ECORA RESOURCES

Investing in the present, changing the future

Ecora Resources PLC
Annual Report and Accounts 2023

Investing in the present, changing the future

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

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

Portfolio contribution Portfolio contribution reflects the underlying performance of the Group's assets both in terms of those already in production and the timing of the Group's development royalties coming into production.

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

Operating profit/(loss) Operating profit/(loss) represents the Group's underlying operating performance from its royalty and stream interests.

Operating profit/(loss) is royalty income, less amortisation of royalties and operating expenses, and excludes impairments, revaluations and gain/(loss) on disposals. Operating profit/(loss) reconciles to 'operating profit/(loss) before impairments, revaluations and gains/(losses) on disposals' in the income statement.

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

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

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

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

Strategic report

Governance report

Financial statements

Other information

Discover more online:

Our purpose

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

Our strategy

Portfolio diversification

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

Commodity selection

Our focus is on providing investors with exposure to commodities that will support a sustainable future and making investments in line with our investment criteria.

Capital allocation

We balance investing for growth, maintaining a strong balance sheet with providing a royalty sector leading dividend yield.

Read more on page 20

Our sustainability summary

Science Based Target initiative ("SBTi")

SBTi approved emissions targets.

UN Global Compact

Submitted our first Communication on Progress (COP).

Improved ratings

MSCI rating improved to AA (from A). Sustainalytics rating 12.3 (low risk).

Read more on p52

Our values

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

Integrity
We promote transparency and build trust through honest relationships.

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

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

Read more on p52

Results in line with expectations

Financial highlights

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

$61.9m –(56%)

'23	61.9
'22	141.9
'21	85.3
'20	43.7
'19	71.2

Portfolio contribution ($'m)

$63.6m (–56)%

'23	63.6
'22	143.2
'21	85.6
'20	47.5
'19	75.9

Profit before tax ($'m)

$4.5m (–97%)

'23	4.5
'22	135.4
'21	54.6
'20	(34.9)
'19	48.1

Adjusted earnings per share

11.82c (–69%)

'23	11.82c
'22	37.55p
'21	25.18p
'20	15.69p
'19	26.06p

Dividend per share*

8.5c (n/c)

'23	8.5c
'22	7.0p
'21	7.0p
'20	9.0p
'19	9.0p

Dividend cover (x)

1.4x (–68%)

'23	1.4
'22	4.4
'21	2.6
'20	1.4
'19	2.3

Free cash flow ($'m)

$29.7m (–77%)

'23	29.7
'22	132.1
'21	48.4
'20	25.4
'19	61.0

Royalty assets acquired ($'m)

$27.5m (–85%)

'23	27.5
'22	185.0
'21	207.7
'20	9.8
'19	75.8

* Dividends were paid in GBp until 2023 when the Group started to pay dividends in USc.

Read more on pages 42 to 46

Portfolio and sustainability highlights

Vizcachitas royalty acquisition

Acquired a 0.25% Net Smelter Return royalty over all metal production from the open pit of the Vizcachitas copper project in Chile. A rare opportunity to acquire a royalty over one of the world's largest undeveloped copper projects located in a well-established mining jurisdiction.

~$20m
purchase consideration

Read more on p29

Piauí investment

Invested $7.5m to increase our royalty over Brazilian Nickel's nickel-cobalt project by 0.35% to 1.60%. Ecora has the right to acquire a further 2.65% royalty for $62.5m.

$7.5m

Read more on p33

Four Mile legal resolution

A favourable judgment was delivered by the Supreme Court of Western Australia, Court of Appeal in Ecora's legal dispute with Quasar Resources Pty Ltd, the owner and operator of the Four Mile uranium mine. This saw A$9.3m released to the income statement in Q4 2023.

A$9.3m
released to income statement

Read more on p37

LIORC disposal

The Group sold ~60% of its holding in the Labrador Iron Ore Royalty Company. This realised C$18.9m, a gain on disposal of C$4.1m and representing a total pre-tax return on investment of c. 110%.

110%
pre-tax return on investment

Read more on p38

Science Based Targets initiative (SBTi)

During 2023 the SBTi for small to medium sized businesses approved Ecora's target of reducing Scope 1 and 2 GHG emissions 46% by 2030 from the baseline year of 2019, and to measure and reduce its Scope 3 emissions.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Read more on p53

Improved MSCI and Sustainalytics score

During the year the Group's MSCI rating improved from A to AA, and Sustainalytics score improved to 12.3, rating Ecora as low risk.

12.3
Sustainalytics score

MSCI ESG RATINGS AA

SUSTAINALYTICS
a Morningstar company

Read more on p50

Our portfolio

What we do

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

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

Read more on p22

How we do it

Royalties explained

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

Streams explained

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

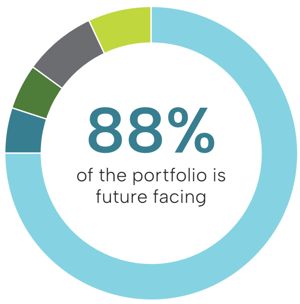
Portfolio – diversified exposure*

Geographic exposure*

- USA & Canada 32%
- Brazil & Chile 41%
- Australia 26%
- Other 1%

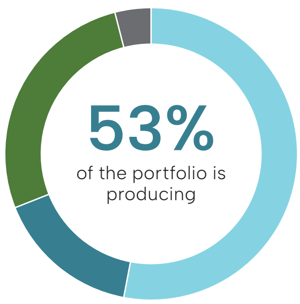
Commodity exposure*

- Base metals 75%
- Uranium 5%
- Vanadium 5%
- Steelmaking coal 8%
- Other 7%



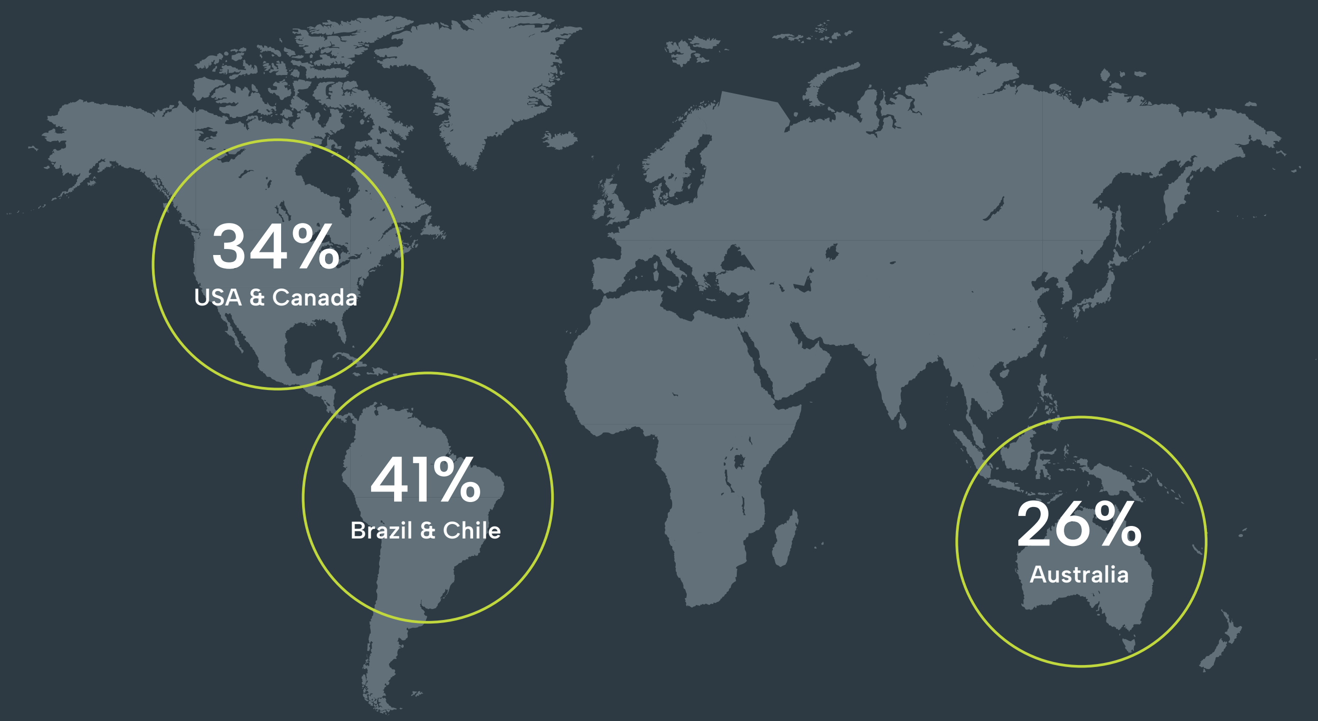
Stage of production*

- Producing 53%
- In construction 16%
- Development 27%
- Early-stage 4%



* Based on consensus sell side analyst NAV estimates as at 22 March 2024

Geography – our global OECD footprint*



21	5	10
principal royalty and streaming-related assets	continents	commodities

* Based on sell side analyst consensus as at 28 February 2024

Read more on p28

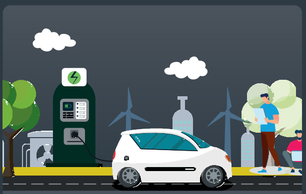
Markets – pathways to a sustainable future

Aligned with four key thematics:

1. Operations with robust sustainability profiles

2. Low carbon energy generation

3. Energy transmission



4. Energy consumption

Read more on p18

Exposure to world-class operators

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

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

Base metals

	Asset	Commodity	Location	Development stage	Operator/ developer	Royalty basis	Mine life	See more
1	**Mantos Blancos**	Copper	Chile	Producing	Capstone Copper	1.525% NSR	2038	p27
2	**Carlota**	Copper	US	Producing	KGHM	5.0% NSR	2024/2025	p30
3	**West Musgrave**	Nickel and copper	Australia	In construction	BHP	2.0% NSR	24 years	p32
4	**Santo Domingo**	Copper and cobalt	Chile	Development	Capstone Copper	2.0% NSR	18 years	p28
5	**Piauí**	Nickel and cobalt	Brazil	Development	Brazilian Nickel	1.60% GRR	18 years	p33
6	**Vizcachitas**	Copper	Chile	Development	Los Andes Copper	1% NSR	26 years	p29
7	**Nifty**	Copper	Australia	Development	Cyprium	1.5% GRR	15 years	p30
8	**Cañariaco**	Copper and gold	Peru	Early stage	Candente Copper	0.5% NSR	28 years	p31

Speciality and battery metals

	Asset	Commodity	Location	Development stage	Operator/ developer	Royalty basis	Mine life	See more
9	**Voisey's Bay**	Cobalt	Canada	Producing	Vale	22.82% stream	2035	p34
10	**Maracás Menchen**	Vanadium	Brazil	Producing	Largo Resources	2.0% NSR	2041	p35

Uranium

	Asset	Commodity	Location	Development stage	Operator/ developer	Royalty basis	Mine life	See more
11	**McClean Lake mill**	Uranium	Canada	Producing	Orano	22.5% of toll milling revenue	2037	p36
12	**Four Mile**	Uranium	Australia	Producing	Quasar Resources	1.0% NSR	2029	p37
13	**Salamanca**	Uranium	Spain	Development	Berkeley Energia	1.0% NSR	14 years	p37
14	**SW2**	Uranium	Canada	Early stage	NexGen	2.0% NSR	n/a	p37

Lower impact bulks

Asset	Commodity	Location	Development stage	Operator/ developer	Royalty basis	Mine life	See more
15 **IOC**	Iron ore	Canada	Producing	Rio Tinto	7.0% GRR (indirect)	2045	p38
16 **Pilbara**	Iron ore	Australia	Early stage	BHP	1.5% GRR	N/A	p39
17 **Incoa**	Calcium carbonate	Dominican Republic/US	Development	Incoa	~1.23% GRR	N/A	p39
18 **Ring of Fire**	Chromite	Canada	Early stage	Wyloo Metals	1.0% NSR	N/A	p39

Other

Asset	Commodity	Location	Development stage	Operator/ developer	Royalty basis	Mine life	See more
19 **Kestrel**	Steelmaking coal	Australia	Producing	EMR Capital and Adaro	7.0–40.0% GRR	2026[(1)]	p40
20 **EVBC**	Gold	Spain	Producing	Orvana Minerals	2.5–3.0% NSR	2026	p41
21 **Dugbe 1**	Gold	Liberia	Early stage	Pasofino Gold	2-2.5% NSR	14 years	

An overview of our markets

Royalty financing continued its role in bridging the capital gap to the mining sector during 2023. Capital markets remained very challenging globally, with equity markets generally depressed, few IPOs launched, and credit conditions tightened particularly in the second half of the year.

The cost of capital in the sector, combined with the increased requirement for capital after two years of generationally high levels of inflation, resulted in an increased pressure on smaller operators in the sector. The collapse in equity ratings for less liquid stocks, along with the significantly higher cost of debt (if available) resulted in an increased demand for alternative forms of financing. This resulted in ~$2.2bn of royalty and stream transactions during the year. This dynamic looks set to continue in 2024, as equity markets generally remain tough, interest rates are likely to remain higher for longer. The latter has resulted in reduced valuations for development projects in particular as future cash flows continue to be discounted at a higher level.

Within the mining universe, base metal and bulk commodities suffer more as precious metal projects tend to have lower capex costs and shorter development time horizons. Furthermore, the precious metals sector tends to benefit from more favourable equity ratings both at operator level and at royalty company level. It was no surprise therefore that of the $2.2bn of royalty and stream transactions executed during the year ~83% of these were in the precious space.

Competition within the precious space has remained high, most noticeably in the sub $1bn market capitalisation range where a number of junior royalty companies compete for smaller ticket size acquisitions. For this reason, the Group chooses to focus on the non-precious space where fewer companies compete for the same transaction and access to capital is making the deal environment more favourable.

Within this subsector, pricing for certain commodities has corrected noticeably for certain commodities such as lithium, nickel and cobalt. Other than for lithium, the nickel market has been disrupted by the recent and sudden supply increase from Indonesia which has created a market imbalance with greater supply and pricing has fallen accordingly. This is placing margin pressure on many previously profitable nickel operations, with some shutting (noticeably in Australia) and others revisiting their capital requirements. Declining commodity environments like this can lead to increased demand for royalty and streaming financing which is less dilutive than equity and less intrusive than debt, which can enable smaller operators to weather a downturn in the price cycle. Conversely, for royalty and streaming businesses, this represents a much more favourable price entry point against a backdrop of favourable investment conditions.

In terms of M&A activities, some of the larger non-precious operators have begun to diversify more into future facing commodities. We have seen BHP acquire Oz Minerals, Glencore and Teck Resources agree a business combination on coal assets and Rio Tinto consolidating its stake over their Mongolian copper project. This wave of M&A activity by the majors could well continue in the years ahead as they leverage their size and access to capital. An active M&A environment is also a favourable backdrop for royalty and streaming businesses as this creates a need for liquidity.

As is always the case for the natural resource sector, demand is key. In this respect a slow down in the Chinese economy coupled with two serious international conflicts creates a lot of uncertainty for domestic policies such as those around compulsory adopting of electric vehicles and transition timelines and commitments to net zero. This saw a reduction in demand for electric vehicles in certain markets in 2023 which coincided with a moment of additional supply for key battery commodities. However, lower commodity prices are likely to make certain battery chemistries more economical with the potential of lowering the cost of adoption – which in its own right could trigger renewed demand in future periods.

For the royalty and streaming businesses, particularly those investing outside of the precious space, the pull back in pricing experienced over the past twelve months arguably presents an opportune investment point which can result in significant value accruing should markets return to supply demand equilibrium in the near-term.

Key to strategy

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

Key to principal risks

1. Catastrophic and natural catastrophic risk
2. Investment approval
3. Future demand
4. Commodity prices
5. Operator dependence and concentration risk
6. Geopolitical events
7. Financing capability
8. Stakeholder support

Cobalt

Rising supply and subdued demand negatively impacted the price performance of cobalt in 2023.

Cobalt is predominantly produced as a by-product of copper and nickel mining, and rapid growth in nickel production from Indonesia led to a market awash with readily available supply. A number of Indonesian nickel laterite deposits - supported largely by Chinese operators - have come online faster than many observers had expected.

Despite the rise of Indonesian supply, the Democratic Republic of Congo ('DRC') remains the primary source of cobalt. Logistical bottlenecks seen in 2022 eased, while the successful ramp-up of the Kisanfu copper mine, and the lifting of export restrictions at Tenke Fungurume led to greater availability of supply.

Growing demand from battery producers was limited as a number of electric-vehicle manufacturers either tempered their sale forecasts, or opted for cobalt-free battery chemistries. Demand from the stainless steel market remained robust despite slow global growth.

Cobalt hydroxide prices from the DRC negatively weighed on the cobalt metal price throughout the second half of the year, with alloy grade material trading rangebound between $16-19/lb. The price of cobalt metal (alloy grade) finished the year at $16/lb, down 27% from the start of the year.

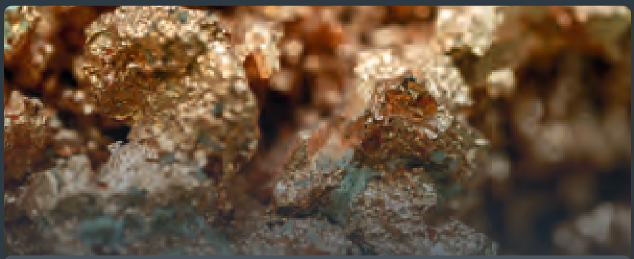
Ecora impact:

- Ecora would consider increasing its existing cobalt exposure should there be an opportunity at an attractive entry point.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8



Copper

A number of supply shocks over 2023 flipped expectations of an upcoming surplus to a near term shortage of supply.

Notable hits to supply towards the end of the year included the cessation of mining activities at one of the world's largest mines, Cobre Panama, operated by First Quantum. Guidance was slashed at a number of other high profile producers, namely Anglo American, Rio Tinto, Vale and Boliden amongst others.

These reductions did not materially move the price of copper however, which traded between $3.55-3.99/lb over the second half of the year as the market remained wary of China's structural challenges and slowing global demand drivers. Further factors curtailing copper demand were the strength of the US dollar, and rising global interest rates.

The backdrop for copper prices going forward appears promising as global economies drive for increased electrification at a time of shrinking supply and lower grade profiles of existing mines. Bringing additional supply online is further hampered by increased permitting hurdles, rising costs and difficult geological settings.

The copper price finished 2023 at $3.84/lb, up 1% from the start of the year, and averaged $3.85/lb.

Ecora impact:

- The long term market outlook remains positive and Ecora will look to continue adding further copper royalties to the portfolio.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Steel-making coal

Steel-making coal, or metallurgical coal, was one of the top performing commodities of 2023, closing above $320/t, up 12% over the course of the year.

The record high prices of 2022 following Russia's invasion of Ukraine tempered somewhat, but remained elevated throughout the year. Prices bottomed in Q2 and Q3 as optimism faded from an expected rise in demand linked to China's reopening, but still remained well above the rolling five year average. Robust demand from China and India, as well as supply concerns from Australian producers (linked to technical issues and turbulent weather patterns), then led to a price rally towards the end of 2023.

Indian imports have offset weakness from European markets where the steel industry has struggled in the light of elevated energy costs, lower demand and a shift towards less carbon intensive forms of steelmaking. China's steel output has remained robust despite the continued domestic property slowdown, with high blast-furnace utilisation as scrap metal became harder to find.

Near-term conditions appear supportive of current prices, but supply is forecast to pick up as technical issues are resolved and weather disruptions in Australia subside. The steel-making coal price averaged $291/t throughout 2023.

Ecora impact:

- The current price environment for steelmaking coal is driving material portfolio contribution from the Kestrel royalty.
- There are no plans to invest additional capital into steelmaking coal.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Nickel

Growth of large capacity projects in Indonesia was responsible for a 45% fall in the price of LME nickel in 2023.

Market tightness at the end of 2022 evaporated as Chinese producers took advantage of high prices to convert intermediate nickel products from Indonesia into class 1 nickel suitable for trading on the LME. This led to a rapid restocking of inventories during the second half of 2023, increasing by approximately 75%.

The pace of electric vehicle adoption has slowed compared to expectations which has led Western manufacturers (who typically favour energy-dense, nickel based battery chemistries) to push back sales targets. Asian manufacturers have also tended to opt for battery chemistries absent nickel and cobalt which has dampened near-term demand for the metal.

Growth in stainless steel production and nickel use in electric vehicle batteries both increased year on year, but it was not enough to offset the rapid increase in supply. Prices have subsequently weakened further in early 2024, causing higher cost producers to cease operations. Prices will likely continue to trade into the cost curve until such time that enough supply has been curtailed, or demand catches up.

The nickel price finished 2023 at $7.43/lb, and averaged $9.75/lb.

Ecora impact:

- Continue to focus on nickel projects such as West Musgrave and Piauí which are low on the cost curve.
- West Musgrave project will potentially see the operator review phasing of capital expenditure.
- Bottom of cycle prices could represent an interesting point of entry for new royalties.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Uranium

Uranium continues to benefit from improving global sentiment towards nuclear energy and security of power supply.

Uranium prices went from strength to strength during 2023 as governments backed nuclear energy as a source of low-carbon and reliable power. Utilities were focused on security of uranium supply as question marks remained over the future accessibility of Russian material, as well as production shortfalls in Kazakhstan and a coup in Niger. Supply is notoriously difficult to bring on line, and with historically low investments in greenfield and brownfield deposits since the Fukushima disaster in 2011, utilities looked to shore up their inventories throughout the year.

Uranium is usually traded in the form of long term contracts; however, the scramble for supply has required market participants to be more active in the spot market – pushing spot prices above $100/lb in early 2024. The average price for spot material in 2023 was $62.50/lb, 25% higher than the average price in 2022.

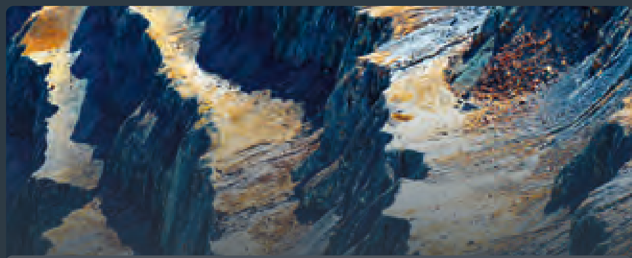
Ecora impact:

- Elevated prices should, over time, translate into increased revenue from the Four Mile royalty.
- Higher prices could accelerate development of previously idle deposits.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8



Other

Iron ore shrugged off concerns of a faltering Chinese economy and continued weakness in the property market to rise 18% during 2023.

Low margins at Chinese steel mills ensured iron ore required in blast furnaces was preferred to the difficult-to-source scrap metal used in electric-arc furnaces. Blast furnace utilisation throughout the year was approximately 80%, near 2020 peak levels. 62% iron ore averaged $114/t during 2023, and finished the year at $132/t.

Vanadium is a key material in steel-making, specifically used to increase strength and durability. It has a rising end-market use in vanadium redox batteries, which is a growing battery type for stationary storage. The price of vanadium peaked at $10.80/lb in February, before falling to $6.53/lb at the end of the year. The average vanadium price over the period was $8.34/lb.

Ecora impact:

- Continue to look at opportunities in commodities such as rare earths, graphite, lithium, zinc, tin and high purity manganese that would round out the commodity basket.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

"The Company is in a strong position and has an exciting future ahead"

Patrick Meier
Chairman

2023 was a year of mixed fortunes for the markets in which we operate. Having enjoyed relatively buoyant conditions in the wake of the pandemic, the economic outlook has been affected by the fight against inflation and the resultant higher interest rates. At the same time China's economy has been less robust than we have seen in recent years which has dampened demand for some key raw materials, and continued geopolitical tensions and conflicts give cause for concern.

Having benefitted from record prices in our commodity mix in 2022, we saw some easing during 2023. This has led to lower prices for some commodities such as cobalt, while steelmaking coal has fallen even though it continues to trade at historically high levels. In turn, this has led to lower earnings at a more sustainable level than in 2022.

We remain committed to the transition we have undertaken in our portfolio towards those commodities which are critical for decarbonisation and are very excited at the quality and future potential that our current portfolio offers. We are seeing a slower rate of the growth in demand for some areas such as electric vehicles but the pace is still extremely strong and the medium- and long-term direction of travel is clearly set as the imperative of tackling climate change intensifies.

We will continue to build the portfolio with strong value-accretive transactions and are hopeful that the current economic and market pressures experienced by the mining sector will offer us even better opportunities to deploy capital.

I am writing to you for the final time as Chairman of Ecora Resources and it is perhaps worth reflecting that back in 2015, the Company was really a play on a single royalty, over the Kestrel steel making coal mine, that had around ten years of income contribution left. The two major strategic challenges to address were the overdependence on one asset and the need to diversify the commodity base whilst orientating towards future facing commodities.

Under the management of Marc Bishop Lafleche, the team has completed several transactions that are expected to replace the Kestrel income and developed the royalty sector leading copper exposure. The portfolio now offers material income growth over the coming years.

To put this into context, in 2015 our royalty income was $13.6m, 73% of our NAV was in coal, net assets totalled $240m and we had a $30m borrowing facility. Compare this to 2023, with royalty income of $61.9m, 85% of our NAV now in future facing commodities, net assets totaling $482m and a borrowing capacity of $225m. Whilst this transformation has not been reflected in the share price, I have every confidence that this value will be realised in the coming years as the development projects hit production and start to deliver income for the Company.

Beyond the asset portfolio, there has also been considerable change within the Company over the last few years. The Board has completely transitioned, and we have built a team of highly experienced, capable individuals. We have strengthened the wider team in key functions within the business such as legal, finance and investor relations, reflecting the increased maturity of the Company. I am also pleased to say that we have developed a Governance framework that is fit for our business, and despite not being a premium listed company, have upheld the corporate governance standards of such a company. Finally, we responded in 2020 to the increased focus on sustainability by establishing a Sustainability Committee that has driven improvements in our processes and disclosures in this area.

Board and governance

Following a thorough recruitment process, we were delighted to announce the appointment of Andrew Webb as non-executive director and Chair designate in January. Andrew has a wealth of experience as an advisor to the mining sector from his role as a Managing Director of Rothschild & Sons. He is already proving that he will be a valuable addition to the Board. I wish him all the very best in the role and I am sure he will work well with the Board, Marc and the rest of the team to drive the Company forward.

The Board continues to execute its role in both challenging and supporting the management team in pursuit of the Company's strategy. An integral part of the Board's focus is to ensure we operate with integrity and to the highest ethical standards; our commitment to sustainability forms an important part of this.

The Board is constantly seeking to improve its effectiveness and during 2023 completed an independent Board effectiveness evaluation. More detail on the process can be found on pages 87 to 90, but to summarise the Board was found to function well, with some areas for improvement highlighted which we will address. More information on the operation and activities of the Board can be found on pages 83 to 93.

Capital allocation

The Group moved to paying fixed dividends in US dollars in 2023 with a quarterly dividend of 2.125c per share, resulting in an annual dividend of 8.5c per share.

The Board has reviewed the company's approach to capital allocation and has approved an updated framework which aims to maintain balance sheet strength, provide an attractive dividend yield relative to the wider royalty sector, and retain the flexibility to allocate capital to enhance the Company's royalty portfolio via accretive royalty acquisitions. The approach will also align dividend payout to free cash flow which is expected to grow as near-term development royalties come online.

Ecora's updated capital allocation framework has four pillars:

- Acquire high-quality royalties to further diversify and grow our portfolio.
- Focus on post-transaction balance sheet deleveraging.
- Distribute semi-annual cash dividends based on a range of 25-35% of free cash flow[1]
- Consider share buybacks in the context of market price and net asset value

Based on research analyst consensus commodity price forecasts and operator production volume guidance from Ecora's operating partners, the mid-point of the new dividend payout ratio would see total FY 2024 dividend of approximately 4.0c per share.

The updated dividend arrangements will take effect for the 2024 financial year, starting with the H1 2024 dividend which will be declared in September 2024 and will be payable in January 2025.

The Board has decided that at the current market valuation a share buyback represents a compelling investment opportunity and has therefore approved a $10m share buyback programme to commence immediately. This majority of this will be funded from the proceeds of the partial sale of our stake in Labrador Iron Ore Royalty Corporation in Q4 2023.

1 Free cash flow is calculated as net cash generated from operating activities, plus proceeds from the disposal of non-core assets and repayments received under commodity related financing arrangements, less finance costs and lease payments.

Chair Designate

In January 2024 the Board appointed Andrew Webb as an independent Non-Executive Director and Chair designate. Andrew will succeed Patrick Meier as Chair at the Annual General Meeting in May 2024.

"As Chair Designate, I would like to say how excited I am to be joining the Board of Ecora Resources. In my career at Rothschild as an adviser to the mining sector, I have followed the Company for many years. The management team has successfully created a diversified royalty company with a strong foundation for growth over the coming years. As the world continues the energy transition, there will need to be a substantial increase in the quantity of base metals and other future facing commodities that are being mined, and this will create further opportunities for Ecora to build on its sector leading, non-precious metals royalty portfolio. Finally, I would like to thank Patrick Meier for his leadership over the past few years and say how much I am looking forward to working with the team to continue to deliver long term shareholder value."

Stakeholder engagement

During the year we continued to engage with our key stakeholders and more information can be found on page 47 in our Section 172 Statement. In terms of shareholders, we have run proactive engagement programmes with both institutional and retail investors in the UK, Europe, Australia and North America. We have further expanded the sell side research coverage in the UK, and this will continue to be an area of focus in 2024. We have continued to build closer relationships with our operators and communities and were pleased to co-invest with Vale in our first community initiative at Voisey's Bay. On behalf of the Board, I would like to thank all our stakeholders for your continued support.

Thanks

Finally, I would like to sign off by thanking the Ecora team for all of its support over the past nine years, and its ongoing hard work and dedication. The Company has changed beyond recognition since I first joined – as a team, we have overcome hurdles and achieved our key strategic objectives. I am confident that the foundations are now in place and the Company has an exciting future ahead.

Patrick Meier
Chairman
26 March 2024

Positioned to deliver sustainable income growth

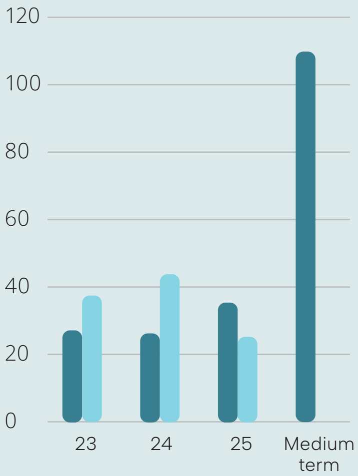
We offer investors exposure to a basket of commodities that are integral to the energy transition.

Attractive growth profile

Our portfolio of royalties in future facing commodities has the potential to grow from generating $27m of portfolio contribution in 2023 to generating over $100m of annual portfolio contribution in the medium term.

Portfolio contribution ($m)

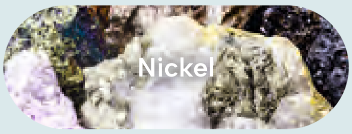
- Future facing contribution
- Other



Read more on p6

Compelling commodity mix

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



Read more on p8

High quality partners

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

Operators

VALE
CAPSTONE COPPER
LARGO
Cameco
orano
BHP
RioTinto
KGHM
BRAZILIAN NICKEL PLC

Read more on p26

* Based on consensus forecasts of covering sell side analysts

Balance sheet flexibility

We refinanced our debt facility in early 2024, increasing the potential borrowing capacity to $225m. Furthermore, we have announced a capital allocation framework that appropriately balances deleveraging, growth and shareholder returns.

$225m
Size of Revolving Credit Facility ($150m) and Accordion ($75m)

$75m
Net debt at end of 2023

Read more on p42

Strong sustainability framework

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

12.3
Sustainalytics score

Read more on p50

Proven track record

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

Over $400m invested in growth focused future facing commodity assets over past four years.

>$400m
deployed over past four years

Read more on p22

"We look out to 2024 with a great deal of optimism"

Marc Bishop Lafleche
Chief Executive Officer

Challenging global macroeconomic conditions persisted throughout 2023. Contractionary monetary policies appear to be successfully containing inflationary pressures, however fears of a hard economic landing persist.

As is always the case for the natural resource sector, demand is key. In this respect a slowdown in the Chinese economy coupled with two serious international conflicts created a lot of uncertainty for domestic policies such as those around adoption of electric vehicles and transition timelines and commitments to net zero. This saw a reduction in demand for electric vehicles in certain markets which coincided with increased supply of key battery commodities such as nickel. However, lower commodity prices are likely to make certain battery chemistries more economical with the potential of lowering the cost of adoption – which in its own right could trigger renewed demand in future periods.

These challenges were exacerbated by a noticeable stagnation in the UK's small-cap equity markets. This sector experienced widespread redemptions across small-cap equity funds, coupled with a notable shift of capital away from the UK.

The cumulative impact of these top-down factors have made for a difficult year, particularly for UK listed small cap equities and contributed to a 33% decline in our share price.

We look forward with confidence and in 2024 we anticipate year-on-year production volume growth from the key assets underlying our royalty portfolio, and in the medium term onwards, our royalty portfolio is aligned to strong multi-decade structural demand growth trends driven by the energy transition. The investment in Ecora shares by the Ecora Executive team, and along with several Board members throughout 2023 and into 2024 demonstrates our belief in Ecora's solid foundation and promising future.

Growth opportunity

The mining sector at large has been facing the same challenging market conditions that have impacted the Ecora share price. The availability of capital from equity markets is primarily limited to the largest producers. Furthermore, equity valuations are compressed. In these conditions, however, royalty funding is a highly attractive source of funding. Should these conditions persist, we anticipate a favourable window to deploy capital and further diversify and grow our royalty portfolio.

In 2023, Ecora made two development stage investments. We were delighted to add a royalty over the Vizcachitas project, one of the largest undeveloped copper projects that is not in the hands of one of the large mining companies. As such, it was a rare opportunity and adding it to our portfolio extends our royalty sector leading copper growth pipeline out into the next decade.

We were also pleased to make a further $7.5m investment into Brazilian Nickel's Piauí project. The proceeds will primarily be used to finance detailed engineering studies and flow sheet optimisation that will further de-risk the project prior to the start of construction. Once built, the operation is expected to be amongst the lowest cost global producers of nickel and generate strong cash flows throughout the commodity price cycle.

During the year, we also reviewed and progressed a number of opportunities across a variety of commodities and jurisdictions, some of which we ultimately decided not to pursue.
As important as the investments we make are the ones which we do not. Our due diligence process is rigorous and looking back with hindsight at these opportunities, the decisions taken were the correct ones and have enabled us to preserve capital which can be deployed in 2024. Our disciplined approach to investments has served us well, and we will continue this diligent approach to deliver on our strategy.

Results

Portfolio contribution of $63.6m was, as expected, lower than the prior year (2022: $143.2m) primarily as a result of lower production out of the Group's private royalty area at Kestrel. Adjusted earnings per share was $11.82c (2022: 37.55c).

Net debt increased to $75m (2022: $36m) as payments of $37m were made to South32 as deferred consideration for the royalty acquisition made in July 2022 and the Group made $27.5m of royalty acquisitions.

Outlook

Looking ahead, we have a great deal of optimism. Production volumes from Kestrel, Voisey's Bay and Mantos Blancos are all expected to be higher than in 2023 which, at year-to-date commodity price levels, could result in year-on-year portfolio contribution growth in 2024.

The ramp-up of production from the underground mine at Voisey's Bay is expected to commence in the second half of 2024 and should lead to year-on-year growth in the number of cobalt deliveries going forward, as it reaches steady state production.

Whilst there has already been plenty of turbulence in the nickel markets in early 2024, both West Musgrave and Piauí sit at the lower end of the cost curve, were they in production, would be expected to generate robust cashflows even at current nickel price levels. BHP has stated that construction of West Musgrave is 21 per cent complete and that it is reviewing the phasing of capital expenditure around the project. Brazilian Nickel continues to progress construction financing workstreams to fund the full-scale production plant at Piauí and we expect more news on this during the course of 2024.

In our copper portfolio, Capstone Copper plans to release an updated Feasibility Study on Santo Domingo by mid-year. Commentary from Capstone suggests there are material efficiency gains and volume upside from the integrated development plan compared to the initial Feasibility Study completed in 2018.

The core portfolio is well positioned to deliver income growth in the year ahead. Our new capital allocation policy and upsized debt facility position us at the forefront of the favourable market conditions to deploy capital and further diversify and grow the portfolio.

Finally, I would like to extend our deepest gratitude to our outgoing Chairman, Patrick Meier, for his leadership and commitment to building a world class royalty company throughout his tenure. During the time Patrick has been Chair, Ecora has transformed, and has emerged in a stronger and more resilient position than ever before.

Marc Bishop Lafleche
Chief Executive Officer
26 March 2024

Capital allocation

In light of current market conditions driving strong mining sector demand for royalty financing, I believe it is the right time to rebalance our capital allocation policy towards growth while currently maintaining an attractive dividend yield in the context of the wider royalty sector. By adopting this framework, we are prioritising accelerated diversification and scale, both crucial prerequisites for a royalty company to achieve a premium equity rating. In Q4 2023, we sold approximately 60% of our stake in Labrador Iron Ore Royalty Corporation (LIORC) realising C$18.9m, a total pre-tax return on investment of c. 110%. these funds will primarily fund the buyback programme we announced today and the $7.5m we invested into Piauí in December 2023 With Ecora shares trading at approximately at 0.5x estimated net asset value (based on research analyst consensus estimates), increased exposure to our high-quality royalty portfolio is a highly attractive investment which will drive earnings and NAV per share accretion.

TThe completion of our revolving credit facility refinancing in January 2024 maintains our strong financial position, enabling us to further grow the company through acquisitions of attractive royalties. In particular, we were pleased to upsize the acquisition accordion feature to $75m, in addition to the $150m headline availability.

Updated capital allocation framework

Pillars	Philosophy
Growth	Acquire high quality royalties to further diversify and grow the portfolio
Deleveraging	Focus on post-transaction balance sheet deleveraging
Cash dividends	Distribute semi-annual cash dividends based on range of 25-35% of free cash flow
Strategic share buybacks	Consider strategic share buybacks in context of market price and NAV

Applying a proven business model

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

Royalty

1 **Royalty payments**
(% of revenue for life of mine)

2 **Investment**
(upfront payment)

Investing in royalties

What is a royalty?

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

Primary and secondary

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

Benefits of royalty investments

To the mine operator:

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

To the royalty company:

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

Inputs

Internal

Capital

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

Expertise

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

External

Mine performance

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

Commodity price

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

Value creation

Counterparties

Through collaborating with partners on charitable initiatives that positively impact communities and funding the production of commodities essential to the energy transition we are playing a small role in enabling the world to lower its carbon footprint.

Shareholders

Return capital to shareholders through a dividend of between 25 and 30% of free cash flow. Share buy backs will be considered when the Group's stock price is trading at a significant discount to NAV.

Employees

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

Society

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

A clearly defined investment strategy

Our strategy is focused around four key pillars:

Commodity selection

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

What it means?

- We focus on commodities that are required to complete the energy transition.
- Our current commodity exposure includes copper, nickel, cobalt, steel-making coal, vanadium and uranium.

2023 performance

- We completed the acquisition of a royalty over the Vizcachitas copper project in Chile.
- We provided Brazilian Nickel with $7.5m to complete FEED studies at the Piauí nickel project.
- We divested our shareholding in the Labrador Iron Ore Royalty Company generating C$19m.

Future focus

Nickel, copper and cobalt markets offer attractive long term entry points.

We would like to round out our commodity mix through adding exposure to commodities such as lithium, rare earths, high purity manganese, zinc, tin and graphite.

Link to principal risks

1 2 3 4 5 6 7 8

Investment framework

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

What it means?

We focus the majority of our investment in projects that:

- are relatively low cost;
- are in established mining jurisdictions;
- have strong management teams;
- achieve clear IRR targets;
- focus on commodities within our basket; and
- meet our ESG investment criteria.

Read more in our Sustainability Report on pages 50 to 59.

2023 performance

The assets added to the portfolio are:

- focused on copper and nickel;
- expected to be in the lower quartile in the industry cost curve;
- located in Chile and Brazil– proven mining jurisdictions;
- anticipated to hit mid-teens IRRs based on conservative long term consensus pricing; and
- projected to have strong sustainability credentials.

Future focus

Focus will remain on investing in projects that meet our investment framework.

Link to principal risks

1 2 3 4 5 6 7 8

Portfolio diversification

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

What it means?

As we grow the portfolio we will seek to:

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

2023 performance

- Entered the year with 63% of value in income producing assets.
- Added a royalty over an early stage, large scale copper project in Vizcachitas.
- Ended the year with 53% of the value in income producing assets, 16% in assets in construction and 27% in development assets.

Future focus

We will seek to continue to diversify the portfolio in terms of commodity, asset maturity and jurisdiction.

Link to principal risks

1 2 3 4 5 6 7 8

Key to principal risks

1 Catastrophic and natural catastrophic risk
2 Investment approval
3 Future demand
4 Commodity prices
5 Operator dependence and concentration risk
6 Geopolitical events
7 Financing capability
8 Stakeholder support

Capital allocation

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

What it means?

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

2023 performance

- Deployed $27.5m into new royalty acquisitions.
- Realised C$19m from selling our stake in the Labrador Iron Ore Royalty Company which was used to pay down debt.
- Net debt increased to $75m.
- Paid shareholders a dividend equal to 8.5c for the year.

Future focus

A new capital allocation policy has been announced that will focus on maintaining a strong balance sheet that will enable the Group to complete a number of small royalty acquisitions whilst we navigate the transition of the portfolio away from the Kestrel steel-making coal royalty.

Link to principal risks

1 2 3 4 5 6 7 8

Growing value through smart investments

2013

Portfolio based around two income generating royalties, which were Kestrel and EVBC. Royalty income totalled £14.7m and 64% of NAV was derived from coal (Kestrel). Company started to look for increased exposure to future facing commodities. Net assets totalled £216m.

2013–2018

Added a number of income producing royalties including Maracás Menchen (vanadium) and McClean Lake mill (uranium). Portfolio contribution was £46.1m, 61% of NAV was attributable to coal. Net assets totalled $218.9m.

2019–2023

Added income producing Mantos Blancos royalty (copper) and Voisey's Bay stream (cobalt). Also increased exposure to growth assets through a primary royalty at Piauí (nickel) and acquiring secondary royalties over West Musgrave (nickel-copper) and Santo Domingo (copper). Portfolio contribution of $63.6m and net assets of $482m. 85% of NAV is future facing commodities.

