investing activities** | | **(26,701)** | (30,458) |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of share capital | | **6,438** | 63,489 |
| Share issue costs and AIM listing fees | | **(272)** | (3,235) |
| **Net cash generated from financing activities** | | **6,166** | 60,254 |
| | | | |
| Net (decrease)/increase in cash and cash equivalents during the year | | **(24,809)** | 27,880 |
| **Cash at the beginning of year** | | **34,480** | 6,547 |
| Effect of foreign exchange rate on cash and cash equivalents | | **(134)** | 53 |
| **Cash and cash equivalents at the end of the year** | | **9,537** | 34,480 |

The notes on pages 69 to 88 are an integral part of these financial statements.

## 1. GENERAL INFORMATION

Trident Royalties plc is a company incorporated and domiciled in the United Kingdom. The Company is a public limited company, which is listed on AIM of the London Stock Exchange, incorporated and domiciled in England and Wales. The address of the registered office is 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout the year presented, unless otherwise stated.

### Basis of preparation

The Group's consolidated financial statements and the Parent Company financial statements have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit and loss account and contingent consideration which are measured at fair value. The principal accounting policies adopted are set out below. The Group financial statements are presented in US Dollars ($) and rounded to the nearest thousand.

The preparation of the Group financial statements in conformity with IFRS 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 explained below.

### Going Concern

The financial position of the Group and cash flows as at 31 December 2022 are set out on pages 63 and 65. The Group meets its day-to-day working capital and other funding requirements with its current cash, raised through equity placings, proceeds from the disposal of assets and revenue from its cash generating royalties. The Group actively manages its financial risks as set out in note 23 and operates Board-approved financial policies, that are designed to ensure that the Group maintains an adequate level of headroom and effectively mitigates financial risks.

On the basis of current financial projections (at least 12 months from the date of approval of the financial statements), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

### Standards, interpretations and amendments to published standards not yet effective

The Directors have considered those standards and interpretations, which have not been applied in the financial statements, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group or Company.

### Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

At 31 December 2022, the consolidated financial statements combine those of the Company with those of its subsidiaries. Subsidiaries are entities over which the Group has control. Control is achieved when the Group 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Investments in subsidiaries are accounted for at cost less impairment within the Company financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is considered to be the Board.

### Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary OCI financial assets form part of the overall gain or loss in OCI recognised in respect of that financial instrument.

#### Translation into presentation currency

The Group presents its financial information in US Dollars (US$). The functional currency of all the Company's subsidiaries is US$ except for TRR Services Australia Pty Ltd which has an AUD functional currency.

- Assets and liabilities for each financial reporting date presented (including comparatives) are translated at the closing rate of that financial reporting period.
- Income and expenses for each income statement (including comparatives) is translated at exchange rates at the dates of transactions. For practical reasons, the Company applies average exchange rates for the period.
- All resulting changes are recognised as a separate component of equity.
- Equity items are translated at exchange rates at the dates of transactions.

The following exchange rates were used in the retranslation of these financial statements.

| | **At 31 December 2022** | At 31 December 2021 |
|---|---|---|
| US$/AUD closing rate at financial reporting date | **0.6806** | 0.7263 |
| US$/AUD average exchange rate during the reporting period | **0.6926** | 0.7483 |

### Intangible assets

#### Royalty arrangements

Royalty arrangements which are identified and classified as intangible assets are initially measured at cost, including any transaction costs, less provision for impairment where required.

Upon commencement of production at the underlying mining operation intangible assets are amortised on a units of production basis matching the depletion of the ore body over the life of the mine. Amortisation rates are adjusted on a prospective basis for all changes to estimates of the life of mine reserves.

#### Impairment

At each reporting date, the Group reviews the carrying amounts of its 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. 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. 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### Investments

Investment in subsidiaries are recorded at cost less provision for impairment.

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

Current tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted in the countries in which the Group operates by the Statement of Financial Position date and is based on taxable profit or loss for the year.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss 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 tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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 relate 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.

### Share-based payments

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, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options 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 profit and loss, with a corresponding adjustment to equity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Financial Instruments

Financial instruments comprise royalty financial assets, cash and cash equivalents, borrowings, financial assets and liabilities and equity instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and comprise trade and other receivables and trade and other payables respectively.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks.

### Borrowings

Interest bearing debt 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.

### Trade and other receivables

Trade and other receivables are accounted for under IFRS 9 using the expected credit loss model and are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

### Royalty financial assets at fair value through profit and loss

Royalty financial assets 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 assets have been designated as at fair value through profit and loss ("FVTPL").

The royalty financial assets 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 assets' line item of the income statement. Fair value is determined in the manner described in note 13.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model.

### Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### Warrant liability at fair value through profit and loss

The warrant liability is initially measured at fair value, including transaction costs. The liability is measured at fair value at the end of each reporting period, with any gains or losses recognised as other finance costs in the income statement. Fair value is determined by the calculation described in note 22.

### Equity instruments and reserves description

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Ordinary shares are classified as equity.

Deferred shares are classified as equity but have restricted rights such that they have no economic value.

Share capital account represents the nominal value of the ordinary and deferred shares issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share based payment reserve represents equity-settled share-based employee remuneration until such share options are exercised.

Foreign exchange reserve represents

- differences arising on the opening net assets retranslation at a closing rate that differs from opening rate; and
- differences arising from retranslating the income statement at exchange rates at the dates of transactions at average rates and assets and liabilities at the closing rate.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Revenue recognition

The revenue of the Group comprises mainly royalty income. It is measured at the fair value of the consideration received or receivable after deducting discounts, value added tax and other withholding tax. The royalty income becomes receivable on extraction and sale of the relevant underlying commodity, and by determination of the relevant royalty agreement.

Trident adopts IFRS 15 revenue from contracts with customers ("IFRS 15") except in the case of the offtake contract revenue. The strict legal interpretation of IFRS 15 deems Trident to be principal in the transaction (and not agent) and accordingly should disclose revenue and costs gross. However, management considers that the substance of these instruments (and revenue and cost) is such that Trident will always sell the gold within the quotation period, does not intend to hold gold for long term trading and will not make a gross loss. As a result of the above judgement, revenue in the income statement is stated net. The gross revenue, and related costs, are disclosed in note 3 – Business and Geographical Reporting.

Interest income is accrued on a time basis, by reference to the carrying value and at the effective interest rate applicable.

### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The Group's estimate in respect of contingent consideration that may be payable following the acquisition of Royalty Intangible Assets, is capitalised as an asset acquisition cost. The value of the provision is determined by the amounts deemed payable by management at the balance sheet date.

### Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical accounting judgements

**Classification of royalty arrangements: initial recognition and subsequent measurement**

The Directors must decide whether the Group's royalty arrangements should be classified as:

- Intangible assets in accordance with IAS 38 Intangible Assets; or
- Financial assets in accordance with IFRS 9 Financial Instruments

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: Royalties, are mainly classified as intangible assets by the Group. The Group considers the substance of a simple 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 royalty intangible, 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 royalty assets (royalties with additional financial protection): In certain circumstances where the risk is considered too high, the Group will look to introduce additional protective measures. This has taken the form of minimum payment terms. Once an operation is in production, these mechanisms generally fall away such that the royalty will display identical characteristics and risk profile to the intangible royalties; however, it is the contractual right to enforce the receipt of cash which results in these royalties being accounted for as financial assets under IFRS 9.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Critical accounting judgements continued

| Accounting classification | Substance of contractual terms | Accounting treatment | Examples |
|---|---|---|---|
| Royalty intangible assets and offtake interests | Simple royalty with no right to receive cash other than through a royalty related to production<br><br>An offtake contract is a contract where an operator agrees to sell, and the purchaser agrees to buy, refined metal produced from the mine or mines over which the offtake is granted. The key commercial terms include those relating to the amount of metal to be purchased, the delivery mechanics, and the payment terms. | • Investment is presented as an intangible asset and carried at cost less accumulated amortisation and any impairment provision<br>• Royalty or offtake income is recognised as revenue in the income statement<br>• Intangible asset is assessed for indicators of impairment at each period end | • Koolyanobbing<br>• Spring Hill<br>• Lake Rebecca<br>• Thacker Pass<br>• Lincoln gold<br>• WA Gold<br>• Sugar Zone offtake<br>• Equinox Gold offtake<br>• Allied Gold offtake |
| Royalty financial instruments | Royalty arrangement with a contractual right to receive cash (e.g. through a minimum payment profile) | • Financial asset is recognised at fair value on the balance sheet<br>• Fair value movements taken through the income statement (FVTPL)<br>• Royalty income is not recognised as revenue in the income statement and instead reduces the fair value of the asset | • Mimbula |

### Going concern

The Group and Company financial statements have been prepared on a going concern basis as the Directors have assessed the Group's and Company's ability to continue in operational existence for the foreseeable future. The operations are currently being funded through existing cash reserves and royalty income.

The financial statements do not include the adjustments that would result if the Group or Company were not to continue as a going concern. See Going Concern section on page 69 for more details.

### Loans to subsidiaries

Loans to subsidiaries have a carrying value at 31 December 2022 of US$90.6m (2021: US$47.6m). The Directors have assessed the carrying value to be equal to fair value on the basis that the loans will be recovered from the subsidiaries as they generate cash flow from their underlying investments in royalty assets. In the event that the underlying value of the royalty asset becomes impaired, and the loans are not considered to be recoverable, an impairment charge will then be recognised in the Statement of Comprehensive Income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Key sources of estimation uncertainty

**Assessment of fair value of royalty arrangements held at fair value**

The Mimbula royalty is 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 financial results.

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 commodity prices, exchange rate changes and reserves and resources and timing/likelihood of mines entering production if not already generating income.

The key assumptions relating to the Group's royalty financial asset classified as fair value through profit or loss is set out in note 13.

**Impairment review of intangible assets**

Intangible assets 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 expected future cash flows expected from the royalty arrangement should the project continue/come into production. A pre-tax nominal discount rate is applied to the future cash flows. The discount rate of each royalty arrangement is 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 income arising. This assessment is impacted by news flow relating to the underlying operation in the year, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

**Amortisation**

The Group's amortisation policy is based on a depletion method using units of production. Management regularly review the life of its assets, the amortisation rates and methodology, and amortisation rates may be adjusted for changes to the estimates.

## 3. BUSINESS AND GEOGRAPHICAL REPORTING

The Group's chief operating decision maker is considered to be the Executive Board. The Executive Board evaluates the financial performance of the Group by reference to its diversified portfolio - split between precious, bulk, battery and base metal assets - its reportable segments.

The following individual royalty arrangements are aggregated into the reportable segments:

| | |
|---|---|
| **Precious:** | Lake Rebecca, Spring Hill, Lincoln Gold Mine, Western Australia gold, Gold Offtake Contracts |
| **Bulk:** | Koolyanobbing, |
| **Battery Metals:** | Thacker Pass |
| **Base:** | Mimbula, Pukaqaqa |

Below is a summary of the Group's results, assets and liabilities by reportable segment as presented to the Executive Board. Operating profit/(loss) is stated before revaluation of royalty financial instruments, one off costs, finance income and expense foreign exchange gains and taxation.

Segmental information as at 31 December 2022:

| | **Precious US$'000** | **Bulk US$'000** | **Battery metals US$'000** | **Base US$'000** | **Other US$'000** | **Total US$'000** |
|---|---|---|---|---|---|---|
| Royalty related revenue | 6,418 | 1,432 | - | - | - | 7,850 |
| Amortisation of royalty intangible assets | (3,796) | (1,061) | - | - | - | (4,857) |
| **Gross profit** | 2,622 | 371 | - | - | - | 2,993 |
| Operating expenses | - | - | - | - | (4,667) | (4,667) |
| **Total segment operating profit/(loss)** | **2,622** | **371** | **-** | **-** | **(4,667)** | **(1,674)** |
| **Total segment assets** | **84,381** | **2,445** | **28,234** | **11,714** | **23,233** | **150,007** |
| **Total segment liabilities** | **(41,730)** | **-** | **-** | **-** | **(3,956)** | **(45,686)** |

As at 31 December 2022 the Group was receiving royalty income from the Gold Offtake portfolio and Lincoln gold (precious segment), Koolyanobbing (bulk segment) and Mimbula (base segment) which is accounted for as a financial asset (see note 13). A fair value gain of US$2.2m (2021: US$1.5m) was recognised in the base segment. US$6.1m of the Precious revenue relates to net proceeds from gold offtake contracts – gross revenue was US$446.1m with US$440.0m costs.