2024–28

Coal is expected to run off completely around year end 2026. If developments enter production according to current operator guidance then will have an additional three assets in production by 2028 (Piauí, West Musgrave, Santo Domingo) and Voisey's Bay (cobalt) will be fully ramped up. Portfolio estimated to be producing in excess of $100m of portfolio contribution with 100% of NAV expected to be future facing.

Measuring our performance

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

Adjusted earnings per share
11.82c (–69%)

'23	11.82c
'22	37.55p
'21	25.18p
'20	15.69p
'19	26.06p

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

Why is it important?
It means that the Group is focused on delivering accretive growth for shareholders.

How we performed
2023 saw a reduction in adjusted earnings per share. This was as a result of production from the Kestrel steel-making coal royalty entering the phase when it will transition in and out of the Group's private royalty area. This was compounded by the number of cobalt deliveries from Voisey's Bay being below the number guided by the operator at the start of the year.

Link to strategy

Dividend cover (x)
1.4x (–68%)

'23	1.4
'22	4.4
'21	2.6
'20	1.4
'19	2.3

Definition
The ratio of earnings over the dividend paid to shareholders.

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

How we performed
2023 saw the dividend cover reduce in line with the reduction in earnings. The Board has agreed a new capital allocation policy which will see the dividend payout set as a percentage of free cash flow.

Link to strategy

Portfolio contribution ($m)
$63.6m (–56%)

'23	63.6
'22	143.2
'21	85.6
'20	47.5
'19	75.9

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

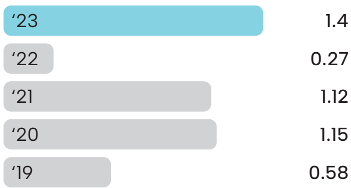
Why is it important?
It is the source of income generation for Ecora Resources which funds future investments, debt repayment and capital returns to shareholders.

How we performed
Portfolio contribution was down in 2023 as a result of production from the Kestrel steel-making coal mine starting to transition in and out of the Group's private royalty lands and a lower than expected number of cobalt deliveries from Voisey's Bay.

Link to strategy

Leverage ratio (x)

1.4x (415%)



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

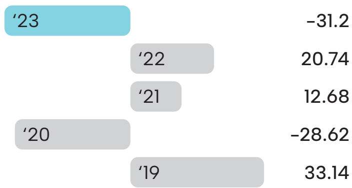
Why is it important?
It is a proxy of the ability of the Group's portfolio contribution to service the level of debt drawn.

How we performed
Decrease in portfolio contribution in 2023 resulted in an increase in the leverage ratio.

Link to strategy

Total shareholder returns (%)

–31.2% (–250%)



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

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

How we performed
The decrease in share price was primarily driven by lower commodity prices and outflows impacting small cap UK funds,

Link to strategy

Key to strategy

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

Updates to KPIs

Going forward the dividend payout will be calculated as a % of free cash flow, therefore for 2024 the Group intends to replace dividend cover as a KPI and replace it with free cash flow.

Sustainability linked KPI update

In its 2022 ARA the Group stated it intended to introduce a sustainability KPI. As a royalty and streaming company, the most material exposure to greenhouse gas emissions for the Group is the emissions from our operating partners, that is our Scope 3 (downstream) emissions. The Group will continue to report its Scope 3 emissions in absolute terms as detailed on pages 79 to 80, and following the run off the Kestrel royalty, will investigate reporting emissions on an intensity basis. Once the emissions intensity of our portfolio can be accurately calculated, management will consider this metric further for inclusion as a key performance indicator of the business.

A sector leading copper growth portfolio

About copper

Copper is a corrosion resistant metal with high thermal and electrical conductivity. It is so critical to modern society that life would be unimaginable without its widespread use within electrical and plumbing applications, in consumer electronics. Without copper, there cannot be a green energy revolution.

A 3 Megawatt wind turbine contains up to 4.7 tons of copper primarily in the conductive wiring as well as generation and transformer units.

A solar power system typically includes 5.5 tons of copper per Megawatt of electricity generation capacity.

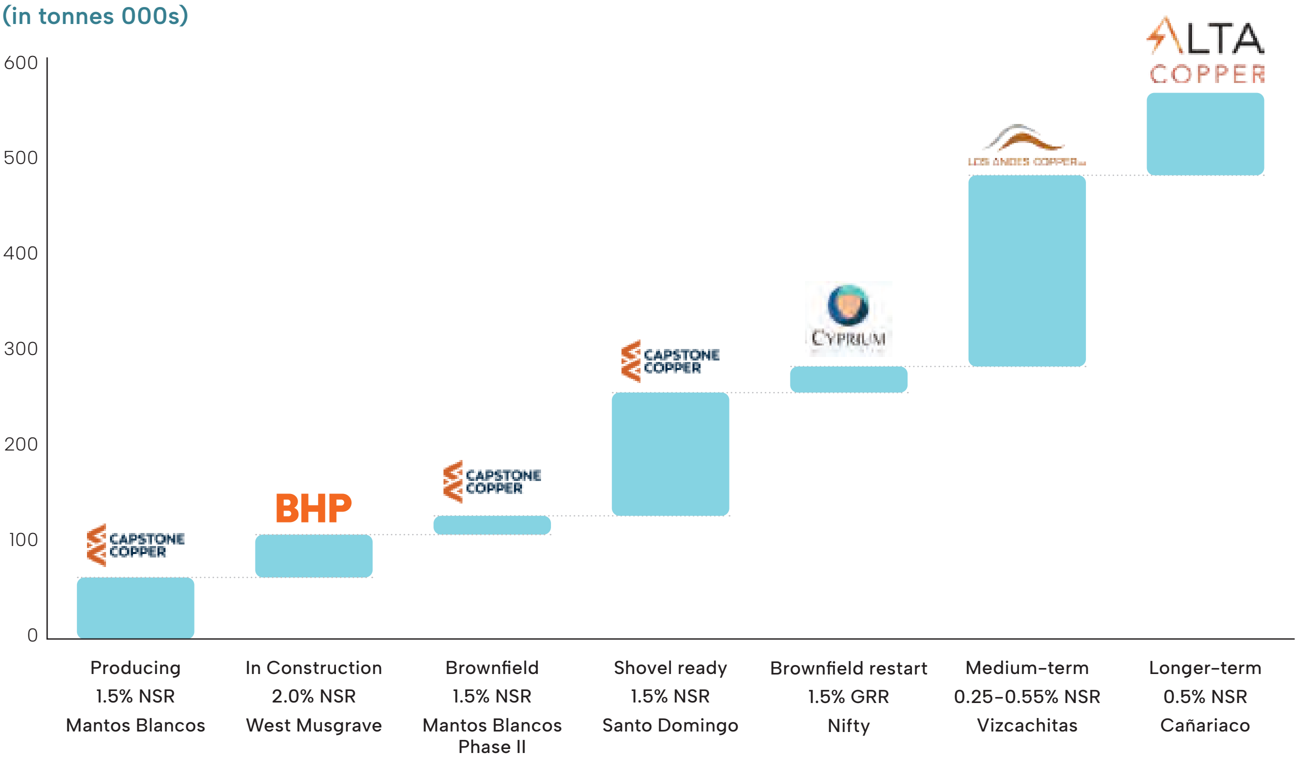
Copper wiring is instrumental to transmitting power from its source of generation, to homes and businesses.

Electric vehicles rely on copper much more than traditional internal combustion engines; not only is the conductive wiring required in charging stations, but also in an electric vehicle's motor coil which drives the engine.

- An internal combustion engine uses around 48lbs or 22kg of copper;
- a hybrid electric vehicle uses 88lbs or 40kg of copper; and
- a battery electric vehicle uses 183lbs or 83kg of copper.

The growth in these markets is transforming the outlook for copper. S&P Global estimates that copper demand could nearly double by 2035, and estimates a 20% shortfall from the supply level required for the Net-Zero emissions by 2050 target.

Illustrative annual Copper Production[1]
(in tonnes 000s)



1 FY2023 actuals, other data from sell-side consensus forecasts.

Entering a transition phase

In 2023 the portfolio entered a period of transition as the income base starts to rebalance towards the future facing commodities that will drive medium term earnings growth.

Portfolio contribution of $63.6m was down 56% on the prior year as a result of lower contribution from Kestrel as production started to move in and out of the Group's private royalty area. However, volumes in the Group's private royalty area at Kestrel will broadly plateau across 2023 - 2026, underpinning the Group's received production volumes whilst Voisey's Bay ramps up and West Musgrave, Santo Domingo and Piauí are constructed.

During 2023, the portfolio marginally underperformed against expectations.

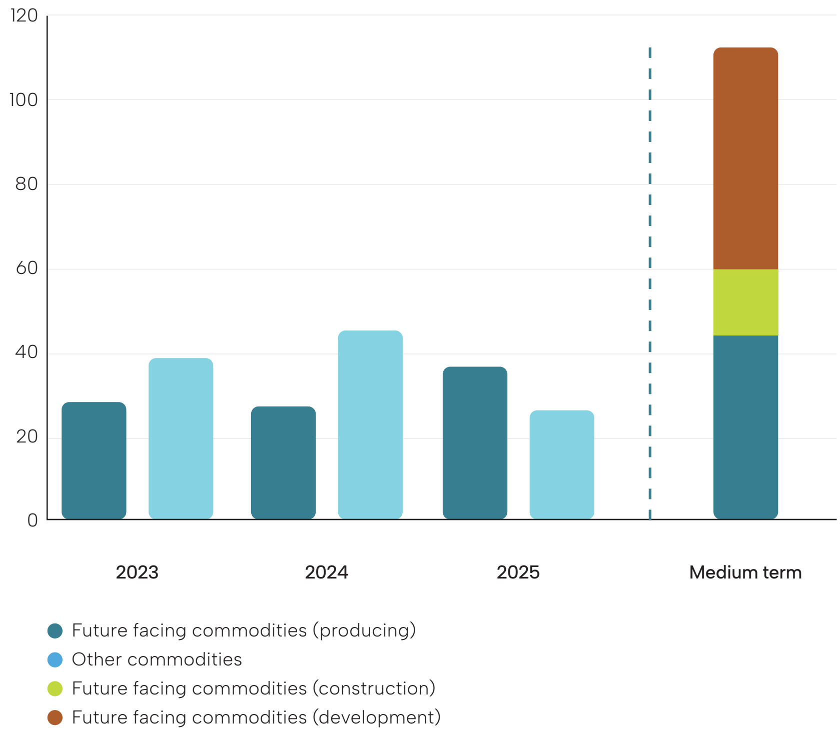
At Voisey's Bay, the progress on the transition to the underground mining operations was slower than anticipated at the start of the year. By the end of the year operations were 92% complete. Whilst there has been a gradual ramp up, the expectation is that the ramp up will start to gather pace from the second half of 2024 and throughout 2025.

At Mantos Blancos, production volumes were impacted by stability issues that prevented the concentrator and tailings systems from operating at nameplate capacity. The operator, Capstone Copper, has commenced execution of a work programme costing $35m to address these issues and sustainable nameplate operating rates are expected to be achieved during the first half of 2024.

Across the Group's development royalties, which will drive future growth, on assuming operatorship of the West Musgrave project, BHP continued construction and the project was 21% complete by January 2024. In early 2024 BHP announced that, in light of weak nickel prices, it is reviewing the phasing of its planned capital expenditure programme on West Musgrave, although it also recognised that the project was economic on nickel prices at that point in time, since which they have increased by 6%.

Capstone Copper continues to make progress on the Santo Domingo project. During 2023 it worked with Ausenco to update the existing Feasibility Study that dates back to 2018. Ausenco is optimising the process configuration and updating the mine plan. The technical report is expected to be published in the first half of 2024.

Revenue growth from future facing commodities ($m)



Development

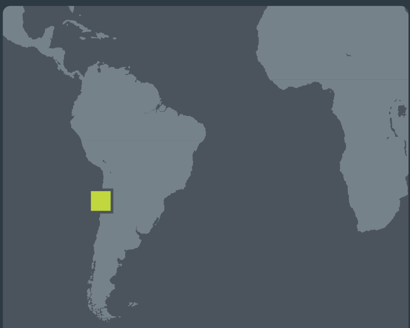
- Santo Domingo: targeted first production 2027–28
- Piauí: targeted first production 2027–28

In construction

- West Musgrave: 21% completed

Base metals:
Copper

Mantos Blancos



Stage
Producing

Operator
Capstone Copper

Location
Chile

Rate and type
1.525% NSR

Balance sheet classification
Royalty intangible

$6.1m
Mantos Blancos generated $6.1m of revenue in 2023, with average copper prices of $8,492/lb.

10 Mtpa
Ultimate throughput potential if the Phase II expansion proceeds.

Copper Mark

In 2023 Mantos Blancos was awarded the Copper Mark. The Copper Mark Assurance Framework promotes the responsible production of copper.

Primary commodity: Copper

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

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

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

Why we own it
Mantos Blancos is a long life copper mine with upside potential in a recognised mining jurisdiction. Capstone Copper is a highly regarded operator with a wealth of in-country experience. Copper supply-demand fundamentals are widely expected to be attractive (see page 24) and it is management's belief that this will create upwards pressure on copper prices.

Performance
Mantos Blancos generated $6.1m of revenue for the Group in 2023, up 2% on 2022 ($6.0m). Total payable copper volumes increased to 49.3Kt (2022: 48.8Kt) and the underlying copper price in the year averaged $8,492/tonne (2022: $8,724/tonne).

Outlook
Capstone Copper's production guidance for 2024 is between 49Kt and 57Kt of copper metal from Mantos Blancos.

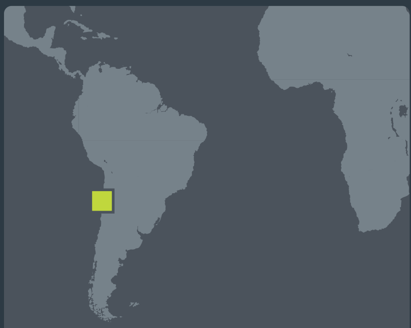
H1 is expected to be lower than H2 as the operator intends to install the equipment necessary to remove bottlenecks in the processing circuit. Once this issue is resolved, Capstone expects the mine to operate at nameplate throughput rates of 7.3mtpa of sulphide ore milled.

Capstone Copper is also studying the option to undertake the Mantos Blancos Phase II expansion which would take the concentrators throughput from 7.3mtpa to at least 10mtpa. A Feasibility Study is expected to be published in 2025.

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

Base metals: **Copper** continued

Santo Domingo



Stage
Development

Operator
Capstone Copper

Location
Chile

Rate and type
2% NSR

Balance sheet classification
Royalty intangible

140Mlbs
Average annual production expected to be ~140Mlbs of copper, 4,200t of 65% pellet feed iron ore concentrate and 10.4Mlbs of cobalt.

18
18-year mine life with extension potential.

Water

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

Primary commodity: Copper
Secondary commodity: Cobalt

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

What we own

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

Average annual production is expected to be approximately 118Kt of copper, 4.2Kt of 65% pellet feed iron ore concentrate and 10.4Mlbs of cobalt. Total reserves are estimated to be 392Mt at 0.30% copper grade (as per the Capstone Copper Santo Domingo Project Technical Report) with an expected mine life of over 18 years.

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

Why we own it

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

Progress

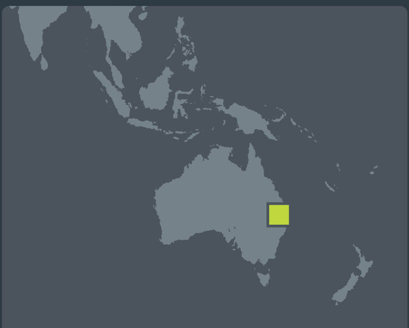
In 2023 Capstone completed a brownfield expansion of the Mantoverde copper mine, located 35 km away from Santo Domingo.

During 2023 Capstone, in tandem with third parties, worked to update the 2018 Feasibility Study. The original Feasibility Study was based on a stand alone development and the updated study will capture synergies expected to arise from the proximity to Mantoverde. The Feasibility Study is also expected to reflect a revised design that aims to achieve a smaller footprint and higher mill throughput rate, which should have a positive impact on capital and operating costs.

Outlook

The project is fully permitted and shovel ready. The updated Feasibility Study is scheduled to be published in the first half of 2024. Capstone Copper has also stated that once the study is published, it plans to consider a sale of a minority stake in Santo Domingo. FID is targeted for H2 2025.

Vizcachitas



Stage
Development

Operator
Los Andes Copper

Location
Chile

Rate and type
0.25% NSR

Balance sheet classification
Royalty intangible

26 years
A 26-year mine life and further extension potential.

2029
First production is targeted for 2029.

Clean

Expected to produce clean copper concentrate with low levels of deleterious materials.

Primary commodity: Copper
Secondary commodity: Nickel

Vizcachitas is a large scale copper development project located in Chile, owned by Los Andes Copper.

What we own

The Group owns a 0.25% NSR royalty over any open pit operations, stepping up in the event production is delayed beyond 30 June 2030.

Why we own it

The Vizcachitas project is amongst the largest and lowest cost undeveloped copper deposits with a long-life and in a well-established mining jurisdiction.

Progress

A robust Pre-Feasibility Study was published in April 2023, indicating 1,220Mt of mineral reserves at 0.40% CuEq grade, 1,514Mt of measured and indicated resources at 0.44% CuEq grade and 1,823 Mt of inferred resources at 0.38% CuEq grade.

In September 2023 Los Andes appointed ERM to conduct an analysis of the licensing process for the project and to define the required baseline studies.

Operator guidance is for the project to come into production in 2029, with Ecora's royalty rate stepping up in the event production is delayed beyond 30 June 2030.

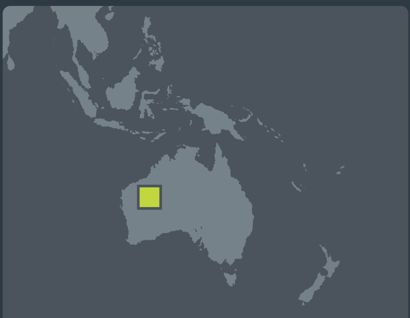
Outlook

Reserves based mine life is 26 years with average payable copper production of 183 Ktpa in the first eight years and 153 Ktpa over the life of the mine, which has considerable life of mine extension potential.

The project adopts a 'sustainability in design' approach and is expected to produce clean copper concentrate with low levels of deleterious materials.

Base metals:
Copper continued

Nifty



Stage
Development

Operator
Cyprium Metals Limited

Location
Western Australia

Rate and type
1.5% realised value royalty

Balance sheet classification
Royalty intangible

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

800Kt
Royalty payable once 800Kt copper has been delivered.

6

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

Primary commodity: Copper

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

What we own

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

Why we own it

Nifty is a mine restart project with substantial existing infrastructure. The operator states that the mine is recognised as the sixth ranked development project in Australia by copper metal resource. The copper has the highest grade of the top six projects in this ranking. Cyprium expects the resource estimates to increase as the mineral resource is open along strike in multiple directions and at depth.

Update

Cyprium completed a detailed Restart Feasibility Study in 2022 over the oxide heap leach starter operation.

Cyprium is targeting to deliver a Restart Feasibility update along with a resource update in early 2024. The operator is simultaneously preparing a scoping study for a larger, integrated oxide and sulphide project which will be followed by preparing a DFS.

The operator is targeting FID in 2024, which could lead to first cashflows in 2025. It is envisaged that the operation will initially produce 20-25kt of copper per year.

Carlota

Primary commodity: Copper

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

Royalty revenues from Carlota totalled $0.6m in 2023. With the open-pit mining having ceased in 2014, Ecora anticipates copper cathode production to continue to decline as heap leach becomes exhausted, and copper production ceases in late 2024 or 2025.

Cañariaco

Primary commodity: Copper
Secondary commodity: Gold

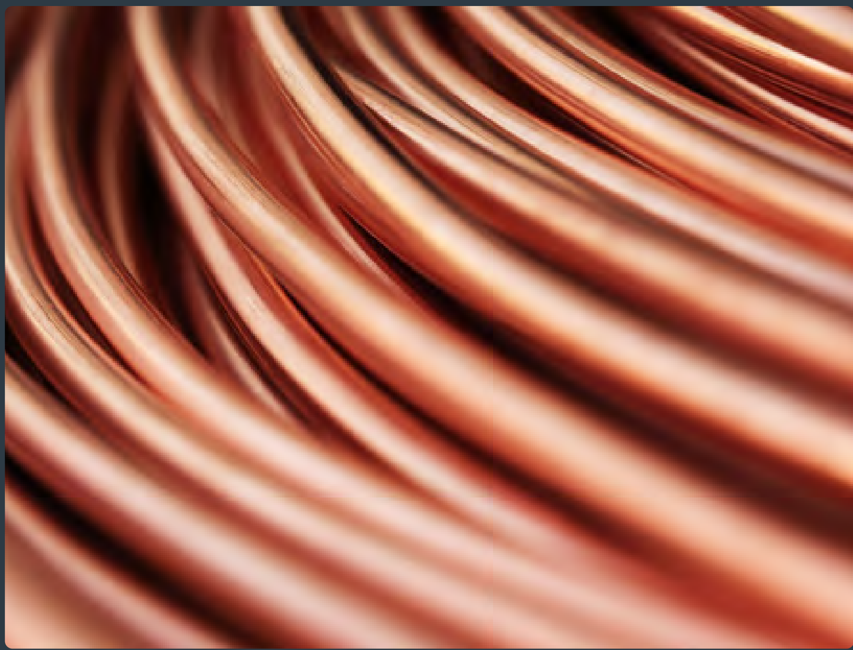
Cañariaco is a large-scale copper project in northern Peru which includes the Cañariaco Norte deposit, the Cañariaco Sur deposit and the Quebrada Verde prospect located 3.5km south of Cañariaco Norte and immediately south-south-west of Cañariaco Sur.

The Group has a 0.5% life of mine NSR royalty over the project which is majority owned by TSX-listed, Alta Copper Corp.

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

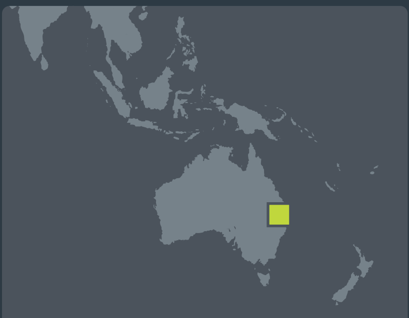
In 2024, Alta Copper expects to continue advancing an Optimized PEA, to be published in H1 2024 and to apply for permits for a 47,000m drill programme, advance metallurgical testwork and community engagement.

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



Base metals: **Nickel**

West Musgrave



Stage
In construction

Operator
BHP

Location
Australia

Rate and type
2% NSR

Balance sheet classification
Royalty intangible

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

21%
Construction was 21% complete as at Q1 2024.

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

Primary commodity: Nickel
Secondary commodity: Copper

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

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

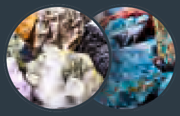
Average annual production from West Musgrave is expected to be approximately 35Kt of nickel and 41Kt of copper over the first five years of production and 27Kt of nickel and 33Kt of copper thereafter. Total reserves are estimated at 270Mt at 0.31% nickel and 0.34% copper grades with an expected mine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

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

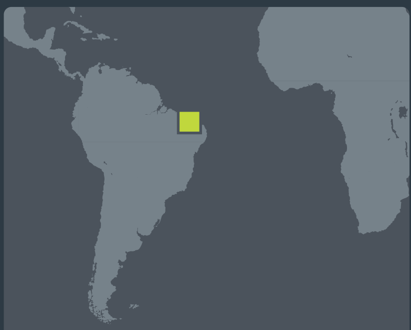
Progress
The project is in the construction phase and BHP announced in February 2024 that construction is 21% complete.

Outlook
The nickel industry has seen rapid supply growth from Indonesian operations. The supply ramp-up has put downward pressure on nickel prices, currently at approximately $17,500 per tonne. This has led to a number of nickel operations in Australia being placed on care and maintenance, and BHP is considering the same course of action for its Nickel West operations, which have recently been integrated with the West Musgrave project to form the Western Australian Nickel unit.

The West Musgrave project's economics remain robust, with BHP stating that the operation could generate reasonable returns despite a weak nickel price environment and assuming lower forward prices for nickel. However, as BHP studies a potential move into care and maintenance for Nickel West, it will consider the merits of phasing the remaining West Musgrave construction capital expenditure.



Piauí



Stage
Development

Operator
Brazilian Nickel

Location
Brazil

Rate and type
1.60% NSR

Balance sheet classification
Royalty financial instrument

4.25%
Size of our royalty should we invest a further $62.5m towards the construction of the full scale facility.

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

EVs

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

Primary commodity: Nickel
Secondary commodity: Cobalt

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

What we own

The Group has a royalty over the Piauí nickel project in Brazil owned by Brazilian Nickel PLC, a private UK company. Ecora Resources contributed an initial investment of $2.0m for a 1.25% GRR on the project in 2017 and increased this to 1.60% in 2023 through investing a further $7.5m. Ecora has, at its election, the right to increase this investment by a further $62.5m for a total gross royalty of 4.25% upon the satisfaction of certain milestones.

Why we own it

Piauí is a low-cost project located in an established mining jurisdiction. High purity nickel and cobalt hydroxide products to be produced from Piauí are expected to be used for lithium ion batteries, one of the key end markets for which is electric vehicles.

Progress

Production of first nickel from the small scale PNP1000 plant commenced in June 2022. The learnings from the PNP1000 plant have fed into the detailed engineering studies and flow sheet optimisation that will further de-risk the project prior to construction.

Ecora invested $7.5m in November 2023, increasing its royalty from 1.25% to 1.60%, with the proceeds primarily being used to finance the aforementioned workstreams.

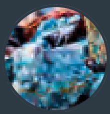
Outlook

The operator continues to progress detailed engineering studies, operational readiness preparations and construction financing workstreams. FID and commencement of construction are expected shortly after completion of these workstreams. The project is expected to produce 27ktpa of nickel and 1ktpa of cobalt during the initial ten years of operation.

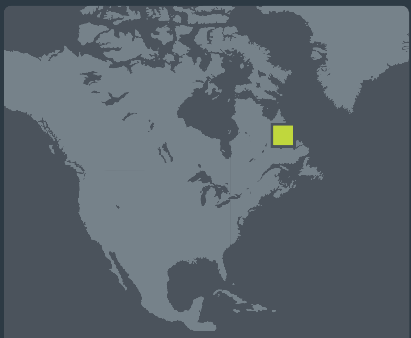
Valuation

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

Speciality and battery metals: **Colbalt**



Voisey's Bay



Stage
Producing

Operator
Vale

Location
Canada

Rate and type
22.82% attributable production

Balance sheet classification
Mineral stream interests (PP&E)

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

2039
Projected mine life to 2039, based on current life of mine, with potential for further mine life extensions.

100%

Target for 100% energy from renewable sources by 2030.

CO_2

Voisey's Bay is one of the lowest CO_2 emitters per unit of nickel produced.

Primary commodity: Cobalt

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

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

Why we own it
Cobalt is a key commodity in the production of lithium-ion batteries. Voisey's Bay is one of the largest sources of cobalt outside of the Democratic Republic of Congo. It is an established world-class, low cost operation and one of the lowest CO_2 emitters per unit of nickel produced. The stream from Voisey's Bay is expected to increase materially in late 2024 and 2025 to offset some of the reduction in revenue from the Kestrel royalty.

Performance
The expansion and completion of the underground mines has taken longer than expected and is now expected to be completed in H2 2024. As a result, more nickel than planned came from the Discovery Hill open pit which is of a lower ore grade than the underground mines.

Consequently 11 deliveries of cobalt were received by Ecora in 2023 (2022: 19 deliveries) totalling 220t of cobalt.

Cobalt prices were also down year on year with an average price achieved of $16/lb (2022: $32/lb).

The combination of lower volumes and prices resulted in total stream revenue of $5.6m (2022: $18.8m) and, after cost of sales, generated $4.2m of net portfolio contribution (2022: $14.6m).

Outlook
Mining operations continue to transition from the open pit to the underground mine. Production from the Reid Brook and Eastern Deep mines is expected to ramp up throughout 2024 and 2025.

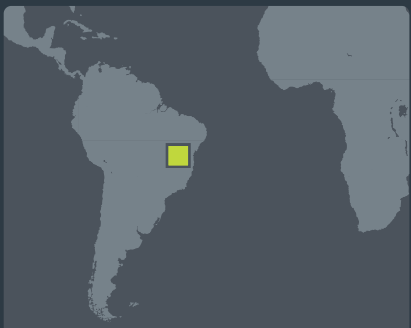
We expect to receive 12-16 deliveries of cobalt in 2024 (each delivery is 20 tonnes).

When ramp-up is completed by the operator, the underground mines will produce approximately 45ktpa of nickel and approximately 2.5ktpa of cobalt in concentrate at the peak annual mill feed rate of 2.6Mtpa. At this point the Ecora should receive approximately 40 deliveries per annum (70% of which are attributable to Ecora)..

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

Vanadium

Maracás Menchen



Stage
Producing

Operator
Largo Resources

Location
Brazil

Rate and type
2% NSR

Balance sheet classification
Royalty intangible

$3.1m
Royalties from the Maracás Menchen mine totalled $3.1m in 2023.

9.6Kt
Production and sales during 2023 was 9.6Kt with annual V_2O_5 production guidance for 2024 at 8.7Kt– 10.7Kt.

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

CO_2
Vanadium redox flow batteries ('VRFBs') are an innovative solution to store renewable energy for a low carbon future.

Primary commodity: Vanadium

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

What we own

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

Why we own it

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

Performance

Royalties from the Maracás Menchen mine totalled $3.1m during the year (2022: $3.6m).

The mine produced 9.6Kt of V_2O_5 in 2023 (2022: 10.4 Kt).

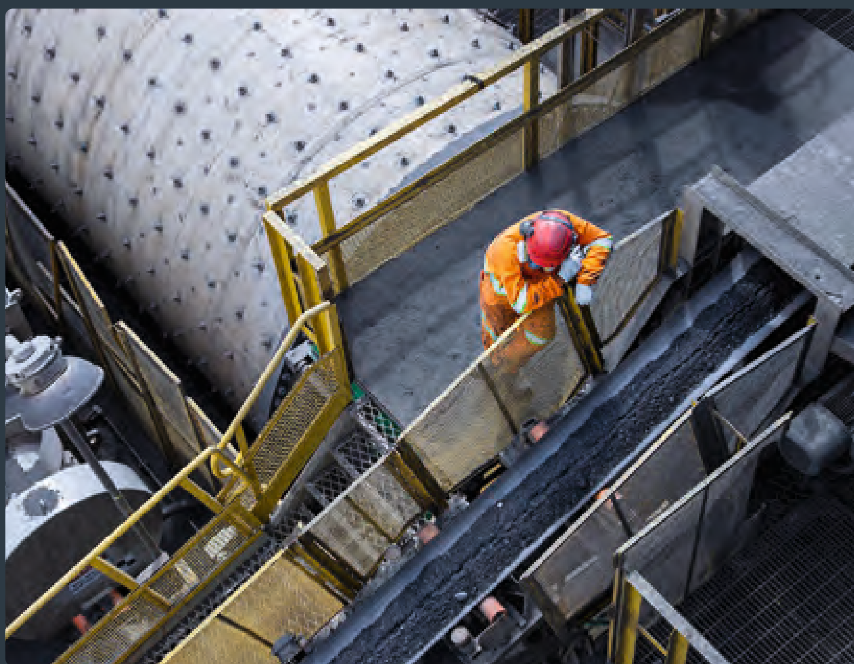
The average realised vanadium price of $9.21/lb was lower than in 2022 ($10.47/lb).

Outlook

Largo has announced production guidance for 2024 of 8.7Kt to 10.7Kt of V_2O_5. Ilmenite sales are expected to ramp up over the year and average 60-67kt.

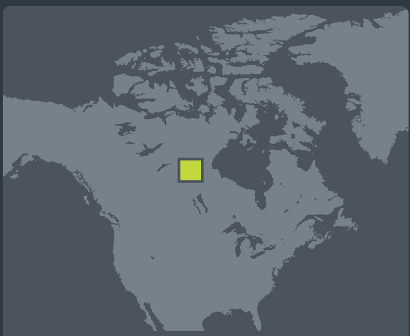
Valuation

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



Uranium

Cigar Lake Mine/McClean Lake Mill



Stage
Producing

Operator
Orano

Location
Canada

Rate and type
Tolling revenue

Balance sheet classification
Loan and royalty financial instrument

$4.1m
Portfolio contribution from the McClean Lake mill totalled $4.1m in 2023.

15.1
Production volumes totalled 15.1Mlbs in 2023.

ISO 14001

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

Primary commodity: Uranium

Cigar Lake is a world-class uranium mine operated by Cameco and located in the Athabasca Basin, Saskatchewan, Canada.

The McClean Lake mill is operated by Orano Group and processes all of the ore produced at the Cigar Lake mine in return for a C$/lb tolling fee.

What we own

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

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

Why we own it

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

Performance

Production from the Cigar Lake mine totalled 15.0Mlbs (2022: 18.2Mlbs) with productivity impacted due to mining being initiated from a new zone in the ore body.

Toll milling receipts from the McClean Lake mill totalled $4.1m in the year (2022: $5.0m). These toll milling receipts are applied against the Group's interest bearing loan receivable from Denison Mines, initially against any outstanding interest and then principal.

Outlook

Guidance for production from Cigar Lake 2024 is back up at the licensed capacity of 18Mlbs of uranium.

Cameco has also announced that it has started the workstream necessary to extend the estimated mine life to 2036. More detail on this is expected as we move through the year.

Valuation

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

Four Mile

Primary commodity: Uranium

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

Royalty revenue from Four Mile totalled \$6.8m (2022: \$1.0m). This included \$5.4m of accrued income released to the income statement following a favourable judgement by the Supreme Court of Australia, Court of Appeal in relation to the dispute with Quasar Resources Pty Ltd. with regards to the allowable deductions being applied to the Group's royalty.

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

SW2

Primary commodity: Uranium

Ecora has a 2% NSR royalty over part of the Athabasca Basin in Saskatchewan, Canada. NexGen Energy Ltd has recently released drillhole results in a new intense uranium mineralization zone on its SW2 property which is 3.5km east of NexGen's Arrow deposit which forms the basis of the Rook 1 project. The new occurrence falls within Ecora's royalty area.

Rook 1 is the largest development stage uranium project in Canada. Drilling activity is being fully dedicated to this new discovery to advance NexGen's understanding of the scope and scale of mineralisation. There are numerous similarities in geology and setting to Arrow. Exploration is predominantly open in all directions including over 1.5km along strike.

Salamanca

Primary commodity: Uranium

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

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

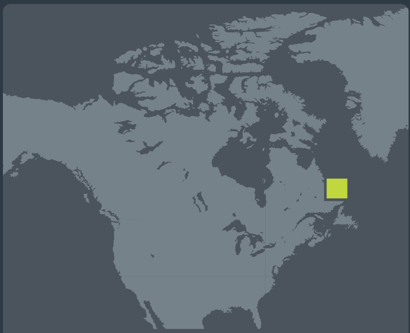
Authorisation for construction for the uranium concentrate plant as a radioactive facility (NSC II) is the only key approval required to commence full construction of the Salamanca mine.

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

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

Low impact bulks: **Iron Ore Pellets**

Labrador Iron Ore Royalty Corporation



Stage
Producing

Operator
Rio Tinto

Location
Canada

Rate and type
Indirect interest in 7% GRR

Balance sheet classification
Royalty financial instrument

$1.7m
The Group's income from LIORC was $1.7m in 2023.

C$2.5 per share
LIORC declared total dividends of C$2.55 per share for 2023.

Clean chemistry

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

Primary commodity: Iron ore

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

What we own

A 0.7% equity stake in Labrador Iron Ore Royalty Corporation ('LIORC'), a Toronto-listed company which holds both a royalty and equity interest in the Iron Ore Company of Canada ('IOC') operations. This entitles LIORC to revenue from its 7% gross revenue royalty (along with a small commission) on sales from the operation, along with dividend income from its equity stake. LIORC is effectively a pass-through vehicle in so much that it has a limited mandate to pass through its net cash to shareholders by way of dividend, subject to retaining sufficient working capital. Given the restricted investment mandate available to its management, Ecora Resources considers this to effectively be a part ownership of the IOC royalty and accounts for this income as such.

Why we own it

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

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

Performance

The operation had a total 2023 full year production of 9.7Mt (2022: 10.3Mt) of iron ore pellets and concentrate, which was within Rio Tinto's FY guidance for 2023 (9.3Mt to 9.8Mt) Production was 6% lower than 2022 with challenges due to wildfires in Northern Quebec in the second quarter, as well as extended plant downtime and conveyor belt failures in the third quarter.

LIORC declared total dividends of C$2.55 per share, 18% down on the prior year (2022: C$3.10).

During the year, the Group sold ~60% of its residual stake in LIORC realising C$18.9m, a total pre-tax return on investment of c. 110% and a gain on disposal of C$4.1m.

Outlook

Guidance from LIORC is for saleable production tonnage in 2024 of 16.7Mt to 19.6Mt of iron ore pellets and concentrate.

Valuation

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

Calcium Carbonate

Chromite

Pilbara

Primary commodity: Iron ore

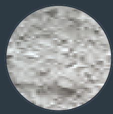
Pilbara is an integrated system of four processing hubs and five mines connected by more than 1,000km of rail infrastructure and port facilities in the Pilbara region of northern Western Australia.

The Group has a 1.5% life of mine GRR over three exploration tenements in the central Pilbara region of Western Australia, owned by a wholly owned subsidiary of BHP.

The tenements, covering 263km^2, host a number of known iron occurrences, including the Railway deposit. The tenements are supported by extensive rail infrastructure including the rail lines from Rio Tinto's West Angeles and Yandicoogina mines and BHP's rail line serving its current operations at Mining Area C, which lie immediately to the east of the Railway deposit.

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

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



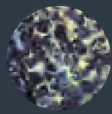
Incoa

Primary commodity: Calcium Carbonate

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

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

Incoa continues to ramp-up its calcium carbonate production, and the operational conditions required to trigger Ecora's US$20m funding are not expected in 2024.



Ring of Fire

Primary commodity: Chromite

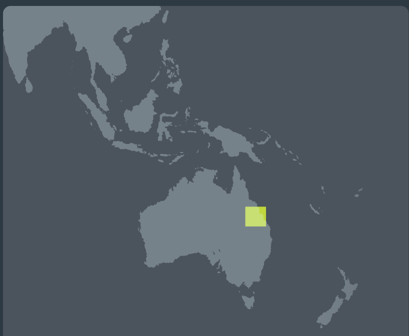
Ontario's Ring of Fire is located approximately 500km north-east of Thunder Bay and covers about 5,000km^2.

The Group has a 1% life of mine NSR royalty over a number of claims on the Black Thor, Black Label and Big Daddy chromite deposits operated by Wyloo Metals.

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

Other:
Steel-making coal

Kestrel



Stage
Producing

Operator
Kestrel Coal Pty Ltd

Location
Australia

Rate and type
7–40% GRR

Balance sheet classification
Investment property

$36m
Royalty contribution, with average coal prices of $225/t allowing for the recycling of cash flow into copper and nickel.

250 tonnes

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

Primary commodity:
Steel-making coal

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

What we own

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

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

Why we own it

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

Performance

2023 saw mining operations move into an area that is only partially covered by Ecora's royalty area and therefore saleable production volumes due to Ecora were principally received in Q1 and Q4.

Production volume within Ecora's royalty area totalled 1.6Mt (2022: 4.1Mt) at an average realised price of $225 per tonne (2022: $325 per tonne) which generated royalty income of $36.0m (2022:$107.0m).

Outlook

Saleable production volumes within Ecora's private royalty area are expected to be 15-25% higher in 2024 compared to 2023. Mining activity within the Ecora private royalty area is expected to be weighted towards H1.

Saleable production volumes in the Group's royalty area in 2025 are expected to higher than 2024 levels and it is anticipated that volumes in the private royalty area by the end of 2026 will equate to 10% or less of Kestrel's annual saleable production.

Valuation

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

Further details on the valuation can be found in note 15 of the financial statements. The independent valuation of Kestrel was undertaken by a Competent Person in accordance with the Valmin Code (AusIMM, 2005), which provides guidelines for the preparation of independent expert valuation reports.

The Group monitors the accuracy of this valuation by comparing the actual cash received to that forecast. The value of the land is calculated by reference to the discounted expected royalty income from mining activity, as described in note 15. As the asset has a nominal cost base, the carrying value almost entirely represents the valuation surplus. The Group recognises a deferred tax provision against the valuation surplus and, as such, the net value on the balance sheet is $54.1m (2022: $74.7m).

Other:
Gold

EVBC

Primary commodity: Gold

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

During 2023, Ecora and Orovalle reached an agreement relating to the royalty over the EVBC mine, whereby Orovalle has agreed to pay the outstanding royalty amounts for Q3 2022 and Q4 2022 totalling $1.5m in full, before applying a new ratchet structure linked to the gold price from 1 January 2023, that will see the applicable royalty increase from a minimum 0.5% where the gold price is <$1,800/oz up to 3.0% where the gold price is <$2,500/oz1.

The EVBC royalty contributed 0.7m in 2023 ($2.8m in 2022).

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

"Year-on-year growth expected in 2024"

Kevin Flynn
Chief Financial Officer

Overview

As expected, 2023 marked the start of a transitional period for the Group while Voisey's Bay ("VB") ramps up and production at Kestrel begins to move outside of our private royalty lands. This saw deliveries from VB reduce from 19 to 11 in the year and volumes from the Group's private royalty lands at Kestrel reducing from 4.1mt to 1.6mt.

Combined with softer prices for steelmaking coal, cobalt and copper throughout the year than those realised in the prior year, the Group's portfolio contribution reduced from $143.2m in 2022 to $63.6m in 2023. This is the level which the portfolio should continue to generate until the growth comes through from our near-term development royalties.

The Group invested $27.5m during the year into two development projects: $20m to acquire a 0.25% NSR royalty over the Vizcachitas copper project; and $7.5m to upsize the Group's existing 1.25% NSR over Brazilian Nickel's Piauí project to 1.60% as part of the funding required to advance the technical studies for the full-scale expansion. Both acquisitions add compelling growth prospects into our medium-longer term pipeline. On 3 January 2024 the final instalment of deferred consideration relating to the $185m royalty portfolio acquired in 2022 was paid to South 32. Absent the Incoa project meeting its phase II conditions, the Group has no further capital commitments.