Segmental information as at 31 December 2021:

| | Precious US$'000 | Bulk US$'000 | Battery metals US$'000 | Base US$'000 | Other US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Royalty related revenue | - | 83 | - | - | - | 83 |
| Amortisation of royalty intangible assets | - | (21) | - | - | - | (21) |
| Gross profit | - | 62 | - | - | - | 62 |
| Operating expenses | - | - | - | - | (3,744) | (3,744) |
| Total segment operating result | - | 62 | - | - | (3,744) | (3,682) |
| Total segment assets | 9,869 | 3,722 | 28,234 | 10,535 | 47,893 | 100,253 |
| Total segment liabilities | 436 | - | - | - | 11,747 | 12,183 |

## 4. EXPENSES BY NATURE

| | **Year ended 31 December 2022 US$'000** | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Employee benefit expense (note 6) | **2,472** | 2,093 |
| Share based payments | **474** | 340 |
| Legal and professional | **1068** | 788 |
| Other operating expenses | **653** | 523 |
| **Total operating expenses** | **4,667** | 3,744 |

## 5. AUDITOR REMUNERATION

During the year the Company obtained the following services from the auditor:

| | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Fees payable to the auditor for the audit of the Company | 69 | 62 |
| **Total auditor's remuneration** | 69 | 62 |
| Other assurance services pursuant to legislation | - | 6 |

Details of the Company's policy on the use of auditors 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.

## 6. EMPLOYEE BENEFIT EXPENSE

| | Group Year ended 31 December 2022 US$'000 | Company Year ended 31 December 2022 US$'000 | Group Year ended 31 December 2021 US$'000 | Company Year ended 31 December 2021 US$'000 |
|---|---|---|---|---|
| Directors' salary and fees | 1,185 | 585 | 899 | 447 |
| Employee costs | 1,103 | 455 | 1,011 | 358 |
| Social security costs | 184 | 90 | 183 | 85 |
| **Total employee benefit expense** | 2,472 | 1,130 | 2,903 | 890 |

All the wages and salaries were paid to the Directors and senior management. There were no employees in the year other than the Directors and senior management. Further disclosures in respect of Directors' remuneration are included within the Directors' Remuneration Report. The average number of employees (including Directors) during the year was 9 (2021: 8).

## 7. FINANCE INCOME

| | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Interest from bank deposits | 241 | - |
| **Total** | 241 | - |

## 8. FINANCE EXPENSE

| | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Interest paid | 3,774 | 801 |
| Amortisation of financing costs (including warrant charge) | 2,220 | 906 |
| Other finance charges | 250 | - |
| **Total** | 6,244 | 1,707 |

## 9. INCOME TAX

| | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|
| **Analysis of charge for year:** | | |
| United Kingdom corporation tax | - | - |
| Overseas taxation | 84 | - |
| Adjustments in respect of prior years | - | 2 |
| Current tax expense | 84 | 2 |
| Deferred tax credit in current year | (1,317) | (914) |
| Adjustments in respect of prior years | 318 | 49 |
| Effect of changes in tax rates | (30) | - |
| Deferred tax | (1,028) | (865) |
| **Income tax credit** | (945) | (863) |

| | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Factors affecting the tax charge for the year: | | |
| **Profit/(loss) before taxation** | (4,629) | (4,401) |
| Tax on result calculated at UK Corporation tax of 19% (2019: 19%) | (880) | (836) |
| **Tax effects of:** | | |
| Items non-taxable/deductible for tax purposes: | | |
| Non-deductible expenses | 107 | 87 |
| Non-taxable income | - | 157 |
| **Temporary and other differences:** | | |
| Foreign tax credits | 83 | - |
| Effect of differences between local and UK tax rates | (420) | (257) |
| Prior year adjustment to current and deferred tax | 319 | 51 |
| Deferred tax not recognised | (27) | 37 |
| Remeasurement of deferred tax for changes in tax rates | (127) | - |
| Other adjustments | - | (102) |
| **Income tax** | (945) | (863) |

The Group is subject to taxation in United Kingdom, USA and Australia with applicable tax rates of 25.00%, 21.00% and 30.00% respectively. The Group does not have any unresolved tax matters or disputes with the tax authorities in the jurisdictions in which it operates.

## 9. INCOME TAX CONTINUED

### Deferred taxation

The following are the deferred tax assets and liabilities recognised by the Group and the movements during the year:

| Group | Tax losses US$000 | Other US$000 | Total US$000 |
|---|---|---|---|
| **At 1 January 2021** | 220 | (10) | **210** |
| Credit/(charge) to income statement | 1,262 | (397) | **865** |
| Exchange differences | - | (32) | **(32)** |
| 31 December 2021 | 1,482 | (439) | **1,043** |
| Credit/(charge) to income statement | 1,317 | (289) | **1,028** |
| Exchange differences | - | (66) | **(66)** |
| **At 31 December 2022** | 1,317 | (355) | **2,005** |

The deferred tax asset predominantly relates to losses incurred in the Australian subsidiary (as partially offset by accelerated capital allowances). Based on forecast future cashflows on those royalty assets held by the Australian subsidiary these losses are expected to be fully utilised, accordingly the deferred tax asset has been recognised in full.

| Company | Tax losses US$000 | Other US$000 | Total US$000 |
|---|---|---|---|
| **At 1 January 2021** | - | 29 | **29** |
| Credit to income statement | - | 64 | **64** |
| At 31 December 2021 | - | 93 | **93** |
| Credit to income statement | 98 | 30 | **128** |
| **At 31 December 2022** | 98 | 123 | **221** |

## 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

### Net (loss)/profit attributable to shareholders

| | Year ended 31 December 2022 US$'000 | Year ended 31 December 2021 US$'000 |
|---|---|---|
| Loss | **(3,684)** | (3,538) |

The weighted average number of shares in issue for the purpose of calculating basic and diluted earnings per share and basic and diluted adjusted earnings per share are as follows:

### Weighted average number of shares in issue

| | 2022 | 2021 |
|---|---|---|
| Basic number of shares outstanding | **288,853,068** | 164,638,648 |
| Dilutive effect of Employee Share Option Scheme | **-** | - |
| Diluted number of shares outstanding | **288,853,068** | 164,638,648 |
| Earnings per share – basic | **(1.28) c** | (2.15) c |
| Earnings per share – diluted | **(1.28) c** | (2.15) c |

The Company has outstanding warrants and options as disclosed under Note 22 which may be dilutive in future periods. The effect in respect of the current year would have been anti-dilutive (reducing the loss per share) and accordingly is not presented.

In addition, the effect of the issue of ordinary shares shortly after year end, would also have been anti-dilutive, and accordingly is not considered. The issue, however, may be dilutive in future periods.

## 11. DIVIDENDS

There were no dividends paid or proposed by the Company in either period.

## 12. ROYALTY INTANGIBLE ASSETS

### Group

| | Royalty interests US$'000 | Offtake interests US$'000 | Total US$'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 12,346 | - | **12,346** |
| Acquisitions | 34,606 | - | **34,606** |
| Exchange differences | (785) | - | **(785)** |
| At 31 December 2021 | 46,167 | - | **46,167** |
| Acquisitions | - | 74,018 | **74,018** |
| Disposals | - | (1,833) | **(1,833)** |
| Reclassified as assets held for sale | (6,750) | - | **(6,750)** |
| Exchange differences | (768) | - | **(768)** |
| At 31 December 2022 | 38,649 | 72,185 | **110,834** |
| **Accumulated Amortisation** | | | |
| At 1 January 2021 | (1,328) | - | **(1,328)** |
| Amortisation | (21) | - | **(21)** |
| Exchange differences | 82 | - | **82** |
| At 31 December 2021 | (1,267) | - | **(1,267)** |
| Amortisation | (1,061) | (3,795) | **(4,611)** |
| Disposal | - | 166 | **166** |
| Exchange differences | 98 | - | **98** |
| At 31 December 2022 | (2,230) | (3,629) | **(5,614)** |
| Net book value at 31 December 2021 | 44,900 | - | **44,900** |
| **Net book value at 31 December 2022** | 36,419 | 68,556 | **104,975** |

### Amortisation

Amortisation is charged on a units of production basis (over initial estimated reserves) on those assets in production. In the case of Koolyanobbing it is estimated that circa 52% (2021:70%) of the original acquired reserve remains.

### Acquisitions

**Gold Offtake Portfolio**

On 11 January 2022 the Group completed the acquisition of a portfolio of gold offtake contracts from funds managed by Orion Resource Partners for total consideration of US$69.75m of which US$60.00m was payable in cash and US$9.75m in new ordinary shares.

On 23 March 2022 the Group completed the acquisition of a gold offtake contract over the Sugar Zone Mine in Canada from funds managed by Orion Resource Partners for total consideration of US$3.75m payable in new ordinary shares.

**Sonora Lithium Project**

On 27 January 2022, the Group entered into an agreement to acquire, subject to certain conditions, an indirect 1.5% Gross Royalty over the Sonora Lithium Project in Mexico, through a joint venture company called Sonoroy Holdings Limited ("Sonoroy"). Sonoroy holds a 3.0% Gross Royalty over the project. The transaction was structured so as to result in Trident holding a 50% shareholding in Sonoroy in consideration of an initial deposit of US$2.5m and a further payment, at Trident's sole election, of US$23.5m. The second payment is due on or before 31 January 2025. If Trident elects to withdraw from the joint venture, its initial deposit is to be returned. As such, the initial deposit is treated as an interest free loan and included in trade and other receivables.

### Disposals

On 14 April 2022, the Group reached an agreement with Equinox Gold Corp ("Equinox") following the sale of the Mercedes gold mine in Mexico by Equinox to Bear Creek Mining Corporation. Under the terms of the gold offtake contract (which was part of the portfolio acquisition described above) the sale of the mine triggered a payment from Equinox to Trident of US$3.75m and the mine was removed from the offtake contract. The payment was received on 22 April 2022. The agreement resulted in a profit on disposal of US$1.86m.

### Reclassified as assets held for sale

In December 2022 the Group agreed to sell certain pre-production gold royalties. As the sale had not been completed at 31 December 2022 these royalties were re-classified to assets held for sale. See note 14 for further information.

## 13. ROYALTY FINANCIAL ASSETS

In July 2020 the Group acquired the Mimbula Royalty from Moxico Resources plc a staged GRR over production from the operating Mimbula copper mine and associated stockpiles located in Zambia's prolific Copperbelt Province. The GRR was acquired for cash consideration of US$5.00m. Trident is entitled to royalty payments on production which commenced on 1 July 2020 and extend in perpetuity. This royalty asset is classified as FVTPL.

Trident will receive either a Minimum Payment ("MP") or royalty payment, whichever is higher until June 2023. Thereafter, Trident will only receive royalty payments. The royalty payments are calculated as a percentage of the gross revenue derived from sale of finished copper and copper concentrate. Per the terms of the agreement, the royalty percentage is calculated as follows:

a. During the MP period, 1.25% of gross revenue;
b. During the period commencing on the day after the expiry of MP period and ending on the date on which royalty payments have been made to Trident in respect of a total aggregate quantity of no less than 575,000 tonnes of copper cathode or other finished copper product, 0.3% of gross revenue; and
c. During the period commencing on the day after the expiry of the MP period and continuing for the duration of the agreement, 0.2% of gross revenue.

### Group and Company

| Fair Value | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| At 1 January | 7,461 | 7,453 |
| Royalties due or received | (2,000) | (1,503) |
| Revaluation of royalty financial asset recognised in profit or loss | 2,192 | 1,511 |
| **At 31 December** | **7,653** | 7,461 |

As at 31 December 2022 the Group determined the fair value of Mimbula by calculating the discounted future cash flows of the royalty with a 12% pre-tax nominal discount rate, resulting in a valuation of US$7.65m (2021: US$7.46m). This results in a fair value gain in the income statement of US$2.19m (2021: US$1.51m). The key input assumptions are discount rate and commodity price.

If the discount rate used were to increase or decrease by 2% the valuation effect would be a US$0.59m (2021: US$0.39m) reduction and a US$0.68m (2021: US$0.43m) increase, respectively.

If the commodity price used was to increase or decrease by 10% the valuation effect would be a US$0.62m (2021: US$0.5m) increase and a US$0.62m (2021: US$0.1m) reduction, respectively.

## 14. ASSETS HELD FOR SALE

| Group | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| At 1 January | - | - |
| Royalty intangible assets reclassified as held for sale | 6,750 | - |
| At 31 December | 6,750 | - |

In December 2022 the Group agreed to sell its pre-production gold royalties over Lake Rebecca, Spring Hill and four other projects acquired as a portfolio from Talga Resources to Franco-Nevada in exchange for cash proceeds of up to US$15.8 million. One early-stage royalty was removed from the portfolio prior to closing and the transactions proceeds were adjusted to be up to US$15.6 million. The sale of these investments was completed in February 2023. See note 26 for further information.