At the end of 2023 we took the opportunity to re-finance our existing revolving credit facility. Despite challenging credit conditions during the second half of the year, we were delighted to see our existing lenders demonstrate their support of the Group by agreeing to an amendment and extension of the previous facility. As a result, the Group will face no refinancing requirement until 2027 at the earliest. The support of our lenders, who are amongst the largest Canadian institutions, further validates the Group's strategy and endorses the quality of our royalty portfolio. The amendment and extension of the facility provides the Group with the financial flexibility to pursue the growth opportunities we are currently seeing and expect to continue in 2024 and beyond.

Results

The Group's portfolio contribution reduced by 56% to $63.6m in 2023, from a record $143.2m in 2022. This was driven in large part by lower volumes at both Kestrel and Voisey's Bay, along with softer commodity prices across the Group's portfolio.

As expected, production at Kestrel was largely outside of the Group's private royalty lands in 2023 which resulted in a 62% decrease in volumes year-on-year from 4.1Mt in 2022 to 1.6Mt in 2023. While the Group benefited from a full year of the higher royalty rates introduced by the Queensland government in July 2022, which resulted in an average royalty rate of 21.23% for 2023 compared to 16.27% in 2022, steelmaking coal prices came off the record highs seen in 2022 (although still well above long-term average) and when combined with the lower volumes, resulted in the Kestrel royalties decreasing by 67% to $35.9m (2022: $107.2m).

	2023 $m	2022 $m	YoY%
Kestrel	**35.9**	107.2	(67%)
Voisey's Bay	**5.6**	18.8	(70%)
Mantos Blancos	**6.1**	6.0	2%
Maracás Menchen	**3.1**	3.6	(14%)
Four Mile	**6.8**	1.0	580%
Carlota	**0.6**	0.2	200%
Royalty and stream income	**58.1**	136.8	(58%)
Dividends – LIORC and Flowstream	**2.0**	2.9	(31%)
Interest – McClean Lake	**1.8**	2.1	(14%)
Royalty and stream-related revenue	**61.9**	141.7	(56%)
EVBC	**0.7**	2.8	(75%)
Principal repayment – McClean Lake	**2.3**	2.9	21%)
Less:			
Metal streams cost of sales	**(1.3)**	(4.3)	(70%)
Total portfolio contribution	**63.6**	143.2	(56%)

Production at Voisey's Bay was impacted by the ongoing transition from the open pit mine and ramp-up to full production of the underground mine. As a result, cobalt deliveries reduced by 42% to 11 in 2023 (2022: 19). In addition to the reduction in cobalt deliveries, the cobalt price continued to weaken through the first nine months of 2023, with the Group realising an average sales price of $16.36/lbs (2022: $32.14/lbs). The combination of both lower volumes and lower cobalt prices resulted in the contribution from the Group's Voisey's Bay stream decreasing from $14.5m in 2022 to $4.3m in 2023.

Elsewhere, the contributions from Mantos Blancos and Maracás Menchen were in line with our expectations, while the LIORC dividend was lower as a result of lower iron ore prices and a change in sales mix with lower sales of the higher value pellets. In addition, the Group reduced its holding in LIORC by ~60% during Q4 2023 which also contributed to lower overall dividends for the year.

Following the original judgement of the Supreme Court of Western Australia in favour of the Group being upheld on appeal, $5.4m (A$8.1m) of previously underpaid royalties were released to the income statement in Q4 2023, resulting in a full year contribution from the Four Mile royalty of $6.8m.

The following table outlines some commentary on the key royalties in the period.

Kestrel **$35.9m vs $107.2m**	■ Total saleable volumes flat ■ Ecora volumes down ~62% to 1.6Mt (2022: 4.1Mt), as expected with production transitioning outside the Group's private royalty lands ■ Realised steel-making coal prices decreased to $225/t (2022: $325/t) ■ First full year of new higher royalty rates, 21.23% (2022: 16.27%) ■ FY24: expect an increase with volumes weighted to the first half of 2024
Voisey's Bay **$5.6m v $18.8m**	■ 11 deliveries in 2023 (2024: 19) ■ Realised cobalt price decreased to $16.36/lbs (2023: $32.14/lbs) ■ FY24: expected deliveries 12 – 16, ramp up of underground mine expected to commence in in the second half of 2024
Mantos Blancos **$6.1m vs $6.0M**	■ Total payable copper production flat at 49.3Kt in 2023 (2022: 48.8Kt) ■ Realised copper price decreased to $8,492/t (2022: $8,724/t) ■ FY24: Capstone Copper guidance indicates potential volumes upside with total copper production in the range of 49,000t – 57,000t
Maracás Menchen **$3.1m vs $3.6m**	■ Volumes flat in 2023 at 9,000t (2022: 9,000t) ■ Realised vanadium price decreased to $9.21/lbs (2022: $10.47/lbs) ■ 2023 production was impacted in the first half of the year by adverse weather and the transition to a new mining contractor, with production normalised in June 2023 ■ FY24: Largo guidance indicates sales in the rage of 8,700t – 10,700t
Four Mile **$6.8m vs $1.0m**	■ Volumes flat in 2023 at 5.0Mlbs (2022: 4.9Mlbs) ■ Realised uranium price increased to $50.88/lbs (2022: $44.13/lbs) ■ 2023 contribution includes $5.4m in previously underpaid royalties, following the original judgement of Supreme Court of Western Australia in favour of the Group being upheld on appeal ■ FY24: Volumes are expected to remain flat year-on-year, the current uranium price presents potential upside
Dividends **$2.0m vs $2.9m**	■ LIORC dividend decreased to C$2.55/share (2022: C$3.10/share) ■ Dividend per share impacted by fall in iron ore price and change in product mix with lower sales of the higher value pellets ■ ~60% of the Group's holding in LIORC was disposed of in Q4 2023 ■ Flowstream dividends remained flat at $0.3m (2022: $0.4m)

Results continued

Taking this portfolio contribution analysis, and allowing for operating, finance costs and tax, the following table outlines the Group's adjusted earnings for 2023.

	2023 $m	%	2022 $m
Royalty-related revenue	**61.9**	(56%)	141.8
EVBC royalties	**0.7**	(75%)	2.8
Metal streams cost of sales	**(1.3)**	(70%)	(4.3)
Operating expenses	**(10.9)**	1%	(10.8)
Finance costs	**(8.3)**	30%	(6.4)
Finance Income	**0.9**	—	—
Foreign exchange and other	**1.6**	(487%)	(0.4)
Tax	**(14.1)**	(59%)	(34.8)
Adjusted earnings	**30.5**	(65%)	87.9
Weighted average number of shares ('000)	**257,896**		234,062
Adjusted earnings per share	**11.82c**	(69%)	37.55c

Further information can be found in the Business Review on page 26.

The Group's operating costs of $10.9m remained in line with the comparative period despite global rates of inflation, as the business continues to be run in a cost-efficient manner with staff costs the primary source of expenditure.

As expected, the Group's borrowing costs have increased in line with the movement in global interest, with the average cost of debt increasing from -4.8% in 2022 to -8.5% in 2023. The Group's total borrowings have increased year-on-year from $42.3m at 31 December 2022 to $82.4m at 31 December 2023 with the four instalments of deferred consideration relating to the West Musgrave and royalty acquisition and the $20m acquisition of the 0.25% NSR over the Vizcachitas project in the second half of 2023. With the expected year-on-year growth in portfolio contribution for 2024, and the revisions to the Group's approach to capital allocation, we now expect that net debt should peak in Q1 2024 at ~$90m.

The decrease in the current tax charge for the year corresponds with the decrease in royalty-related revenue.

As a result of the above, the Group generated adjusted earnings for the year of $30.5m (2022: $87.9m) and adjusted earnings per share of 11.82c (2022: 37.55c).

Balance sheet

Net assets decreased by $21.6m to $482m during the year ended 31 December 2023 (31December 2022: $503.6m). This was largely due to the $18.3m decrease in the value of the Kestrel royalty (net of tax), $7.5m in amortisation of the Group's producing royalties and the distribution of $22.1m in dividends, partially offset by the Group's adjusted earnings for the year of $30.5m.

As at 31 December 2023, the Group's net asset per share was $1.85 compared to $2.15 a year ago.

Cash flow and liquidity

The Group's net cash generated from operating activities, largely represented by royalty-related income less overheads and taxes, decreased to $33.5m (2022: $132.5m). Cashflows from operating activities plus the principal repayments received from Denison Mines of $2.3m ($2.9m) less finance costs of $6.0m ($4.2m) results in free cashflow of $29.7m for the year ended 31 December 2023 (2022: $132.1m).

The Group had a busy year in terms of capital allocation and deployment. During the year, the Group paid four further instalments of deferred consideration to South32 totalling $36.7m in relation to the acquisition of the West Musgrave royalty in July 2022, with the final instalment of $9.2m being paid in January 2024. In addition, the Group acquired a 0.25% NSR royalty over the Vizcachitas project from Los Andes Copper Limited for cash consideration $20.0m and increased its existing NSR royalty over the Piauí project from 1.25% to 1.60% for $7.5m during the second half of 2023, resulting in total royalty acquisitions including transaction costs of $27.9m.

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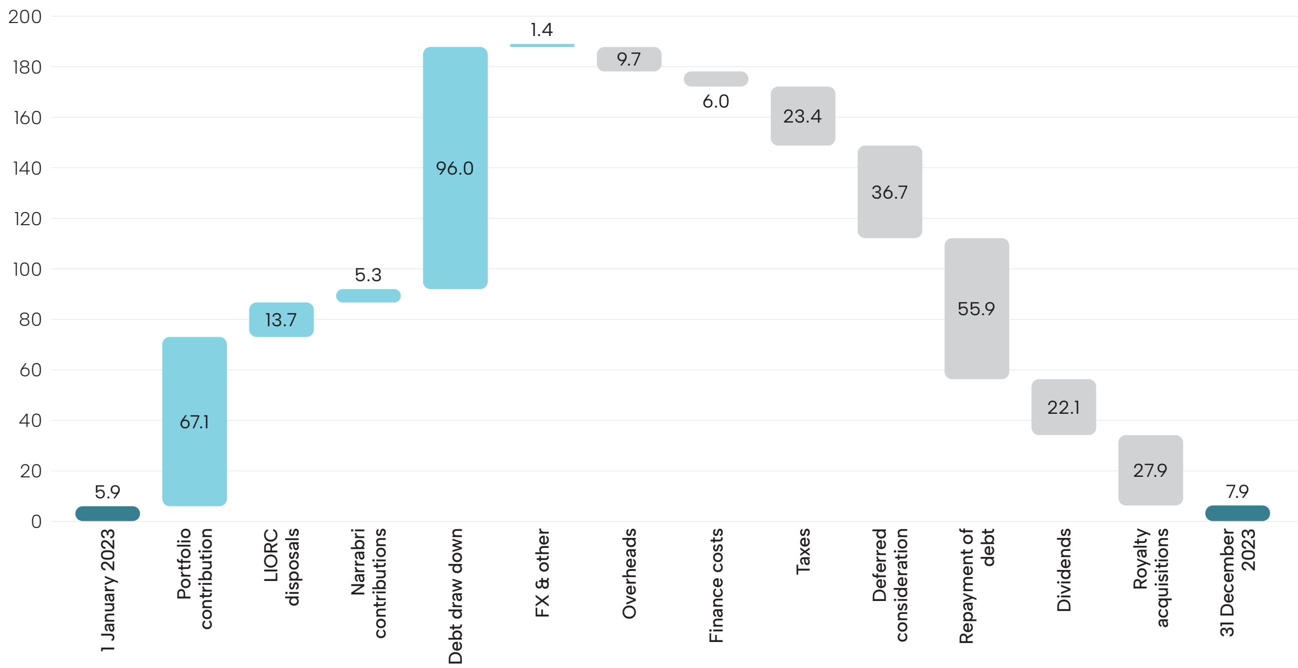
Partially offsetting the deferred consideration and royalty acquisition payments was the $13.7m realised from the partial disposal of the Group's interest in LIORC and the $5.3m received from Whitehaven Coal in relation to the 2021 disposal of the Group's royalty over the Narrabri project, consisting of $4.0m in deferred consideration and a further $1.3m in price-linked contingent consideration.

The reduction in free cash flows along with the Group's investing activities resulted in the Group's net debt position increasing by $38.2m to $74.6m as at 31 December 2023 (2022: $36.4m). Even though borrowings increased, the leverage profile associated with this remained very manageable and at the end of 2023 the key leverage covenant was 1.4x compared to the maximum 3.5x permitted. Based on latest production guidance and pricing estimates, and absent further acquisitions, we would expect net debt to peak on H1 2024 at less than $90m with leverage ratios comfortably under 2.0x throughout.

- It was against this backdrop that the Group refinanced its $150m revolving credit facility in January 2024. The key commercial terms of the new facility include:
- interest payable is SOFR plus a ratchet between 2.25% and 4.00% depending on leverage levels (previously 2.75-4.00%);
- extension of the term of the facility to January 2027, with an option to extend the tenor twice by up to 12 months on each occasion;
- increase in the accordion to $75m (previously $50m) which could take the facility up to $225m;
- increased permitted leverage ratio to 4.5x for a period of six months following certain permitted acquisitions;
- all key financial covenants remain the same with comfortable covenant compliance anticipated throughout the term of the facility.

Following the refinancing and with $87.0m of net debt presently, following the final payment to South32 in January 2024, the Group has access to $58.0m of liquidity with a potential further $75m by way of the accordion for future acquisitions. There remains further financing flexibility by way of the Group's remaining stake in LIORC ($9.5m) and $3.5m of shares held in treasury, providing the Group with total financing flexibility of $146.0m.

Cash flow sources and usage ($m)



Capital allocation

IIn the context of a favourable investment backdrop, where access to capital remains challenging for small to mid-cap operators, the Board has updated its capital allocation framework to better position the Group for further meaningful growth. To support the growth strategy, future dividends will be determined by a percentage pay-out ratio of free cash flows, instead of the fixed cent per share approach currently employed. This approach to determining dividends ensures greater alignment between the Group's portfolio contribution and returns to shareholders, particularly in years with earnings volatility. The Board will look to pay out between 25-35% of free cash flow on a semi-annual basis commencing with the H1 24 dividend.

Based on published operator guidance (implying volume growth in FY 24) and current pricing levels, the mid-point of the payout ratio would see total FY 2024 dividends per share of ~4.0c per share, this remains a sector leading yield in the diversified royalty universe. The final dividend for FY 2023, if approved by shareholders at the forthcoming AGM, will remain unchanged at 2.125c.

Consistent with the wider capital allocation priorities and investment criteria of the Group, the Board has identified a value arbitrage opportunity between its investment in LIORC and the current market value of its own instruments. LIORC currently trades at a p-nav multiple of ~0.9x vs the ~0.5x implied by the current Ecora share price. This represents a compelling capital recycling opportunity, as a result the Group has announced a $10m share buyback programme. The buyback will be financed largely through the $6.5m surplus disposal proceeds from the LIORC disposal in Q4 23 and should be immediately accretive to key financial metrics.

The revisions to the Group's capital allocation framework and the additional liquidity they will provide, together with the refinanced borrowing facility, places the Group in a strong financial position and well capitalised to take advantage of the high quality opportunities that we expect to see at a favourable point in the cycle.

K. Flynn
Chief Financial Officer
26 March 2024

Our stakeholder engagement

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

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

How does the Board engage with stakeholders?

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

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

In addition to the principal decisions and the examples of our relationships with all of our stakeholders, the Board also considers the Group's impact on the environment as outlined in the Sustainability section on pages 50 to 59 and our TCFD disclosures on pages 68 to 81.

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

Engagement in action

The following are some examples of how the Directors have considered matters set out in sections 172(1)(a) - (f) when discharging their section 172 duties and the effect of such considerations on certain decisions taken by them. These examples also illustrate how the views and interests of some of the stakeholders set out on page 48 impact the Directors' decision making.

Principal decisions

Distributions to shareholders and capital allocation

Ecora Resources' dividend policy has been to pay a substantial portion of its royalties and streams to shareholders as dividends. The Board considered the overall performance of the Group for the year, and determined that it would pay a quarterly dividend of USc2.125 per share.

The Board recognised that during the year a number of shareholders expressed a desire for a clear capital allocation policy. It has therefore announced a new policy that aims to maintain balance sheet strength, retain the financial flexibility to allocate capital to accretive growth opportunities that drive long term NAV per share and Earnings per share growth.

Details of the new policy can be found on page 17.

Acquisitions/disposals

During the year the Group acquired a 0.25% royalty over the Vizcachitas copper project in Chile for $20m. To protect the potential return in the event of a delay to the project, certain protections were built into the agreement to compensate the Group and protect shareholder interests.

$7.5m was invested into the Piauí nickel project in Brazil to finance the completion of engineering studies that will derisk the potential $62.5m investment that the Group can invest as part of the construction financing package.

The Group sold 60% of its stake in LIORC, realising C$18.9m, a pre-tax return on investment of 110%. The proceeds were used to pay down debt and fund the investment into Piauí.

More information on the portfolio acquisition can be found on page 16.

Strong relationships across all stakeholder groups

Investment community

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

How we engage

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

Topics of engagement

- Evolution of the Group's commodity portfolio
- Timeline of the Group's development assets
- Capital allocation policy
- Revisions to the Directors' remuneration policy
- ESG performance and disclosure
- Appointment of Chair designate

Outcomes

- Adopted SBTIs
- Appointed new Chair designate
- Revised remuneration policy to be voted on at the AGM

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Counterparties and mine operators

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

How we engage

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

Key topics of engagement

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

Outcomes

- Site visits have led to stronger relationships between the Group and members of operating companies
- Built on performance in 2022 and further improved response rates and engagement levels of operators to requests for data on operational and sustainability metrics
- Reached agreement with an operator on new royalty structure to extend life of mine
- Received clarification on forward plans and production profiles

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Key to strategy

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

Key to principal risks

1 Catastrophic and natural catastrophic risk
1 Investment approval
1 Future demand
4 Commodity prices
5 Operator dependence and concentration risk
6 Geopolitical events
7 Financing capability
8 Stakeholder support

Employees

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

How we engage

- Designated Non-Executive Director responsible for workforce engagement meetings
- HR function
- Weekly team meetings
- Employee well-being surveys
- Annual Company strategy day
- Regular 'lunch and learn' sessions to develop skills and knowledge
- Further detail of our employee engagement can be found on page 53

Topics of engagement

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

Outcomes

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

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Communities

As a royalty company we don't operate any of the underlying assets within our portfolio. While this impacts the direct involvement the Group has with the communities impacted by the operations underlying the portfolio, the Board, through the wider team, engages with mine operators seeking to influence and encourage compliance with relevant sustainability standards.

How we engage

- Track operator metrics and disclosures
- Send sustainability questionnaires to operators
- Community engagement is an agenda item when we go on site visits to the mines in our portfolio

Topics of engagement

- Updates on community engagement programmes and initiatives
- Impact on environment and local community

Outcomes

- Invested into a community initiative with Vale to support the collection and distribution of food through 54 food banks to more than 10,700 children, women, and men in the community around Voisey's Bay
- The Ecora team also assisted the HandsOn London charity by preparing personal hygiene packs that will be distributed to homeless charities, refugee centres and women's shelters
- Members of the Ecora team participated in the JP Morgan Chase Corporate Challenge, running 5km with the proceeds going to a range of local charities.

Link to strategy

Link to principal risks

1 2 3 4 5 6 7 8

Our approach to sustainability

Introduction

At Ecora we are committed to integrating sustainability considerations into our strategic decision-making, capital allocation and corporate behaviours, and to providing transparency, where possible, in all sustainability matters in relation to our business.

Climate Action

During the course of 2022, the Group explored how it can set meaningful targets to mitigate the carbon impacts of its business. At the start of 2023, the Science Based Targets Initiative for small to medium sized businesses approved Ecora's near-term science- based emissions target.
The approved target is: Ecora is committed to reduce absolute Scope 1 and 2 GHG emissions 46% by 2030 from a 2019 base year, and to measure and reduce our Scope 3 emissions.
Ecora is in the fortunate position of having already achieved this target in 2023 as it has zero Scope 1 and 2 GHG emissions. Therefore we are able to focus in on measuring and reducing our Scope 3 emissions.

We continue to recognise that a significant portion of our Scope 3 emissions stem from our investments. We carefully observe the carbon footprints and climate-related commitments, targets and initiatives of our operating partners' operations in which we deploy capital. Building on our increased disclosure of our Scope 3 (downstream) emissions from the majority of our operating partners' assets last year, for the first time this year, we have disclosed our attributable emissions from our investments ('financed emission') for the last few years. Accounting for these financed emissions provides a more complete profile of our Scope 3 emissions and it will enable us to work with our operators to set further meaningful science-based targets and define our combined net zero ambitions in the future.

Sustainability highlights 2023

SBTi near term science based emissions target

Ecora has achieved this target as it has zero Scope 1 and Scope 2 emissions.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

UNGC membership

This is our second full year as a UNGC participant and we submitted our first communication on progress in December 2023.

United Nations Global Compact

MSCI ESG Rating

Rated "AA" by MSCI at the start of 2024.

MSCI ESG RATINGS AA

Engagement with our operators

An increased level of engagement with operators of producing/near term producing royalties resulted in a 100% response rate to requests for sustainability information, up from 14% in 2022 (86% response rate).

100%
Response rate from operators

Sustainability Strategy Roadmap

In our 2022 Annual Report, we revised our framework for Ecora's sustainability reporting. Ecora's sustainability activities have been divided up to sit underneath two key pillars: Responsible Business and Responsible Investors. Underneath these pillars, we have identified six priority areas under which we report our sustainability strategy.

During the course of 2023, we have developed a sustainability strategy roadmap (the 'Roadmap') currently for internal use which has been prepared on the basis of our new sustainability framework. The Roadmap sets out the short, medium and long-term sustainability objectives for each of our six sustainability priority areas. The definition of short, medium and long-term is aligned with such periods defined under our TCFD disclosures to ensure consistency across our sustainability deliverables.

In parallel to the finalisation of the Roadmap in 2024, we are also looking to undertake a sustainability materiality assessment and assurance exercise with our key stakeholders to confirm their sustainability priority areas of focus, make sure our Roadmap aligns with these priorities and to develop key metrics and targets.

> Due to increased engagement and dialogue with our operating partners year on year, this has enabled us to disclose meaningful metrics and science-based targets."

Marc Bishop Lafleche
Chief Executive Officer

UN Global Compact and Sustainable Development Goals

Ecora joined the United Nations Global Compact ('UNGC') in February 2022. As a participant, we are committed to voluntarily aligning our operations and strategy with the UNGC's Ten Principles in the areas of human rights, labour, environment and anti-corruption. As such, in our continued support of the UNGC, we completed our first Communication on Progress for 2022 describing the practical actions that we have taken and the qualitative and quantitative results of our company in furtherance of the Ten Principles. Our Communication on Progress is available on the UN Global Compact website (www.unglobalcompact.org/what-is-gc/participants/150805-Ecora-Resources-PLC).

Initiatives across our business help advance a number of the Sustainable Development Goals ('SDGs'), which were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Last year, we provided first-time disclosure as to which of the SDGs are aligned with Ecora's investment strategy. In our 'Thematic Investing' section of this report, we demonstrate our progress against these identified SDGs. As part of the materiality assessment and assurance exercise with our key stakeholders which is referred to below, we will consider whether there are any other SDGs that align with other Ecora sustainability priorities.

Responsible business

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

Membership and Commitments

We are committed to improving our sustainability disclosures by aligning with suitable sustainability frameworks such as the UNGC and the SDGs.

Progress in 2023

- Approval of our near-term target by the SBTi for SMEs
- Improved our MSCI rating score from A to AA
- Submission of Ecora's first UNGC Communication on Progress
- 50% of producing operating partners align with the ICMM principles (6% improvement from 2022)

2024 priorities

- Develop sustainability roadmap supported by metrics and targets
- Submit our Communication on Progress on an annual basis
- Explore further how to monitor, measure and reduce our Scope 3 emissions

The SBTi approved Ecora's near-term science-based emissions target for small to medium sized businesses in March 2023. Please refer to the 'Responding to Climate Change' sections on page 79 for further information, including on Ecora's ambition to measure and reduce its Scope 3 emissions.

During the course of 2023, the Ecora team engaged with MSCI on the Group's business model, which led to a change in sustainability rating from A to AA in early 2024. The Group will continue to engage with the ESG rating agencies in 2024.

The Group submitted its first Communication on Progress as a UNGC participant at the end of 2023. Further details of the Group's submission can be found at: www.unglobalcompact.org/what-is-gc/participants/150805-Ecora-Resources-PLC.

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

In 2022, Ecora started to align its investment strategy with the SDGs. 3. During 2024, the Group plans to explore whether any additional SDGs are aligned with Ecora's wider business activities and ambitions. Please refer to page 56 for an update on our progress against the current identified SDGs.

Senior members of Ecora are members of associations to enhance their personal development in their fields of expertise, including, The Institute of Materials, Minerals and Mining (UK), Australasian Institute of Mining and Metallurgy, Society of Mining Engineers (USA), The Investor Relations Society and The World Association of Mining Lawyers.

Responsible employer

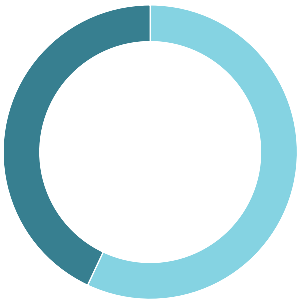
We aim to create a safe working environment where everyone is seen, heard, valued and empowered to succeed. We promote and respect the benefits of diversity at all levels of the organisation and support personnel's efforts to contribute to society through non-profit charitable activities.

Progress in 2023

- Diversity training provided to all employees
- Enhanced corporate charitable initiatives programme
- Introduction of new health and well-being scheme for employees

2024 priorities

- Continue to participate in at least one annual charitable initiative scheme
- Continue to roll out diversity, inclusion and equal opportunities training on an annual basis
- Expand on the Company's employee health and well-being programme
- Report on the number of training hours completed by Ecora employees in 2024



Diversity, inclusion and equal opportunities

We value diversity, equality and inclusion and the benefits that diversity can bring to our Board, our senior management team and the long-term success of the Company. In 2023, Ecora rolled out its diversity training programme which focused on the promotion of diversity of thought and the inclusion of different life experiences, perspectives, and ideas to maximise the opportunity for the Company to benefit from all available talent. Please refer to the Corporate Governance section for further information on our diversity disclosures.

Health and well-being

Ecora is committed to promoting mental, physical and emotional health and well-being. In the summer of 2023, to promote team bonding outside of the workplace, members of the Ecora team took part in the JP Morgan Challenge, which is the world's largest corporate running event.

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

At the start of 2024, Ecora launched the help@hand service for all its employees which which provides many excellent well being resources such as unlimited mental health support, lifestyle coaching and physiotherapy. During the course of 2024, Ecora will look at ways to develop further its health and well-being programme for its employees.

Training and development

We believe that supporting the professional development of our employees leads to the establishment of a strong pipeline of talent and organic succession planning from within the business. In 2023, Ecora provided opportunities for professional and personal development through workshops, speakers, online resources and courses and coaching.

Ecora employees also attend a quarterly lunch and learn series. Each lunch and learn is hosted by a department to provide all employees with insight into what each department does and its business functions.

In 2024, Ecora is hoping to create a formalised culture programme which encourages employees' participation in networking events and mentoring schemes.

Corporate charitable initiatives

We strengthened our commitment to supporting our employees' efforts to contribute to society through non-profit charitable activities. To encourage and support employees' personal charitable and fundraising efforts, the Company amended its Charitable Donations Policy to implement a matched giving programme. Under the programme, employees can request that the Company matches their personal charitable donations to registered charities of their choice. The purpose of the matched giving programme is to encourage its employees to give back to various causes and initiatives that they are passionate about.

In 2023, we also continued to build on the Company's corporate social commitments to contribute to the local community through charitable initiatives in London. The Ecora team volunteered to assist HandsOn London, a charity which works with more than 100 homeless charities, refugee centres and women's shelters, to prepare personalised hygiene packs for the homeless.

Ecora Resources is committed to upholding high corporate governance standards as a standard listed company on the London Stock Exchange. Ecora is encouraged by the developments of the FCA to combine the existing premium and standard London listing segments into one single segment for equity shares in commercial companies (the 'ESCC'). The Company plans to engage with the FCA after the issuance of the final transition rules and further guidance on the ESCC.

Our Board and employees are committed to championing and embedding the Company's purpose, values and standards, which are set out in our Code of Conduct. Our Code of Conduct was updated in 2023 to reflect new policies and processes that have been introduced during the course of the year. The full list of Ecora's policies and terms of reference can be found on our website, www.ecora-resources.com/about-us/governance/.

Ecora continues to operate an annual training programme for all Directors and employees covering key areas related to corporate governance. Please refer to the Corporate Governance section for further information on our governance disclosures.

Employee relations	**2023**	2022	2021
Performance indicator			
Total number of employees (at 31 December)	**14**	14	12
Employee turnover rate (annual %)	**0**	7.1	8
% of employees who have been with the Company for more than ten years	**31**	31	25

Health and safety	**2023**	2022	2021
Performance indicator			
Fatality rate	**zero**	zero	zero
Lost time injury frequency rate	**zero**	zero	zero
Total recordable injury frequency rate	**zero**	zero	zero

Effective governance

Ecora is committed to conducting business ethically and transparently, in accordance with high corporate governance standards in all areas of our business.

Progress in 2023

- 100% completion of Ecora's 2023 corporate governance training programme
- Completion of new cybersecurity assurance and training programme
- Obtained Cyber Essentials certification
- 100% completion of 2023 Modern Slavery Statement KPIs

2024 priorities

- Appointment of a new Chair
- Completion of 2024 Modern Slavery Statement KPIs
- Roll-out of 2024 corporate governance training programme
- Implementation of new cybersecurity policies
- Prepare for anticipated changes to the UK Listing Rules

Read more about our new Chair on page 93 in our Corporate Governance Report

Key governance highlights in 2023

Corporate governance

In 2023, we reviewed and updated many of our key policies, including our Bribery, Corruption and Anti-Money Laundering Policy and our Whistleblowing Policy. All employees and Directors completed our 2023 Corporate Governance Training Programme, which included training on anti-bribery and corruption, business integrity, related party transactions, share dealing and diversity, among other topics.

Cybersecurity

In 2022 Ecora appointed a third-party cybersecurity specialist to undertake a data penetration test and vulnerability assessment and advise on the security and information technology infrastructure and policies appropriate to our business needs. In light of the findings from such assessments, during the course of 2023 Ecora has implemented improvements which were needed to its information technology systems and is currently preparing new cybersecurity policies. As a result of this review, with assistance from a third-party specialist, Ecora has now developed a full suite of cybersecurity policies that will be implemented in the first quarter of 2024. In 2023, all employees and Directors were offered training on cybersecurity and Ecora applied for and obtained the nationally recognised Cyber Essentials certification.

Modern Slavery Statement

Ecora is committed to embedding human rights and labour principles in its business and is a member of the United Nations Global Compact. In early 2024, Ecora published its second voluntary Modern Slavery Statement (the 'Statement') which demonstrates the Company's commitment to human rights both at the corporate and portfolio level, and also through its supply chains. Ecora completed its 2023 Modern Slavery Statement KPIs, a summary of which is provided below.

2023 Modern Slavery KPIs	Progress
1. Review and update the ESG Policy and the Code of Conduct	Both policies have been updated to reflect changes to our sustainability strategy, policies and processes and have been aligned with our most recent disclosures in our UNGC Communication on Progress
2. Provide metrics from our operating partner assessments	100% of our producing/ near term producing operating partners responded to our sustainability metrics requests. Please see page 80 for further information.
3. Provide and roll out ESG training during the year	Completion of our corporate governance training and cybersecurity training programme.

We have agreed the following KPIs for the financial year ending 31 December 2024:

- expand our community engagement programme;
- develop a sustainability roadmap supported by metrics and targets;
- expand on the Company's employee health and well-being programme.

Diversity and inclusion	**2023**	2022	2021
Performance indicator			
% of female employees – all levels (at 31 December)	**67**	67	70
% of females in management or higher positions	**50**	0	0
% of female Executives/Board members (at 31 December)	**29**	14	14

Ethics and compliance	**2023**	2022	2021
Performance indicator			
% of employees who completed annual ABC and AML training	**100**	100	100
Corruption incidents	**zero**	zero	zero
Whistleblower reports	**zero**	zero	zero

Responsible investors

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

United Nations Sustainable Development Goals ('SDGs')

Ecora's core purpose is to provide capital to the mining sector required to supply commodities central to a sustainable future. We currently have two SDGs which we believe our business is strongly aligned to; these are:

Description:
Ensure access to clean, affordable, reliable, sustainable and modern energy for all.

Reason for alignment:
Ecora invests in mining projects that will increase the supply of commodities central to the production, storage and transmission of renewable energy.

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

Reason for alignment:
Ecora invests in mining projects that will increase the supply of commodities central to the energy transmission that will enable sustainable industrialisation.

Update
In 2023 we invested a further $27.5m into projects that will produce copper, nickel and cobalt that will help delivery of both of these SDGs.

During 2024 we intend to conduct a materiality assessment and assurance exercise with our key stakeholders when we will consider which other SDGs align with our sustainability priorities.

Ecora's purpose is to provide capital to the mining sector that will be required for the supply of commodities central to a sustainable future. Ecora invests in commodities that support a sustainable future and mining operations that can demonstrate that they embed sustainable practices as part of their approach to business.

Since 2021 Ecora has deployed over $400m into new copper, nickel and cobalt royalties and streams. By 2026 over 90% of the Company's revenue contribution will be derived from future facing commodities.

ESG due diligence

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

Progress in 2023

- In 2023, we turned down 15% of investment opportunities due to ESG-related risks identified during the due diligence process
- Embedded emissions information requests as standard information to be provided under any royalty documentation

2024 priorities

- Integrating operator monitoring into site visits with tailored questions around sustainability
- Continue to screen 100% of new investments for ESG risks

Our sustainability investment process guides Ecora's approach to evaluating potential royalty investments and screens potential investments against the Company's ESG investment criteria (further details are available in the Sustainability section of the Company's website).

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

Due diligence process for potential royalty transactions

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

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

Our investment decision making involves the following key steps:

1 Initial screening
We employ rigorous screening tools and strict investment criteria to evaluate initial investment opportunities.

2 Tailored due diligence
We use a tailored and detailed due diligence framework to assess the full range of ESG risks facing particular assets.

3 Assessment criteria
We assess potential investments using a set of qualitative and quantitative criteria, which look at the level of a particular ESG risk and the way in which it is being managed.

4 Regular review
Our screening and due diligence tools are regularly reviewed and updated to ensure that they continue to reflect the most up-to-date developments and mining industry best practice.

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

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

Engaging with operators

In 2023, we have sought to continue to disclose more meaningful sustainability metrics. We have achieved this through engagement with operating partners as demonstrated by increased participation in our sustainability metrics survey. We focus on the following key metrics of our portfolio operations:

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

During the course of this year, we have used the climate metrics provided by our operators to develop our methodology to calculate our operating partners' financed emissions for their Scope 1 and 2 emissions. Please refer to page 80 for further information on this.

Engaging with our operators

Be a positive influence on our mining partners.

Progress in 2023

- 100% of our producing/ near-term producing operating partners responded to our sustainability requests
- Continued to explore opportunities of partnering with operators on community engagement initiatives
- Completed Vale Foodbank donation
- Developed a methodology for calculating financed emissions

2024 priorities

- Commit to support at least one new operating partner community or charitable initiative
- Increase disclosure of financed emissions from our operating partners across the portfolio
- Commit to assess the decarbonisation efforts and net zero alignment of our operating partners (including progress of transition plans to achieve net zero targets)

All of our detailed operator sustainability metrics for 2019-2022 can be found in the Sustainability section of the Group website (www.ecora-resources.com).

Using our ESG risk due diligence and monitoring tools, we continue to maintain close dialogue with our operating partners to proactively monitor the performance of our portfolio assets and ensure early identification of, and engagement on, any risks and opportunities. Our ongoing engagement includes regular discussions between our operating partners and our technical, legal and investment teams, which also allow for the opportunity to understand their sustainability practices and transition plans and any ESG risks to be mitigated.

In addition to monitoring and disclosing our operating partners' ESG performance, we encourage operators' adherence to ESG best practice by: (i) monitoring external media reports and other publicly available information on the assets; (ii) engaging in regular dialogue with operating partners (including conducting periodic site visits); (iii) encouraging our operating partners to adopt policies on relevant ESG issues, acting as a positive agent of change; and (iv) gathering periodic reports from our mining partners on their ESG activities.

Community initiatives with operators

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

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

Go to page 78 to read our sustainability metrics.

Thematic investing

Investing in commodities that support a sustainable future.

Progress in 2023

- 100% of capital deployed into future facing commodities
- Invested $20m into Vizcachitas copper project in Chile and $7.5m into Piauí nickel-cobalt project in Brazil
- Mantos Blancos' operations were awarded the Copper Mark, and Brazilian Nickel were admitted into the Nickel Mark

2024 priorities

- Add further scale and diversification to the portfolio
- Increase disclosure of financed emissions across the portfolio

Ecora's purpose is to provide capital to the mining sector that will be required for the supply of commodities central to a sustainable future. Ecora invests in commodities that support a sustainable future and mining operations that can demonstrate that they embed sustainable practices as part of their approach to business.

Commodity mix

Ecora is in a transitional phase as the income generated by the Kestrel steel-making coal royalty, which is not expected to be material beyond 2026, is redeployed into future facing commodities that play a vital role in the generation, storage and transmission of renewable forms of energy. . Ecora also invests in commodities such as high purity iron ore pellets, which confer environmental benefits through the reduction of unit carbon emissions in steel production versus more standard forms of iron ore.

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

Since 2021 Ecora has deployed over $400m into new copper, nickel and cobalt royalties and streams. By 2026 over 90% of the Company's revenue contribution will be derived from future facing commodities.

In 2023 Ecora invested $20m into the Vizcachitas copper project in Chile, one of the largest undeveloped copper projects in the world. The Group also advanced $7.5m to Brazilian Nickel to finance derisking workstreams on the Piauí nickel-cobalt project.

The Group was also delighted to see:

- Mantos Blancos awarded the Copper Mark, a comprehensive assurance framework developed to ensure that participants demonstrate best practice in responsible production and contribute to the UN Sustainable Development Goals, and
- Brazilian Nickel joining the Nickel Mark which will demonstrate nickel producers' and the industry's responsible production practices in an effort to promote transparency and accountability; the Mark will further demonstrate the Company's commitment to working towards global net zero targets and reducing carbon emissions.

Our risks and risk management

The effective management of risk is integral to delivering our strategy.

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

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

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

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

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

Risk appetite
In addition to approving the Group's strategy, the Board defines the level of risk that the Group is willing to accept while pursuing its objective of continuing to add value enhancing royalties and streams to its portfolio. The Board looks at risk appetite from the context of the severity of the consequences

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

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

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

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

should a material risk materialise, any internal or external factors influencing the risk, and the status of management actions to mitigate or control the risk.

Throughout 2023 and at the date of this report, all of the Group's principal risks and uncertainties were operating within the limits of the Board's risk appetite.

Risk assessment and classification

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

Emerging risks

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

For more on the Group's emerging risks refer to page 62

Principal risks

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

For more on the Group's principal risks refer to page 63 to 67.

In addition to principal risks, we continue to be exposed to other risks related to the day-to-day operation of the business, for example credit risk, foreign currency risk and cybersecurity. The impact of these risks is not expected to be so significant as to materially affect the Group's business model, future performance, or solvency. The identification and mitigation of these risks is through the Group's internal control framework, the effectiveness of which is reviewed at least annually by the Chief Financial Officer as outlined on page 184.

Cybersecurity

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

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

Catastrophic risks

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

Changes to our risks in 2023

The Group's risk profile continued to evolve in 2023 as the broader macro environment led to continued market uncertainty. The world is becoming increasingly fragile in the context of two ongoing wars, the outcome of which will likely be influenced by the result of significant elections in FY 24 where more than 40% of the world's population are due to vote. Against this backdrop, inflation remains high and the impetus for rate cuts seems to be pushed back. Capital markets are not immune to this uncertainty with conventional sources of capital remaining tight.

Of direct consequence to the Group in the short to medium-term is the loss of momentum of key environmental objectives by some western governments, the UK included, particularly around the requirement for electric vehicles. This, combined with a reduction in the relative demand in some western markets has impacted commodity prices. This has coincided with major disruption in the nickel and cobalt markets as a result of considerable additional supply from Indonesia. This market imbalance has now started to result in the closure of some higher-cost producers as margin erosion takes hold whilst development plans for other projects are being subjected to further review. These trends have the potential to impact the timings and cashflow profile of certain of the Group's development assets although most are towards the lower end of the industry cost curve and should remain profitable.

With so much macro uncertainty around, it was important to complete the amendment and extension of the Group's $150m facility in January 2024 along with an uncommitted $75m accordion upside. The facility has a maturity date of January 2027 with the potential to extend the tenor twice by up to 12 months on each occasion and should provide the platform to weather short-term delays to planned start dates or any further declines in commodity prices.

While the risks from operator dependence, commodity prices and financing capabilities have arguably increased over the past 12 months, the continuation of inflationary pressures globally together with the increase in the cost of capital in the mining sector is likely to increase the demand from operators to seek financing via royalties and streams for the foreseeable future. To ensure the Group is best placed to take advantage of this potential demand, our capital allocation policy has been revised, as detailed on page 17, and marks a clear pivot toward growth. Conscious of the increased risks, the Group will continue its disciplined approach to investment as outlined on pages 20 and 21.

The risk of a pandemic is no longer considered a principal risk. The Group's other principal risks have remained neutral in comparison to 2022. The Group's catastrophic risk remains our highest priority risk, given the potential consequences.

Emerging risks that are currently being monitored are:

Climate change

Cause

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

Commentary

During 2023, we again assessed the physical and transitional risks and opportunities associated with climate change detailed on pages 70 to 74.

Supporting our assessment of the physical and transitional risks and opportunities, together with our assessment of the resilience of our existing portfolio to these risks, was the scenario analysis undertaken in the prior year as detailed on page 75.