There were no assets held for sale in the Company (FY2021: nil)

## 15. INVESTMENTS IN SUBSIDIARIES

**Company**

| | US$'000 |
|---|---|
| **Cost** | |
| At 31 December 2021 and 1 January 2022 | 113 |
| Investment in subsidiary | - |
| **At 31 December 2022** | **113** |

As at 31 December 2022 the Company held interests in the following subsidiary and joint venture companies:

| Company | Country registration | Proportion held | Registered office | Nature of business |
|---|---|---|---|---|
| TRR Services, LLC | USA | 100% | 7233 S.Kellerman Way, Aurora, CO 80016 | Service company |
| TRR Services Australia Pty Limited | Australia | 100% | Floor 2, 44A Kings Park Road, West Perth, WA 6005 | Service company |
| TRR Services Schweiz AG | Switzerland | 100% | Grafenauweg 8, 6300 Zug | Service company |
| TRR Services UK Ltd | United Kingdom | 100% | 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR | Service company |
| TRR Holdings LLC | USA | 100% | 251 Little Falls Drive, Wilmington, DE 19808 | Service company |
| TRR Offtakes LLC | USA | 100% | 251 Little Falls Drive, Wilmington, DE 19808 | Service company |
| Tiomin Peru S.A.C | Peru | 100% | Parque las Leyendas MZA, 13 Lote, 902A Al Costado de Metro De La Av La Marina, Lima, Peru | Dormant |
| TRR Sonora Limited | United Kingdom | 100% | 6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR | Dormant |
| Sonoroy Holdings Limited | United Kingdom | 50% | Lynton House 7-12 Tavistock Square, London, England, WC1H 9BQ | Dormant |

## 16. AMOUNT DUE FROM SUBSIDIARY UNDERTAKINGS

| Company | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Loans and contributions to subsidiaries | 90,553 | 47,609 |
| **Total** | **90,553** | 47,609 |

During the year ended 31 December 2022 the maximum amount owed by the subsidiaries to the Parent Company was US$90.6m (2021: US$47.6). The related party loans are unsecured, repayable upon demand and have a 6% interest rate where applicable. The fair value of loans to subsidiaries is the same as their carrying values stated above.

## 17. TRADE AND OTHER RECEIVABLES

| | Group 2022 US$'000 | Company 2022 US$'000 | Group 2021 US$'000 | Company 2021 US$'000 |
|---|---|---|---|---|
| Trade receivables | 9,938 | 3,015 | - | - |
| Prepayments and accrued income | 2,043 | 989 | 1,040 | 1,033 |
| Current tax asset | 29 | - | 29 | - |
| Indirect taxes recoverable | 37 | 37 | 143 | 143 |
| **Total** | **12,047** | **4,041** | 1,212 | 1,176 |

Due to the short-term nature of the current receivables, their carrying amount is considered to be approximate to their fair value.

## 18. CASH AND CASH EQUIVALENTS

| | Group 2022 US$'000 | Company 2022 US$'000 | Group 2021 US$'000 | Company 2021 US$'000 |
|---|---|---|---|---|
| Cash at bank and on hand | 16,577 | 9,537 | 45,637 | 34,480 |

All of the Company's cash and cash equivalents are held in accounts which bear interest at floating rates and the Directors consider their carrying amount approximates to their fair value. Details of the credit risk associated with cash and cash equivalents is set out in note 23.

## 19. TRADE AND OTHER PAYABLES

| | Group 2022 US$'000 | Company 2022 US$'000 | Group 2021 US$'000 | Company 2021 US$'000 |
|---|---|---|---|---|
| Trade payables | 1,556 | 85 | 203 | 199 |
| Other taxation and social security | 113 | - | 49 | - |
| Accrued expenses | 608 | 237 | 787 | 240 |
| **Total** | 2,277 | 322 | 1,039 | 439 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of trade payables approximates to their fair value.

### Contingent consideration

| Group | US$'000 |
|---|---|
| At 31 December 2021 | 436 |
| Exchange differences | (28) |
| **At 31 December 2022** | 408 |

Contingent consideration relates to the acquisition of the Spring Hill royalty. A total of A$600k remains payable to the vendor on the operator meeting certain production milestones. The above amount is managements estimate of the amounts due assuming the operation meets those production limits that trigger payment of the additional consideration. The amount is discounted and expected to fall due after more than one year.

On 23 February 2023 the Spring Hill royalty was sold see note 26 for more details.

## 20. BORROWINGS

| Group | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| At 1 January | 10,536 | - |
| Secured loan facility at amortised cost | 40,000 | 10,000 |
| Repayment of debt facility | (10,536) | - |
| Accrued finance charges | - | 536 |
| **At 31 December** | 40,000 | 10,536 |

On 1 July 2021 the Group entered into a US$10m secured loan facility agreement with a syndicate managed by Tribeca Investment Partners. The Facility was drawdown on 3 August 2021.

The facility had an initial term of 1 year from drawdown, with an option to extend for a further year subject to certain conditions. The facility had a coupon of 10% plus Libor per annum. On 6 January 2022 the Tribeca loan facility was repaid in full including redemption interest to ensure a minimum cash return of 7%, which was accrued in full. All associated finance and arrangement costs were expensed in the year.

On 10 January 2022, a new fully secured US$40m loan facility was entered into with Macquarie Bank Limited. The facility has a 3-year term and interest is charged at 7.75% plus SOFR. On 23 February 2023, the facility was restructured, with a one-year extension to December 2025 and a reduction in the coupon to 5.75% plus SOFR (subject to maintaining certain leverage ratios).

### Maturity analysis

| Group | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Amounts due within one year | 7,500 | 10,536 |
| Amounts due after more than one year | 32,500 | - |
| **Total** | 40,000 | 10,536 |

## 20. BORROWINGS CONTINUED

### Reconciliation of net cash flow to movement in debt

| Group | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Cash and cash equivalents | **16,577** | 45,637 |
| Borrowings | **(40,000)** | (10,536) |
| Net debt | **(23,423)** | 35,101 |
| Net (decrease)/increase in cash and cash equivalents in the year | **(28,371)** | 38,456 |
| Cash inflow from increase in borrowings | **(29,464)** | (10,000) |
| Other non-cash changes | **-** | (536) |
| Exchange differences | **(689)** | 210 |
| Change in net debt resulting from cash flows | **(58,524)** | 28,130 |
| Net debt at the start of the year | **35,101** | 6,971 |
| Net debt at the end of the year | **(23,423)** | 35,101 |

The net gold receivable amount of US$5.12m is not included in the net debt reconciliation shown above.