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

Supply chain disruption

Cause

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

Commentary

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

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

International disputes / tensions

Cause

The world remains in a delicate position with the Israel Gaza conflict adding to the ongoing war in Ukraine. This has been followed by disruption caused to shipping routes in the Red Sea with targeted attacks on Western vessels. The potential for the middle east to escalate into a global conflict is as high as it has been in recent times and this would lead to heightened levels of macro uncertainty and economic turmoil.

Commentary

This risk is closely linked with the principal risk of 'geopolitical events' but is more broader in terms of its impact on everyday life and not just on commodity demand. With significant elections scheduled for FY 24, the potential for regime and policy change is significant and this could impact (adversely or favourably) on existing conflicts and tensions.

Energy security

Cause

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

Commentary

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

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

The Group's principal risks and uncertainties are:

Catastrophic and natural catastrophic risk

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

Risk movement since 2022:
No change

Link to strategy

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

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

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

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

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

Climate change risks and opportunities:
Physical risk

See more on pages 68 to 81

Investment approval

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

Risk movement since 2022:
No change

Link to strategy

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

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

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

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

Disciplined approach to investment, based on key criteria set out on pages 20 and 21 with all material investments subject to review and challenge by the Executive Committee and the independent Directors.

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

Climate change risks and opportunities:
Transition risk and opportunity

Key to strategy

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

Risk movement

- Increasing
- Neutral
- Decreasing

Future demand

Demand for financing via royalties and streams may change depending on macro-economic conditions.

Increased competition within the royalty and streaming sector may impact the ability to continue adding accretive assets to the portfolio.

Risk movement since 2022:
Neutral

Link to strategy

Cause

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

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

Impact

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

Mitigation

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

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

Commentary

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

The capital needs of junior/mid-cap operators during the year increased and with stagnant equity and debt markets (impacted by both macro disruption and higher interest rates) the likely near-term demand for alternative finance should improve and provide opportunities for the Group.

As a result, the risk for future demand reduced year on year.

Climate change risks and opportunities:
Transition risk

Key to strategy

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

Risk movement

- Increasing
- Neutral
- Decreasing

Commodity prices

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

Risk movement since 2022:
Increasing

Link to strategy

Cause
Commodity prices react to many macro-economic events. Recent examples include armed conflict involving major economies, global trade disputes and sanctions, economic slowdown in a leading economy.

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

Low commodity prices may also result in our mining partners delaying or abandoning uneconomic operations, which would also result in lower levels of cash flow and the impairment of the Group's portfolio.

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

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

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

Commentary
The Group's diversified portfolio should reduce the impact of volatility in commodity prices. In addition, by 2026 85% of the Group's portfolio contribution will be from materials required to affect the energy transition.

The significant decline in the nickel and cobalt prices over the past 12 months driven by new supply from Indonesian operations has resulted in the closure of a number of Australian operations, and created uncertainty around the scheduled start date for the Group's West Musgrave project. However, the Group's exposure to nickel and cobalt is through operations which are in the lower quartile of the cost curve and should remain economic at these price levels.

Lower commodity prices also provides opportunities for the Group to provide much needed capital to smaller operators at an opportune entry point in the commodity cycle.

Climate change risks and opportunities:
Transition risk and opportunity

See more on pages 68 to 81

Operator dependence and concentration risk

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

Of the Group's nine producing royalties and streams, two account for 66% of our portfolio contribution in 2023.

Risk movement since 2022:
Increasing

Link to strategy

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

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

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

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

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

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

Commentary
For further details on the Group's operator engagement together with its information and audit rights refer to pages 56 to 59.

As income from the Kestrel royalty begins to wind down over the next 2 – 3 years, the Group's income profile and financing capacity becomes more reliant on the successful ramp-up of operations at Voisey's Bay and the development of the Santo Domingo, West Musgrave and Piauí projects. As a result, the Group's operator dependence and concentration risk is increasing.

Climate change risks and opportunities:
Physical and transition risk

See more on pages 68 to 81

Geopolitical events

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

Risk movement since 2022:
Neutral

Link to strategy

Cause
Geopolitical disputes including armed conflict involving world powers and restrictions or constraints to free trade can have a direct impact on commodity prices. Furthermore, significant elections are due to take place in FY 24 which could alter the outlook for commitments to climate change reduction and the speed at which countries commit to the energy transition. In other jurisdictions, economic stimulus packages targeted to shield economies from reduced demand or inflation can directly impact commodity demand and therefore prices.

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

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

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

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

Commentary
The ongoing war between Russia and Ukraine, together with the changes in China's trading policies although currently favourable in relation to Australian imports, creates uncertainty.

The increase in nickel supply from Indonesia has led to the Australian Government classifying nickel as a critical mineral which may provide some support to that sector. In addition, the Australian Government is pursuing a price premium to ensure the high standards applied in Australian mining and production of nickel and other critical minerals are reflected in future pricing on international markets.

Key to strategy

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

Risk movement

- Increasing
- Neutral
- Decreasing

Financing capability

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

Risk movement since 2022:
Increasing

Link to strategy

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

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

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

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

Commentary
On 30 January 2024, the Group's syndicate of external lenders agreed to the amendment and extension of its $150m and increased the uncommitted accordion feature to $75m. Following the amendment and extension, the facility will now mature in January 2027 with the potential to extend the tenor twice by up to 12 months on each occasion.

While the amendment and extension of the facility is positive, as income from the Kestrel royalty begins to wind down over the next 2 – 3 years, the Group's income profile and financing capacity becomes more reliant on the successful ramp-up of operations at Voisey's Bay and the development of the Santo Domingo, West Musgrave and Paiui projects. Development of these assets should result in an improved equity rating in time and therefore open up the potential for financing acquisitions through equity in a non-dilutive manner.

As a result, the Group's financing capability risk is increasing similar to the operator dependence and concentration risk.

Climate change risks and opportunities:
Transition risk and opportunity

Stakeholder support

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

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

Risk movement since 2022:
No change

Link to strategy

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

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

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

Commentary
The Group has had considerable engagement with its largest shareholders during the year on a number of matters. In addition, the refinancing of the Group's borrowing facility is testament to the support being received from the lending syndicate. Further information on how we engage with our stakeholders can be found on pages 48 to 49.

Climate change risks and opportunities:
Transition risk and opportunity

Climate-related risks and opportunities

Task Force on Climate-related Financial Disclosures ('TCFD')

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

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

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

2023 is the Group's third year of making climate-related financial disclosures, and the first year in which disclosures under the 'Metrics and Targets' TCFD pillar have been included. The climate-related financial disclosures on pages 68 and 69, are therefore, consistent with all four TCFD pillars and 10 out of 11 of the recommended disclosures. As disclosed in the 2022 Annual Report and Accounts, the Group's material greenhouse gas ('GHG') emissions exposure is to our operating partners' emissions (Scope 3 (downstream) emissions). While significant progress has been made in 2023 to collate an emissions inventory for the operations underlying the Group's portfolio as disclosed on page 80, we were unable to obtain the relevant data for one of our producing assets and are therefore unable to fully quantify our Scope 3 financed emissions. As a result, our disclosures are not fully compliant with the requirement to "Disclose Scope 1, Scope 2 and, if appropriate Scope 3 GHG emissions and the related risks".

The Group will continue to engage with its one operating partner that has not published GHG emissions data to encourage transparent climate change disclosure, while assessing other means to obtaining the necessary data to provide a complete emissions inventory by 2025.

Governance

Ultimate responsibility for the long-term sustainable success of the Company lies with the Board, which determines the purpose, values, culture, strategy, governance and risk management framework. The Board established the Sustainability Committee in 2020 to oversee the development and implementation of the Group's sustainability strategy and Sustainability Policy. The Sustainability Committee is responsible for reviewing the Group's assessment of the sustainability risk and opportunities, including those linked to climate change, across the Group's existing portfolio and potential investments. In addition, the Sustainability Committee collaborates with the Audit Committee to oversee the Group's risk management processes, with a particular focus on climate-related risks and opportunities, including the identification of such risks and opportunities and the scrutiny of the mitigation plans. The Sustainability Committee Report on pages 101 to 102 details its roles and responsibilities, together with the climate-related decisions taken in the year.

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

Audit Committee

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

Remuneration Committee

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

Management's role

The Executive Committee, supported by the Group's senior leadership team, is responsible for executing the Group's strategy of building a portfolio of royalties and streams through a disciplined approach to investment in commodities that directly enable the energy transition or will lower the carbon intensity of a product supply chain. Central to the successful execution of the Group's strategy is the 'investment approval', which is underpinned by the Group's investment framework outlined on page 19 and includes an extensive due diligence process to identify and address among other factors, climate-related risks and opportunities. As the investment approval could affect the Group's ability to achieve its long-term objectives, it continues to be classified as a principal risk (refer to page 63).

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

TCFD framework

Governance

Our response

Sustainability Committee established in 2020, to assist with the Board's scrutiny and oversight of all sustainability matters, including climate-change related risk and opportunities.

Focus for FY24

Continued monitoring of the impact of climate change on the Group's existing portfolio and in the assessment of new royalty and stream acquisitions.

Board training agenda includes specific sessions on climate change to ensure members have the expertise to meet their responsibilities.

Further information

Refer to the Sustainability Committee Report on page 101

The Group's governance processes for climate risks and opportunities are described in the Group's Sustainability Policy which can be found on the Group's website www.ecora-resources.com/sustainability.

Risk management

Our response

Monitored and reviewed the Group's climate risk register.

The climate risk register was presented to and discussed in detail by the Board as part of the enterprise-wide risk discussion at the strategy session in November 2023.

Focus for FY24

Further integration of the climate risk register in the Group's enterprise-wide risk register.

Monitoring of risk mitigation and opportunity implementation through the Sustainability and Audit Committees.

Further information

Refer to the Group's approach to risk management and principal risks and uncertainties on pages 60 to 67

Refer to pages 72 to 74 for the highest ranked climate related risks and opportunities.

Strategy

Our response

Monitored and reviewed climate-related risks and opportunities most material to the Group.

Reviewed the underlying assumptions of the 2022 climate change scenarios based on NGFS and IEA scenarios in relation to the likely future demand for the commodities underlying the Group's portfolio of royalties and streams and concluded there were no material changes.

The Sustainability and Audit Committees considered management's conclusions in relation to the scenario analysis and assessed the appropriateness of the Group's strategy. In addition, the results were considered as part of the Group's assessment for indicators of impairment , the valuation of those royalty assets carried at fair value, and the Group's going concern and Viability Statement assessment.

Focus for FY24

Further refine the scenarios to enable the financial impact to be quantified.

Ongoing review of climate risks and opportunities to ensure impact assessment are updated with the latest climate science and business understanding.

Further information

Highest ranked climate related risks and opportunities, are shown on pages 72 to 74.

Scenario analysis and results are detailed on pages 75 to 78.

Metrics and targets

Our response

The Group's Scope 1, Scope 2 emissions and Scope 3 (upstream) emissions are disclosed on page 78.

At the start of 2023, the Group achieved approval of its Scope 1 and 2 reduction target by the Science-based Targets Initiative ('SBTi') for small to medium enterprises ('SMEs').

The Group has collated an emissions inventory for the operations underlying the Group's portfolio for 2022 – our Scope 3 (downstream) emissions – with 86% of our operators publicly disclosing or providing this data on our request.

Given our business model, our Scope 3 financed emissions are the most material category to the Group. We have established a methodology for calculating Scope 3 financed emissions for our royalties and streams, which are disclosed on page 79.

Focus for FY24

The Board will continue to assess the available climate related data in addition to absolute GHG emissions for relevant metrics which could be used to assess climate-related risks and opportunities in line with the Group's strategy.

As the Group's material exposure to GHG emissions arises from Scope 3 downstream emissions, management will continue to engage with the Group's operating partners to encourage transparent climate change disclosure with a view to providing a more complete emissions inventory and to understand what % of our financed emissions are currently covered by net zero emissions targets aligned with science-based targets.

The Group will consider adapting its financed emissions methodology overtime if further guidance becomes available.

Further information

Refer to pages 79 and 80 for the Group's Scope 1, and Scope 2, Scope 3 (upstream) emissions and Scope 3 financed emissions and reduction targets, together with emissions data published or provided by our operating partners.

Risk management

To fully understand the implications of climate change, the Group's semi-annual enterprise wide risk assessment includes a detailed review of the key climate change related risks to and opportunities of the Group's business model, together with identifying the timeframes over which they are expected to materialise. The Group's climate risk and opportunities register, considered both the physical effects of changing weather and the economic and regulatory transitions required for society to either mitigate climate change or adapt to a new environment and was reviewed and discussed in detail by the Board at the Group's strategy session in November 2023.

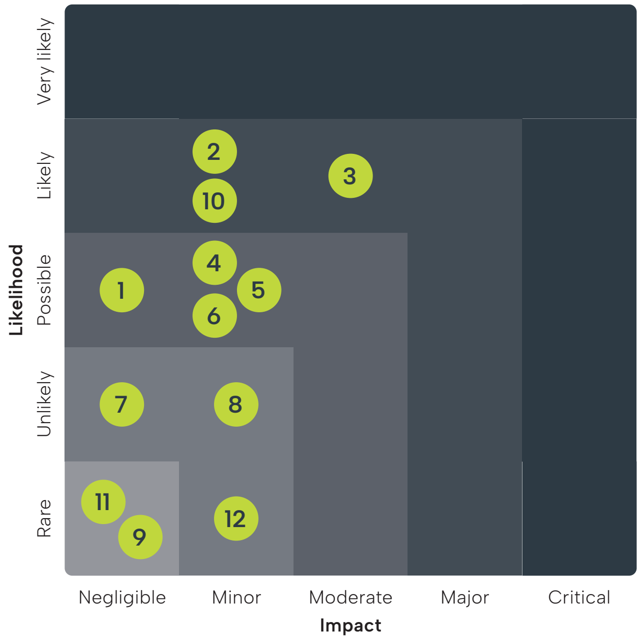
Given the specialised knowledge required to understand and respond to climate risk, in late 2022 the Group engaged Ever Sustainable, to construct tailored climate change scenarios to assist the Executive Committee and senior leadership team assess the Group's strategic resilience against the scenarios and to identify mitigation plans where applicable. The results of the 2022 scenario analysis indicated that under both scenarios the demand for the commodities underlying the Group's portfolio remained strong given the alignment with requirements of the energy transition. In 2023, management reviewed the underlying assumptions of the two scenarios and concluded there were no material changes required and that the scenarios and their results remain reasonable, particularly in relation to the demand outlook.

Risk assessment criteria

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

The likelihood assessment reflects the probability of the risk having an impact on the Group in the short to medium-term time horizon and takes into consideration desktop research in addition to evidence of historical impacts on the Group's portfolio.

The impact assessment is on a post-mitigation basis and reflects the estimated income statement impact of that risk within the financial year. The Group's definition of a significant financial impact is where the impact is of over $7m (2022: $9m) which aligns with the materiality set by the Group's statutory auditor, as set out on page 132. In this context, a significant impact refers to an operational or financial effect that would require an active response or strategic planning by senior management.



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

Climate risks are categorised into 'physical risks', being risks arising from the physical effects of climate change, and 'transition risks', being the risks related to the transition to a lower carbon economy. The Group's climate-related transition risks, physical risks and opportunities with the highest risk ratings are shown on pages 72 to 74. The time frames presented are the period over which the risks and opportunities could manifest to a significant impact and are defined as follows:

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

Risk management and response

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

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

Strategy

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

Our climate-related risks and opportunities

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

To the extent that climate change adversely affects our business and financial position, it may also have the effect of heightening a number of our principal risks and uncertainties detailed on pages 63 to 67. For example, the Group's portfolio contribution may be impacted by changes to production, for a variety of reasons including, but not limited to, climate change and the impact on production closely linked to the principal risk of 'operator dependence'. Where relevant, we have detailed the related principal risks and uncertainties that may be exacerbated by climate change risks in the tables on the following pages.

Transition risks

Pressure from financiers

Risk description:

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

Related principal risks and uncertainties:

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

Potential impact

Operators

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

Potential impact on Ecora

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

Potential financial impacts for Ecora

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

Mitigating activities:

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

Time horizon:
12–24 months

Overall rating:
Moderate

Increasing regulation and reporting

Risk description:

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

Related principal risks and uncertainties:

- Investment approval
- Operator dependence

Potential impact

Operators

- Increased costs and possible project abandonment related to longer timelines and more arduous mining permitting processes
- Delays, suspension or abandonment of projects linked to costs to address mandatory compliance with local or national greenhouse gas emission laws, rendering the project uneconomical

Potential impact on Ecora

- More resources need to meet more complex climate reporting obligations
- Failure to retrieve sufficient data from operators to report accurately

Potential financial impacts for Ecora

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

Mitigating activities:

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

Time horizon:
12–24 months

Overall rating:
Moderate

Transition risks continued

Stakeholder concern for climate change

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

Related principal risks and uncertainties:
- Operator dependence
- Stakeholder support

Potential impact

Operators
- Disruption, suspension or abandonment of production or development projects due to community opposition or protests related to underlying commodity or high-carbon mining operations

Potential impact on Ecora
- Stigmatisation of the industry leads to challenges in talent acquisition and retention within the organisation

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

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

Time horizon:
12–24 months

Overall rating:
Moderate

Physical risks

Extreme weather events

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

Related principal risks and uncertainties:
- Catastrophic events
- Operator dependence

Potential impact

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

Potential impact on Ecora
- Direct impacts likely minimal

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

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

Time horizon:
3–5 years

Overall rating:
Moderate

Physical risks continued

Drought and water scarcity

Risk description:

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

Related principal risks and uncertainties:

- Operator dependence
- Investment approval
- Stakeholder support

Potential impact

Operators

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

Potential impact on Ecora

- Direct impacts likely minimal

Potential financial impacts for Ecora

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

Mitigating activities:

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

Time horizon:
3–5 years

Overall rating:
Moderate

Opportunity

Increased demand for commodities

Opportunity description:

- 85% of the Group's portfolio contribution in 2026 is expected to be generated from royalties and streams directly linked to commodities required for a low carbon future – copper, nickel, cobalt, vanadium and, in some jurisdictions, uranium – demand for these commodities is expected to increase between 2x and 4x from 2020 to 2040 as outlined in the Group's scenario analysis.

Related principal risks and uncertainties:

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

Potential impact

Potential financial impacts for Ecora

- Revenue: the increase in demand for the commodities underlying the Group's portfolio should result in higher prices, increasing the medium to long-term royalty and streaming revenue
- Price premium may eventuate for those commodities ethically sourced or derived from operations with low carbon footprints and high sustainability credentials – eg. cobalt from Voisey's Bay and iron ore from IOC both of which have strong sustainability credentials and low carbon footprints.

Time horizon:
3–5 years

Overall rating:
High

Scenario analysis

In 2022 the senior leadership team with the support of external consultancy Ever Sustainable, undertook climate scenario analysis to enhance our understanding of the risks facing our business and to assess the resilience of the Group's investment strategy. The underlying assumptions of the two bespoke and challenging scenarios developed in 2022 to explore how our identified risks and opportunities might develop over the short, medium and long term were reviewed in 2023 with management concluding that the scenarios remain appropriate.

The key parameters used to define the scenarios were:

Parameter	Selection	Rationale
Scenario source	Combination of NGFS and IEA with some input from IPCC	+ The nature of Ecora's business as a provider of financial capital creates natural alignment to the financial focus of the NGFS. + The IEA provides specific data and commentary on commodity demand outlook in the context of the energy transition that is highly relevant to our business and strategy. + Supplementing physical scenarios with IPCC data allows for deeper understanding of physical risks.
Base scenarios	1.5°C – Delayed Transition (emphasis on transition risk)	+ Given the Group's strategic emphasis on providing capital to support the energy transition, this scenario was chosen to understand how delayed time horizons could impact our strategy as well as the expectation of greater financial instability in markets.
	3–4°C – Current Policies (emphasis on physical risk)	+ The impact of climate change on mining operators is most evident in 'Hot House World' style scenarios, and this scenario was thus selected to understand how our operator dependence risk could evolve in light of increased physical climate risk.
Time frame	Short term: 12–24 months Medium term: 3–5 years Long term: 5+ years	+ The time horizons selected align to Ecora's business planning horizons. Because climate risks are longer term in nature and for the purpose of this exercise, we looked out to 2040 to gauge potential long-term impacts.
Geographies	Global with some focus on South America, North America and Australia	+ To better understand the breadth of climate-related risks, geographical emphasis was kept wide with some tailoring towards regions with the greatest portfolio exposure.
Commodities	Cobalt, Copper, Nickel and Vanadium	+ Where possible, data and trends relevant to these commodities was emphasised due to Ecora's portfolio exposure to these metals. + While the contribution from the Group's Kestrel royalty was material in 2023, production will transition outside of the Group's private royalty lands over the next five years, as a result metallurgical coal is not a focus commodity for the scenario analysis

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

Assessing our resilience

The key highlight from the scenario analysis continues to be that with the Group's current commodity mix, the potential financial upside for the Group in the Delayed Transition Scenario is stronger, while the trajectory of commodity demand in line with expectations outlined in Current Policies remains attractive for the Group's financial prospects. The Executive Committee, Sustainability Committee and Board have considered the outcomes of the scenario analysis exercise and conclude that our investment strategy remains resilient under both scenarios.

We outline key issues raised in the session here:

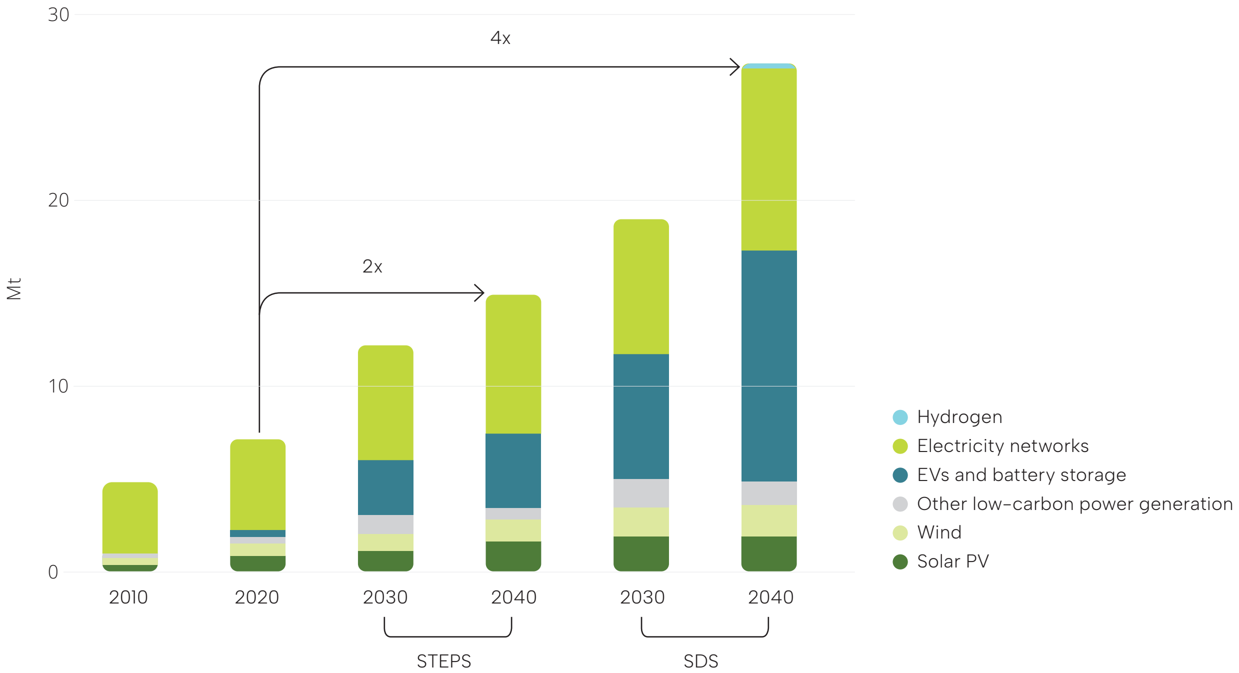
Delayed Transition

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

Current Policies

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

Total mineral demand for clean energy technologies by scenario



Source: IEA

Critical mineral needs for clean energy technologies

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

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

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

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

Delayed transition

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

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

Current policies

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

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

● = high; ● = moderate; ● = low

Assessment

The Sustainability Committee, Audit Committee and Board have considered the outputs of the scenario analysis, and after applying existing consensus pricing to the future demand scenarios have concluded that climate change is not expected to have a material impact on the Group's business model. As a result, we do not consider a quantitative analysis to be material to our disclosures at this stage. The Board continue to believe the assessment of the impact of climate change on the Group's business model is an iterative process, as assumptions relating to both the physical and transitional impacts are refined as more data becomes available. As a result, we continue to classify climate change as an emerging risk. While only qualitative descriptions of the potential impact of the Group's climate related risks and opportunities have been provided in 2023, as further data becomes available and as methodologies become more consistent across the royalty and streaming sector, the Group will look to provide quantitative descriptions of the impact of the climate risks and opportunities where appropriate.

Metrics

Throughout 2023, the Sustainability Committee has considered the cross-industry metric guidance, together with the available data that could be used to assess the climate related risks and opportunities identified on pages 72 to 74 and has concluded that that the Group's Scope 1, 2 and 3 (upstream) emissions, together with the Group's Scope 3 (downstream) emissions are the most relevant metrics for assessing those risks with a short-term time horizon of 12 – 24 months and are the Group's identified transition risks.

In relation to the longer-term physical risks and opportunities, the Sustainability Committee is continuing to assess the available data. Given the Group's most material exposure to climate risk and opportunities arises from our investment decision, consideration is currently being given to a metric that maps the alignment of the emissions reduction plans of our operating partners with science-based targets. It may also be possible that such a metric could applied when assessing investment opportunities in the future. The Sustainability Committee will continue to consider this metric in 2024 in the context of the Group's roadmap to developing a net zero transition plan.

Greenhouse Gas Emissions

At the start of 2024, we began collating the Group's greenhouse gas emissions inventory following the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and Scope 2 Guidance for Ecora's Scope 1, 2 and 3 (upstream) emissions at the corporate level.

Climate change and energy	**2023**	2022	2021
Performance indicator			
Direct (Scope 1) GHG Emissions	**0t**	0	0
Indirect (Scope 2) GHG Emissions	**4.5t**	0	0
Total Scope 1 and Scope 2	**4.5t**	0	0
Scope 3 – (upstream) at a corporate level	**192t**	102t	35t

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

As a royalty and streaming company, Ecora has a small direct carbon footprint with only one office and 14 employees. As a result, the Company does not produce Scope 1 (direct) emissions. Ecora had no Scope 2 (indirect) emissions in 2021 or 2022, as our office electricity was from renewable energy sources. In 2023 the Group relocated to a more energy efficient office, however, for the first half of the year the electricity supply was unable to be connected to a supplier with a green tariff. This was rectified for the second half of the year and going forward the Group's office electricity will once again be from 100% renewable sources.

Scope 3 (upstream) emissions

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

Scope 3 (upstream) emissions have increased in 2023 compared to 2022 due to the increased size of our portfolio and the need to carry out more site visits.

While international travel is essential given the locations of the operation underlying the Group's portfolio, we continue to look at ways to reduce the associated carbon emissions. We set out our commitment to the measurement and reduction of these emissions below:

- Ecora encourages employees to make sustainable travel choices where possible through its sustainable travel and expenses policy which was implemented at the start of 2022, and we will review this policy during the course of 2024 to understand whether additional changes can be made to improve our sustainable travel choices.
- Under the existing travel policy, all international flights of employees need to be authorised by a member of the Executive Committee.
- Ecora commits to using, where possible, airlines that have committed to the reduction of carbon emissions in line with science-based targets, and we hope to see more airlines in the future align to the SBTi (or equivalent).
- Ecora continues to measure and offset its Scope 3 (upstream) emissions on an annual basis, noting that carbon credits do not count towards any of Ecora's science-based targets but are a means to finance additional climate mitigation beyond its ongoing reduction efforts.

Since 2021, Ecora has purchased offsets to neutralise all emissions that are currently reported in its emissions inventory. Ecora remains committed to offsetting emissions that it has historically measured and for which it has the most control. These mainly include emissions associated with Scope 3 (upstream) emissions (being employee commuting and employee travel). We offset our global emissions for 2023 by purchasing from ClimatePartner a Gold Standard VER (GS VER) wind energy project in Ovalle, Chile and a Verified Carbon Standard (VCS) wind energy project in Northeast Brazil. The project in Chile comprises two wind farms with a total of 57 wind turbines, promoting clean wind energy and contributing to the energy transition in Chile by expanding the renewable energy sector. The project in Brazil comprises 14 wind farms with a total of 156 wind turbines. The project contributes significantly to climate action and supports the surrounding communities with clean energy. With three royalties in these areas, we chose to offset our emissions through these projects as Ecora is committed to supporting and promoting sustainable development in the regions where we invest.

Scope 3 (downstream) emissions

We are committed to capturing a complete picture of our emissions profile including our operating partners' or Scope 3 (downstream) emissions. As a provider of capital to the mining sector we recognise that a significant proportion of our Scope 3 emissions stem from our investments in operating mines. Though these emissions are not directly created or controlled by Ecora, we are committed to monitoring our operating partners' annual emissions data to enable us to track our ongoing emissions exposure.

Methodology

Financed emissions refers to Ecora's attributable share of emissions generated by the operations underlying our portfolio of royalties and streams. There is currently no defined methodology for calculating financed emissions for royalty and streaming companies and although the Partnership for Carbon Accounting Financials has developed guidance to help the financial industry assess and disclose financed emissions, this guidance currently does not cover royalty and stream investments.

As there is currently no royalty sector methodology for calculating financed emissions, after detailed analysis by the Sustainability Committee, we have applied a methodology referencing our proportional production which is described in more detail below. We will consider revising or adapting the methodology as further applicable guidance becomes available. The calculations rely on our operating partners' to provide production and emissions data. Ecora cannot verify the accuracy of the asset data and each of the operators may have differing methodologies, reviews or judgements in the collation of emissions information.

Applied methodology

$$\textbf{Financed emissions per asset} = \frac{\textbf{Total Ecora attributable production (equivalent terms)}}{\textbf{Total asset production (equivalent terms)}} \times \textbf{Scope 1 \& 2 asset emissions} \times \textbf{Royalty or stream rate}$$

A production coefficient is calculated for each operating mine listed in the table below. Royalty investments typically cover all metals produced; in these cases the production coefficient would equal 1. Streams are often linked to a specific commodity requiring a production coefficient to be calculated by representing all production in equivalent terms of the mine's primary commodity. For example total production of nickel, copper and cobalt at Voisey's Bay (where Ecora holds a cobalt stream) would be represented as a single nickel equivalent production figure.

Conversion into equivalent terms is linked to commodity prices. In order to reduce the impact of price volatility, we have used five-year average spot prices. This wide time period will allow for improved visibility and monitoring of changes to actual emissions in subsequent years, with less influence from annual price fluctuations.

Emissions data

We have received the following Scope 3 (downstream) emissions data from our operating partners which is set out in the table below. Due to the timing of GHG emissions reporting from our operating partners, the majority of 2023 mine emissions data was not available in time for publication of this report, as a result we have presented the data for 2020, 2021 and 2022. This data is in relation to the operators' total Scope 1 and 2 emissions generated from operations underlying the Group's associated royalty or stream. For each asset with data, we have calculated Ecora's total financed emissions over the previous three years using the methodology described above.

	Emissions breakdown	2020 tCO_2e	2021 tCO_2e	2022 tCO_2e
Voisey's Bay	Scope 1 – LHPP	41,458	35,958	31,505
	Scope 1 – VB	73,397	83,745	91,521
	Scope 2 – LHPP	8,205	9,044	7,403
	Scope 2 – VB	—	—	—
	Total (tCO_2e)	**123,061**	**128,746**	**130,429**
	Ecora financed emissions attr. (tCO_2e)	3,264	3,421	3,363
Mantos Blancos	Scope 1	132,848	156,382	129,397
	Scope 2	65,043	71,689	72,157
	Total	**197,891**	**228,071**	**201,554**
	Ecora financed emissions attr. (tCO_2e)	2,878	3,348	2,922
Kestrel	Scope 1	1,178,560	1,236,654	1,236,654
	Scope 2	142,177	148,269	148,269
	Total	**1,320,737**	**1,384,923**	**1,384,923**
	Ecora financed emissions attr. (tCO_2e)	54,578	71,867	80,878
Maracas	Scope 1	78,506	77,765	79,968
	Scope 2	4,169	8,270	2,767
	Total	**82,675**	**86,035**	**82,735**
	Ecora financed emissions attr. (tCO_2e)	1,654	1,721	1,655
Carlota	Scope 1	0.4	0.4	0.3
	Scope 2	—	—	—
	Total	**0.4**	**0.4**	**0.3**
	Ecora financed emissions attr. (tCO_2e)	0	0	0
McClean Lake Mill[1]	Scope 1	22,758	25,157	25,972
	Scope 2	23,802	24,900	26,420
	Total	**46,560**	**50,057**	**52,392**
	Ecora financed emissions attr. (tCO_2e)	10,476	11,263	11,788
Piauí	Scope 1	—	1,209	1,411
	Scope 2	—	31	133
	Total	**—**	**1,240**	**1,544**
	Ecora financed emissions attr. (tCO_2e)	—	16	19
Four Mile		Not provided	Not provided	Not provided
Total Ecora financed emissions attr (tCO_2e)		**72,849**	**91,636**	**100,625**

1 GHG emissions and waste recovery metrics include site (McClean Lake), Saskatoon office and exploration activities.

Other cross-industry climate related metrics

Internal carbon pricing

With negligible Scope 1, 2 and 3 (upstream) emissions, the Group's material exposure to greenhouse gas emissions arises from the Scope 3 financed emissions generated by the operations underlying our portfolio, as a result carbon pricing is unlikely to have a direct impact on the Group. The indirect impact of carbon pricing is likely to be the effect it has on cost structures of the operations underlying our portfolio, which highlights the importance of our operators have emission reduction plans aligned with science-based targets.

Remuneration

As detailed in the introductory letter from the Chair of the Remuneration Committee on page 103 to 107, following the runoff of the Kestrel royalty, the Sustainability Committee will investigate reporting emissions on an intensity basis. Once the emissions intensity of our portfolio can be accurately calculated, the Remuneration Committee in consultation with the Sustainability Committee will consider if appropriate targets for this metric can be set for inclusion as a performance measure in the LTIP. Before proceeding with the introduction of this metric as a performance measure for the LTIP however, the Committee will consult with leading shareholders, to obtain feedback on whether such a metric aligns with their sustainability priorities.

Targets

During 2023, the Sustainability Committee concluded that greenhouse gas emissions are the most relevant metric for assessing those climate related risks with a short-term time horizon. As a result, consideration has been given to setting meaningful targets to mitigate the carbon impacts of the Group's business.

In relation to the Group's Scope 1 and 2 greenhouse gas emissions, the following target has been approved by the Science Based Targets initiative (SBTi) for Small to Medium Enterprises (SMEs) was set:

- To reduce absolute scope 1 and 2 GHG emissions 46% by 2030 from a 2019 base year.

SBTi defines SMEs as those institutions with less than 500 employees. As a company that meets this definition, Ecora has decided to adopt such a target following SBTi's pre-defined target for SMEs aligned with 1.5°C warming. This target was approved by the SBTi on 27 March 2023 and was achieved by the Group during the course of 2023 as it has zero Scope 1 and 2 GHG emissions.

In addition to informing our approach to achieving zero Scope 1 and 2 emissions in 2023 and reducing our Scope 3 (upstream) emissions, the SBTi guidance for SMEs has enhanced our understanding of what it means to be net zero. During the course of 2023, the Sustainability Committee made the decision to transition away from referring to ourselves as a 'carbon neutral' company, and instead focus our efforts on developing a sustainability strategy roadmap, which includes how Ecora can look to become net zero at the corporate level and eventually across our portfolio.

In this spirit, Ecora has also committed to the following additional objectives:

- Ecora commits to maintaining zero Scope 1 and 2 GHG emissions.
- Ecora commits to measure and reduce its scope 3 (upstream) emissions
- Where Ecora cannot reduce its emissions, we will offset our Scope 3 (upstream) emissions on an annual basis, noting that carbon credits do not count towards any of Ecora's science-based targets but are a means to finance additional climate mitigation beyond its ongoing reduction efforts.
- Ecora will continue to engage with its operating partners to understand their emission reduction and net zero targets and respective action plans in line with a 1.5°C warming pathway.
- Ecora will continue to calculate its Scope 3 financed emissions on an annual basis and look to review and expand the methodology for Scope 3 financed emissions as more guidance becomes available.

While the Group acknowledges that the Scope 3 financed emissions from its operating partners are its material GHG exposure, a target to reduce these emissions has not been set for the following reasons:

- It is the Group's strategy to continue to grow the underlying portfolio of royalties and streams which, all things being equal, would result in Scope 3 financed emissions increasing in absolute terms.
- The Group's royalties and streams are by their nature depleting assets which means over time Scope 3 financed emissions would decrease if the assets are not replaced or where the commodity mix changes as a result of depletion, to less carbon intensive commodities.

Expanding on the depletion of our royalties and streams and the impact this will likely have on the Group's GHG emissions, the Kestrel royalty, which is the Group's single largest contributor to Scope 3 financed emissions is expected to commence its runoff in 2026. As a result between 2024 and 2030 there is a reasonable expectation that the Group's GHG emissions will significantly reduce, absent any material acquisitions of producing royalties.

In light of the limitations in setting targets for the absolute reduction in Scope 3 financed emissions described above consideration is currently being given to a metric that assesses the percentage of the Group's portfolio with operating partners that have emissions reduction plans aligned with science-based targets. With a view to setting an ambition target of an agreed percentage of our financed emissions being covered by emissions reductions plans aligned with science-based targets.

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

In accordance with provision 31 of the 2018 revision of the Code, Ecora has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Directors confirm that they have a reasonable expectation that Ecora will continue to operate and meet its liabilities, as they fall due, over the next three years. The Directors' assessment has been made with reference to Ecora's current position and prospects, our strategy, the Board's risk appetite and Ecora's principal risks and how these are managed, as detailed on pages 60 to 67 in the Strategic report.

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

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

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

Assessment process and key assumptions

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

Assessment of viability

Assessment of the Group's viability is based on a financial forecast covering the next three years, which is consistent with the Group's medium-term planning horizon and the terms of its borrowing facility. The Directors stress tested the base case financial forecast on a 'severe but plausible' scenario to see whether the same conclusion would be reached should this materialise. The scenario is amended each year as required, to reflect the key areas of sensitivity by the Board and for the current assessment the following adjustments were made to the Group's base case financial model:

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

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

The three-year review also assumes there are no additional acquisitions during the period and that the Group's existing revolving credit facility is refinanced on maturity in January 2027.

The combination of the above downside scenarios would result in a ~28% reduction in portfolio contribution over the assessment period. Despite the decrease in portfolio contribution under this scenario, the Group retains sufficient liquidity headroom to operate well within the financial covenants of its existing facility. The Directors, therefore, have a reasonable expectation that even under the severe but plausible scenario, the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

Our approach towards corporate governance

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

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

Compliance with the UK Corporate Governance Code

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

It is the Board's view that the Company has complied throughout the year with the Code.

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

1. Board Leadership and Company Purpose

Role of the Board

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

- is effective in providing challenge, advice and support to management;
- drives informed, collaborative and accountable decision making;
- creates long-term sustainable value for our shareholders, having regard to our other stakeholders.

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

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

Through the Ecora Resources Code of Conduct, the Board sets the Company's purpose, values, and standards for the Group's directors, employees, contractors, consultants and agents. The Company's purpose and values are detailed on page 1. The Board is committed to acting in accordance with these values, championing, and embedding these in the organisation. The Board assesses and monitors the ongoing alignment of the Company's culture with its purpose, values and standards. The Company has an open culture where employees are encouraged to provide their views on strategic direction and ways in which communication can be improved. This is overseen by the Designated Non-Executive Director responsible for workforce engagement, as described below in "stakeholder engagement" and on page 49.

Company performance and risk management

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

The role of the Board in establishing and monitoring the internal control environment is set out in more detail on page 91. The way in which the Company assesses and manages risk is set out in the Principal Risks and Uncertainties section on pages 63 to 67.

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

Stakeholder engagement

The Group recognises the importance of developing a fuller understanding of its business model and risks amongst investors, through effective two-way communication with fund managers, retail and institutional investors and analysts. This is particularly important in ensuring that the Company's values and objectives are aligned with our current and prospective stakeholders, as further explained in our section 172 (1) statement, set out on page 48.

Non-Executive Director engagement with employees

The Company's small number of employees are centrally located at the Company's Head Office, which aids regular direct engagement with the whole Board. Since 2018 the role of Designated Non-Executive Director responsible for workforce engagement has been rotated between the Company's Non-Executive Directors to further enhance the Board's interaction with and exposure to the Company's employees. Mr. Stan was appointed Designated Non-Executive Director in November 2020 and held a number of virtual and in-person townhalls with all employees each year, with feedback from the meeting and action items arising placed on the Board's agenda. Following Mr. Stan stepping down from the Board at the conclusion of the 2023 Annual General Meeting, Mr. Dacomb was appointed the Designated Non-Executive Director in May 2023.

The Board

Chairman

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

Senior Independent Director (SID)

Ms. Shine was appointed SID on 1 June 2023, following an orderly transition from Mr. Rutherford.

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

Independent Non-Executive Directors (NEDs)

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

Chief Executive Officer

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

Chief Financial Officer

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

Board Committees

Nomination Committee

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

For more info see pages 94 to 95

Audit Committee

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

For more info see pages 96 to 100

Sustainability Committee

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

For more info see pages 101 to 102

Remuneration Committee

Designs the Group's overall remuneration strategy and policy. Sets the remuneration of the Executive Directors, the Chairman, senior management and considers the remuneration policy for the wider workforce.

For more info see pages 103 to 123

Chief Executive Officer

Executive Committee

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

1. Board Leadership and Company Purpose continued

Stakeholder engagement continued

Non-Executive Director engagement with employees continued

During 2023, Mr. Dacomb held two townhalls with the Company's employees. In addition to the townhalls, all employees attend the semi-annual strategy sessions with the Board, where they are encouraged to contribute to and participate in the Board discussions. The terms of reference for the Designated Non-Executive Director are available on the Group's website: www.ecora-resources.com/aboutus/governance.

Community engagement

As a royalty and streaming company, we do not operate any of the underlying assets within our portfolio. While this limits the direct involvement the Group has with the communities impacted by the operations underlying the portfolio, the Board through the wider team, engages with mine operators seeking to influence and encourage compliance with relevant sustainability standards.

In 2023 we were pleased to partner with Vale, the operator of the Voisey's Bay mine, to donate to the Community Food Share Association which manages the collection and distribution of food through 54 foodbanks to more than 10,700 children, women and men throughout Newfoundland and Labrador. We are committed to investing in projects that have a positive long-term impact on communities impacted by the operations underlying our portfolio and are exploring projects that focus on the provision of healthcare, education and nutrition.

In addition to partnering with our operating partners, our employees in our London Headquarters have been encouraged throughout 2023 to participate in community initiatives and volunteering, further details of which are provided on page 54.

Investor engagement

The Group has an active engagement programme with stakeholders across the investment community, including debt providers, retail and institutional investors, sell-side analysts as well as potential shareholders.

Our investor relations team manages the interaction with these stakeholders through quarterly roadshow meetings, presentations including at the time of the interim and full year results, retail investor questions and answer sessions, as well as regular attendance at industry conferences. Key topics covered include market outlook, financial performance, updates on the performance of and development at the operations underlying the Group's portfolio and governance matters.

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

The Board receives a briefing at each meeting from the Head of Investor Relations communicating the feedback from meetings held with shareholders, commentary on the perception of the Company, views expressed by the investment community, media reports, share price performance and analysis, so as to ensure that all Directors are made aware of the major shareholders' issues and concerns. In addition, the committee chairs also engage with their relevant stakeholders and details of this engagement are provided in each of the committee reports on pages 93 to 123.

Annual General Meeting (AGM)

The Company's AGM is the highlight of the year for the Board, as it provides an excellent opportunity for active engagement with investors and to further the investors' understanding of the current business activity of the Group. The Board values the AGM as an opportunity for its retail shareholders to raise questions and provide feedback to the Board. As the attendance at the 2023 AGM was lower than in previous years, additional avenues for engaging with our retail shareholders were investigated resulting in an increase in question-and-answer sessions through the Investor Meet Company platform, which has been well received.

Our workforce policies and practices

Ecora's core values and principles and the standards of behaviour to which personnel across the Group are expected to work, are set out in the Group's Code of Conduct. These values and principles are applied to our suppliers and our stakeholders. The Group has detailed policies and procedures in place on a range of relevant areas such as business ethics, diversity and inclusion, insider dealing and share dealing and human rights and modern slavery. The list of all the Group's policies and procedures can be found on the website www.ecora-resources.com/aboutus/governance.

Depending on the nature of their role, Directors and employees of the Group receive more detailed training on those policies both as part of their induction process and Ecora's ongoing training programme. A corporate governance training programme developed by the Company Secretary and General Counsel in consultation with the Board is delivered annually, which addresses regulatory updates and other topics such as insider dealing, cybersecurity, and conflicts of interest.

1. Board Leadership and Company Purpose continued

Whistleblowing and anti-corruption policies and practices

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

Conflicts of interest

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

2. Divisions of responsibility

The Chairman, Mr. Meier, leads the Board and is responsible for its overall effectiveness. He was independent on the date of his appointment. He recognises the importance of creating a boardroom culture which encourages openness and debate and facilitates constructive relations between Executive and Non-Executive Directors. As Chair Designate, Mr. Webb brings with him a wealth of industry and leadership experience that will continue to foster a constructive relationship between the executive and non-executive directors, which encourages rigorous challenge while providing the necessary support to execute the Group's strategy.

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

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

Other responsibilities are devolved to the Nomination, Remuneration, Audit and Sustainability Committees; their members are all Non-Executive Directors, save for the Sustainability Committee where the CEO is a member, and their work is described more fully in the respective committee reports on pages 83 to 123. The terms of reference of each Committee, and the matters reserved to the Board, are available on the Group's website.

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

Time commitment

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

Where circumstances require it, all Directors are expected to commit additional time as necessary to their work on the Board. The Company Secretary and the General Counsel maintain a record of each Director's commitments. For the year ended 31 December 2023 and as at the date of publication, the Board is satisfied that none of the Directors is over-committed and that each of the Directors allocates sufficient time to his or her role in order to discharge their responsibilities effectively.

Directors' attendance at Board and Committee meetings which they were eligible to attend during 2023 was as follows:

	Independent	Full Board	Audit	Nomination	Remuneration	Sustainability
N.P.H. Meier	N/A	5/5	—	5/5	—	—
M. Bishop Lafleche	No	5/5	—	—	—	4/4
K. Flynn	No	5/5	—	—	—	—
C. Coignard	Yes	5/5	—	5/5	4/4	4/4
R.G. Dacomb	Yes	5/5	6/6	5/5	4/4	—
J.E. Rutherford	Yes	5/5	6/6	5/5	4/4	4/4
R.H. Stan[1]	Yes	2/2	2/2	1/1	2/2	2/2
V. Shine	Yes	5/5	6/6	5/5	4/4	—
A.R.K. Webb[2]	Yes	N/A	N/A	N/A	N/A	N/A

1 R.H. Stan stepped down from the Board, Audit, Nomination, Remuneration and Sustainability Committees on 10 May 2023, having served nine years.
2 A.R.K. Webb was appointed to the Board and Nomination Committee on 15 January 2024.

3. Composition, Succession and Evaluation

Appointments to the Board

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

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

The remit of the Nomination Committee includes reviewing proposals for appointments to the Executive Committee, and monitoring senior management succession planning, including ensuring that both of these are based on merit and objective criteria and within this context seeks to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. All Non-Executive Directors are members of the Nomination Committee. The Committee is chaired by the Chairman, apart from when the Committee is dealing with the appointment of his or her successor. The Nomination Committee report on page 94 details the process followed by the Committee to identify a successor for Mr. Meier who will step down from the Board at the conclusion of the 2024 Annual General Meeting, having served for nine years.

Board diversity policy statement: gender and ethnicity targets

The Board is committed to ensuring that it has the right balance of skills, experience and diversity to ensure it is equipped to successfully execute the Group's strategy. The Board acknowledges the targets of the FTSE Women Leaders and Parker reviews on gender and ethnic diversity, together with the targets in the UK Listing Rules, however, two out of the three targets are not currently met.

Following the appointment of Ms. Shine as Senior Independent Director on 1 June 2023, at the date of this report, the Company meets the UK Listing Rule target that at least one of the senior positions on the Board (defined under the Listing Rules as the chair, chief executive officer, senior independent director or chief financial officer) is held by a woman.

3. Composition, Succession and Evaluation continued

Appointments to the Board continued

Board diversity policy statement: gender and ethnicity targets continued

The Company does not currently meet the UK Listing Rule targets that at least 40% of the board are women and at least one board director is from a non-White ethnic minority background. At the date of this report, two (25%) of the eight Directors are female, while no Board members identify as minority ethnic.

Appointments to the Board will continue to be made on merit following rigorous search processes, ensuring the overall composition of the Board and its committees continue to reflect an appropriate mix of capabilities, experience and diversity (of gender, ethnicity, nationality, age and perspectives). The natural evolution in the Board composition will provide the Nomination Committee with the opportunity to consider and balance achieving the two targets not currently met against the replacement of the capabilities and skills lost as a result of retirements from the Board.

The additional diversity data required under the UK Listing Rules is set out on page 88. Further details on the Group's approach to diversity, inclusion and equal opportunity, including the gender diversity of our wider workforce can be found on page 53.

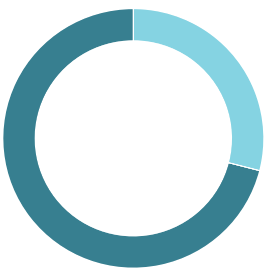
Skills, experience and knowledge of the Board and its committees

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

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

Board experience and diversity

Name	Role	Core Industry	Financial, Audit & Risk	Legal/ Public Policy	Senior Executive	Environmental & Social	Technical/ Engineering	M&A/ Capital Markets	International Markets	Health & Safety
P. Meier	Chairman N*	✓	—	—	✓	—	—	✓	✓	—
V. Shine	SID R*AN	✓	—	—	✓	✓	—	✓	✓	—
M. Bishop Lafleche	CEO S	✓	—	—	✓	—	—	✓	✓	—
K. Flynn	CFO	✓	✓	—	✓	—	—	✓	✓	—
C. Coignard	RNS	✓	—	—	✓	✓	—	✓	✓	—
G. Dacomb	A*RN	✓	✓	—	✓	—	—	✓	✓	—
J. Rutherford	S*ARN	✓	—	—	✓	✓	—	✓	✓	—
A. Webb	N	✓	—	—	✓	—	—	✓	✓	—



Gender diversity

- Female 29%
- Male 71%

Independence of the Non-Executive Directors

Throughout 2023 and as at the date of this report, at least half of the Board are independent Non-Executive Directors. The Board determines all of the Non-Executive Directors (other than the Chairman) to be independent of management and free from any business or other relationship which could materially interfere with the ability to exercise independent judgement. The Code does not consider a chairman to be independent due to the unique position the role holds in corporate governance. Mr. Meier met the independence criteria contained in the Code when he was appointed as the Group's Chairman in 2017.

On 30 April 2024, Mr. Meier will have served on the Board for nine years. As a result, Mr. Meier will not be standing for re-election at the Company's AGM in May 2024 and will step down from the Board at that time. Mr. Webb who was appointed to the Board on 15 January 2024 will succeed Mr. Meier as the Group's Chairman and meets the independence criteria contained in the Code.

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

Board effectiveness

A Board and Committee effectiveness evaluation is carried out each year. The evaluation considers (but is not limited to): the balance of Board members' skills and experience; independence; diversity; the running of the Board; and Directors' knowledge of the Company. Every third year, the Board evaluation is externally facilitated. In 2023, an external evaluation exercise was undertaken. The process for how the review was conducted and its findings are detailed below.

The 2023 Board evaluation was externally facilitated by Bvalco Limited, a consultancy with no other connection to the Company or any of the Directors, and conducted in accordance with guidance contained in the Code. Bvalco Limited were appointed after a competitive tender process involving three consultancies.

Process

In October 2023, the evaluation team met with the Chairman, Senior Independent Director, Chief Executive Officer, Chief Financial Officer and Company Secretary to agree a comprehensive brief and agenda for the review. Detailed interviews were held with each Director, according to a set agenda tailored to the Company. In addition, the evaluation team interviewed the Company Secretary, Investment Manager, General Counsel and Head of Investor Relations.

In November 2023, the evaluation team observed Board and Committee meetings, together with the Group's strategy session. Supporting materials for briefing purposes were provided by the Company. Following completion of the exercise, the evaluation team collated the results and draft conclusions were discussed with the Chairman, prior to presenting the results at a meeting of the full Board in December 2023.

Key highlights

The review confirmed that the Board is believed to be effective and well-functioning, with some very experienced and knowledgeable independent Non-Executive Directors bringing a variety of expertise and perspectives to the Group, all under the leadership of Mr. Meier who is highly respected by his fellow Directors and the wider Ecora team.

The most positive feedback from the Board was on the following aspects:

- Board composition, especially the diversity of experience and thinking amongst the independent Non-Executive Directors;
- the independent Non-Executive Directors' strength in developing the Executive Directors and wider team; and
- the Board's culture.

There were some improvement recommendations identified in the areas of strategy, Non-Executive Director engagement with the wider team and Board processes, that will be a focus for 2024.

Committee effectiveness in 2023

The effectiveness of the Committees was also externally reviewed in 2023. All Committees were believed to be performing well and were appropriately constituted.

Audit Committee

The external effectiveness review confirmed that the Committee Chair is high performing and well regarded by the Board and the wider team. The focus area for 2024 will be ensuring an effective transition of the external auditors.

Remuneration Committee

The external effectiveness review confirmed that the Committee Chair is high performing and well regarded by the Non-Executive and Executive Directors. The focus areas for 2024 will be ensuring all stakeholders understand and support the new remuneration policy to be voted on by shareholders at the 2024 Annual General Meeting.

Sustainability Committee

The external effectiveness review confirmed that the Committee Chair is high performing and well regarded by the Board and the wider team. The focus area for 2024 will be engaging at a deeper strategic level with the Board to further ingrain the sustainability link to the Group's strategic growth objectives.

Nomination Committee

The external effectiveness review confirmed that the Committee has been well led, organised and thorough in its oversight of the succession process for the Chairman. The focus areas for 2024 will be to ensure the orderly transition between Chairmen and ongoing review of the Board composition.

Actions taken in 2023 to address the areas identified by the Board as effectiveness priority areas following the internal 2022 evaluation are summarised below.

3. Composition, Succession and Evaluation continued

Board effectiveness continued

Actions taken in 2023 to address the areas identified by the Board as effectiveness priority areas following the internal 2022 evaluation summarised below.

Topic	Areas identified for action	Actions taken in 2023
Strategy	Strategy will continue to be of the highest priority to ensure we are optimally positioned to benefit from opportunities to grow and improve our stakeholder experience in a changing world as well as ensuring we are well prepared for unexpected challenges.	Strategic matters were discussed at every Board meeting, in addition to the dedicated strategy sessions held in May and November 2023. The Board discussed the progress towards delivering the Group's strategic objectives and reaffirmed the Group's purpose, vision and strategy.
Succession planning and development	The Board is committed to continuously reviewing its composition in terms of skills, experience, diversity and perspective.	As part of the orderly succession process, the Nomination Committee led by the Senior Independent Director, Ms. Shine, and the Executive Directors agreed the skills and experience considered necessary for the role of Chairman, culminating in the appointment of Mr. Webb on 15 January 2024.

Building on the priority areas and actions taken in 2023, and taking into account the findings of the 2023 review, the Board has identified the following effectiveness priorities for 2024:

Topic	Areas identified for action
Strategy	Continue to focus the majority of the Board's time on further developing the Group's growth strategy, led by the Chief Executive Officer in collaboration with the Chairman and supported by the Non-Executive Directors leveraging their experience.
People	Facilitate increased contact between the Non-Executive Directors and the wider team, with a particular focus on the non-Board members of the Executive Committee and senior management team.
Director development	Strengthen the ongoing development of the Board Directors to more effectively leverage the diversity of thought on the Board.

Board information and support

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

Where a Director is unable to attend a Board or Committee meeting, he or she is provided with all relevant papers and information relating to that meeting and encouraged to discuss issues arising with the respective chairs and other Board and committee members. In 2023, all Directors attended 100% of the meeting they were eligible to attend, as evidenced in the table on page 87.

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

Board induction and development

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

4. Audit, Risk and Internal Control

Internal and external audit

The Audit Committee monitors the independence and effectiveness of the external auditors, and makes an annual assessment of whether an internal audit function is required. The Audit Committee is responsible for reviewing key judgements within the Group's financial statements and narrative reporting, with the aim of maintaining the integrity of the Group's financial reporting.

The Group's policies and system of internal control are designed to provide the Directors with reasonable assurance that the Group will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances that may reasonably be foreseen. However, no system of internal control can eliminate the possibility of poor judgement in decision-making, human error, fraud or other unlawful behaviour, management overriding controls, or the occurrence of unforeseeable circumstances and the resulting potential for material misstatement or loss.

The key elements of the Group's control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility and appropriate delegation of authority.
- There are established procedures for planning and approving investments and information systems for monitoring the Group's financial performance against budgets and forecasts.
- The Chief Financial Officer is required to undertake an annual assessment process, to identify and quantify the risks that face the Group's businesses and functions, and to assess the adequacy of the prevention, monitoring and mitigation practices in place for those risks. This process covers all material controls, including financial, operational and compliance controls.
- The Board is responsible for reviewing the risk assessment and risk management processes for completeness and accuracy.
- In addition to its work on the above, the Audit Committee also receives reports about significant risks and associated control and monitoring procedures. The Group's internal controls and procedures documentation are regular agenda items for the Committee. The Committee also receives regular reports from the external auditors.
- The Audit Committee reports regularly to the Board on these matters, so as to enable the Directors to review the effectiveness of the system of internal control. The Board also receives regular reports or updates from its other Committees and directly from management in addition to carefully considering the Group's risk register at regular intervals.
- The Group's internal control system accords with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

There are no significant issues disclosed in the report and financial statements for the year ended 31 December 2023 and up to the date of approval of the report and financial statements that have required the Board to deal with any material internal control issues.

The Directors confirm that the Board has reviewed the effectiveness of the system of internal control during the period and concluded that the controls and procedures are adequate. The Board will continue to review the adequacy of the Company's internal controls on an ongoing basis and will test the controls and procedures again during 2024.

For further detail, please refer to the Audit Committee report on pages 96 to 100.

Fair, balanced and understandable assessment

The Board is responsible for the presentation of a fair, balanced and understandable assessment of the Company's position and prospects, not only in the annual report. The Company has a thorough process in place for the preparation of the interim and annual reports, together with quarterly trading updates and other market announcements, to ensure that this is the case.

Risk management and internal control framework

The Board is ultimately responsible for aligning the risk appetite of the Company with its long-term strategic objectives, taking into account the principal and emerging risks faced by the Company and the risks it is willing to take in achieving its strategic objectives and how these support the Group's longer-term Viability Statement. The Board has risk as a regular agenda item in order to identify and respond to significant and sudden changes which may impact the Group's ability to achieve its strategic objectives, as and when they materialise. The Audit Committee monitors the work that the Board does in relation to risk on a regular basis.

The Group's principal risks are discussed in detail on pages 63 to 67. These are determined based on two formal reviews undertaken each year.

5. Remuneration

The Remuneration Committee is responsible for establishing and developing the Group's general policy on executive and senior management remuneration, together with determining the specific remuneration packages for the Chairman, Executive Directors and members of the Group's Executive Committee. In determining the executive remuneration, the level of pay and conditions throughout the Group are taken into consideration.

In addition to the consideration given to the remuneration of the wider workforce, the Remuneration Committee consults with the Company's shareholders to obtain feedback on the existing remuneration policy and any revisions. Further details on the Remuneration Committee's work in 2023, together with the revised remuneration policy, are set out on pages 103 to 123.

N.P.H. Meier
Chairman
26 March 2024

1 – N.P.H. Meier
Chairman, 74

N

Appointed Non-Executive Director in April 2015 and assumed the role of Non-Executive Chairman at the conclusion of the 2017 AGM.

Mr. Meier has over 30 years of experience in investment banking with specialist knowledge of the mining sector. He has an MA in Natural Sciences from Cambridge University. Mr. Meier headed up the investment banking activities for RBC Capital Markets in Europe and Asia and drove a major expansion of RBC's European presence. Prior to this role, he headed up RBC's activities in the Metals and Mining sector in Europe, Africa and Asia for many years, and continues to enjoy strong relationships within the sector. Mr. Meier also served as a Director on the Board of RBC's main operating subsidiary in Europe.

2 – M. Bishop Lafleche
Chief Executive Officer, 40

E

Joined the Board as Chief Executive Officer on 1 April 2022.

He brings a deep understanding of the royalty and stream sector, Ecora Resources' current portfolio as well as its culture and values developed over the past nine years. Mr Bishop Lafleche joined Ecora Resources in 2014 and was instrumental in the recent transformational Voisey's Bay cobalt stream acquisition which completed in March 2021, pivoting the Group towards 21st century commodities and away from its coal heritage. Prior to joining the Group, he worked at Citigroup primarily in the Metals & Mining Investment Banking team as well as in the European Leveraged Finance team, where he worked on a variety of M&A transactions as well as debt and equity financings for clients across the Metals & Mining and other sectors. He has an MSc in Banking and International Finance from Bayes Business School and a BA (Hons) in Political Science from the University of Western Ontario, and became a CFA charterholder in 2013.

3 – K. Flynn
Chief Financial Officer, 43

E

Joined Ecora Resources as Chief Financial Officer in January 2012, and was appointed Executive Director in January 2020.

Mr. Flynn is a member of the Executive Committee and plays a key role in the overall management and direction of the Company in partnership with the Chief Executive Officer. He is a Chartered Accountant with 20 years of experience of corporate finance both in practice and in the London listed market, having held senior roles within FTSE 100 and FTSE 250 real estate businesses. In his time with Ecora Resources, he has originated and negotiated all of the Group's borrowing facilities and played a leading role in raising equity. Mr. Flynn is closely involved in all investment decisions and in driving the Company's strategy.

4 – J.E. Rutherford

Independent Non-Executive Director, 64

A R N S

Appointed Non-Executive Director in October 2019.

He has over 25 years' experience in investment banking and investment management, specialising in the global mining and metals sector, and brings to the Board considerable financial insight from the perspective of the capital markets, together with a deep understanding of the mining industry. Mr. Rutherford currently serves as Non-Executive Chair of Centamin plc, the UK-listed gold producer, and as a Director of Manara Minerals Investment Co., based in Saudi Arabia. He served as a non-executive director of Anglo American plc from 2013 to 2020; as the lead independent director of GT Gold Corp from 2019 to 2021 when it was taken over by Newmont Corporation; and stepped down as a non-executive director of Evraz plc in March 2022 having served on the board since June 2021. Previously, from 1997 to 2013, he was Senior Vice President with Capital International Investors, a division of Capital Group, and before that was Vice President of Equity Research at the investment bank HSBC James Capel in New York and held investment analyst roles with Credit Lyonnais and with mining industry consultant CRU international

5 – C. Coignard

Independent Non-Executive Director, 60

R N S

Appointed Non-Executive Director in January 2023.

She has over 30 years' experience in the finance and mining sectors. Ms. Coignard is Founder and Managing Director of Coignard & Haas GmbH, a strategy and corporate finance advisory firm specialising on emerging markets and on a range of commodities including nickel, copper, gold, PGMs, lithium, iron ore, PGMs and rare earths. She has worked as Managing Director of HCF International Advisers, a leading independent strategic and corporate finance adviser to the metals and mining sector. Prior to that Ms. Coignard was Head of Investment, Strategy and Corporate Finance at Norilsk Nickel PJSC following several years of serving in various risk, project finance and corporate finance roles at the Royal Bank of Canada, Société Générale and Citi. Between 2014 and 2020 she was an Independent Non-Executive Director of Polymetal International Plc, serving as a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration committee throughout this period, chairing the Remuneration Committee from 2015 to2020. Between 2014 and 2018 Christine was also Polymetal's Senior Independent Director. Ms. Coignard is currently a Non-Executive Director of Eramet SA where she is a member of the Nomination Committee, the Strategy and Sustainability Committee, and the Audit, Risk, and Ethics Committee. Christine is also a Non-Executive Director of Rigel Resources Acquisition Corp. since 2021, a SPAC listed on the NYSE.

Committee membership:

- A Audit
- R Remuneration
- N Nomination
- E Executive
- S Sustainability
- Chair

6 – R.G. Dacomb

Independent Non-Executive Director, 68

A R N

Appointed Non-Executive Director in November 2019.

He was a partner at Ernst and Young for 26 years where, for his last 12 years, he was a lead partner in the extractive industry, responsible for coordinating the provision of a full suite of services to multinational mining and oil and gas clients including Xstrata, Fresnillo, and BP across a broad range of countries including emerging markets. In addition to audit services, Mr. Dacomb provided critical advice for his clients on corporate governance structures, risk management, acquisitions, disposals and financial systems and controls. From 2011 to 2018, Mr. Dacomb was a member of the Financial Reporting Review Panel. Mr. Dacomb was a Non-Executive Director of Ferrexpo plc from June 2019 to December 2023, where he also served as Chair of the Audit Committee.

7 – V. Shine

Senior Independent Director, 60

A R N S

Appointed Non-Executive Director in August 2021.

She is also the Group's Senior Independent Director and chair of the Remuneration Committee. Ms. Shine is a highly experienced mining non-executive director, executive mentor and mining industry adviser with a career spanning 30 years. Previously she was CEO of De Beers Trading Company where she worked with stakeholders across the supply chain to introduce new distribution and price strategies for the business. She has worked extensively as an executive mentor focusing on leaders and business growth and transformation and has previously been a Non-Executive Director of Lonmin PLC. In addition to her role at Ecora Resources, Ms. Shine was appointed Chair of the board of Petra Diamonds plc in November 2023 where she also serves as Chair of the Nomination and Investment Committees. Ms. Shine is also Lead Independent Director and Remuneration Committee Chair of Sarine Technologies, and trustee of the Teenage Cancer Trust.

NEW MEMBER

A.R.K. Webb

Chair Designate, 56

N

Appointed Non-Executive Director and Chairman Designate in January 2024.

Mr. Webb has over 25 years' experience in corporate finance and capital markets with significant financial and natural resources experience. He has a BA in Natural Sciences from the University of Cambridge and was previously a Managing Director at Rothschild & Co in the Global Advisory team, where he worked for 25 years until 2018. During this time, Mr. Webb advised governments, private and listed companies and joint ventures on strategy, fundraising, debt financing, mergers, on and off-market acquisitions, disposals and restructurings. Mr. Webb currently serves as Chairman of Kenmare Resources plc and acts as a Non-Executive Director of a number of private and not for profit companies.

Committee members

	Meetings attended
N.P.H. Meier – Chairman	5/5
C. Coignard	5/5
R.G. Dacomb	5/5
J.E. Rutherford	5/5
V. Shine	5/5
R.H. Stan – retired 10 May 2023	1/1
A.R. Webb – appointed 15 January 2024	—

The Chief Executive Officer, Chief Financial Officer and the Company Secretary also participate in meetings of the Committee, when relevant to do so.

For more on biographies and Board experience details refer to pages 92 to 93.

Role and responsibilities

The role of the Nomination Committee is to review the composition of the Board and of its committees. The Committee leads the process for appointments and makes recommendations to the Board as part of succession planning for both Non-Executive and Executive Directors. It also monitors the succession planning and development of senior management.

The Committee's objectives and responsibilities are set out in our terms of reference, which are available to view online.

For more information, visit www.ecora-resources.com/about-us/governance/our-committees

Committee focus in 2023

The Committee met five times during 2023. Discussions at the meetings covered the responsibilities outlined above, with a particular focus on Non-Executive Director succession planning and committee membership.

The following matters were considered during 2023:

- The composition, structure and size of the Board and its committees, and the leadership needs of the Group.
- Recommending to the Board the appointment of Ms. Shine as the Senior Independent Director.
- The planned succession of the Chairman, including approving the appointment of Independent Search Partners as external search consultants to facilitate the search process for the Chairman Designate.
- Recommending to the Board the appointment of Mr. Webb as a Non-Executive Director and Chairman Designate from 15 January 2024.
- The time commitment expected from each of the Non-Executive Directors to meet the expectations of their roles.
- Recommending that the Board support the election or re-election of each of the Directors standing at the 2023 AGM. The length of tenure of Non-Executive Directors was taken into account when considering to support their re-election, to ensure they remain independent and recognising the need to progressively refresh the Board.
- Succession planning for both the Non-Executive and Executive Directors.
- Reviewing the Committee's terms of reference.

Process used in relation to Non-Executive Board appointments

We base our appointments to the Board on merit making use of objective selection criteria, with the aim of optimising the mix of skills, experience, diversity and perspectives necessary for Ecora Resources to achieve its strategic objectives now and in the future.

As highlighted in the 2022 Annual Report and Accounts, the Company's Chairman, Mr. Meier will step down from the Board at the conclusion of the 2024 Annual General Meeting, having served for nine years. As part of an orderly succession process, Independent Search Partners were appointed in the second half of 2023 to assist with the search process. Independent Search Partners has previously worked for the Group in recruiting for non-executive and senior leadership appointments and accordingly has a good understanding of the Board's requirements. They are accredited under the UK Government's Voluntary Code of Conduct for Executive Search Firms and have no connections with Ecora Resources PLC or its Directors.

Prior to the search commencing, the Nomination Committee led by the Senior Independent Director, Ms. Shine, agreed the skills and experience it considered necessary for the role of Chairman and provided this to Independent Search Partners. A longlist of gender and ethnically diverse candidates was then identified by Independent Search Partners and discussed with the Committee to agree a shortlist to be interviewed. Shortlisted candidates were interviewed by the Senior Independent Director, Ms. Shine and Mr. Rutherford who recommended the final four candidates to be interviewed by members of the Committee and other Board members, culminating in the appointment of Mr. Webb on 15 January 2024. Mr. Webb's biography can be found on page 93.

N.P.H. Meier
Chairman of the Nomination Committee
26 March 2024

The findings of the 2023 External Board and Committee effectiveness review are set out on pages 89 to 90.

Information on the Group's policy on inclusion and diversity, and the details of Ecora Resources' gender balance, can be found on page 88. The numerical data required by Listing Rule 9.8.6R(10) can be found on pages 126 to 127.

> We continue to optimise the mix of skills, experience, diversity and perspectives necessary for Ecora to achieve its strategic objectives now and in the future."
>
> **N.P.H. Meier**
> Chairman of the Nomination Committee

Committee members

	Meetings attended
R.G. Dacomb* – Chairman	6/6
J.E. Rutherford	6/6
V. Shine	6/6
R.H. Stan – retired 10 May 2023	2/2

* The Chairman of the Audit Committee is deemed to have recent and relevant financial experience in accordance with the UK Corporate Governance Code. The Committee as a whole has competence relevant to the sector.

The Chairman, the Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Group Financial Controller and Company Secretary and the external auditor also participate in meetings of the Committee, as required.

For more on biographies and Board experience details refer to pages 92 to 93

Role and responsibilities

The Committee's objectives and responsibilities are set out in its terms of reference, which are available to view online.

For more information, visit www.ecora-resources.com/about-us/governance/our-committees

The Committee's main responsibilities are:

- monitoring the integrity of the annual and interim financial statements, the accompanying reports to the shareholders and corporate governance statements;
- making recommendations to the Board concerning the adoption of the annual and interim financial statements;
- reviewing and challenging the consistency of, and any changes to, accounting policies, methods and standards;
- overseeing the Group's relations with the external auditor, including the assessment of their independence and their effectiveness;
- making recommendations to the Board on the appointment, retention and removal of the external auditor and the tendering of the external audit;
- advising the Board on the external auditor's remuneration for both audit and any non-audit work;
- reviewing the reports from management on the principal risks of the Group outlined on pages 63 to 67 and monitoring the management of those risks;
- monitoring and reviewing the adequacy and effectiveness of the Group's internal controls;
- considering the need for an internal audit function and reviewing the Group's approach to assessing the effectiveness of internal controls in the absence of an internal audit function;
- reviewing and challenging management's assumptions underlying the going concern assessment, together with overseeing completion of the Viability Statement;
- reviewing and monitoring the Group's whistleblowing procedure and the Group's systems and controls for the prevention of bribery, corruption and money laundering;

The Committee has authority to investigate any matter within its remit. It has the power to use any Group resources it may reasonably require and it has direct access to the external auditor. The Committee can also obtain independent professional advice at the Group's expense where it deems necessary. The Committee chairman reports to the Board after each meeting on the main items discussed.

Fair, balanced and understandable

A key requirement of the Group's annual financial statements is that they be fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Audit Committee and the Board are satisfied that the 2023 Annual Report and Accounts meet this requirement and that appropriate weight has been given to both positive and negative developments in the year.

In justifying this statement, the Audit Committee has considered the robust processes which operate in producing the 2023 Annual Report and Accounts, including:

- early engagement with the external auditor on significant accounting matters by the finance team in advance of the year end reporting process;
- the thorough process of review, evaluation and verification by senior management to ensure the accuracy and consistency of information presented in the 2023 Annual Report and Accounts;
- the provision of advice by external advisers to management and the Board on best practice regarding the preparation of the 2023 Annual Report and Accounts;
- a meeting of the Audit Committee held specifically to review and consider the draft 2023 Annual Report and Accounts in advance of the final sign-off by the Board. This review included the significant accounting matters explained in the notes to the consolidated financial statements;
- consideration by the Audit Committee of the conclusions of the external auditor on the key audit matters that contributed to their audit opinion, specifically the assessment of the Group's royalty intangible assets and metal stream for indicators of impairment and the valuation of the Kestrel royalty.

Committee focus in 2023

Throughout 2023, the Audit Committee focused on the valuation of the Kestrel royalty and the Group's royalty financial instruments, management's assessment for indicators of impairment in relation to the Group's royalty intangible assets and metal stream, the accounting classification and treatment of the Vizcachitas royalty acquired from Los Andes Copper Ltd and taxation matters. In addition, the Committee reviewed the system of internal control and risk management.

The Audit Committee held six meetings in 2023 and has met twice to date in 2024, covering the key topics set out in the tables below.

Significant issues considered by the Audit Committee in relation to the Group's financial statements	Response of the Audit Committee
Assessment for indicators of impairment in relation to the Group's royalty intangible assets and metal stream	The Committee reviewed management's assessment for indicators of impairment in relation to the Group's royalty intangible assets and metal stream, and challenged management's key assumptions including production profiles, future commodity prices and nominal discount rates used to estimate the recoverable amount of each royalty and compared this to the respective carrying value. The Committee reviewed the disclosures related to the Group's impairment policy outlined in note 3 and the fact that no impairment charge has been recognised as described in note 16 and 18 for the year ended 31 December 2023. The Committee concluded that it was appropriate that no impairment charge was recognised during the year ended 31 December 2023 and that this has been adequately disclosed.
Review of carrying value of the Kestrel steel-making coal royalty	The Committee reviewed the independent valuation of the Group's Kestrel steel-making coal royalty, together with management's review and challenge of the key assumptions used by the independent valuer, including management's own assessment of the nominal discount rates and future commodity prices used to determine the carrying value of the coal royalty as at 31 December 2023. The Committee reviewed the disclosures related to the revaluation loss of $28.5m in relation to the Kestrel steel-making coal royalty described in note 15, for the year ended 31 December 2023. The Committee concluded that the fair value has been calculated in accordance with the Group's accounting policy outlined in note 3, is appropriate as at 31 December 2023 and is adequately disclosed.
Review of carrying value of royalty financial instruments	The Committee reviewed and challenged management's key assumptions including production profiles, future commodity prices and nominal discount rates used to determine the carrying value of those royalties held at fair value. The Committee reviewed the disclosures related to the revaluation loss of $3.1m in relation to royalty financial instruments, described in note 17 for the year ended 31 December 2023. The Committee concluded that the fair value has been calculated in accordance with the Group's accounting policy outlined in note 3, is appropriate as at 31 December 2023 and is adequately disclosed.

Committee focus in 2023 continued

Significant issues considered by the Audit Committee in relation to the Group's financial statements	Response of the Audit Committee
Review of accounting classification and treatment of completed acquisitions	The Committee reviewed and challenged management's accounting classification and treatment of the Vizcachitas royalty acquired from Los Andes Copper Ltd for cash consideration of $20m. The Committee concur with management's classification of the Vizcachitas royalty as a royalty intangible asset on the balance sheet, accounted for in accordance with IAS 38 – Intangibles, as there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment under the royalty agreement. The Committee reviewed the disclosures related to the acquisition detailed in note 18.
Group tax exposures	The Committee considered management's assessment of any potential or uncertain tax exposures. The Committee challenged management, and its professional advisors, on tax positions taken and concluded that the disclosures contained in notes 11 and 37, and are sufficient and that no additional provision is appropriate.
Going concern basis of accounting in preparing the financial statements	The Committee reviewed and challenged the outcome of management's half-yearly and year-end reviews of current and forecast net debt positions, together with the headroom on existing borrowing facilities and ongoing compliance with debt covenants. The Committee also considered the outcome of management's downside scenario analysis, which included possible reductions in commodity prices and production volumes, before concluding that the application of the going concern basis for preparation of the financial statements continued to be appropriate.

Other issues considered by the Audit Committee	Response of the Audit Committee
Application of the policy for calculating adjusted earnings	The Committee reviewed the Group's policy for the calculation of adjusted earnings and confirmed the consistent application of this policy year on year. Adjusted earnings is the profit/(loss) attributable to equity holders plus royalties received from financial instruments carried at fair value through profit or loss, less all valuation movements and impairments, amortisation charges, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals. A reconciliation of adjusted earnings to profit/(loss) attributable to equity holders is presented in note 12.
Risk management	The Committee reviews and monitors the mitigation plans in place and the appropriate senior management responsibilities to address the principal risks (refer to pages 63 to 67 identified by the Board.
Viability Statement	The Committee reviewed the time period over which the assessment is made, along with the scenarios that are analysed, the potential financial consequences and assumptions made in the preparation of the Viability Statement. The Committee concluded that the downside scenarios analysed were sufficiently severe but plausible and the time period of the Viability Statement was appropriate, given the alignment with the budgeting process.
External audit	In the second half of 2023, the Committee oversaw the formal tender process of the Group's external audit for the appointment of an external auditor for the 2024 financial year onwards, as detailed in the "Audit tender and appointment of external auditor" section of this report. The Committee reviewed and approved the planning report from the Group's external auditor, Deloitte LLP, outlining the final audit plan and fee, in December 2023, having given due consideration to the audit approach, materiality levels and audit risks. In March 2024, the Committee reviewed the output of the external audit work that contributed to the auditor's opinion, including the challenge to the Group's assumptions on the issues noted in this report.
Internal audit	The Committee considers on an annual basis whether an internal audit function is required. The Committee's present view is that one is not currently justified given the Group's relatively uncomplicated control environment and business processes, together with the level of oversight and involvement in individual transactions by the Executive Directors. For the same reasons the Committee does not believe the absence of an internal audit function adversely affects the work of the external auditor.
Ethical business conduct	The Committee reviewed and challenged management's annual anti-bribery, corruption and money laundering risk assessment. In addition, the Committee, along with all other Board members, senior management and staff completed the annual certification of compliance with the Group's anti-bribery, corruption and money laundering policy.

Ensuring independence of the external auditor

To safeguard the objectivity and independence of the external audit process, it remains the Committee's practice to review and approve all fees related to non-audit services. With the exception of the interim review, no non-audit services were provided during 2023 by the Group's external auditor.

Other safeguards include:

- the external auditor is required to adhere to a rotation policy based on best practice and professional standards in the UK. The maximum period for rotation of the audit engagement partner is five years. Subject to the approval of shareholders at the 2024 Annual General Meeting, a new external auditor will be appointed and consequently, the current audit partner, David Paterson, will step down (see 'Audit tender and appointment of external auditor' below);
- the external auditor is required to assess periodically whether, in their professional judgement, they are independent of the Group;
- the Audit Committee ensures that the scope of the auditor's work is sufficient and that the auditor is fairly remunerated. The Committee reviewed and discussed the 2023 fee proposal, concluding that the proposed fees were appropriate for the scope of work required. Details of the external auditor's remuneration are disclosed in note 6b; and
- an annual assessment is undertaken of the auditor's effectiveness through joint discussions between the Committee, the Chief Financial Officer, the Group Financial Controller and the Group Reporting Manager. The assessment identifies strengths and areas for improvement which are discussed with the auditor and action plans agreed. The assessment conducted in 2023 of the 2022 external audit concluded that the external auditor was independent, objective and effective in the delivery of the audit.

Conclusions of the Audit Committee for 2023

The Committee has satisfied itself that the external auditor's independence was not impaired.

The Committee held meetings with the external auditors without the presence of management on two occasions and the Chairman of the Committee held regular meetings with the audit engagement partner during the year.

Audit tender and appointment of external auditor

As advised in the 2022 Annual Report and Accounts, in the second half of 2023 Ecora Resources commenced a formal tender process for the appointment of an external auditor for the 2024 financial year onwards. The tender process was carried out as directed by the Audit Committee and comprised the following steps:

- agreeing detailed selection criteria for the evaluation of the audit firms and a tender timetable to enable a smooth transition from the current auditor in the event an alternative firm was appointed;
- approving the invitation to tender that was issued in September 2023, inviting four audit firms, including Deloitte LLP as incumbent and two challenger firms, to confirm their willingness to participate in the audit tender;
- providing access to the Audit Committee Chairman, Chief Financial Officer and Group Financial Controller to assist the tendering firms to understand the Group's business prior to finalising and submitting their written tender proposals.
- receiving and reviewing tender proposals;
- oral presentations by the tendering firms to the Audit Committee;
- special meeting of the Audit Committee to discuss the merits of each firm and their respective teams. The Committee considered the views of the management team, the likely level of disruption as a result of any change, audit quality and capacity, and the cost proposal presented by each firm;
- outcomes of the Audit Committee deliberations were presented to the Board.

The Committee was disappointed that the two challenger firms invited to participate in the tender process, withdrew from the process citing resourcing constraints after initially confirming their willingness to participate and following extensive engagement with the Audit Committee Chairman, Chief Financial Officer and Group Financial Controller. Despite the late withdrawal of the challenger firms, the Committee concluded that the rigour of the tender process had not been impacted and proceeded to receive the oral presentations from the two remaining firms.

The tender process was completed in November 2023 and resulted in the Audit Committee's recommendation to change the statutory auditor, which was endorsed by the Board on 9 November 2023. From the 2024 financial year, if approved by shareholders, Ernst & Young LLP ('EY') will become the Company's statutory auditor. Resolutions to authorise the Board to appoint and determine the remuneration of EY will be proposed at the Annual General Meeting on 2 May 2024.

The Committee would like to thank each firm that participated in the tender and specifically thank Deloitte LLP for their significant contribution to the Group over the past 10 years.

Risk management and internal control

Risk management is the responsibility of the Board and is integral to the achievement of the Group's objectives. The Board establishes the system of risk management, setting risk appetite and maintaining the system of internal control to manage risk within the Group. A robust process for identifying and evaluating the principal and emerging risks, detailed on pages 60 to 61 was in place during 2023 and up to the date of this report. The Group's system of risk management and internal control is monitored by the Audit Committee under delegation from the Board.

The key elements of the control system in operation are:

- the Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility and appropriate delegation of authority;
- there are established procedures for planning and approving investments and information systems for monitoring the Group's financial performance against budgets and forecasts;

Risk management and internal control continued

- the Chief Financial Officer is required to undertake an annual assessment process to identify and quantify the risks that face the Group's businesses and functions, and to assess the adequacy of the prevention, monitoring and mitigation practices in place for those risks. This process covers all material controls, including financial, operational and compliance controls. The process undertaken during the year is discussed in more detail within the Principal Risks and Uncertainties section on pages 60 to 67. The Audit Committee is responsible for reviewing the risk assessment process for completeness and accuracy;
- in addition to its work on the above, the Audit Committee also receives regular reports about significant risks and associated control and monitoring procedures. The Group's risk register and internal controls and procedures documentation are regular agenda items for the Committee. The Committee also receives regular reports from the external auditor;
- the Audit Committee reports to the Board on these matters, so as to enable the Directors to review the effectiveness of the system of internal control. The Board also receives reports from its other Committees and directly from management;
- the system accords with the Financial Reporting Council's Internal Control: Revised Guidance for Directors on the Combined Code.