### Warrant liability

As part of the Tribeca facility, 3,500,000 share warrants to subscribe for shares in the Company were issued exercisable at £0.5166 per share ("Tribeca Warrants"). The Tribeca Warrants were exercisable immediately on issue and will expire 24-months from drawdown. As the US$ value of the Tribeca Warrant exercise price is a variable amount they have been treated as a derivative financial liability and are classified as fair value through profit and loss. The inputs used to calculate the fair value of the Warrants on initial recognition is shown in note 22.

As part of the Macquarie facility, 14,840,517 share warrants to subscribe for shares in the Company were issued exercisable at £0.51 per share ("Macquarie Warrants"). The Macquarie Warrants were exercisable immediately on issue and will expire 36-months from drawdown. As the US$ value of the Macquarie Warrant exercise price is a variable amount they have been treated as a derivative financial liability and are classified as fair value through profit and loss. The inputs used to calculate the fair value of the Warrants on initial recognition is shown in note 22.

### Group and Company

| Fair Value | US$'000 |
|---|---|
| At 1 January 2022 | 172 |
| Fair value of Macquarie Warrants on initial recognition | 879 |
| Revaluation of derivative financial asset recognised in profit or loss | 1,401 |
| **At 31 December 2022** | **2,452** |

## 21. SHARE CAPITAL AND SHARE PREMIUM

### Group and Company

| | Number of ordinary shares of 1p | Number of deferred shares of 1p | Share capital US$'000 | Share premium US$'000 |
|---|---|---|---|---|
| At 1 January 2021 | 105,362,556 | - | 1,335 | 23,288 |
| Share issue – placing | 134,181,943 | - | 1,806 | 61,683 |
| Share issue – royalty acquisitions | 11,939,806 | - | 164 | 5,256 |
| Share issue – non-executive directors' fees | 108,108 | - | 2 | 54 |
| Share issue expenses | - | - | - | (3,235) |
| At 31 December 2021 | 251,592,413 | - | 3,307 | 87,046 |
| Share issue – placing | 13,118,057 | - | 179 | 6,259 |
| Share issue – royalty acquisitions | 26,013,903 | - | 344 | 13,156 |
| Share issue – to employees and directors | 406,227 | - | 5 | 198 |
| Share issue expenses | - | - | - | (272) |
| **At 31 December 2022** | **291,130,600** | **-** | **3,835** | **106,387** |

### Share issues during the year:

On 11 January 2022, 13,118,057 ordinary shares were issued for cash at 36p per share.

On 11 January 2022, 20,471,151 ordinary shares were issued at 36p as part of the part of the consideration for the gold offtake stream portfolio.

On 17 January 2022, of the 406,227 shares issued, including 126,070 ordinary shares issued at 37.02p per shares to the non-executive directors of the Company in lieu of directors fees.

On 23 March 2022, 5,542,752 ordinary shares were issued at 51.43p as consideration for the acquisition of the Sugar Zone gold offtake stream.

### Shares issued subsequent to the year-end

On 17 January 2023, 174,366 ordinary shares were issued at 48.84p per shares to the non-executive directors of the Company in lieu of directors fees.

## 22. SHARE BASED PAYMENTS

### Share options

During 2022 and the previous year share options were granted to Directors and Senior Management of the Company. Under IFRS 2 "Share-based Payments", the Company considers these to be equity settled share-based payments and determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the statement of income with a corresponding increase in equity.

At 31 December 2022, the Company had outstanding options to subscribe for Ordinary shares as follows:

| Option exercise price | Expiry date | Vesting date | Fair value of individual option | At 1 January 2022 | Issued | Expired or lapsed | At 31 December 2022 |
|---|---|---|---|---|---|---|---|
| £0.2000 | 02/06/2030 | 02/06/2021 | £0.0630 | 1,041,666 | | - | 1,041,666 |
| £0.2400 | 02/06/2030 | 02/06/2022 | £0.0608 | 1,041,667 | | - | 1,041,667 |
| £0.2800 | 02/06/2030 | 02/06/2023 | £0.0605 | 1,041,667 | | - | 1,041,667 |
| £0.2965 | 20/12/2030 | 20/12/2022 | £0.1260 | 533,334 | | (333,333) | 200,001 |
| £0.3558 | 20/12/2030 | 20/12/2023 | £0.1180 | 533,333 | | (333,333) | 200,000 |
| £0.4551 | 20/12/2030 | 20/12/2024 | £0.1060 | 533,333 | | (333,334) | 199,999 |
| £0.3700 | 20/04/2028 | 20/12/2024 | £0.1068 | 610,000 | | (100,000) | 510,000 |
| £0.4000 | 17/06/2022 | 18/06/2021 | £0.0720 | 2,500,000 | | (2,500,000) | - |
| £0.5000 | 01/02/2029 | 01/02/2023 | £0.1010 | - | 1,600,000 | (320,000) | 1,280,000 |
| £0.5000 | 01/02/2029 | 31/12/2023 | £0.0910 | - | 1,600,000 | (320,000) | 1,280,000 |
| £0.5000 | 01/02/2029 | 31/12/2024 | £0.0830 | - | 1,600,000 | (320,000) | 1,280,000 |
| £0.5000 | 01/02/2029 | 31/12/2025 | £0.0740 | - | 1,600,000 | (320,000) | 1,280,000 |
| £0.5000 | 01/02/2029 | 31/12/2026 | £0.0650 | - | 1,600,000 | (320,000) | 1,280,000 |
| £0.5000 | 20/09/2029 | 20/09/2023 | £0.1690 | - | 320,000 | - | 320,000 |
| £0.5000 | 20/09/2029 | 31/12/2023 | £0.1610 | - | 320,000 | - | 320,000 |
| £0.5000 | 20/09/2029 | 31/12/2024 | £0.1510 | - | 320,000 | - | 320,000 |
| £0.5000 | 20/09/2029 | 31/12/2025 | £0.1440 | - | 320,000 | - | 320,000 |
| £0.5000 | 20/09/2029 | 31/12/2026 | £0.1310 | - | 320,000 | - | 320,000 |
| **Total** | | | | 7,835,000 | 9,600,000 | (5,200,000) | **12,235,000** |

For the year ended 31 December 2022 the share options granted are subject to two vesting conditions. The options vest upon the occurrence of both the earliest vesting date and upon the remuneration committee determining the Hurdle volume-weighted average price less the total dividend per share (excluding any tax credit) ("VWAP") has been achieved for at least a period of 365 days consecutively at any time between the grant date to the seventh anniversary of the grant date ("Performance Period"). There are five hurdles and subsequent vesting dates, with 20% of the total options granted vesting once these are achieved.