In carrying out its role and determining in its opinion that the system of risk management and internal controls was effective during 2023, the Committee reviewed and considered the following:

- regular updates of key internal control matters in respect of the Group financial reporting processes, such as financial reporting systems and controls;
- the key risk areas of judgement and estimation uncertainty within financial reporting and mitigating actions taken by management;
- procedures developed by management to identify and evaluate key business, financial and operational risks, and the effectiveness of the responses being implemented to mitigate the potential impacts;
- the output of external audit wor;.
- policies and procedures in place to detect, monitor and investigate activity in respect of anti-fraud, bribery and corruption, including the Group's whistleblowing facilities.

There are no significant issues disclosed in the report and financial statements for the year ended 31 December 2023 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

R.G. Dacomb
Chairman of the Audit Committee
26 March 2024

Committee members

	Meetings attended
J.E. Rutherford – Chairman	4/4
M. Bishop Lafleche	4/4
C. Coignard	4/4
R.H. Stan – retired 10 May 2023	2/2

The Chairman, the Chief Financial Officer, the General Counsel, the Company Secretary, Head of Technical and members of the Investor Relations team also attend meetings of the Committee. Other members of the Group are invited to attend where necessary.

For more on biographies and Board experience details refer to pages 92 and 93

Role and responsibilities

The role of the Sustainability Committee, on behalf of the Board, is to oversee the Group's sustainability strategies, targets, performance, disclosures, policies, and processes designed to promote the long-term success of the Company and contributing positively to wider society. The Committee manages the Group's material environmental, social and governance ('ESG') risks and ensures compliance with its sustainability-linked responsibilities and commitments.

The Committee's objectives and responsibilities are set out in its terms of reference, which are available to view online. For more information, visit www.ecora-resources.com/sustainability/governance/

The Committee's main responsibilities are summarised in more detail below.

- approving the development and implementation of the Group's sustainability strategy;
- ensuring that the Group's sustainability priorities are reflected in the Group's culture by alignment with the corporate strategy, purpose, values and the Code of Conduct;
- approving and overseeing the implementation, review and ongoing monitoring of, and compliance with, the Group's Sustainability Policy and other sustainability and ESG processes and policies;
- considering material regulatory and voluntary developments in the sustainability and ESG regulatory and reporting landscape, and in each case, advising the Board on implementing any consequent changes required to the Group's policies, processes and strategies;
- recommending annually to the Board the Group's sustainable development targets, metrics key performance indicators, objectives and commitments against which the Group's implementation of its sustainability strategy can be monitored and evaluated;
- making recommendations to the Group's Remuneration Committee in relation to appropriate sustainability and ESG-related performance objectives for Executive Directors, and provide an assessment of the outcomes of the ESG-related performance objectives at the end of the reporting period;
- considering and reviewing the Group's sustainability and ESG ratings and accreditations;
- overseeing and advising the Board on the Group's sustainability and ESG-related engagement efforts with key stakeholder;
- evaluating the effectiveness of the processes and reporting systems put in place by management to deal with identifying sustainability related risks across the business and its investments;
- coordinating the Committee's risk management work with the Audit Committee, in particular in relation to reporting to the Board;
- overseeing the process for selection and engagement, and where applicable, dismissal, of any external consultants engaged to assess the sustainability performance of potential investments together with the ongoing monitoring of the Group's portfolio;
- reviewing management's sustainability assessment of potential investments and the ongoing monitoring of the portfolio's sustainability performance, including reviewing any sustainability incidents reported by the Group's operating partners.

> We are committed to providing transparency in all our sustainability disclosures relating to our business and our investments."
>
> **J.E. Rutherford**
> Chairman of the Sustainability Committee

Role and responsibilities continued

- Reviewing and overseeing the Group's charitable programmes and community investment activities.
- Prior to making recommendations to the Board, meeting independently with the General Counsel and the Company Secretary at least annually to review effectiveness of the Group's Sustainability Policy.

The Sustainability Committee has authority to investigate all matters falling within its remit. It has the power to obtain, at the Group's expense, any external independent professional or expert advice, which it deems necessary and has direct access to the Group's resources as it may reasonably require, including access to management. The Sustainability Committee Chair reports to the Board after each meeting on the matters discussed.

Our approach to sustainability

Our approach to sustainability can be found on pages 50 to 59.

Committee focus in 2023

The Committee met four times during 2023, with full attendance (either virtually or in-person). Discussions at the meetings covered the responsibilities outlined above, with a particular focus on setting the Group's sustainability objectives and priorities for 2023, monitoring and evaluating any sustainability risks and opportunities across the Group's portfolio and enhancing the Group's due diligence and screening tools, particularly in relation to the ongoing monitoring of the Group's portfolio. In addition to the Committee's standing agenda items, the following matters were discussed by the Committee during 2023:

Climate Change

- Submission of Ecora's near-term science-based emissions target which was approved by the Science Based Targets Initiative for small and medium-sized enterprises in March 2023.
- The strategy to maintain carbon neutrality for the Group's corporate operations alongside continuing efforts to reduce its carbon footprint in the office workplace. Following a detailed discussion, the Committee decided to move away from focusing on carbon neutrality and to instead focus on exploring ways to set net zero targets at the corporate and investment level.
- The Group's carbon offsetting strategy, where it cannot reduce its Scope 3 (upstream) emissions, on an annual basis.
- The impact of climate change risk on the Group's existing portfolio and any future investments.
- Collaborated and liaised with the other Committees including the Audit Committee, to oversee the Group's risk management processes (including an annual review of the risk register) with a focus on climate-related risks and opportunities, including identification of such risks and opportunities and scrutiny of the mitigation plans.
- As part of the Group's annual TCFD disclosure, reviewed the climate risk register on a semi-annual basis to ensure that the assigned mitigating actions remain appropriate and are being implemented.
- Explored ways in which to enhance engagement with our operating partners to gather data regarding the Group's Scope 3 (Downstream) GHG emissions.
- The methodology for calculating financed emissions for the sustainability data referred to above.

Sustainability Reporting and Governance Framework

- Submission of the Group's first annual Communication on Progress for the UNGC.
- Oversaw a more detailed alignment mapping exercise to identify which of UN Sustainable Development Goals (UN SDGs) align with the Group's sustainability strategy.
- Reviewed the Group's compliance with its corporate governance training programme.
- Monitored the Group's performance against the Modern Slavery Statement key performance indicators.
- Advised on engagement with Sustainability rating agencies to ensure the Group's sustainability profile is scored accurately.
- Made recommendations to the Board on the adequacy of the reporting on sustainability, disclosures, opportunities, risks and issues in the Annual Report and other relevant public documents.
- Reviewed and approved the Group's sustainability strategy roadmap.
- Approved new policies on cybersecurity and reviewed and approved amendments to the Code of Conduct, Sustainability Policy, Bribery, Corruption and Anti-Money Laundering Policy and associated business integrity policies.
- The setting of key performance indicators in the Modern Slavery Statement for 2024.
- The Committee's effectiveness review (including a review of the Committee's terms of reference).

Communities and Social Performance

- Building on the Group's community investment and charity programme, oversaw the evaluation of corporate social responsibility programmes in collaboration with the Group's operating partners.
- Discussed and approved enhancements to the Group's corporate charitable initiatives programme.

Further details refer to our Sustainability Progress Report on pages 50 to 59.

J.E. Rutherford
Chairman of the Sustainability Committee
26 March 2024

Committee members

V. Shine – (Chair)	4/4
C. Coignard	4/4
R.G. Dacomb	4/4
J.E. Rutherford	4/4
R.H. Stan – retired 10 May 2023	2/2

The Chairman, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and the Company Secretary also attend meetings of the Committee by invitation.

For more on biographies and Board experience details refer to pages 92 to 93

Role and responsibilities

The Committee's objectives and responsibilities are set out in our terms of reference, which are available to view online.

For more information, visit www.ecora-resources.com/about-us/governance/our-committees

The Committee's main responsibilities are:

- establishing and developing the Group's general policy on executive and senior management remuneration;
- determining specific remuneration packages for the Chairman, Executive Directors and members of the Group's Executive Committee;
- designing and operating the Company's share incentive schemes;
- reviewing the remuneration of the wider workforce and associated policies; and
- consulting shareholders and other stakeholders, when appropriate, regarding executive remuneration.

The Committee takes account of the level of pay and conditions throughout the Group when determining executive remuneration.

The Remuneration Committee held four meetings in 2023 and has met twice to date in 2024, to fulfil its responsibilities as set out in the Committee's terms of reference.

Committee focus in 2023

- Approval of incentive results for the 2022 annual bonus, including awards under the Restricted Share Plan for the wider workforce.
- Setting of incentive targets for 2023 including the 2023 annual bonus and LTIP.
- Development of the 2024 Directors' remuneration policy, including consultation with shareholders.
- Providing guidance to the Chief Executive Officer on salaries, bonuses and long-term incentives to be awarded to the wider workforce.

Committee focus in 2024

- Assessment of 2023 incentive outcomes, including for the 2023 annual bonus and 2021 LTIP award.
- Setting of incentive targets for 2024, including the 2024 annual bonus and 2024 LTIP award.
- Finalising the 2024 remuneration policy to be presented at the 2024 AGM.
- Identifying appropriate sustainability-linked performance measures for inclusion in the LTIP.
- Providing guidance to the Chief Executive Officer on total compensation levels for the wider workforce.
- Review of corporate governance and remuneration trends and implications for the Group.

Directors' remuneration report

Introductory letter

Our primary role as the Remuneration Committee is to ensure that the remuneration arrangements for the Executive Directors are aligned with the successful delivery of the Company's strategy, both in the short and long term, to generate sustainable shareholder value. The link between pay and our shareholders' experience is therefore paramount.

As expected, 2023 marked the start of a transitional period for the Group while Voisey's Bay ramps up and production at Kestrel moves outside our private royalty lands. Combined with softer prices across all commodities the Group is exposed to, our portfolio contribution reduced from $143.2m in 2022 to $63.6m in 2023, which is a more sustainable level ahead of contributions coming through from our near-term development royalties. This reduction in portfolio contribution flowed through to the Group's adjusted earnings per share, which reduced from 37.55c/share in 2022 to 11.82c/share in 2023.

The challenging macro-economic conditions which led to the softer commodity prices were compounded by the continued stagnation in small-cap UK equity markets, with widespread redemptions and a flight of capital outside of the UK. The combination of these factors contributed to Ecora's share price falling 33% during the course of the year.

Despite this backdrop, the Group's portfolio is now very much geared toward growth following the acquisition of the Voisey's Bay stream in 2021, the South32 portfolio in 2022, together with the $20m acquisition of the Vizcachitas copper royalty and the $7.5m upsize of the Piauí royalty in 2023. The revisions to the Group's approach to capital allocation, detailed on page 17, reiterate this pivot towards growth and our commitment to delivering sustainable long-term shareholder value.

In making our decisions on remuneration outcomes for the Executive Directors in 2023, together with the proposed revisions to the remuneration policy being presented to the 2024 AGM for shareholder approval, we had regard for the context outlined above, the growth strategy of the Company and the benchmarking against companies with a similar market capitalisation and business model. As a Committee, we sought to make decisions that struck an appropriate balance between rewarding and continuing to incentivise the Executive Directors to deliver value for all our stakeholders over both the short and long term.

2024 remuneration policy

One of the Committee's priorities for 2023 was the development of a new remuneration policy for approval at the 2024 AGM. We have worked to ensure the policy presented to shareholders will continue to incentivise and reward management for the successful delivery of the Group's strategy in the future.

In developing the new remuneration policy, the Committee undertook a comprehensive review of the existing policy, collated the views and opinions of the Executive Directors, as well as considered external market information and best practice. In considering external market information, the Committee reviewed the remuneration structures of other UK-listed companies with a similar market capitalisation, together with the structures in place for royalty and streaming peers, the majority of which are listed in North America. While the Committee noted the limitations of reviewing North American style remuneration structures given the Group's UK primary listing, the remuneration structures of our peers was considered a useful data point, particularly if the Group was seeking to attract talent with relevant industry experience.

> I would like to thank those shareholders who took part in our consultation on the revisions to the remuneration policy."
>
> **V. Shine**
> Chair of the Remuneration Committee

The review considered a number of alternatives, ranging from minor amendments to more substantial changes to the current structure. The overarching goal for this review was to ensure that remuneration levels continue to strike a fair balance between ensuring that pay not only reflects the Company's performance, but that it is also aligned to the returns delivered to shareholders.

The result of the review was that the current remuneration policy is still appropriate, particularly given the clear pivot in the Company's strategy toward growth. We are, however, proposing some amendments to the policy which the Committee believes will provide the Company with greater flexibility as it continues to grow and also to align our practices with those of the market.

Summary of key changes

The main changes to the Executive Directors' remuneration policy for 2024 are set out below and are further summarised on page 108.

Increase LTIP maximum opportunity to 200% of salary

To ensure the remuneration policy offers sufficient flexibility for the Committee to reward exceptional performance and acknowledging the Committee's philosophy of setting base salaries below the market median, it is proposed that the maximum grant opportunity for the LTIP is increased by 50% of salary, from 150% to 200%. While the Committee is seeking approval to increase the overall maximum grant opportunity for the LTIP to 200%, should this be approved, the following increases to the individual opportunities for the Executive Directors would take place in 2024:

- Chief Executive Officer – 25% of salary from 150% to 175%
- Chief Financial Officer – 25% of salary from 125% to 150%

The Committee's proposal to increase the overall annual limit to 200% would ensure that the remuneration policy offers sufficient flexibility should exceptional circumstances arise where the Committee could be justified in making an award in excess of 175% of salary to the existing Executive Directors. In such circumstances, the Committee would consult with leading shareholders before making the award. In addition, this change would provide the Committee with additional flexibility to attract exceptional future leaders from the Group's North American royalty and streaming peers.

Aggregation of LTIP performance measures

The targets for two of the LTIP performance measures, portfolio contribution and adjusted earnings per share, will be set and assessed on the aggregate performance over three years, instead of the performance of a single year, three years later. As management does not have control over the timing of production or the commodity prices underlying the Group's portfolio, the Committee is of the view that setting aggregate targets for the three-year performance period will smooth some of the volatility in volumes and commodity prices observed since the introduction of the LTIP in 2021. Vesting will remain unchanged, with a quarter vesting for threshold performance rising to full vesting for achieving or exceeding the stretch target.

The final performance measure of total shareholder return will remain unchanged, with the Company's total shareholder return continuing to be compared to a global mining index, with threshold vesting of a quarter for meeting the index rising to full vesting for exceeding it after three years by 7% per annum in aggregate.

For the 2024 awards, the three performance measures will continue to be equally weighted.

Sustainability-linked LTIP performance measure

As a royalty and streaming company, the most material exposure to greenhouse gas emissions for the Group is the emissions from our operating partners, that is Scope 3 (downstream) emissions. For the first time in 2023, the Group has reported its Scope 3 financed emissions calculated using the methodology detailed on pages 78 to 81. The Sustainability Committee will continue to monitor and report the Group's Scope 3 financed emissions in absolute terms going forward and following the run off of the Kestrel royalty, will investigate reporting emissions on an intensity basis.

Once the emissions intensity of our portfolio can be accurately calculated, the Committee in consultation with the Sustainability Committee will consider if appropriate targets for this metric can be set for inclusion as a performance measure in the LTIP. Before proceeding with the introduction of this metric as a performance measure for the LTIP however, the Committee will consult with leading shareholders, as part of the materiality assessment process, to obtain feedback on whether such a metric aligns with their sustainability priorities.

The weighting of a sustainability-linked LTIP performance measure would not exceed 20% and importantly would not reduce the weighting of the total shareholder return performance measure which will remain at least one-third of the total.

2023 outcomes

Annual bonus outcomes

Employees, including the CEO and CFO, each had individual bonus objectives for 2023. The bonus award criteria relate to a series of agreed corporate and personal performance targets which are each scored, as outlined on page 117 to 119.

In the context of the Group's financial performance and the royalty acquisitions completed during 2023 described above, the financial and growth measures within the annual bonus paid out at 18.7% and 27.5% of the opportunity for each element respectively. This outcome reflects the fact that the Committee set challenging targets at the start of each year, the delivery of which has been impacted in 2023 by the slower than expected ramp up in production at Voisey's Bay and softer commodity prices described elsewhere in this report. The Committee will continue to set challenging targets which strike the balance between incentivising management and reflecting the shareholder experience.

Further details on payout for the ESG and personal objective elements of the of the annual bonus are provided on pages 117 to 119. Overall, the Chief Executive Officer was awarded a bonus of £174,000 under the bonus criteria (41.7% of the total potential award) and the Chief Financial Officer was awarded a bonus of £143,000 (43.9% of the total potential award).

2021 LTIP outcomes

Over the three-year performance period, the Executive Directors have consistently worked towards the successful execution of the Group's strategy. Building on the 2021 acquisition of the Voisey's Bay stream which addressed the Group's primary strategic challenge of replacing the Kestrel royalty, the Executive Directors led the acquisition of a world-class portfolio of development stage royalties from South32 in 2022.

The acquisition of the 0.25% NSR royalty over the Vizcachitas copper project in 2023 further enhanced the Group's portfolio and when combined with the Group's Mantos Blancos, Santo Domingo and Cañariaco royalties, provides shareholders exposure to the leading portfolio of medium to long-term copper royalties.

Despite the successful execution of the Group's strategy and the well-timed deployment of capital through the cycle, economic headwinds that have resulted in softer commodity prices across the portfolio in 2023, together with the flight of capital from the UK market, have resulted in a total TSR outcome of -0.9%.

As the EMIX Global Mining Index (excluding gold and energy) was discontinued in July 2023, the Committee considered a number of alternative indices before determining that the S&P/TSX Global Base Metals Index was the most suitable replacement as detailed on page 121. Over the performance period, the S&P/TSX Global Base Metals Index generated a TSR of +60.0%, which is significantly higher than the Group's TSR outcome, resulting in 0% vesting from the total of one-third of the award linked to TSR performance conditions.

Directors' remuneration report continued

2023 outcomes continued

2021 LTIP outcomes continued

The one-third of the award dependent on portfolio contribution vested at 71.7% based on the Group's portfolio contribution for the year ended 31 December 2023 of $63.6m, compared to the threshold and stretch performance measures for portfolio contribution adjusted for disposal, such as the Narrabri royalty in 2021, set at $47.1m and $73.6m respectively.

In assessing the vesting of the one-third of the award dependent on adjusted earnings per share (AEPS), the Committee has exercised its discretion to exclude the shares issued to acquire the portfolio of development royalties from South32 in 2022 as the issuance of shares to acquire non-producing royalties was not included in the assumptions underlying the targets set for AEPS and the acquisition of non-producing royalties was a change in strategy given the previous focus had been on income-producing royalties.

Excluding the shares issued for the South32 acquisition increases the Group's AEPS for the year ended 31 December 2023 from 11.82c/share to 13.92c/share, compared to the threshold and stretch performance measures of 12.5c/share and 22.5c/share respectively, resulting in 35.65% vesting from the total of one-third of the award linked to the AEPS performance conditions.

The LTIP awards will therefore vest at 35.78% of the maximum on 27 May 2024.

Discretion

The Committee carefully considered the annual bonus and LTIP outcomes, and concluded that no discretion was required beyond the adjustment made for the AEPS element of the LTIP detailed above. The Committee believes that the outcomes are both appropriate, based on the Company's performance during the year, and proportionate, having had regard to the experience of the Company's broad range of stakeholders.

Operation of the policy in 2024

The 2024 remuneration policy will be presented to a shareholder vote at the AGM in May 2024. The Committee will continue to engage where necessary with shareholders and other stakeholders to ensure that the policy is well understood and that support for the policy will remain strong.

Salaries

In setting the 2024 base salaries for the Executive Directors, the Committee has considered the outputs from the benchmarking of 40 FTSE-listed companies of a similar market capitalisation to Ecora and 11 royalty and streaming peers prepared by the Group's independent remuneration advisers, Korn Ferry. While the royalty and streaming peers are mainly listed in North America, their remuneration structures continue to provide a relevant data point as our peers have directly comparable business models and provide a means of assessing the potential cost of attracting talent with relevant industry experience.

In addition to the outputs from the benchmarking described above, the Committee has also considered the 4.5% increase in employees' salaries from January 2024 to partially mitigate the rates of inflation that have persisted throughout 2023. Finally, the 2024 base salaries have been set in the context of our overall philosophy that salaries should be below the mid-market level, while incentives are set at a higher level, to create greater shareholder alignment and to reinforce a performance culture.

Chief Executive Officer

As detailed in the 2022 Directors' Remuneration Report, the Chief Executive Officer's salary on appointment in April 2022 was £360k. It was set at 25% below the outgoing Chief Executive Officer's full-time equivalent salary of £476k and below the lower quartile for a company of our size, with the full expectation that it would be increased on a phased basis as he developed in the role. The Committee commenced the phased increases in 2023, increasing the Chief Executive Officer's salary by 10% plus an inflationary increase of 6% resulting in a base salary of £417,000.

Having considered the output from the benchmarking exercise and the Chief Executive Officer's in-role performance, the Committee approved a final phased increase of 10% plus an inflationary increase of 3%, which is below the 4.5% awarded to the wider workforce. As a result, the Chief Executive Officer's salary has increased from £417,000 to £471,000.

Following this increase, the Chief Executive Officer's 2024 salary remains well below the former Chief Executive Officer's salary in real terms and is now positioned between the lower quartile and median relative to FTSE-listed companies of a similar market capitalisation. In the Committee's view, the Chief Executive Officer's salary is now at the level required to encourage retention, while also being in line with the salary expectations had the 2022 succession been an external appointment.

Chief Financial Officer

The Committee approved a 3% inflationary increase to the Chief Financial Officer's salary, which was below the 4.5% increase awarded to the wider workforce. As a result, the Chief Financial Officer's salary has increased from £325,000 to £334,750.

Annual bonus

The maximum annual bonus opportunity for both the CEO and CFO under the 2024 remuneration policy will remain at 100% of salary. The performance measures and weights for the 2024 annual bonus for both the CEO and CFO are:

- Growth and investment strategy – 45%.
- Financial performance – 30%.
- Sustainability – 15%.
- Individual strategic targets – 10%.

Long-term incentives

As outlined above, it is proposed to increase the LTIP award level for both the CEO and CFO by 25% of salary to 175% of salary and 150% of salary respectively, as part of implementing the new remuneration policy. The LTIP awards will continue to be in the form of annual grants of Performance Shares.

The performance conditions attached to the awards are in line with the structure outlined in the remuneration policy. Details of the performance conditions attached to the 2024 incentives are as follows:

(i) Total shareholder return compared to a global mining index (currently S&P/TSX Global Base Metals Index) with 25% vesting for achieving the threshold target of meeting the index rising to 100% vesting for exceeding the index after three years by 7% per annum.

(ii) Portfolio contribution (as defined in note 37 to the financial statements), with 25% vesting for achieving the threshold target of $170.0m in total portfolio contribution for the three years ending 31 December 2025, rising to 100% vesting for exceeding the stretch target of $250.0m in total portfolio contribution for the three years ending 31 December 2025.

(iii) Adjusted earnings per share (based on the definition in note 13 to the financial statements), with 25% vesting for achieving the threshold target of 29.5c per share for the three years ending 31 December 2025, rising to 100% vesting for exceeding the stretch target of 53.0c per share for the three years ended 31 December 2025.

The Committee determines the targets before each annual grant is made, having regard to a combination of internal plans and forecasts and market expectations. The maximum vesting level will be 100% of the initial grant made (there will be no retesting) and when awards vest, Executive Directors will be required to retain all of the shares for two years (after the sale of those needed to meet the individual's income tax and National Insurance Contributions due at the time).

Total target remuneration

In terms of total target remuneration, after these salary increases described above together with the annual bonus and LTIP opportunities, both individuals will be positioned between the lower quartile and median relative to FTSE-listed companies of a similar market capitalisation. The Committee is comfortable with this positioning as the Company's operations are likely to be less complex than most companies in the comparator group, highlighted by the small London-based workforce and management having no responsibility for the operation of the mines and mills underlying the Group's portfolio.

New Chairman

As announced on 15 January 2024, Andrew Webb was appointed to the Board with immediate effect and it is expected that he will succeed Patrick Meier as Chairman at the Annual General Meeting on 2 May 2024. Once in the role of Chairman, Andrew will receive the same fee as Patrick. There will be no payments to Patrick in relation to his retirement from the Board.

Engagement with shareholders

In reviewing and developing the remuneration policy, the Committee has actively engaged with shareholders. During February 2024, the Committee consulted with major shareholders and proxy advisers on the proposed revisions to the policy and its implementation for 2024. The individual meetings that took place after the initial consultations provided further insight to the perspectives of shareholders and the Committee appreciated the constructive feedback received.

In total, we consulted with shareholders representing over 50% of Ecora's issued share capital and will continue to engage where necessary with shareholders and other stakeholders to ensure that the policy is well understood and that support for the policy will remain strong. I would like to thank those shareholders who took part in our consultation.

Engagement with employees

With fewer than 15 employees, engagement takes place in a less formal manner than would occur with larger workforces. However, as part of the change in operation of both the annual bonus plan and long-term incentives, presentations were held and opportunities for feedback were provided to employees. In addition, the Group's Designated Non-Executive Director for workforce engagement facilitated two townhall meetings during 2023 with feedback on the matters discussed, including remuneration, provided to the Board.

Conclusion

The Committee believes that the decisions it has taken in respect of the 2023 remuneration outcomes and our proposed amendments to our 2024 policy and its operation are in the best interests of our shareholders, align with our strategy, reflect the wider economic environment and are fair, reasonable and appropriate. We, therefore, hope that you will support the votes on both the remuneration policy and Directors' Remuneration Report at the 2024 AGM.

V. Shine
Chair, Remuneration Committee
26 March 2024

Directors' remuneration report continued

At a glance

This section provides a summary of the key information presented in the Remuneration Report. This includes an overview of the 2024 policy being presented for a shareholder vote and a summary of the key changes being proposed.

Summary of our remuneration structure (2021 Policy differences in italics)

Element	2024 policy *(previous policy difference in italics)*
Base salary	
Maximum annual increase	Normally increases, at most, in line with the wider workforce. No maximum salary increase.
Annual bonus	
Maximum opportunity	100% of salary.
Operation	Bonus outturns are determined based on the achievement of a combination of corporate, financial and personal performance targets. The Committee uses a balanced scorecard approach to assess performance against targets at the end of the year.
Deferral	Executive Directors will be required to use that part of their cash bonus that exceeds 50% of their salary to purchase and hold shares for a three-year period.
LTIP	
Maximum award	200% of salary *(150% of salary)*
Time period	Three-year performance/vesting period Two-year holding period.
Operation	Vesting based on performance measures linked to the Group's strategy and may include, but not limited to, TSR, portfolio contribution, adjusted earnings per share, free cash flow and other strategic objectives.
Malus and clawback	LTIP awards are subject to malus and clawback provisions, which may be applied during the two years after vesting.
Pension	
Maximum level	In line with rate available to the wider workforce. *(Newly appointed Directors: contribution aligned with the Company contribution for the wider workforce. Incumbent CEO: reduction of pension levels to reach parity with wider workforce in 2023.)*
Benefits	
Maximum level	Benefits in line with wider workforce. No prescribed maximum cost of benefits.
Share ownership guidelines	
In-post	Executive Directors expected to hold two times basic salary within five years of appointment.
Post-employment	The lower of the in-post requirement or actual shares held on cessation for two years and applies to all shares awarded under the LTIP.
Non-Executive Director remuneration	
Fee levels	Maximum annual aggregated fees for all Non Executive Directors (including the Chairman) of £600,000.

Directors' remuneration policy

2024 Executive Directors' Remuneration Policy

Changes to the Directors' Remuneration Policy and summary of the decision-making process

Following a comprehensive review of the remuneration arrangements for the Executive Directors, the Committee was satisfied that the policy and framework currently in place remain fit for purpose in supporting the Company's strategy for the next three years. We are proposing one amendment to the policy, the aim of which is to provide the Company with greater flexibility to incentivise the Executive Directors for truly exceptional performance, and that is to increase the maximum opportunity under the LTIP from 150% of salary to 200% of salary. Further details are provided on this change in the Chair's Statement on pages 12 and 13.

In addition to the above, other minor amendments have been made to the wording of the policy to aid operation, increase clarity and reflect best practice.

The Company will put the new remuneration policy, as set out on the following pages, to shareholders for a binding vote at the AGM on 2 May 2024. If approved, this policy will apply from the date of the AGM. The intention is that the revised policy will apply until the approval of the next policy at the Company's 2027 AGM.

In determining the policy, the Committee followed a thorough process, which included discussions on the content of the policy at four Committee meetings. The Committee considered input from management and our independent advisers and consulted with our major shareholders.

Market information relating to similar-sized FTSE SmallCap companies and global royalty and streaming peers, given the non-operating nature of our business model, was considered in the development of the new policy.

How our remuneration policy addresses UK Corporate Governance Code provision 40 principles

The 2024 remuneration policy was designed taking into consideration the principles of provision 40 of the UK Corporate Governance Code. The table below summarises how the policy addresses each of those principles:

Principle	How this is addressed in the 2024 remuneration policy
Clarity	Our remuneration structure is clearly defined. Performance-based elements, metrics and vesting schedules are clearly disclosed on payment.
Simplicity	Our remuneration elements comprise of well-understood UK market standard elements.
Risk	Our policy limits the risk of unfair or excessive remuneration through the following measures: ■ clearly defined limits on the maximum opportunities of incentive awards; ■ annual bonus awards in excess of 50% of the Executive Directors' base salary require the purchase of shares which are subject to a minimum holding period; ■ operation of post-vesting holding period for LTIP awards; ■ strong powers of discretion for the Remuneration Committee to adjust formulaic outcomes of incentive awards to ensure payouts are aligned to Group performance; and ■ robust malus and clawback provisions on all incentives.
Predictability	The policy has defined limits which can be used to determine potential values. Scenario charts were presented before approval of the policy to illustrate potential payout scenarios under the new policy.
Proportionality	Payouts under incentive awards are linked to the fulfilment of performance conditions that support the Group's long-term strategy. The annual grant of awards ensures performance measures will continue to be aligned. The Committee's powers of discretion ensure that there will be no rewards under incentives for poor performance.
Alignment to culture	Focus on share ownership and long-term sustainable performance is reflected in the policy. LTIP measures support a long-term focus for the Executive Directors.

Directors' remuneration policy continued

Key aspects of the remuneration policy for Executive Directors

Element, purpose and link to strategy	Operation	Opportunity/performance measures	Implementation for 2024
Salary To recruit and retain Executives of a suitable calibre for the roles and duties required.	Salaries are set with reference to individual performance, experience and responsibilities to reflect the market rate for the individual and their role, determined with reference to remuneration levels in companies of similar size and complexity, taking into account pay levels within the Company in general. Salaries are reviewed annually. Increases for Executive Directors will normally be in line with those for the general workforce except where there is a change of role or responsibilities or in other exceptional circumstances.	There is no prescribed maximum annual increase.	The salaries of the Executive Directors and wider workforce were subject to an external benchmarking exercise. With effect from 1 January 2024, the full-time equivalent rates of salary for the Executive Directors will be: ■ Marc Bishop Lafleche – £471,000. ■ Kevin Flynn – £334,750.
Annual bonus To encourage and reward delivery of the Company's operational objectives for the relevant year. To ensure, through the required holding of shares, that longer-term focus is encouraged and in line with shareholder interests.	Executive Directors will be required to use that part of their cash bonus that exceeds 50% of their salary to purchase and hold shares for a three-year period. Bonus outturns are determined based on the achievement of a combination of corporate, financial and personal performance targets. Corporate and financial performance targets are agreed by the Board at the beginning of the year. Personal performance targets are agreed with the Chairman and the Committee. The Committee uses a balanced scorecard approach to assess performance against targets at the end of the year, while retaining overall discretion in the calculation of the final bonus outturn. Malus and clawback provisions apply as described below.	The maximum annual bonus opportunity is 100% of salary. The bonus earned at threshold performance is no more than 25% of the maximum, normally increasing on a straight-line basis to the various targets set. The annual bonus can be based on a mix of financial, strategic and personal conditions and is measured over one financial year.	The bonus opportunity for each Executive Director remains at 100% of salary earned in the year. The performance measures and weightings for the 2024 annual bonus will be as follows: ■ Growth & Investment Strategy (45%) – delivery of the Group's strategic objective and the acquisition of new royalties and streams. ■ Financial performance (30%) – performance against budget for portfolio contribution, adjusted earnings per share and P/NAV. ■ Sustainability (15%) – delivery of 2024 strategic priorities agreed with the Sustainability Committee, including enhanced sustainability disclosures together with maintaining and improving externally evaluated sustainability risk ratings. ■ Individual strategic targets (10%) – individually tailored targets to motivate the execution of the Group's strategy.

Element, purpose and link to strategy	Operation	Opportunity/performance measures	Implementation for 2024
Long-term incentives – PSP To encourage and reward the achievement of long-term sustainable shareholder returns and delivery of the Company's strategic objectives. To align Executive Director and senior management interests to shareholder interests.	Conditional awards of shares or nil-cost options will be capable of being granted annually, with a performance period and vesting period of at least three years. Any awards that vest are subject to a holding period so that the overall PSP time horizon is at least five years. Vested awards may not generally be sold during the holding period, other than to cover tax liabilities arising on vesting. Dividend equivalents (normally satisfied in shares) accrue over the vesting/holding period and are payable in respect of awards that vest. Malus and clawback provisions apply as described below.	The maximum annual PSP opportunity is 200% of salary. Significant shareholders will be consulted prior to making any award in excess of 175% of salary. The Committee will review the Executive Directors' PSP award sizes annually, prior to grant, to ensure they are appropriate. For each performance element, threshold performance warrants no more than 25% vesting of the element, rising normally on a straight-line basis to 100% for achieving stretch targets. Performance below threshold results in zero vesting. Performance measures attached to each award should be linked to the Group's strategy and may include, but are not limited to, TSR, portfolio contribution, adjusted earnings per share, free cash flow and other strategic objectives.	The LTIP opportunity for the roles of CEO and CFO are 175% and 150% of the rate of salary respectively. The performance criteria (and weighting) for the 2024 LTIP, to be achieved over the three-year period ending 31 December 2026, will be as follows: ■ TSR vs S&P/TSX Global Base Metals Index (33%) – 25% vesting for TSR equal to index; 100% for Index performance +7% per annum. ■ Aggregate portfolio contribution (33%) – 25% vesting for achieving threshold ($170.0m); 100% for achieving stretch ($250.0m). ■ Aggregate adjusted earnings per share (33%) – 25% vesting for achieving threshold (29.5c); 100% for achieving stretch (53.0c). With straight-line vesting for performance between the targets.
Pension To provide a market competitive level of pension provision, taking account of the provisions for the wider workforce, to attract and retain high performing Executive Directors.	A Company contribution to a money purchase pension scheme, or a cash allowance in lieu of pension at the request of the individual.	The maximum pension contribution or cash allowance is aligned with the contribution levels available for the wider workforce.	The pension contributions for Executive Directors for 2024 remain unchanged. Marc Bishop Lafleche and Kevin Flynn receive pension allowances of 10% of salary, in line with the wider workforce.
Other benefits To provide market competitive benefits.	The main benefits currently provided are: death in service, long-term illness and private medical insurance schemes which are provided to all employees.	The value of benefits is set at a level which the Committee considers to be appropriate, taking into account the overall cost to the Company, benefits provided to the wider workforce and market practice.	The other benefits for the Executive Directors for 2024 remain unchanged. In line with the wider workforce, Marc Bishop Lafleche and Kevin Flynn receive private medical insurance, long-term illness insurance and death in service insurance which is capped at five times salary.

Performance measures

The annual bonus targets for 2024 are considered by the Board to be commercially sensitive; they will be disclosed in the 2024 annual report on remuneration. Specific details of individual and strategic performance targets for 2024 will also be included in the 2024 report.

Directors' remuneration policy continued

Malus and clawback

Awards under the annual bonus and the LTIP are subject to malus provisions and clawback provisions, which may be applied during the period of two years after the date of vesting. Malus refers to the reduction, including to nil, of unvested or unpaid awards or the requirement for additional performance measures to be met for vesting of the award. Clawback refers to the recovery of paid or vested amounts. Malus and clawback may be applied in the circumstances below, as well as in other exceptional circumstances, at the Committee's discretion:

- material misstatement in results;
- gross misconduct;
- material failing of management resulting in material downturn in financial or operational performance or serious reputational damage;
- error in calculation; and
- corporate failure.

Shareholding guidelines

Within five years of appointment, Executive Directors are expected to hold shares in the Company with a value of two times basic salary. The Committee will take into consideration these in-post guidelines when making grants under the Company's various incentive plans.

In order to provide further long-term alignment with shareholders, and in line with the UK Corporate Governance Code, Executive Directors will normally be expected to maintain a holding of Company shares for a period after their employment. Executive Directors will normally be required to continue to hold the lower of the in-post requirement at the time of cessation and the actual shareholding at cessation. The requirement applies for a two-year period post-termination and applies to all share awards under the Deferred Share Bonus Plan and LTIP, but excludes shares purchased by the Director from his/her own resources, or shares from incentive awards granted prior to appointment to the Board.

Choice of performance measures and target setting

The performance measures used for annual bonus and LTIP awards reflect the annual and long-term financial, strategic and sustainability priorities of the Group.

The Committee has a rigorous approach to determining performance measures, their weighting and target setting. Targets are set taking into account a number of factors including internal and external forecasts, market practices and past performance. The Committee carefully reviews targets prior to each award to ensure that they remain appropriately stretching.

Differences in remuneration policy for Executive Directors compared to other employees

The Committee aims to ensure, over time, a proper differential between the level of the remuneration of Executive Directors and other employees, but also appropriate differences in the structure of remuneration to reflect different levels of responsibility and planning horizons of employees across the Company.

The remuneration framework of the non-Board employees was reviewed during 2023 in conjunction with the development of the revised remuneration policy and will continue to be reviewed going forward. The main differences between the remuneration framework for the Executive Directors and other employees under the revised policy are:

- the Executive Directors will receive an annual bonus in cash and use that part of their bonus exceeding 50% of their salary to purchase and hold shares in the Company for three years, while other employees will receive their annual bonus wholly in cash except in the event that this amount exceeds £100,000. Any employee bonus in excess of £100,000 will be payable 50% in cash and 50% in restricted share awards; and
- the Committee will reserve access to the Performance Share Plan to the Executive Directors, while the long-term incentives for the other employees will be in the form of an HMRC-approved Company Share Option Plan (CSOP) or Unapproved Share Option Plan.

Approach of recruitment and promotion

The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved remuneration policy in force at the time of appointment. Currently, for an Executive Director, this would include a potential annual bonus of no more than 100% of salary and an annual award under the LTIP of no more than 150% of salary. The proposed remuneration policy includes a potential annual bonus of no more than 100% of salary and an annual award under the LTIP of not more than 200% of salary, with any grant in excess of 175% of salary being after consultation with leading shareholders.

The salary for a new Executive Director may be set below the normal market rate, with phased increases following an initial probationary period and over the first few years as the Executive gains experience in their new role. The Committee may offer new appointees additional cash and/or share-based elements when it considers these to be in the best interests of the Company and its shareholders, to replace remuneration relinquished when leaving the former employer. These awards would reflect (as far as practicable) the nature and time horizons attaching to that remuneration and the impact of any performance conditions. Shareholders will be informed of any such payments at the time of appointment.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external Executive Director appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate.

Indicative Executive Director total remuneration at different levels of performance

The Company's policy results in a significant portion of remuneration received by the CEO and CFO being dependent on Company performance. The chart below illustrates how the total pay opportunity for the CEO and CFO varies under four different performance scenarios: minimum (fixed pay only), on-target, maximum and maximum with 50% share price growth. This chart is indicative as share price movement and dividend accrual have been excluded. All assumptions made are noted below the chart.

The minimum scenario does not include any bonus or PSP vesting and simply allows for salary, benefits and pension while a bonus award and partial PSP vesting is included in the on-target scenario. The maximum scenario includes the full vesting of the PSP and a full bonus.

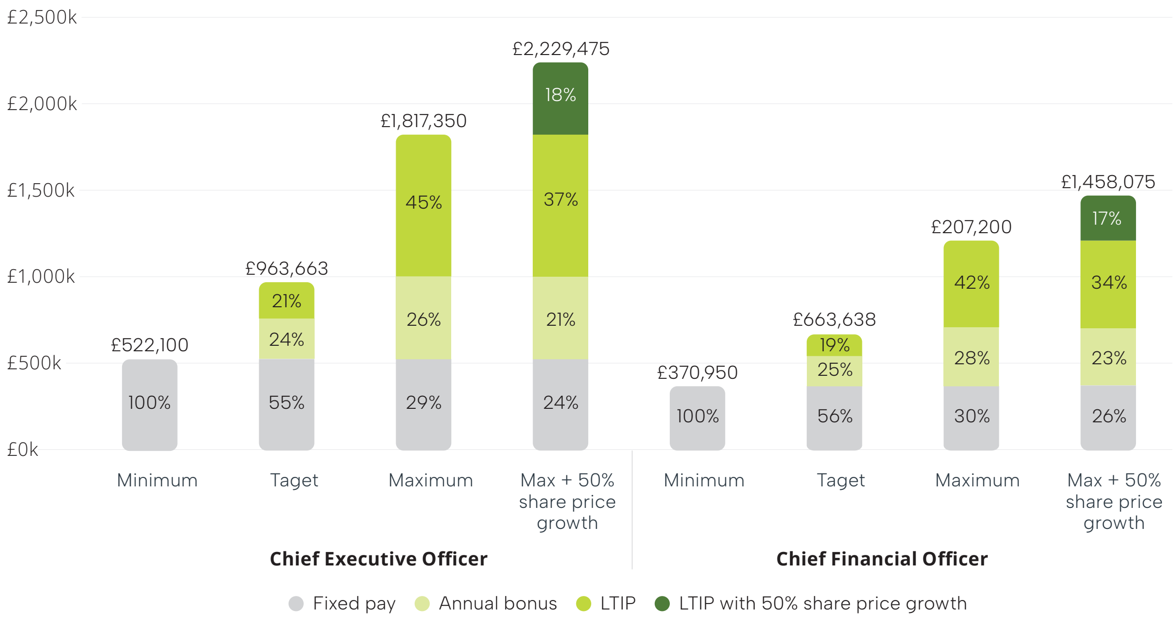
Assumptions:

- minimum = fixed pay only (salary + benefits + pension).
- on-target = fixed pay, 50% vesting of the annual bonus and 25% of the LTIP awards (i.e. the value that accrues for threshold performance).
- maximum = fixed pay and 100% vesting of the annual bonus and LTIP awards.
- maximum plus 50% share price growth = fixed pay and 100% vesting of the annual bonus and LTIP awards with 50% share price growth applied to the LTIP awards.
- salary levels (on which other elements of the package are calculated) are based on those which apply from 1 January 2024.

Discretion

The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the annual bonus and LTIP, including:

- to adjust the performance measures and/or targets if an event occurs which makes such variation necessary or desirable, to ensure the performance measures and/or targets continue to be appropriate and capable of being measured on a fair and consistent basis, in line with the Committee's intention when setting the original performance measures and/or targets;
- share awards may be adjusted in the event of a variation in share capital or other event that may affect the Company's share price; and
- awards may be settled in cash in exceptional circumstances.



Directors' remuneration policy continued

Chairman and Non-Executive Director fee policy

The Company aims to attract and retain a high-calibre Non-Executive Chairman and Non-Executive Directors by offering a market competitive fee level.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

The Committee's specific policy is as follows:

Element, purpose and link to strategy	Operation	Maximum
Board fees Attract, retain and fairly reward high-calibre individuals	The Chairman is paid a single fee for all his responsibilities. The level of this fee is reviewed annually by the Committee with reference to appropriate market reference points and a recommendation is then made to the Board (in the absence of the Chairman). The Non-Executive Directors are paid a basic fee. Additional fees are paid to Chairs and members of the main Board Committees and to the SID to reflect their extra responsibilities. Fee levels for the Non-Executive Directors are reviewed annually by the Chairman and Executive Directors, with reference to appropriate market benchmarks, and a recommendation is then made to the Board. All fees are paid in cash, with increases that are generally effective from 1 January in the year of review. The Chairman and Non-Executive Directors are not eligible to participate in the Company's annual performance-related incentive schemes, share incentive schemes or pension scheme. The Chairman and the Non-Executive Directors are entitled to reimbursement of reasonable expenses. They may also receive limited travel or accommodation-related benefits in connection with their role as a Director.	Current fee levels are set out in the Annual Report on Remuneration. Overall fee limit will be within the £600,000 limit set out in the Company's Articles of Association. Any proposed revision to this limit would be subject to shareholder approval, as required under the Company's Articles of Association.

Chairman and Non-Executive Director (NED) fees for 2024

Fee levels for the Chairman and NEDs were reviewed in December 2023 to ensure that they are set at an appropriate market level and remain competitive. In deciding to set fees for 2024 at the levels set out below, the following considerations were taken into account:

- the 4.5% inflationary increase applied to the remuneration of the Company's wider workforce;
- the median fee levels set for NEDs of FTSE SmallCap companies, noting that the Company's policy is to pay a single committee membership fee regardless of the number of Committees an NED is a member of; and
- a detailed review of the time commitment required from the NEDs, and the Chairman in particular, which indicated this was significantly more than similar-sized companies as a result of a small executive team and the wider workforce.

From 1 January 2024, the Chairman's fee was increased by 14.4% and the NED fees were increased by between 5% and 13.6% depending on the role.

Determining the fees paid to the NEDs is a matter for the Board, with the NEDs abstaining; therefore, the increases for 2024 were approved by the Chairman and Executive Directors. No Directors were involved in any decision as to their own fees.

	2024 £	2023 £	% Increase
Chairman	**175,000**	153,000	14.4%
Base fee	**52,000**	48,400	7.4%
Increment			
Senior Independent Director	**11,000**	10,000	10 .0%
Committee chairmanship:			
– Audit or Remuneration	**10,500**	10,000	5.0%
– Sustainability	**7,500**	7,000	7.1%
Committee membership	**7,500**	6,600	13.6%

Service contracts and payments for loss of office

The Committee, together with the Nomination Committee, reviews the contractual terms for new Executive Directors to ensure that these reflect best practice.

The current service contracts contain provision for early termination. A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct. If the employing company terminates the employment of an Executive Director in other circumstances, compensation is limited to salary due for any unexpired notice period and any amount assessed by the Committee as representing the value of other contractual benefits (including pension) which would have been received during the period. Payments in lieu of notice are not pensionable. The service contracts of Mr. Bishop Lafleche and Mr. Flynn provide for a six-month notice period and an additional termination payment equivalent to six months' basic salary. In the event of a change of control of the Company, there is no enhancement to contractual terms. The service contracts of the Executive Directors are available for inspection at the Company's registered office.

In summary, the contractual provisions for Executive Directors are as follows:

Provision	Detailed terms
Notice period	One year or less.
Termination payment	Basic salary plus benefits (including pension), paid monthly and subject to mitigation. In addition, any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary. Additional termination payment to bring the total payment to the equivalent of 12 months' basic salary.
Remuneration entitlements	A pro rata bonus may also become payable for the period of active service along with vesting for outstanding share awards (in certain circumstances – see below). In all cases, performance targets would apply.
Change of control	There are no enhanced terms in relation to a change of control.

Any share-based entitlements granted to an Executive Director under the LTIP will be determined based on the plan rules. The default treatment is that any outstanding unvested awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied. For good leavers, the unvested awards remain subject to performance conditions (measured over the original time period) and are reduced pro rata in size to reflect the proportion of the performance period actually served. The Committee has the discretion to disapply time pro rating if it considers it appropriate to do so. In determining whether an Executive Director should be treated as a good leaver or not, the Committee will take into account the performance of the individual and the reasons for their departure.

Where an Executive Director ceases to be employed in circumstances where they are not a 'good leaver', share-based awards granted in respect of the LTIP will lapse whether vested or unvested.

Payments from previously agreed remuneration arrangements

In approving this Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or vesting of awards under legacy share schemes) that have been disclosed to shareholders in this and previous remuneration reports. Details of any payments to former Directors will be set out in the Annual Remuneration Report as they arise.

How the views of shareholders and employees have been taken into account

In reviewing and developing the remuneration policy, the Committee has active engaged with shareholders. During February 2024, the Committee consulted with major shareholders and proxy advisers on the proposed revisions to the policy and its implementation for 2024. Conversations were useful in terms of understanding the perspectives of shareholders and the Committee appreciated the constructive feedback received.

Shareholders and proxy advisers asked that the rationale for the changes be clearly articulated in the annual report on Directors' remuneration which we have sought to provide. From the consultation conversations, we have reduced the weighting of personal objectives in the 2024 annual bonus scorecard from 20% to 10%. In addition, the Committee has agreed to undertake further shareholder consultation regarding any sustainability performance measures that may be introduced to the LTIP in the future.

Executive Directors were consulted on the revised remuneration policy and non-Board employees were consulted individually on the executive remuneration policy to the extent that it impacts upon the structure and level of their own pay and bonuses.

Annual Remuneration Report for 2023

This part of the report details the remuneration paid to Directors during 2023 with a comparison to the previous year.

Audited information

Elements of this section of the report have been audited. The areas of the report subject to audit are indicated in the headings.

Single figure for total remuneration (audited)

		Salary/fees £'000	Benefits[1] £'000	Total bonus £'000	LTIP[2] £'000	Pension £'000	Other £'000	Total remuneration £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive Directors										
M. Bishop Lafleche[3]	**2023**	**417**	**4**	**174**	**57**	**42**	**8[4]**	**702**	**471**	**231**
	2022	270	3	225	—	27	7[4]	532	307	225
K. Flynn	**2023**	**325**	**3**	**143**	**91**	**33**	**7[5]**	**602**	**368**	**234**
	2022	285	4	225	—	28	—	542	317	225
Non-Executive Directors										
N.P.H. Meier	**2023**	**153**	**—**	**—**	**—**	**—**	**—**	**153**	**—**	**—**
	2022	145	—	—	—	—	—	145	—	—
C. Coignard[6]	**2023**	**55**	**—**	**—**	**—**	**—**	**—**	**55**	**—**	**—**
	2022	—	—	—	—	—	—	—	—	—
R.G. Dacomb	**2023**	**65**	**—**	**—**	**—**	**—**	**—**	**65**	**—**	**—**
	2022	57	—	—	—	—	—	57	—	—
J.E. Rutherford[7]	**2023**	**66**	**—**	**—**	**—**	**—**	**—**	**66**	**—**	**—**
	2022	67	—	—	—	—	—	67	—	—
V. Shine[8]	**2023**	**71**	**—**	**—**	**—**	**—**	**—**	**71**	**—**	**—**
	2022	57	—	—	—	—	—	57	—	—
R.H. Stan[9]	**2023**	**20**	**—**	**—**	**—**	**—**	**—**	**20**	**—**	**—**
	2022	50	—	—	—	—	—	50	—	—

(1) Benefits value consists of health insurance premiums.

(2 LTIP value consists of the 2021 awards with a performance period ending 31 December 2023 that are expected to vest as detailed on page 119, multiplied by the three-month average share price ending 31 December 2023 of 91.9p, together with the dividend on vesting shares of 22.82p/share.

(3) M. Bishop Lafleche was appointed to the Board as Chief Executive Officer with effect from 1 April 2022.

(4) Other remuneration for M. Bishop Lafleche consists of £8k (2022: £7k) paid under the Company's annual leave buyback programme which is available to all staff.

(5) Other remuneration for K. Flynn consists of £5k (2022: £nil) paid under the Company's annual leave buyback programme which is available to all staff and £2k (2022: £nil) in dividends received under the deferred share bonus plan, detailed on page 118.

(6) C. Coignard was appointed to the Board on 1 January 2023.

(7) J.E. Rutherford was Senior Independent Director until 1 June 2023.

(8) V. Shine was appointed Senior Independent Director on 1 June 2023.

(9) R.H. Stan stepped down from the Board on 10 May 2023.

Annual bonus for the year ending 31 December 2023 (audited)

A set of individually crafted corporate and personal bonus criteria was agreed with the Executive Directors for the 2023 financial year which took into account the evolving corporate and financial priorities of the Group.

Discretion

Incentives are designed to ensure they drive appropriate short and long-term behaviours and it is the Committee's general preference to avoid making any adjustments. The Committee did not make any discretionary adjustments to the 2023 annual bonus outcomes.

The bonus matrices for the Executive Directors for 2023 are detailed below.

2023 CEO scorecard – M. Bishop Lafleche

	Criteria	Maximum award (%)	Actual outcome (%)
Corporate performance criteria	**Growth**	40	11
	Measures for assessment included: ■ acquisition of new value -adding producing and/or near producing royalties; and ■ significant value-adding M&A deal to grow the size of the Company.		
	ESG	15	12
	Measures for assessment included: ■ improving disclosures and voluntary compliance with globally recognised sustainability frameworks; ■ enhancing the Group's sustainability risk rating as assessed by ratings agencies.		
	Financial performance	25	4.7
	Measures for assessment included: ■ portfolio contribution, AEPS and P/NAV (equally weighted).		
Personal performance criteria	**Personal objectives**	20	14
	■ Leadership and direction ■ Team development and succession planning ■ Embedding culture ■ Stakeholder engagement ■ Personal development		
Total		100	41.7

Growth: The Group's leading portfolio of future-facing commodities royalties was further enhanced during 2023 with the $20m acquisition of a 0.25% NSR royalty over the Vizcachitas copper project in Chile. In addition, the Group increased its existing NSR royalty over the Piauí project from 1.25% to 1.60% for $7.5m, following the renegotiation of the underlying royalty agreement with Brazilian Nickel which will use the funds to undertake further technical studies to de-risk the project prior to the state of construction. As part of the renegotiation of the Piauí royalty agreement, the Group retains the option to acquire a further 2.65% NSR over the Piauí project for $62.5m. The growth threshold (0% vesting) to stretch (100% vesting) hurdles were $0m to $100m and as the acquisition totalled $27.5m (excluding transaction costs), the Committee determined that 27.5% of the hurdles had been achieved, resulting in an overall bonus score of 11% being awarded.

ESG: Throughout 2023 the Group made substantial progress in delivering the ESG priorities set by the Sustainability Committee including the submission of the Group's first UNGC-COP, achieving the SBTi approved target set for Scope 1 and 2 emissions reductions, advancing the Group's methodology for calculating Scope 3 financed emissions as detailed in the TCFD disclosures on pages 78 to 81 and the continued enhancement of the Group's sustainability frameworks. The progress in delivering these priorities was reflected in the Group's ESG ratings issued by MSCI and Sustainalytics increasing from BBB to A and from 14.2 to 12.3 respectively in 2023. In consultation with the Sustainability Committee, it was determined that 80% of the hurdles had been achieved, resulting in an overall bonus score of 12% being awarded.

Annual Remuneration Report for 2023 continued

Annual bonus for the year ending 31 December 2023 (audited) continued

Discretion continued

2023 CEO scorecard – M. Bishop Lafleche continued

Financial performance: The Group's financial performance for the year ended 31 December 2023 is detailed in the finance review on pages 42 to 46. For the annual bonus, 25% of each financial performance element vests for threshold performance, 50% vests for target performance and 100% vests for stretch performance.

The portfolio contribution target range was $60m threshold, $76m target and $88m stretch ($63.6m achieved); the AEPS target range was 11.7c threshold and 20.0c stretch (11.82c achieved); and the P/NAV trading multiple with a target range of 0.7x threshold, 0.9x target and 1.0x stretch (0.6x achieved). As above threshold performance was only achieved for the portfolio contribution and AEPS elements, a bonus score for financial performance was determined from these elements alone. Based on the portfolio contribution and AEPS for the year, the Committee determined that 30.6% and 25.4% of the hurdles had been achieved respectively, resulting in an overall bonus score of 4.7%.

Personal objectives: The CEO has demonstrated strong leadership throughout 2023, with specific targets being met, in addition to a more general assessment of personal performance. In terms of stakeholder management, overseeing the development and execution of a comprehensive investor relations programme specifically targeting new investors in North America and Australia to counter the weakness in the UK equity markets has made great progress. In addition, the CEO has ensured the wider team maintains its disciplined approach to investment, evidenced by the renegotiation of the Group's Piauí royalty. Through the investment of $7.5m in 2023 to fund further technical studies, the Group's option to invest a further $62.5m has been significantly derisked while also increasing the existing royalty by 0.35% to 1.60%. With the CEO's leadership and focus on developing the wider team, the Group's Investment Manager and General Counsel were appointed to the Group's Executive Committee to further support the CEO in the execution of the Group's strategy. An overall bonus score of 14% was awarded.

Bonus outturn: The overall bonus score was agreed at 41.7% under the bonus scoring matrix for a total award of £174,000 The Committee assessed that the level of bonus was reflective of the significant strategic progress delivered during the year.

2023 CFO scorecard – K. Flynn

	Criteria	Maximum award (%)	Actual outcome (%)
Corporate performance criteria	**Growth**	30	8.2
	Measures for assessment included: ▪ acquisition of new value adding producing and/or near producing royalties; ▪ significant value-adding M&A deal to grow the size of the Company.		
	ESG	15	12
	Measures for assessment included: ▪ improving disclosures and voluntary compliance with globally recognised sustainability frameworks; ▪ enhancing the Group's sustainability risk rating as assessed by ratings agencies.		
	Financial performance	25	4.7
	Measures for assessment included: ▪ portfolio contribution, AEPS, and P/NAV (equally weighted).		
Personal performance criteria	**Personal objectives**	30	19
	▪ Leadership and direction ▪ Team development and succession planning ▪ Process improvement ▪ Stakeholder engagement ▪ Personal development		
Total		100	43.9

Growth: The CFO was assessed on the same basis as the CEO above for an overall bonus score of 8.2%.

ESG: The CFO was assessed on the same basis as the CEO above for an overall bonus score of 12%.

Financial performance: The CFO was assessed on the same basis as the CEO above for an overall bonus score of 4.7%.

Personal objectives: The CFO has continued to play a significant role in the execution of the Group's strategic objectives, actively supporting the CEO in stakeholder engagement and the targeting of new North American investors to counter the weakness in the UK equity markets. In addition, during 2023, the CFO led improvements to the Group's internal control environment and the efficiency of the finance function through the successful implementation of a new information system. The CFO was also responsible for the successful amendment and extension of the Group's credit facility, increasing the size of the accordion feature and renegotiating key covenants to maximise the Group's financing flexibility to take advantage of the growth opportunities expected in 2024. An overall bonus score of 19% was awarded.

Bonus outturn: The overall bonus score was agreed at 43.9% under the bonus scoring matrix for a total award of £143,000 (43.9% x £325,000). The Committee assessed that the level of bonus was reflective of the significant strategic progress delivered during the year.

Scheme interests granted during 2023 (audited)

The table below summarises LTIP–PSP share awards granted to Executive Directors during 2023.

The LTIP–PSP is granted in the form of conditional shares and vesting is dependent on the Group's performance over 2023-2025 based on the performance metrics detailed.

Type of award	Performance criteria (weighting)	Vesting schedule	Performance period end	Director	Basis of award	Number of shares awarded	Face value at grant
LTIP – PSP awards	TSR vs EMIX Global Mining Index (33%)	25% for TSR equal to the Index; 100% for the Index +7% p.a. or above	31/12/2025	M. Bishop Lafleche	150% of salary	456,402[1]	£625,500[1]
				K. Flynn	125% of salary	296,424[1]	£406,250[1]
	Portfolio contribution (33%) Threshold: $54.0m Stretch: $77.0m	25% for achieving threshold; 100% for achieving stretch					
	Adjusted earnings per share (33%) Threshold: 10.5c Stretch: 15.5c	25% for achieving threshold; 100% for achieving stretch					

(1) The face value of the LTIP–PSP awards granted to Mr. Bishop Lafleche and Mr. Flynn has been calculated using the grant price of £1.3705. This share price has been calculated based on the five-day volume weighted average share prices between 17 February 2023 and 23 February 2023. As receipt of the LTIP–PSP awards is conditional on performance, the actual value of these awards may be nil. Vesting outcomes will be disclosed in the Remuneration Report for 2025.

Vesting of share-based awards during 2023 (audited)

2020 Deferred Share Bonus Plan

On 26 February 2023, the 30% of the 2020 annual bonus deferred into shares under the Deferred Share Bonus Plan ('DSBP') vested. In accordance with the plan rules, at the time of grant, the Remuneration Committee resolved that the awards would be entitled to a dividend equivalent which was settled in cash. The table below summarises these awards.

Date granted	Executive Directors	Number of shares	Value on date of grant[1]	Value on date of vesting[2]	Dividend equivalent settled in cash[3]
26/02/2021	J.A. Treger	30,344	£42,420	£41,505	£4,248
26/02/2021	K. Flynn	16,900	£23,626	£23,116	£2,366

(1) Awards made under the DSBP on 26 February 2021 were based on the mid-market closing price of 139.8p on 25 February 2021.

(2) The value on vesting is based on the mid-market closing price of 136.8p on 24 February 2023.

(3) Dividend equivalent is equal to 14.00p per share being the total dividends with record dates occurring between the date of grant and the vesting date.

2021 LTIP award

Performance criteria	Threshold (25% vesting)	Stretch (100% vesting)	Weighting	Outcome
TSR	Index	Index +7% p.a. or above	33.3%	0%
Portfolio contribution	$47.1m	$73.6m	33.3%	23.90%
Adjusted earnings per share	12.5c/share	22.5c/share	33.3%	11.88%
Estimated vesting (% of award)				35.78%

Annual Remuneration Report for 2023 continued

TSR

As the EMIX Global Mining Index (excluding gold and energy) was discontinued in July 2023, the Committee considered a number of alternative indices before determining that the S&P/TSX Global Base Metals Index was the most suitable replacement as detailed on page 121. Over the performance period, the S&P/TSX Global Base Metals Index generated a TSR of 60.0% compared to the Group's TSR of (0.9%), resulting in 0% vesting from the total of one-third of the award linked to TSR performance conditions.

Portfolio contribution

The Group's portfolio contribution for the year ended 31 December 2023 of $63.6m, compared to the threshold and stretch performance measures for portfolio contribution adjusted for disposals, such as the Narrabri royalty in 2021, set at $47.1m and $73.6m respectively, resulting in 71.7% of the performance hurdle being achieved and an outcome of 23.90%.

Adjusted earnings per share ('AEPS')

In assessing the vesting of the one-third of the award dependent on AEPS, the Committee has exercised its discretion to exclude the shares issued to acquire the portfolio of development royalties from South32 in 2022 as the issuance of shares to acquire non-producing royalties was not included in the assumptions underlying the targets set for AEPS and the acquisition of non-producing royalties was a change in strategy given the previous focus had been on income-producing royalties.

Excluding the shares issued for the South32 acquisition increases the Group's AEPS for the year ended 31 December 2023 from 11.82c/share to 13.92c/share, compared to the threshold and stretch performance measures of 12.5c/share and 22.5c/share respectively, resulting in 35.65% of the performance hurdle being achieved and an outcome of 11.88%.

The LTIP awards will therefore vest at 35.78% of the maximum on 27 May 2024

Discretion

With the exception of the adjustment made to the AEPS element of the LTIP detailed above, the Committee did not exercise any discretion in relation to the annual bonus or LTIP and believes that the outcomes are both appropriate, based on the Company's performance during the year, and proportionate, having had regard to the experience of the Company's broad range of stakeholders.

2021 LTIP award to Executive Directors

	Share price on award (pence)	Percentage of salary awarded (%)	Number of shares awarded	Estimated percentage of award vesting (%)	Estimated number of shares eligible for vesting	Estimated share price on vesting (pence)[2]	Estimated value of vesting shares (£)	Value in single figure remuneration table attributable to share price appreciation	Dividend (pence per share)[3]	Total dividend on vesting shares (£)
M. Bishop Lafleche[1]	140.5	100%	139,471	35.78%	49,903	91.9	45,840	-	22.82	11,388
K. Flynn	140.5	125%	222,372	35.78%	79,565	91.9	73,087	-	22.82	18,157
J. Treger[4]	140.5	150%	179,677[4]	35.78%	64,288	91.9	59,054	-	22.82	14,671

(1) M. Bishop Lafleche was appointed to the Board as Chief Executive Officer with effect from 1 April 2022, the 2021 LTIP awards were granted while he was Chief Investment Officer and not a director.

(2) The vesting share price has been estimated as the three-month average share price ending on 29 December 2023.

(3) The LTIP value in the single figure remuneration table includes a cash value of 22.82 pence per share, equivalent to the dividends that the Executive Directors would have received on the 2021 shares from award date determined by the USD:GBP exchange rate prevailing on the records for each dividend.

(4) J. Treger stepped down from the Board on 31 March 2022, the number of share awarded have been prorated for time served, with the original grant being 431,224 shares.

Total pension entitlements (audited)

The Company makes contributions to employees' pensions and has designated the National Employment Savings Trust (NEST) as its stakeholder pension provider. The Committee may pay a cash allowance in lieu of part or all of a Director's pension contribution.

Loss of office payments and payments to former Directors (audited)

The deferred share bonus plan awards that vested in February 2023, together with the LTIP awards which were pro-rated for service up to 31 March 2022 and had a performance period ending 31 December 2023 relating to the former CEO Mr. Treger, are detailed in "Vesting of share-based awards during 2023 (audited) section of this report".

There were no loss of office payments made to Directors or payments to former Directors in 2023 (2022: nil).

Directors' shareholding and share interests (audited)

Details of the Directors' interests in shares are shown in the table below.

	Beneficially owned at 24 March 2024[1]	Beneficially owned at 31 December 2023	% of salary shareholding achieved[2]	Shareholding requirement met[3]	Not subject to performance conditions: Share options	Not subject to performance conditions: Deferred bonus shares	Subject to performance conditions: LTIP – PSP
Executive Directors							
M. Bishop Lafleche	629,100	500,000	120%	No	—	—	949,685
K. Flynn	240,162	240,162	73%	No	—	—	776,630
Non-Executive Directors							
N.P.H. Meier	476,051	476,051	N/A	N/A	—	—	—
C. Coignard	–	–	N/A	N/A	—	—	—
R.G. Dacomb	110,000	110,000	N/A	N/A	—	—	—
J.E. Rutherford	118,593	118,593	N/A	N/A	—	—	—
V. Shine	10,001	10,001	N/A	N/A	—	—	—
R.H. Stan[4]	N/A	424,981	N/A	N/A			
A.R.K Webb[5]	–	N/A	N/A	N/A	—	—	—

(1) None of the Directors hold their shares in hedging arrangements or as collateral for loans. Such an arrangement would require the express permission of the Board.

(2) The share price used to determine the percentage of the shareholding of salary achieved is 100p based on the share price as at 29 December 2023.

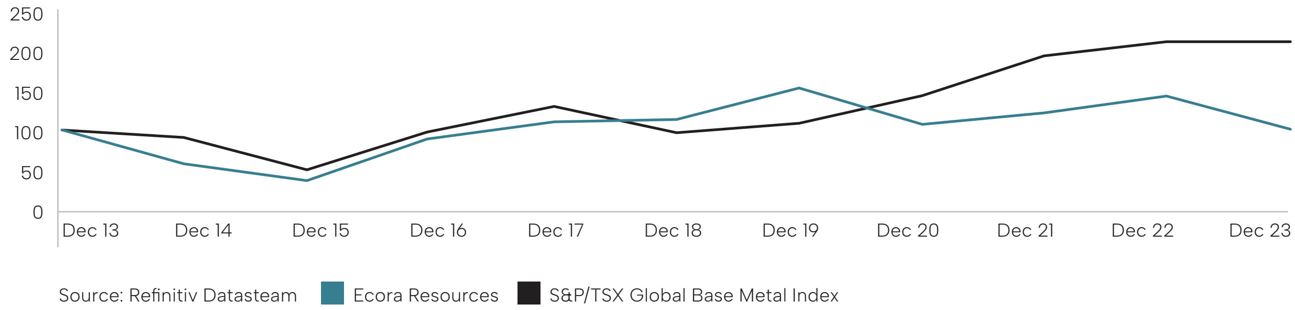
(3) The shareholding guideline for the Executive Directors is 200% of their salary within five years of appointment. From cessation, Executive Directors are normally required to hold the lower of the in-post requirement at the time of cessation and the actual shareholding at cessation for two years.

(4) Mr. Stan stepped down from the Board on 10 May 2023, the shareholding presented represents his shareholding as at that date.

(5) Mr. Webb was appointed to the on 15 January 2024.

Total shareholder return

S&P/TSX Global Base Metals Index vs Ecora Resources PLC



The EMIX Global Mining Index (excluding gold and energy) used as part of the LTIP performance targets was discontinued in July 2023. As a result, the Committee has considered a number of alternative indices to assess the performance of the Company's ordinary shares against.

The Committee has determined that the S&P/TSX Global Base Metals Index is the most suitable replacement, given the commodity mix the constituent companies are exposed to, and will be used to assess the total shareholder return element of all in-flight and future LTIP awards. The performance of the Company's ordinary shares compared to the S&P/TSX Global Base Metals Index for the ten-year period ended on 31 December 2023 is shown in the graph above. Both have been re-based at the start of the period in order to provide a graphical measure of comparative performance.

The middle-market price of an ordinary share on 29 December 2023 was 100p. During the year, the share price ranged from a low of 81.5p to a high of 156.8p.

Total remuneration for the CEO over time

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2022**	**2023**
	J.A. Treger[1]										**M. Bishop Lafleche[2]**	
Total remuneration (£'000)	39	432	374	563	655	696	737	594	800	192	**532**	**702**
Bonus outturn (%)	—	64%	—	47%	71%	72%	74%	35%	92%	66%	**83%**	**42%**
LTIP vesting (%)	—	—	—	—	—	—	—	—	—	—	**—**	**36%**

(1) J.A. Treger stepped down as CEO on 31 March 2022.

(2) M. Bishop Lafleche was appointed CEO on 1 April 2022.

The table above shows the total remuneration for the CEO during each of the financial years. The total remuneration figure is taken from the single figure remuneration table on page 116. The bonus outturn percentage is expressed as a percentage of the cap, where applicable, for the period in question.

Annual Remuneration Report for 2023 continued

Change in Directors' remuneration compared to UK employees

The following table sets out the year-on-year changes for the Directors' basic salary, benefits and annual bonus amounts for 2023, 2022, and 2021. We show the average change in each element for all of the Group's UK-based employees, all of whom are employed by Ecora Resources PLC directly. The Committee has chosen this comparator as it feels that it provides a more appropriate reflection of the earnings of the average worker than the movement in the Group's total wage bill.

	FY 2020 Year-on-year change in pay			FY 2021 Year-on-year change in pay			FY 2022 Year-on-year change in pay			**FY 2023 Year-on-year change in pay**		
	Salary/ fees[1]	Benefits[2]	Bonus	Salary/ fees[1]	Benefits[2]	Bonus	Salary/ fees[1]	Benefits[2]	Bonus	**Salary/ fees[1]**	**Benefits[2]**	**Bonus**
Executive Directors												
M. Bishop Lafleche[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**54%**	**53%**	**(23%)**
K. Flynn[4]	N/A	N/A	N/A	–%	5%	171%	14%	30%	5%	**14%**	**12%**	**(36%)**
Non-Executive Directors												
N.P.H. Meier	–%	–%	–%	–%	–%	–%	16%	–%	–%	**5.5%**	**–%**	**–%**
C. Coignard[5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**	**N/A**	**N/A**
R.G. Dacomb	–%	–%	–%	10%	–%	–%	–%	–%	–%	**14%**	**–%**	**–%**
J.E. Rutherford	–%	–%	–%	3%	–%	–%	3%	–%	–%	**(1%)**	**–%**	**–%**
V. Shine[6]	N/A	N/A	N/A	–%	–%	–%	4%	–%	–%	**25%**	**–%**	**–%**
R.H. Stan[7]	–%	–%	–%	–%	–%	–%	4%	–%	–%	**(60%)**	**–%**	**–%**
UK employees	(2%)	(22%)	(45%)	6%	14%	161%	6%	20%	(6%)	**9%**	**1%**	**(58%)**

(1) There was no increase in NED base or Committee fees in 2020 or 2021; an increase is due to individuals taking on additional committee memberships or Committee chairmanships.
(2) Benefits comprise of pension and medical cover, these being the most material; the increase between 2021 and 2022 reflects the impact of both an increase in the pension contribution from 8.5% of base salary to 10.0% for all employees and K. Flynn together with an increase in the underlying base salary.
(3) M. Bishop Lafleche was appointed Chief Executive Officer and appointed to the Board on 1 April 2022, the year-on-year increase in FY 2023 compares the salary received as Chief Executive Officer for 8 months in 2022 to a full year in 2023. The change in full year equivalent salaries from 2022 to 2023 was 16%.
(4) K. Flynn was appointed to the Board on 1 January 2020.
(5) C. Coignard was appointed to the Board on 1 January 2023.
(6) V. Shine joined the Board on 23 August 2021; her full year equivalent fee in 2021 was 4% lower than 2022.
(7)R.H. Stan retired from the Board on 10 May 2023.

Distribution statement for 2023

The table below sets out the total expenditure on employee reward compared to the dividends received by shareholders, acquisitions during the year and income taxes paid.

	2023 $m	2022 $m	% (decrease) /increase
Employee benefit expense[1]	**5.6**	5.6	—
Dividends	**22.1**	19.4	14%
Acquisition of royalty and metal stream-related assets[2]	**27.5**	185.0	(85%)
Income taxes paid[3]	**23.4**	12.0	95%

(1) Employee benefit expense for the financial year as per note 7a to the financial statements.
(2) Acquisition of royalty and metal-related assets during the financial year is the sum of the cash flows for the purchase of mining and exploration interests, royalty intangible assets, metal streams and royalty financial instruments per the Group's statement of cash flows, together with fixed deferred consideration, excluding transaction costs.
(3) Income taxes paid are as per the Group's statement of cash flows.

Statement of shareholder voting

At last year's AGM held on 10 May 2023, the resolution relating to the 2022 Directors' Remuneration Report were approved by shareholders on a show of hands. Details of the valid proxy votes received for the resolution are detailed below:

Resolution	Votes for	Votes against	Votes withheld[a]
Approval of Directors' Remuneration Report	128,342,962	6,485,473	47,284
	95.18%	4.82%	

The Directors' remuneration policy was last put to shareholders at the AGM held on 26 May 2021, where it was approved by shareholders on a show of hands. Details of the valid proxy votes received for the resolution are detailed below:

Resolution	Votes for	Votes against	Votes withheld[a]
Approval of the Directors' remuneration policy	93,621,298	5,624,695	88,943
	94.33%	5.67%	

(a) A vote 'withheld' is not a vote in law and is not counted in the calculation of the proportion of votes for and against the resolution.

External advisers

The table below details the external advisers to the Committee and the fees paid for services provided during 2023. The fees for external advisers are charged on a time and expenses basis and are in accordance with the terms and conditions set out in the relevant engagement letter.

The Committee are satisfied that the Korn Ferry engagement team, which provides remuneration advice to the Committee, does not have connections with Ecora Resources PLC or its Directors that may impair its independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has no other connection with the Company or any of the Directors.

External advisers and fees

Advisers		Fees for committee assistance
Korn Ferry	Appointed by the Committee as external advisers from February 2020 following a competitive tender process. Support during 2023 included attendance and advice at Remuneration Committee meetings, specialist share award valuation services, remuneration benchmarking and advice on the remuneration arrangements for the Directors.	£57,895

Directors' service agreements

The Executive Directors are employed under rolling service contracts with no fixed term. The service contracts of Mr. Bishop Lafleche and Mr. Flynn provide for a six-month notice period and an additional payment equivalent to six months' basic salary in line with the Group's redundancy policy. In the event of change of control of the Company, there is no enhancement to contractual terms. The dates of the Executive Directors' service agreements are set out below.

	Date of appointment
M. Bishop Lafleche	1 April 2022
K. Flynn	1 January 2020

The Chairman and NEDs are appointed by the Company under letters of appointment and do not have service contracts or contracts for service. All NEDs are expected to serve for an initial period of three years, subject to annual re-election by shareholders at the AGM. At the Board's discretion, NEDs may have their service contracts renewed for up to two further three-year periods. The Chairman and the NEDs have a notice period of not less than one month from either side. The dates of each NED's original appointment are set out below.

	Date of appointment	Date of most recent term	Date of expiry
N.P.H Meier	30 April 2015	30 April 2021	30 April 2024
C. Coignard	1 January 2023	1 January 2023	1 January 2026
R.G. Dacomb	1 November 2019	1 November 2022	1 November 2025
J.E. Rutherford	1 November 2019	1 November 2022	1 November 2025
V. Shine	23 August 2021	23 August 2021	23 August 2024
A.R.K Webb	15 January 2024	15 January 2024	15 January 2027

Approval

This report was approved by the Board on 25 March 2024 and signed on its behalf by

V. Shine
Chair of the Remuneration Committee

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2023.

Principal activities

The Group's principal royalty activities are set out in the Strategic Report on pages 1 to 82.

Going concern

The financial position of the Group and its cash flows are set out on pages 138 and 141. The Directors have considered the principal risks of the Group which are set out on pages 63 to 67, and considered key sensitivities which could impact the level of available borrowings. As at 31 December 2023, the Group had cash and cash equivalents of $7.9m, as set out in note 23, and borrowings of $82.4m under its revolving credit facility, as set out in note 25. The Group's secured $150m revolving credit facility was amended and extended on 31 January 2024, for an initial term of three years as detailed in notes 25 and 38. Subject to continued covenant compliance, the Group has access to a further $58m through its secured $150m revolving credit facility as at the date of this report.

The Directors considered the Group's cash flow forecasts for the period to the end of March 2025 under base and downside scenarios, with reference to the Group's principal risks as set out in the Group's viability statement on pages 63 to 67. In all of the scenarios modelled (including an aggregate downside scenario which combines adverse movements of 10% in respect of each of pricing, volume and currency movements), the Group maintains sufficient liquidity throughout the 12-month period from the date of approval of these consolidated financial statements.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and other uncertainties, together with the Group's cash position and access to the revolving credit facility, show that the Group will be able to operate within the level of its current facilities for a period of at least 12 months from the date of approval of the financial statements. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

Results and dividends

The consolidated income statement is set out on page 136 of the financial statements.

The Group reported a profit after tax of $0.8m (2022: $94.6m).

Total dividends for 2023 will amount to 8.5c per share (2022: 7.00p per share or 8.6c per share based on 12 month average GBP:USD exchange rate of 1.23), combining the recommended final dividend of 2.125c per share for the year ended 31 December 2023 with the interim dividends of 2.125p per share paid on 26 July 2023, 25 October 2023 and 14 February 2024. The final dividend for the year ended 31 December 2023 is subject to shareholder approval at the 2024 AGM. The Board proposes to pay the final dividend on 5 June 2024 to shareholders on the Company's share register at the close of business on 10 May 2024. The shares will be quoted ex-dividend on the London and Toronto Stock Exchanges on 9 May 2024.

Outlook

The outlook for, and likely future developments of, the Group are described within the Chairman's Statement on pages 12 and 13, together with the Chief Executive Officer's Statement on pages 16 and 17, and the Group's Strategic Report on pages 1 to 82.

Directors

The names of the Directors in office on the date of approval of these financial statements, together with their biographical details and other information, are shown on pages 92 and 93.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation. However, in accordance with the Code, all Directors are subject to annual re-election.

All Directors will stand for election or re-election at the 2024 AGM, with the exception of Mr. N.P.H Meier who is stepping down from the Board with effect from the conclusion of the AGM.

A table of Directors' attendance at Board and Committee meetings during 2023 is on page 87.

Directors' powers

The Directors may exercise all the powers of the Company, subject to applicable legislation and regulation and the Company's Articles of Association. The Company's Articles of Association may be amended by special resolution of the shareholders.

At the 2023 AGM, held on 10 May 2023, the Directors were given the power to:

- issue new shares up to an aggregate nominal amount of £1,702,162 (equivalent to one-third of the Company's issued share capital) together with a further aggregate nominal amount of £1,702,162 (equivalent to one-third of the Company's issued share capital) in connection with a pre-emptive offer by way of a rights issue to existing shareholders. This power will expire at the earlier of the conclusion of the 2024 AGM or 30 June 2024;
- make market purchases of ordinary shares up to a maximum number of 25,790,340. This power will expire at the earlier of the conclusion of the 2024 AGM or 30 June 2024;
- to allot equity shares or sell treasury shares for cash other than pro-rata to existing shareholders up to an aggregate nominal amount of £515,807 (equivalent to 10% of the Company's issued ordinary share capital) for general purposes and an additional power to disapply pre-emption rights up to an aggregate nominal amount of £515,807 (equivalent to 10% of the Company's issued ordinary share capital) for transactions which the Directors determine to be an acquisition or other capital investment as defined by the Pre-emption Group in the Statement of Principles on Disapplying Pre-Emption Rights (2022). These powers will expire at the earlier of the conclusion of the 2024 AGM or 30 June 2024.

The Group maintains insurance for its Directors and officers against certain liabilities in relation to the Group. The Group has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006.

Political donations

No political donations were made during 2023 (2022: nil). Ecora Resources has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Our Greenhouse Gas Emissions

Ecora Resources is a small organisation, with thirteen employees and two Executive Directors, which means that any emission sources within its operational and financial control, such as business travel, purchase of electricity, heat or cooling by the Group, are limited. The Group's Scope 1, Scope 2 and Scope 3 (upstream) emissions are reported on page 78, in addition, our Scope 3 financed emissions attributable to our portfolio of royalties and streams are reported on page 80. During the year ended 31 December 2023, the Group consumed less than 40,000Kwh of energy (2022: <40,000Kwh) and is therefore exempt from reporting under the UK Government's Streamlined Energy and Reporting Statutory Instrument: 2018/1155.

Capital structure

The structure of the Company's ordinary share capital at 26 March 2024 was as follows:

	Issued No.	Nominal value per share	Total £	% of total capital
Ordinary shares	261,732,553	0.02	5,234,651	100%

Of the Company's ordinary share capital, 3,829.152 ordinary shares are held in treasury. Therefore, the total voting rights in the Company as at 26 March 2024 is 257,903,401 votes.

Change of control

A number of agreements terminate upon a change of control of the Company, such as certain commercial contracts and the revolving credit facility. None of these are considered significant in terms of the business as a whole. There is no change of control provision in any of the Directors' contracts.

Rights and obligations

Dividends

The £0.02 ordinary shares carry the right to dividends determined at the discretion of the Board.

Voting rights

The £0.02 ordinary shares carry the right to one vote per share.

Relationship agreement

On 19 July 2022, the Company entered into a relationship agreement with South32 SA Investments Limited (South32), a shareholder holding approximately 16.9% of the issued capital of the Company, which contains a number of undertakings from South32 which are intended to ensure, subject to certain carve-outs, that the Company can operate its business independently of South32, that all transactions between the Company and South32 will be conducted in accordance with the related party transaction provisions contained in Chapter 11 of the Listing Rules with which the Company voluntarily complies and that South32 does not take any action to prevent the Company complying with its Listing Rule obligations. The relationship agreement also grants South32 the right to appoint a director to the Board of the Company (although this appointment right has not been exercised to date). The relationship agreement (including the board appointment right) will terminate if South32 shareholding falls below 10%.

The Board confirms that, since the relationship agreement was entered into by the Company on 19 July 2022, as at 26 March 2024 (being the latest practicable date prior to the publication of this annual report and accounts):

- the Company has complied with the independence provisions included in the relationship agreement;
- so far as the Company is aware, the independence provisions included in the relationship agreement have been complied with by South32 and its group companies/associates as applicable; and
- so far as the Company is aware, the procurement obligation relating to compliance by South32's group companies/associates included in the relationship agreement has been complied with by South32.

Restrictions on transfer of holdings

At the date of this report, there are no specific restrictions on the size of a holding nor on the transfer of the Company's shares, which are both governed by the general provisions of the Company's Articles of Association and prevailing legislation.

The South32 relationship agreement contained lock-in arrangements pursuant to which South32 agreed not to dispose of any interests in any of the consideration shares (comprising 43,622,091 of ordinary shares) for a nine-month period ending on 18 April 2023 (subject to customary exceptions). At the date of this report, these lock-in arrangements have expired.

Special control rights

The Company's ordinary shares are subject to transfer restrictions and forced transfer provisions that are intended to prevent, among other things, the assets of the Company from being deemed to be 'plan assets' under US Employment Retirement Income Security Act of 1974 (ERISA). For more information refer to the important notices section.