The fair value of the share options was determined using a Monte Carlo model that can simulate a range of possible outcomes. The Monte Carlo model uses a normal distribution of outcomes and is capable of capturing the market-based performance conditions which should be included in the option fair value, by allowing the simulation of daily VWAP share price. The Monte Carlo model used the following inputs:

| Grant date | 1 February 2022 | 20 September 2022 |
|---|---|---|
| Weighted average share price on date of grant | £0.409 | £0.497 |
| Exercise price | £0.50 | £0.50 |
| Expected volatility,% | 36% | 36% |
| Expected dividend growth rate,% | 0% | 0% |
| Risk-free interest rate (5-year bond),% | 1.29% | 3.24% |

For the year ended 31 December 2021 the following information is relevant in the determination of the fair value of options granted using the Black Scholes model:

| Grant date | 20 April 2021 | 18 June 2021 |
|---|---|---|
| Option exercise price | £0.37 | £0.40 |
| Fair value of one option, £ | 0.1068 | 0.072 |
| Option pricing model used | Black Scholes | Black Scholes |
| Weighted average share price at grant date, £ | 0.36 | 0.40 |
| Weighted average contractual life, years | 8 | 1 |
| Expected volatility,% | 45% | 45% |
| Expected dividend growth rate,% | 0% | 0% |
| Risk-free interest rate (5-year bond),% | 0.29% | 0.29% |

Share-based remuneration expense related to the share options granted is included in the administration expenses line in the consolidated income statement in the amount of US$0.47m (31/12/2021: US$0.34m). Volatility was determined by reference to historic share price data and comparison to peer groups where historic data is limited to a short time period.

## 22. SHARE BASED PAYMENTS CONTINUED

### Share warrants

On 11 January 2022, 14,840,517 share warrants to subscribe for shares in the Company were issued to Macquarie Bank Limited. See note 20 for further information.

| Warrant exercise price | £0.51 |
|---|---|
| Fair value of one option, £ | 0.044 |
| Option pricing model used | Black Scholes |
| Weighted average share price at grant date, £ | 0.352 |
| Weighted average contractual life, years | 3 |
| Expected volatility,% | 35% |
| Expected dividend growth rate,% | 0% |
| Risk-free interest rate (5-year bond),% | 0.73% |

The fair value on initial recognition of the warrants was US$879,000.

On 3 August 2021, 3,500,000 share warrants to subscribe for shares in the Company were issued to Tribeca.

The following information is relevant in the determination of the fair value of the Warrants on initial recognition:

| Warrant exercise price | £0.5166 |
|---|---|
| Fair value of one option, £ | 0.052 |
| Option pricing model used | Black Scholes |
| Weighted average share price at grant date, £ | 0.3974 |
| Weighted average contractual life, years | 2 |
| Expected volatility,% | 35% |
| Expected dividend growth rate,% | 0% |
| Risk-free interest rate (5-year bond),% | 0.29% |

The fair value on initial recognition of the warrants was US$181,000.

## 23. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which result from its operating and investing activities; market risk (foreign currency exchange risk and commodity price risk), liquidity risk, capital risk and credit risk. These risks are mitigated wherever possible by the Group's financial management policies and practices described below. The Group's financial risk management is carried out by the finance team led by the Chief Financial Officer and under policies approved by the Board. Group finance identifies, evaluates and mitigates financial risks in close co-operation with the Group's senior management team.

### Capital risk

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes. The Group is not subject to externally imposed capital requirements.

### Commodity price risk

The royalty portfolio exposes the Group to commodity price risk through fluctuations in commodity prices of its royalty investments particularly the prices of iron ore, gold and copper. The Board consider that the strategy of the Group to build a diversified portfolio of royalty assets that mirrors the global natural resources sector is sufficient mitigation with regard to the exposure to commodity price risk. Prior to committing to royalty acquisitions the Board obtain independent price forecasts to ensure that such investments are priced in accordance with consensus pricing. The Group does not hedge against commodity price movements

## 23. FINANCIAL RISK MANAGEMENT CONTINUED

### Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party (being non-payment within the agreed credit terms). The Group is exposed to credit risk primarily on its cash and cash equivalent balances as set out in note 18 and on its trade and other receivable balances as set out in note 17. The Group's credit risk is primarily attributable to its other receivables, being royalty receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. In certain cases, the Group has the right to audit the reported royalty income.

For banks and financial institutions, only parties with a minimum credit rating of BBB are accepted. The majority of cash is held with HSBC Bank plc in the UK and household names in the US and Australia.

The Directors have considered the credit exposures and do not consider that they pose a material risk at the present time. The credit risk for cash and cash equivalents is managed by ensuring that all surplus funds are deposited only with financial institutions with high quality credit ratings. There are currently no expected credit losses.

### Liquidity risk

Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities as and when they fall due. The Group currently has sufficient cash resources to pay the trade and other payables and contingent consideration when they fall due.

### Future expected payments

| Group | 2022 US$'000 | 2021 US$'000 |
|---|---|---|
| Trade and other payables within one year | 2,277 | 1,039 |
| Current tax liabilities within one year | - | - |
| Contingent consideration due > one year | 408 | 436 |
| Borrowings due within one year | 7,500 | 10,536 |
| Borrowings due > one year | 32,500 | - |

The $40m of borrowings, as at 31 December 2022 was restructured in February 2023, with the first repayment not due until mid-2024. The Group has sufficient resources to service the borrowings and meet related financial covenants.

### Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the United States Dollar, British Pound (GBP) and the Australian Dollar.

The following table highlights the major currencies the Group operates in and the movements against the US Dollar during the course of the year:

| | Average rate | | | Reporting spot rate | | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | Movement | 2022 | 2021 | Movement |
| British Pound | 1.23 | 1.37 | (0.14) | 1.21 | 1.35 | (0.14) |
| Australian Dollar | 0.69 | 0.75 | (0.06) | 0.68 | 0.73 | (0.05) |

The Group's exposure to foreign currency risk based on US Dollar equivalent carrying amounts of monetary items at the reported date:

| | 2022 US$'000 | | | 2021 US$'000 | | |
|---|---|---|---|---|---|---|
| | US$ | GBP | Other | US$ | GBP | Other |
| Cash and cash equivalents | 15,383 | 280 | 914 | 44,496 | 852 | 289 |
| Trade and other receivables | 9,436 | - | 486 | 375 | - | 7 |
| Trade and other payables | (1,585) | (321) | (259) | (238) | (438) | (314) |
| Contingent consideration | - | - | (408) | - | - | (436) |
| **Net exposure** | 23,234 | (41) | 733 | 44,633 | 414 | (454) |

The royalty financial asset is denominated in US dollar.

The Group does not hedge against foreign exchange movements.

### Exchange rate sensitivity

The Group is mainly exposed to foreign exchange risk on the cash balances and trade and other payables denominated in currencies other than US$ as detailed above. A +/- 10% change in the USD:GBP and USD:AUD rate and the impact of a +/- 10% change on the exchange rates on the translation of foreign subsidiaries into the Group's presentation currency would result in the following changes:

| | 2022 US$'000 | | 2021 US$'000 | |
|---|---|---|---|---|
| | Profit/(loss) | Equity | Profit/(loss) | Equity |
| British Pound | (32) | - | (99) | - |
| Australian Dollar | 145 | 314 | 265 | 183 |

## 24. FINANCIAL INSTRUMENTS

The Group and Company held the following investments in financial instruments:

| | Group 2022 US$'000 | Company 2022 US$'000 | Group 2021 US$'000 | Company 2021 US$'000 |
|---|---|---|---|---|
| **Fair value through profit and loss** | | | | |
| Royalty financial assets | **7,653** | **7,653** | 7,461 | 7,461 |
| Cash and cash equivalents | **16,577** | **9,537** | 45,637 | 34,480 |
| **Financial assets at amortised cost** | | | | |
| Trade and other receivables | **9,922** | **93,553** | 381 | 47,984 |
| **Financial liabilities at amortised cost** | | | | |
| Trade and other payables | **2,165** | **321** | 990 | 439 |
| Contingent consideration | **408** | **-** | 436 | - |
| Borrowings | **40,000** | **-** | 10,536 | - |
| **Financial liabilities at fair value through profit and loss** | | | | |
| Warrant liability | **2,452** | **2,452** | 172 | 172 |

Trade and other receivables and trade and other payables excludes all amounts considered to be statutory arrangements (such as VAT recoverable and corporation tax) and prepayments.

### Fair value hierarchy

The Group and Company only has one asset that is measured at fair value - the Mimbula investment that is recognised as a royalty financial asset at fair value through profit and loss totalling US$7.65m (2021: US$7.46m). The asset is deemed to be a level 3 asset under the fair value hierarchy criteria – some of the inputs for the fair value determination are not based on observable market data (mainly private resource data).

## 25. RELATED PARTY TRANSACTIONS

Paul Smith the non-executive Chairman provided US$0.5m of the US$10.0m loan facility syndicated by Tribeca Investment Partners which was repaid in January 2022. Paul Smith also received 175,000 warrants, which were issued in connection with the US$10.0m loan facility, as disclosed in note 22.

Paul Smith, Al Gourley, Adam Davidson and Helen Pein, agreed to subscribe for new ordinary shares in December 2021 in the conditional placing on 20 December 2021, which was completed on 11 January 2022, for 839,842 ordinary shares,1,035,000 ordinary shares, 52,490 ordinary shares and 69,444 ordinary shares respectively at a price of 36 pence per ordinary share.

During the year legal fees totalling US$0.33m (2021: US$0.18m) to Fasken Martineau DuMoulin LLP ("Fasken") and its worldwide affiliates. Fasken is a legal firm in which Al Gourley is a senior partner.

During the year the Group paid US$0.01m to Bacchus Capital Advisers Limited, for the provision of office space and meeting facilities. Bacchus Capital Advisers Limited is a company controlled by Peter Bacchus.

There are no other related party transactions, or transactions with Directors that require disclosure except for the remuneration items disclosed in note 6. The disclosures in note 6 include the compensation of key management personnel as all employees are considered to be key. The Company's related parties consist of its subsidiaries and the transactions and amounts due from them are disclosed in note 15.

## 26. EVENTS OCCURRING AFTER THE REPORTING DATE

On 17 January 2023, 174,366 ordinary shares were issued at 48.84p per shares to the non-executive directors of the Company in lieu of directors fees.

On 23 February 2023 the Company completed the sale of several pre-production gold royalties for gross proceeds of up to US$15.55m. Following completion, the Company has restructured its US$40m debt facility with Macquarie Bank Limited including:

- 2% reduction in coupon (dependant on maintaining leverage ratio), reducing debt service costs by up to US$800,000 per year.
  - Extension of the loan term by one year, to December 2025
  - Deferral of scheduled quarterly payments until June 2024
- In lieu of a cash restructuring fee, the Company has agreed to an extension of the term of the warrants held by Macquarie by 12 months.

## 27. ULTIMATE CONTROLLING PARTY

The company does not have a single controlling party.

# Company Information

| Directors | |
|---|---|
| Paul Smith | Non-Executive Chairman |
| Adam Davidson | Chief Executive Officer and Executive Director |
| Richard Hughes | Chief Financial Officer and Executive Director |
| Peter Bacchus | Non-Executive Director |
| Al Gourley | Non-Executive Director |
| Helen Pein | Non-Executive Director |
| David Reading | Non-Executive Director |

**Company Secretary**
Ben Harber, Shakespeare Martineau

**Registered address**
60 Gracechurch Street, London, EC3V 0HR

**Independent auditors**
**PKF Littlejohn LLP**
Statutory Auditor
15 Westferry Circus, Canary Wharf, London, E14 4HD

**Appointed brokers**
**Stifel Nicolaus Europe Limited**
150 Cheapside, London, EC2V 6ET

**Tamesis Partners LLP**
125 Old Broad Street, London, EC2N 1AR

**Liberum Capital Limited**
25 Ropemaker Street, London EC2Y 9LY

**Registrars**
**Neville Registrars**
Neville House, Steelpark Road, Halesowen, B62 8HD

**Nominated Adviser**
**Grant Thornton UK LLP**
30 Finsbury Square, London, EC2A 1AG

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