Employee share schemes

Details of employee share schemes are set out on page 179 to 181 in note 30 to the financial statements.

Shares held in treasury

As at 31 December 2023, the Company holds 3,829,152 £0.02 ordinary shares in treasury following the share buyback in 2020, detailed in note 29 to the financial statements.

Allotment of ordinary shares

On 19 July 2022, the Company issued 43,622,091 new ordinary shares to South32 Royalty Investments Pty Ltd (South32) in connection with the Company's copper and nickel royalty and portfolio acquisition from South32. In return the Company received, the transfer of a right to a 2% net smelter return royalty on part of the Santo Domingo project in Chile, further details are set out in notes 18 and 29. The royalty right was acquired by the Company for a value of $89.3m which was partly settled by this issuance of new ordinary shares and partly settled by the payment in cash of $10.3m. The new ordinary shares issued had a nominal value of 2p per share and were issued a premium of 149.4p per share and rank pari passu in all respects with the existing ordinary shares.

There were no allotments of ordinary shares during the year ended 31 December 2023. As a result, the Company has not issued any new ordinary shares (other than as part of a pre-emptive offer) in the 12 months preceding the date of this Annual Report and Accounts.

Purchase of own shares

At the AGM held on 10 May 2023, authority was given for the Company to purchase, in the market, up to 25,790,340 ordinary shares. This authority will expire at the 2024 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

There were no purchases of own shares during the years ended 31 December 2023.

Substantial shareholdings

The Company has been notified, of the following interests of 3% or more in the share capital of the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules. As at 26 March 2024 (being the latest practicable date for inclusion in this report), the Company has not received any additional notifications pursuant to DTR 5.

	Ordinary shares of 2p each	Representing
South32	43,625,091	16.9%
Aberforth Partners	22,068,452	10.3%
Schroder Investment Management	15,974,959	7.5%
AXA Investment Managers	12,406,615	5.8%
Canaccord Genuity Wealth Management	12,876,968	4.9%
Ransome's Dock Limited	7,941,120	3.1%

Directors' interests

See page 121 for a list of Directors' interests in shares.

Internal controls

The Directors confirm that there have been no significant changes to the system of internal controls, nor have there been any significant breaches reported during the year. As a result, the Board has concluded that the controls and procedures are adequate.

Data on diversity of the Board and Executive Management

The Board's statement on its approach to gender and ethnicity targets, including the diversity targets set out in the UK Listing Rules, can be found on page 126. The additional numerical data on the diversity of the Board and executive management, in the format prescribed by UK Listing Rule 9.8.6R(10), is set out below as at 31 December 2023. The underlying data was collected directly from the Board and the Executive Committee.

The Group defines Executive Management as the members of the Executive Committee which consists of the Chief Executive Officer and the Chief Financial Officer, who are both Directors of the Company, together with the Investment Manager and General Counsel.

(a) Gender Identity or Sex

	Number of Board Members	% of Board	Number of Senior Positions[1]	Number in Executive Management	% of Executive Management
Men	5	71.4%	3	2	50%
Women	2	28.2%	1	2	50%
Not specified/ Prefer not to say	—	—	—	—	—

(1) Senior Positions include: Chair, CEO, CFO and SID.

(b) Ethnic Background

	Number of Board Members	% of Board	Number of Senior Positions[1]	Number in Executive Management	% of Executive Management
White British or Other White	7	100%	4	4	100%
Mixed/ Multiple Ethnic Groups	—	—	—	—	—
Asian/ Asian British	—	—	—	—	—
Black/ African/ Caribbean /Black British	—	—	—	—	—
Other Ethnic Groups, including Arab	—	—	—	—	—
Not specified/ Prefer not to say	—	—	—	—	—

(1) Senior Positions include: Chair, CEO, CFO and SID.

For further information on the Group's approach to diversity refer to page 53.

Auditors
Ernst & Young LLP have expressed willingness to assume the office of external auditors. In accordance with section 489(4) of the Companies Act 2006 a resolution to appoint auditors will be proposed at the 2024 AGM.

Statement as to disclosure of information to auditors
The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that such audit information has been communicated to the auditors.

Other statutory and regulatory information
Information in relation to the Group's payment policy can be found in note 27 and a statement on going concern is provided in note 3.1.1.

Designated Foreign Issuer status
The Company continues to be listed on the TSX and to be a 'reporting issuer' in the Province of Ontario, Canada. The Company also continues to be a 'designated foreign issuer', as defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers of the Canadian Securities Administrators. As such, the Company is not subject to the same ongoing reporting requirements as most other reporting issuers in Canada. Generally, the Company will be in compliance with Canadian ongoing reporting requirements if it complies with the UK Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (United Kingdom), as amended from time to time, and the applicable laws of England and Wales (the 'UK Rules') and files on its SEDAR profile at www.sedar.com any documents required to be filed or furnished pursuant to the UK Rules.

By Order of the Board

J. Gray
Company Secretary
26 March 2024

Registered office
Kent House
3rd Floor North
14 – 17 Market Place
London
W1W 8AJ

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the Group and parent company financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group and parent company financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its profit or loss for that period. In preparing these financial statements, International Accounting Standard 1 required that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, whose names and functions are set out on pages 92 and 93, confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report, on pages 1 to 82, which is incorporated in the Directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website, www.ecora-resources.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By Order of the Board

N.P.H. Meier
Chairman
26 March 2024

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Ecora Resources plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet and company balance sheet;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated statement of cashflows and company statement of cash flows; and
- the related notes 1 to 39.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: ■ Valuation of the Kestrel royalty; and ■ Impairment assessment of the royalty intangibles and metal stream portfolio.
Materiality	The materiality that we used for the group financial statements was $7m which was determined on the basis of considering a range of different measures including net assets, total assets, and adjusted profit before tax. In the current year this level of materiality has been applied for all balances and disclosures except for the balances which contribute towards an adjusted profit before tax (PBT) metric, for which we have used a lower materiality of $3 million as explained in section 6.1.
Scoping	Consistent with the way the group is centrally managed from the UK office, we consider the group to be one component. Consequently, all assets, liabilities, income and expenses are subject to a full scope audit.
Significant changes in our approach	The risk associated with the initial accounting for royalties acquired from South 32 during 2022 is no longer represented as a key audit matter.

Report on the audit of the financial statements continued

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing the financing facilities including the nature of facilities, repayment terms and covenants;
- assessing the cash flow forecasts produced by management and challenging the underlying data and key assumptions, such as forecast commodity prices and expected production volumes, and evaluating their consistency with valuation models, budgets and actual performance where applicable;
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- challenging management's downside scenario by considering external information on actual and forecast commodity prices and production volumes;
- assessing, based on our own independent analysis, what reverse stress testing scenarios could lead either to a loss of liquidity or a covenant breach and whether these scenarios were plausible; and
- assessing the appropriateness of the group's going concern related financial statement disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of the Kestrel royalty

Key audit matter description	The Kestrel royalty was held at a fair value of $77.4m at 31 December 2023 (2022: $106.7m) with movements in fair value recognised through the income statement. The valuation of the Kestrel royalty is subjective and contains heightened levels of judgement in relation to the discount rate used, the forecast commodity prices and the expected production profile. Management engaged a third-party valuation specialist to assist them in valuing this royalty asset. Based on their analysis of the commodity yield and the relatively short life of mine, management and their valuation specialist considered the impact of climate change not to be material, given that thermal coal constitutes only a minor part of the Kestrel royalty over the short to medium-term period and that coking coal, the primary product, is considered likely to remain a key input to the steel production process over the remaining life of mine. Due to the high level of judgements involved, the significance of this asset to the group's portfolio and the potential for highly material movements in fair value to be recorded in the income statement, we have determined that there was a potential for fraud through possible manipulation of this balance. The commodity price, discount rate and exchange rate assumptions are set out in note 15 to the financial statements along with the related sensitivity analysis. Further details of this matter have been disclosed in the Audit Committee report on pages 97 and 98, in the "Key sources of estimation uncertainty" in note 4 and in note 15.

How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls applied by management in their estimation of the fair value, including oversight and supervision of the third-party valuation specialist. We understood the methodology and assumptions applied by management's specialist in performing its valuation by reading their report and through follow up discussions with them. We challenged the pricing assumptions incorporated in the valuation model by comparison to recent third party forecast commodity price data and other available market information. We compared the forecast annual production incorporated by management's specialist in their valuation model to estimates provided by the operator and obtained an understanding of any significant differences. With assistance of our internal valuation specialits we preapred an independent range of discount rates and compared that to the rate used in the valuation model. We assessed and challenged management's valuation specialist's analysis of climate change factors, taking into consideration the relatively limited remaining life of the mine. We evaluated the capability, objectivity and competence of management's third- party valuation specialist. We also obtained an understanding of changes made to the key assumptions used in the valuation model at the request of management to address the risk of any possible management bias. We assessed the appropriateness of management's disclosure in the financial statements, including post balance sheet events and sensitivity analysis based on reasonably possible changes in key assumptions.
Key observations	We are satisfied that the fair value of the Kestrel royalty is within an acceptable range and the associated disclosures are appropriate.

5.2. Impairment assessment of the royalty intangibles and metal stream portfolio

Key audit matter description	At 31 December 2023 royalty arrangements held as intangible assets and the metal stream held as property, plant and equipment ("PP&E") have a net carrying amount of $269.8m (2022: $252.5m m) and $161.4m (2022: $164.7m) respectively. The assessment of whether impairment or impairment reversal indicators exist and, if they do, estimating the recoverable amount for each cash generating unit (CGU), being royalty arrangements and a metal stream, includes the preparation by management of a valuation model for each CGU which requires management to adopt key judgements in relation to the discount rates used, the forecast commodity prices, the expected production profiles and where relevant the probability of production commencing. Management also considered climate change factors in their impairment indicators analysis. Further details of this matter have been disclosed in the Audit Committee report on pages 97 and 98, in the "Key sources of estimation uncertainty" in note 4 and in notes 16 and 18.
How the scope of our audit responded to the key audit matter	We understood the methodology applied by management in performing its impairment test for each of the relevant CGUs and obtained an understanding of the relevant controls over the process. We challenged management's assessment as to whether indicators of impairment or impairment reversal exist for specific royalty and metal stream arrangements through evaluation of changes in production and pricing forecasts and a review of publicly available information. We also assessed the extent to which CGUs with a material carrying value had a level of headroom that was sensitive to changes in the key valuation judgements highlighted above. In respect of CGUs identified as a result of the process outlined above, together with any material new royalty arrangements entered into during the year, we obtained the valuation models and challenged: ■ the methodology of the valuation models by comparison to the underlying agreements where applicable; ■ the accuracy of the models by reperforming key calculations; ■ the pricing assumptions adopted by management by comparison to third party forecast commodity price data and other available market information; and ■ the forecast production data by comparison to information from the operator or other publicly available information. We involved our internal valuation specialists to prepare an independent range of discount rates and compared those to the rates adopted by management in their valuation model. We involved our internal mining advisory specialists to benchmark the probability factors used in the valuation model for the non-producing assets by reference to industry data. We challenged management's assessment, including climate change factors, of whether and in what timeframe projects still in the development phase would reach commercial production, through an independent assessment based on third party data available from asset operators. We assessed the appropriateness of management's disclosure in the financial statements including sensitivity analysis based on reasonably possible changes in key assumptions.
Key observations	We are satisfied that the key assumptions used by management in their valuation models were within a reasonable range, that no impairment charges or reversals were required and that the associated disclosures were appropriate.

Report on the audit of the financial statements continued

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$7m	$7m
Basis for determining materiality	Materiality has been determined by considering a range of different measures and represents 1.4% of net assets and 1.1% of total assets. We have applied a lower materiality of $3m for all balances that contribute to an adjusted profit before tax (PBT) metric, with this amount representing 9.8% of this measure.	Parent company materiality is determined based on 2% of net assets, being $8.1m, but has been capped at group materiality.
Rationale for the benchmark applied	The long-term value for shareholders is in the asset base as the company generates its wealth through royalties and metal streams acquired. Although some assets are acquired at the development stage and hence a portion of the group's value is not yet reflected in the income statement, a significant portion of the group's balance sheet is now revenue generating. Therefore we have concluded that adjusted PBT, which represents PBT after excluding the revaluation of royalty financial instruments, revaluation of the Kestrel royalty and a $5.3m non-recurring release of deferred income (see note 5), is an important metric as it takes into consideration the value of the group's revenue generating assets. Adjusted PBT in 2023 is significantly lower than the prior year and hence we have determined it is appropriate to apply a lower materiality of $3 million for all balances that contribute towards this metric.	Net assets were considered a more stable base than profits due to the effect of unrealised fair value gains/ losses in each financial year. The long-term value for shareholders is also in the asset base as the company generates its wealth through royalties and metal streams acquired. Considering that these are sometimes bought in the development phase of an asset's life a part of the company's value at this moment is not reflected in the income statement.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022: 70%) of group materiality	70% (2022: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the group's overall control environment, and our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $350,000 (2022: $450,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Audit work to respond to the risks of material misstatement was performed directly by the engagement team.

Consistent with the way the group is centrally managed from the UK office, we consider the group to be one component. Consequently, all assets, liabilities, income and expenses are subject to full scope audit.

7.2. Our consideration of the control environment

We obtained an understanding of the internal controls which are relevant to our audit. We also tested certain controls over revenue. The approach remains broadly consistent with previous years.

7.3. Our consideration of climate-related risks

In planning our audit, we considered the potential impacts of climate change on the group's business and its financial statements. We challenged management's climate-related risk assessment and held discussions with management to understand the group's process for identifying climate-related risks, the determination of mitigating actions and the impact on the group's financial statements. We also evaluated the Task Force on Climate-related Financial Disclosures (TCFD) report, in line with the latest guidance and considered whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

The group has a limited exposure to thermal coal, constituting a minor part of the Kestrel royalty over the short to medium-term period, with the rest of the portfolio aligned with the requirements for new technology or not being easily substitutable.

As disclosed in notes 15, 16 and 18 to the financial statements, management analysed the impact of climate change on those assets whose values are determined or impacted by modelling future cash flows, being royalty intangible assets, metal streams and Kestrel coal royalty. Our audit work considered the group's analysis of the climate impacts on those future cash flows, including both physical risks such as acute weather conditions and transitional risks such as change in demand or commodity pricing.

We read the disclosures within the Annual Report with the involvement of our Environmental, Social and Governance specialists, and considered whether these disclosures are materially consistent with our understanding of the climate-related risks, assumptions and judgements during the year and our knowledge obtained in the audit. We also evaluated whether appropriate disclosures have been made in the financial statements.

8. Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

Report on the audit of the financial statements continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
  - the matters discussed among the audit engagement team and relevant internal specialists, including tax, climate change, mining advisory and valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the Kestrel royalty. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of the Kestrel royalty as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 124;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 82;
- the directors' statement on fair, balanced and understandable set out on page 128;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 99 and 100;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 99 and 100; and
- the section describing the work of the Audit Committee set out on pages 96 to 100.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by shareholders at the AGM on 11 June 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years, covering the years ending 31 December 2014 to 31 December 2023.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

David Paterson ACA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP Statutory Auditor
London, United Kingdom
26 March 2024

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Royalty and metal stream related revenue	5	**61,900**	141,870
Metal streams cost of sales	16	**(1,338)**	(4,265)
Amortisation and depletion of royalties and streams	16, 18	**(7,467)**	(9,351)
Operating expenses	6a	**(10,889)**	(10,849)
Operating profit before impairments, revaluations and gains on disposals		**42,206**	117,405
Impairment of royalty intangible assets	18	**—**	(4,083)
Revaluation of royalty financial instruments	17	**(3,088)**	(1,373)
Revaluation of coal royalties (Kestrel)	15	**(28,520)**	27,833
Finance income	8	**921**	8
Finance costs	9	**(8,270)**	(6,109)
Net foreign exchange gains/(losses)		**70**	(1,593)
Other income	10	**1,234**	3,356
Profit before tax		**4,553**	135,444
Current income tax charge	11	**(16,325)**	(34,470)
Deferred income tax credit/(charge)	11, 26	**12,619**	(6,337)
Profit attributable to equity holders		**847**	94,637
Total and continuing earnings per share			
Basic earnings per share	12	**0.33c**	40.43c
Diluted earnings per share	12	**0.33c**	40.30c

The notes on pages 142 to 194 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Profit attributable to equity holders		**847**	94,637
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments held at fair value through other comprehensive income			
Revaluation of royalty financial instruments	17	**(1,706)**	(3,670)
Revaluation of mining and exploration interests	19	**(491)**	642
Deferred taxes relating to items that will not be reclassified to profit or loss	26	**624**	390
		(1,573)	(2,638)
Items that have been or may be subsequently reclassified to profit or loss			
Net exchange gain/(loss) on translation of foreign operations		**336**	(10,355)
		336	(10,355)
Other comprehensive loss for the year, net of tax		**(1,237)**	(12,993)
Total comprehensive profit for the year		**(390)**	81,644

The notes on pages 142 to 194 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET AND COMPANY BALANCE SHEET

as at 31 December 2023

		Group		Company	
	Notes	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Non-current assets					
Property, plant and equipment	14	**3,063**	3,632	**3,063**	3,632
Coal royalties (Kestrel)	15	**77,354**	106,669	**—**	—
Metal streams	16	**161,440**	164,755	**—**	—
Royalty financial instruments	17	**32,829**	43,880	**—**	—
Royalty and exploration intangible assets	18	**269,801**	252,549	**—**	—
Mining and exploration interests	19	**2,791**	3,483	**367**	1,059
Deferred costs	20	**341**	2,491	**341**	2,491
Investments in subsidiaries	21	**—**	—	**412,990**	352,325
Other receivables	22	**33,708**	37,429	**114,030**	160,838
Deferred tax	26	**37,451**	36,632	**—**	—
		618,778	651,520	**530,791**	520,345
Current assets					
Trade and other receivables	22	**9,649**	21,566	**7,969**	604
Cash and cash equivalents	23	**7,850**	5,850	**6,673**	5,351
		17,499	27,416	**14,642**	5,955
Total assets		**636,277**	678,936	**545,433**	526,300
Non-current liabilities					
Borrowings	25	**82,400**	42,250	**75,400**	42,250
Other payables	27	**14,461**	22,649	**3,346**	3,423
Deferred tax	26	**28,126**	40,857	**—**	—
		124,987	105,756	**78,746**	45,673
Current liabilities					
Income tax liabilities		**15,927**	23,245	**—**	—
Derivative financial instruments	28	**—**	32	**—**	32
Trade and other payables	27	**13,344**	46,299	**59,915**	59,342
		29,271	69,576	**59,915**	59,374
Total liabilities		**154,258**	175,332	**138,661**	105,047
Net assets		**482,019**	503,604	**406,772**	421,253
Capital and reserves attributable to shareholders					
Share capital	29	**6,762**	6,761	**6,762**	6,761
Share premium	29	**169,212**	169,212	**169,212**	169,212
Other reserves		**103,293**	106,742	**104,546**	104,317
Retained earnings		**202,752**	220,889	**126,252**	140,963
Total equity		**482,019**	503,604	**406,772**	421,253

The notes on pages 142 to 194 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 (United Kingdom) not to present the parent company income statement. The profit for the parent company for the year was $7,257,000 (2022: profit of $86,232,000).

The financial statements of Ecora Resources PLC (registered number: 897608) on pages 136 to 141 were approved by the Board and authorised for issue on 26 March 2024 and are signed on its behalf by:

N.P.H. Meier
Chairman

M. Bishop Lafleche
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Notes	Share capital $'000	Share premium $'000	Other reserves							Retained earnings $'000	Total equity $'000
				Merger reserve $'000	Investment revaluation reserve $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Special reserve $'000	Treasury shares $'000	Investment in own shares $'000		
Balance at 1 January 2022		5,706	87,883	94,847	9,563	508	14,307	833	114	(1,535)	144,877	357,103
Profit for the year		—	—	—	—	—	—	—	—	—	94,637	94,637
Other comprehensive income:												
Changes in fair value of equity investments held at fair value through other comprehensive income:												
Valuation movement taken to equity	17, 19	—	—	—	(3,028)	—	—	—	—	—	—	(3,028)
Deferred tax	26	—	—	—	390	—	—	—	—	—	—	390
Foreign currency translation		—	—	—	—	—	(10,355)	—	—	—	—	(10,355)
Total comprehensive profit		—	—	—	(2,638)	—	(10,355)	—	—	—	94,637	81,644
Transferred to retained earnings on disposal	17, 19	—	—	—	(604)	—	—	—	—	—	604	—
Unclaimed dividends transferred to retained earnings		—	—	—	—	—	—	—	—	—	92	92
Dividends	13	—	—	—	—	—	—	—	—	—	(19,384)	(19,384)
Issue of ordinary shares	29	1,043	81,329	—	—	—	—	—	—	—	—	82,372
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	12	—	—	—	(230)	—	—	(12)	—	983	753
Utilisation of shares held by the employee benefit trust to satisfy employee-related share-based payments	30	—	—	—	—	(194)	—	—	—	1,535	(920)	421
Value of employee services	30	—	—	—	—	603	—	—	—	—	—	603
Total transactions with owners of the Company		1,055	81,329	—	(604)	179	—	—	—	1,535	(18,625)	64,857
Balance at 31 December 2022		6,761	169,212	94,847	6,321	687	3,952	833	102	—	220,889	503,604
Balance at 1 January 2023		**6,761**	**169,212**	**94,847**	**6,321**	**687**	**3,952**	**833**	**102**	**—**	**220,889**	**503,604**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**847**	**847**
Other comprehensive income:												
Changes in fair value of equity investments held at fair value through other comprehensive income:												
Valuation movement taken to equity	17, 19	**—**	**—**	**—**	**(2,197)**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,197)**
Deferred tax	26	**—**	**—**	**—**	**624**	**—**	**—**	**—**	**—**	**—**	**—**	**624**
Foreign currency translation		**—**	**—**	**—**	**—**	**—**	**336**	**—**	**—**	**—**	**—**	**336**
Total comprehensive profit		**—**	**—**	**—**	**(1,573)**	**—**	**336**	**—**	**—**	**—**	**847**	**(390)**
Transferred to retained earnings on disposal	17, 19	**—**	**—**	**—**	**(3,002)**	**—**	**—**	**—**	**—**	**—**	**3,002**	**—**
Dividends	13	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(22,062)**	**(22,062)**
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**(1)**	**—**	**76**	**76**
Value of employee services	30	**—**	**—**	**—**	**—**	**791**	**—**	**—**	**—**	**—**	**—**	**791**
Total transactions with owners of the Company		**1**	**—**	**—**	**(3,002)**	**791**	**—**	**—**	**—**	**—**	**(18,984)**	**(21,195)**
Balance at 31 December 2023		**6,762**	**169,212**	**94,847**	**1,746**	**1,478**	**4,288**	**833**	**101**	**—**	**202,752**	**482,019**

The notes on pages 142 to 194 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

				Other reserves							
	Notes	Share capital $'000	Share premium $'000	Merger reserve $'000	Investment revaluation reserve $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Special reserve $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2022		5,706	87,883	94,847	212	508	7,595	833	114	72,242	269,940
Changes in equity for 2022											
Changes in fair value of equity investments held at fair value through other comprehensive income:											
Valuation movement taken to equity	19	—	—	—	645	—	—	—	—	—	645
Net income recognised directly in equity		—	—	—	645	—	—	—	—	—	645
Profit for the period		—	—	—	—	—	—	—	—	86,232	86,232
Total recognised income and expenses		—	—	—	645	—	—	—	—	86,232	86,877
Transferred to retained earnings on disposal	19	—	—	—	(604)	—	—	—	—	604	—
Unclaimed dividends transferred to retained earnings		—	—	—	—	—	—	—	—	92	92
Dividends		—	—	—	—	—	—	—	—	(19,384)	(19,384)
Foreign currency translation		—	—	—	—	—	—	—	—	—	—
Issue of ordinary shares	29	1,043	81,329	—	—	—	—	—	—	—	82,372
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	12	—	—	—	(230)	—	—	(12)	983	753
Utilisation of shares held by the employee benefit trust to satisfy employee-related share-based payments		—	—	—	—	(194)	—	—	—	194	—
Value of employee services	30	—	—	—	—	603	—	—	—	—	603
Balance at 31 December 2022		6,761	169,212	94,847	253	687	7,595	833	102	140,963	421,253
Balance at 1 January 2023		**6,761**	**169,212**	**94,847**	**253**	**687**	**7,595**	**833**	**102**	**140,963**	**421,253**
Changes in equity for 2023											
Changes in fair value of equity investments held at fair value through other comprehensive income:											
Valuation movement taken to equity	19	**—**	**—**	**—**	**(544)**	**—**	**—**	**—**	**—**	**—**	**(544)**
Net income recognised directly in equity		**—**	**—**	**—**	**(544)**	**—**	**—**	**—**	**—**	**—**	**(544)**
Profit for the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,258**	**7,258**
Total recognised income and expenses		**—**	**—**	**—**	**(544)**	**—**	**—**	**—**	**—**	**7,258**	**6,714**
Transferred to retained earnings on disposal	19	**—**	**—**	**—**	**(17)**	**—**	**—**	**—**	**—**	**17**	**—**
Dividends		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(22,062)**	**(22,062)**
Utilisation of treasury shares to satisfy employee-related share-based payments	29, 30	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**(1)**	**76**	**76**
Value of employee services	30	**—**	**—**	**—**	**—**	**791**	**—**	**—**	**—**	**—**	**791**
Balance at 31 December 2023		**6,762**	**169,212**	**94,847**	**(308)**	**1,478**	**7,595**	**833**	**101**	**126,252**	**406,772**

The notes on pages 142 to 194 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS AND COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Cash flows from operating activities					
Profit before taxation		**4,553**	135,444	**7,868**	83,189
Adjustments for:					
Finance income	8	**(921)**	(8)	**(604)**	(349)
Finance costs	9	**8,270**	6,109	**8,244**	6,722
Net foreign exchange (gains)/losses		**(70)**	1,593	**2,253**	402
Other (income)/losses	10	**(1,234)**	(3,356)	**(1,606)**	726
Impairment of royalty and exploration intangible assets	18	**—**	4,083	**—**	—
Revaluation of royalty financial instruments	17	**3,088**	1,373	**(718)**	11,138
Royalties due or received from royalty financial instruments	17	**718**	2,782	**718**	2,782
Deferred income recognised as royalty revenue in current year	5	**(4,453)**	—	**—**	—
Revaluation of coal royalties (Kestrel)	15	**28,520**	(27,833)	**—**	—
Depreciation of property, plant and equipment	14	**681**	355	**681**	355
Amortisation and depletion of royalties and streams	16, 18	**7,467**	9,351	**—**	—
Amortisation of deferred acquisition costs	22	**17**	17	**17**	17
Impairment of investment in subsidiaries		**—**	—	**390**	169
Intercompany dividends		**—**	—	**(20,178)**	(105,486)
Share-based payment	30	**899**	709	**899**	709
		47,535	130,619	**(2,036)**	374
Decrease/(increase) in trade and other receivables		**9,731**	8,224	**1,402**	(926)
(Decrease)/increase in trade and other payables		**(346)**	5,700	**(128)**	(72)
Cash generated from operations		**56,920**	144,543	**(762)**	(624)
Income taxes paid		**(23,380)**	(12,048)	**(641)**	(984)
Net cash generated from/(used in) operating activities		**33,540**	132,495	**(1,403)**	(1,608)
Cash flows from investing activities					
Proceeds on disposal of mining and exploration interests	19	**79**	1,310	**79**	1,310
Investment in convertible loan		**(109)**	—	**—**	—
Purchase of property, plant and equipment	14	**(112)**	(537)	**(112)**	(537)
Purchase of royalty and exploration intangibles(1)	18	**(57,003)**	(59,360)	**—**	—
Purchase of royalty financial instruments	17	**(7,564)**	—	**—**	—
Proceeds on disposal of royalty intangibles	22	**5,338**	5,029	**—**	—
Proceeds on disposal of royalty financial instruments	17	**13,690**	—	**—**	—
Purchase of metal streams	16	**—**	(3,323)	**—**	—
Repayments under commodity-related financing agreements	22	**2,307**	2,859	**2,307**	2,859
Prepaid acquisition costs		**50**	—	**50**	—
Finance income	8	**151**	8	**128**	—
Intercompany dividends		**—**	—	**19,373**	113,406
Loans granted to subsidiary undertakings		**—**	—	**(40,760)**	(6,136)
Loan repayments from subsidiary undertakings		**—**	—	**7,882**	13,700
Net cash (used in)/generated from investing activities		**(43,173)**	(54,014)	**(11,053)**	71,033
Cash flows from financing activities					
Drawdown of revolving credit facility	24, 25	**96,000**	49,500	**89,000**	49,500
Repayment of revolving credit facility	24, 25	**(55,850)**	(119,250)	**(55,850)**	(119,250)
Loans from subsidiary undertakings		**—**	—	**49,032**	45,049
Repayment of loans from subsidiary undertakings		**—**	—	**(39,975)**	(24,751)
Proceeds from issue of share capital	29	**—**	922	**—**	922
Dividends paid	13	**(22,062)**	(19,384)	**(22,062)**	(19,384)
Lease payments	14	**(357)**	(312)	**(357)**	(312)
Finance costs	9, 20	**(6,010)**	(4,213)	**(5,525)**	(3,776)
Net cash generated from/(used in) financing activities		**11,721**	(92,737)	**14,263**	(72,002)
Net increase/(decrease) in cash and cash equivalents		**2,088**	(14,256)	**1,807**	(3,010)
Cash and cash equivalents at beginning of period		**5,850**	21,992	**5,351**	8,649
Effect of foreign exchange rates		**(88)**	(1,886)	**(485)**	(288)
Cash and cash equivalents at end of period		**7,850**	5,850	**6,673**	5,351

(1) Includes deferred consideration paid in current year of $36.7m (2022: $9.2m)

The notes on pages 142 to 194 are an integral part of these consolidated financial statements.

1 General information

Ecora Resources PLC (the 'Company') and its subsidiaries (together, the 'Group') secure natural resources royalties and streams by creating new royalties directly with operators or by acquiring existing royalties and streams. The Group has royalties and investments in mining and exploration interests primarily in Australia, North and South America and Europe, with a diversified exposure to commodities represented by cobalt, coking coal, iron ore, copper, vanadium, uranium and gold.

The Company is a public limited company, which is listed on the London Stock Exchange and Toronto Stock Exchange. The Company was incorporated and is domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Kent House, 3rd Floor North, 14–17 Market Place, London W1W 8AJ, United Kingdom (registered number: 897608).

2 Changes in accounting policies and disclosures

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2022. The Group has applied the following amendments for the first time for the financial year commencing 1 January 2023:

- Definition of Accounting Estimate – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred tax relates to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17) (the Group does not have any contracts that meet the definition of an insurance contract under IFRS 17)
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules (not applicable to the Group)

None of the amendments effective 1 January 2023 had an impact on the Group.

New and revised IFRS Standards in issue but not yet effective

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that, where applicable, these standards and amendments will be adopted on each respective effective date. The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Group:

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments specify requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction. The amendments do not change the accounting for leases unrelated to sale and leaseback transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and will be applied from that date.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1, and Non-current Liabilities with Covenants – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments are effective for annual periods beginning on or after 1 January 2024, and will be applied from that date.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The objective of the new disclosures is to provide information about supplier financing arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

The amendments are effective for annual periods beginning on or after 1 January 2024, and will be applied from that date.

3 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, UK adopted International Accounting Standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and those parts of the Companies Act 2006 applicable to companies reporting under those standards and the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom as applicable to periodic financial reporting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of coal royalties (investment property) and certain financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. A summary of the principal Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3 Material accounting policies continued

3.1.1 Going concern

The financial position of the Group and its cash flows are set out on pages 138 and 141. The Directors have considered the principal risks of the Group which are set out on pages 63 to 67, and considered key sensitivities which could impact the level of available borrowings. As at 31 December 2023, the Group had cash and cash equivalents of $7.9m, as set out in note 23, and borrowings of $82.4m under its revolving credit facility, as set out in note 25. The Group's secured $150m revolving credit facility was amended and extended on 31 January 2024, for an initial term of three years as detailed in notes 25 and 38. Subject to continued covenant compliance, the Group has access to a further $58m through its secured $150m revolving credit facility as at the date of this report.

The Directors considered the Group's cash flow forecasts for the period to the end of March 2025 under base and downside scenarios, with reference to the Group's principal risks as set out in the Group's Viability Statement on page 82. In all of the scenarios modelled (including an aggregate downside scenario which combines adverse movements of 10% in respect of each of pricing, volume and currency movements), the Group maintains sufficient liquidity throughout the period of assessment.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and other uncertainties, together with the Group's cash position and access to the revolving credit facility, show that the Group will be able to operate within the level of its current facilities for the period of at least 12 months from the date of approval of the financial statements. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

3.2 Consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company, its subsidiaries. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for in the parent company at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The carrying values of investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rates at the date of the transaction (and not retranslated). Non-monetary assets and liabilities measured at fair value are translated using the exchange rates at the date when fair value was determined.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity.

3 Material accounting policies continued

3.3 Foreign currencies continued

Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future, and therefore form part of the Group's net investment in these foreign operations, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. If a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified in the income statement as part of the gain or loss on sale.

3.4 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Once a mining project has been established as commercially viable, expenditure other than that on land, buildings, plant and equipment is capitalised as a producing asset within 'other assets' together with any amount transferred from 'exploration and evaluation costs' (note 3.7(b)).

Property, plant and equipment is depreciated over its useful life or, where applicable, over the remaining life of the mine if shorter once it is operating in the manner intended by management. The major categories of property, plant and equipment are depreciated on a units-of-production and/or straight-line basis as follows:

Equipment and fixtures	4 to 10 years
Other assets:	
Producing assets	Units of production (over reserves)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.5 Coal royalties (investment property)

Royalty arrangements which are derived from the ownership of sub-stratum lands are accounted for as investment properties in accordance with IAS 40. Investment property is held to earn a return in the form of royalty entitlements arising from mining activity and is initially measured at cost including any transaction costs. Investment property is subsequently measured at fair value at each reporting date with any valuation movements recognised in the income statement. Fair value is determined by a suitably qualified independent external consultant based on the discounted future royalty income expected to accrue to the Group.

3.6 Metal streams (property, plant and equipment)

Agreements for which settlement is called for in the underlying commodity, the amount of which is based on production at the mines, are stated at cost less accumulated depletion and accumulated impairment charges, if any.

The cost of the asset is comprised of its purchase price, any closing costs directly attributable to acquiring the asset, and, for qualifying assets, borrowing costs. The purchase price is the aggregate cash amount paid and the fair value of any other non-cash consideration given to acquire the asset.

Depletion

The cost of these mineral streams is allocated to the total expected deliveries to be received over the life of the mine determined by reference to reserves, resources and exploration potential. The cost of the mineral streams is depleted on a unit-of-production basis over the total expected deliveries to be received.

3.7 Intangible assets

(a) Royalty arrangements

Royalty arrangements which are identified and classified as intangible assets are initially measured at cost, including any transaction costs.

Upon commencement of production at the underlying mining operation intangible assets are amortised on a straight-line basis over the life of the mine. Amortisation rates are adjusted on a prospective basis for all changes to estimates of the life of mine.

(b) Exploration and evaluation costs

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or other projects that have been identified as having economic potential.

Expenditure on exploration and evaluation activities is capitalised when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Group. If this is no longer the case, an impairment loss is recognised in the income statement. Amortisation of capitalised exploration and evaluation costs does not commence until the underlying project commences commercial production.

3 Material accounting policies continued

3.8 Impairment of property, plant and equipment, metal streams and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, metal streams and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication is identified, the recoverable amount of the asset is estimated in order to determine the extent of any impairment.

The recoverable amount is the higher of fair value (less costs of disposal) and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that has been adjusted to reflect the risks specific to that asset. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is also recognised in the income statement.

Metal streams and intangible assets

Metal streams and royalty intangibles are assessed for indicators of impairment at each reporting date with the assessment considering variables such as the production profiles, production commission dates where applicable, forecast commodity prices and guidance from the mine operators.

Where indicators are identified, the starting point for the impairment review will be to measure the future cash flows expected from the metal stream or royalty intangible should the project continue/come into production. A pre-tax nominal discount rate is applied to the future cash flows. The discount rate applied to the metal stream or royalty intangible is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation. Changes in discount rate are most sensitive to changes in the risk-free rate, country risk premiums and the expected mine life.

For metal streams and royalty intangibles not currently in production, the outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and stream income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment loss is also recognised in the income statement.

3.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition loans and receivables are stated at their fair value. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables fall into this category of financial instruments.

(c) Contingent consideration – receivable

Contingent consideration – receivable comprises that portion of the consideration receivable under the royalty sale agreement relating to the Narrabri royalty, contingent upon permitting and the achievement of certain volume and price thresholds as outlined in note 18. In addition, this also comprises the contingent consideration receivable based on West Musgrave achieving commercial production as outlined in note 22. On initial recognition the contingent consideration is stated at its fair value. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the 'other (losses)/income' line item of the income statement. Fair value is determined in the manner described in notes 22, 18 and 34.

(d) Derivative financial instruments

The Group will selectively enter into foreign exchange forward contracts to manage its exposure to foreign exchange risk associated with its Australian and Canadian dollar denominated royalty income, when considered necessary. Further details of derivative financial instruments are disclosed in note 28.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3 Material accounting policies continued

3.9 Financial instruments continued

(e) Mining and exploration interests

Mining and exploration interests are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, including transaction costs.

On initial recognition, the Group may make an irrevocable election to designate investments in mining and exploration equity instruments as fair value through other comprehensive income ('FVTOCI'). Designation as FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve, within 'other reserves'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group has designated all investments in equity instruments that are not held for trading at FVTOCI on initial application of IFRS 9 (see notes 17 and 19).

(f) Royalty financial instruments

Royalty financial instruments are recognised or derecognised on completion date where a purchase or sale of the royalty is under a contract, and are initially measured at fair value, including transaction costs.

All of the Group's royalty financial instruments have been designated as at fair value through profit or loss ('FVTPL'), with the exception of the investment in Labrador Iron Ore Royalty Corporation for which the Group has made an irrevocable election to designate as at FVTOCI.

The royalty financial instruments at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the 'revaluation of royalty financial instruments' line item of the income statement. Fair value is determined in the manner described in notes 18 and 34.

The Group's investment in the equity instruments of Labrador Iron Ore Royalty Corporation is classified as a royalty financial instrument as its primary asset is a royalty income stream. On initial recognition the Group made the irrevocable election to designate this investment as FVTOCI. The dividends received from this investment are recognised in profit or loss, and are included in the 'royalty-related revenue' line item (note 5).

(g) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(h) Trade payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition. After initial recognition these are measured at amortised cost using the effective interest method.

(i) Contingent consideration – payable

Contingent consideration – payable comprises that portion of the consideration payable under the Voisey's Bay acquisition agreement, as well as the West Musgrave, Santo Domingo, Nifty and Carlota royalties acquisition agreement. These payments are contingent upon certain volume and price thresholds being achieved as outlined in notes 16 and 18 respectively. On initial recognition the contingent consideration is stated at its fair value. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses on the Voisey's Bay acquisition recognised in the metal streams balance and any fair value gains or losses on the West Musgrave, Santo Domingo, Nifty and Carlota royalties acquisition recognised in the royalty intangible assets balance on the balance sheet. Fair value is determined in the manner described in notes 16, 18 and 34.

Settlement of contingent consideration is recorded as investing outflows in the cash flow statement.

(j) Deferred consideration – payable

Deferred consideration - payable is measured at amortised cost as the amount payable in the future is fixed. Settlement of deferred consideration is recorded as either an investing or financing outflow in the cash flow statement, depending on the substance of the arrangement at inception. Key considerations in forming this judgment will include the extent of inferred financing costs included in the overall consideration arrangements at acquisition, the period of time over which the payments are made, the rationale for agreeing to defer elements of the consideration and the general level of funding resources available to the Group at the time of acquisition.

3 Material accounting policies continued

3.9 Financial instruments continued

(k) Borrowings

Interest-bearing bank facilities are initially recognised at fair value, net of directly attributable transaction costs. Transaction costs are recognised in the income statement on a straight-line basis over the term of the facility.

(l) Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

3.10 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group's primary asset held at amortised cost is the interest-bearing loan to Denison Mines Corp. ('Denison') and the non-interest-bearing deferred consideration from the sale of the Narrabri royalty (note 22).

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Due to trade receivables ultimately representing royalty and metal stream-related income which is typically paid within a month after the reporting date, the amount of expected credit losses is immaterial. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3 Material accounting policies continued

3.11 Taxation continued

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. Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.12 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and jointly owned shares) of the Company.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions..

Non-market vesting conditions are included in assumptions about the number of options and jointly owned shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options and jointly owned shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

3.13 Reserves

Equity comprises the following:

- "Share capital' represents the nominal value of equity shares in issue.
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of issuance costs.

Other reserves comprise the following:

- 'Merger reserve' is created when more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company.
- 'Investment revaluation reserve' represents gains and losses due to the revaluation of the investments in mining and exploration interests and royalty financial instruments designated as fair value through other comprehensive income, from the opening carrying values, including the effects of deferred tax and foreign currency changes.
- 'Share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised.
- 'Foreign currency reserve' represents the differences arising from translation of investments in overseas subsidiaries.
- 'Special reserve' represents the level of profit attributable to the Group for the period ended 30 June 2002 which was created as part of a capital reduction performed in 2002.
- 'Treasury shares' represents the shares acquired by the Group under the share buy-back programme in 2020 (note 29).
- 'Investment in own shares' represents the shares held by the Anglo Pacific Group Employee Benefit Trust for awards made under the Group's various share-based payment plans (notes 29 and 30).
- 'Retained earnings' represents retained profits.

3.14 Revenue recognition

Revenue relating to the Group's royalties is measured at the fair value of the consideration received or receivable after deducting discounts, value added tax and other sales tax. The royalty income becomes receivable on extraction and sale of the relevant minerals, and once able to be reliably measured, the revenue is recognised.

Revenue relating to metal sales is recognised in a manner that depicts the pattern of the transfer of goods to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. In determining whether a sale has completed, the Group considers the indicators of the transfer of control, which include, but are not limited to, whether:

- the Group has a present right to payment;
- the customer has legal title to the asset;
- the Group has transferred physical possession of the asset to the customer; and
- the customer has the significant risks and rewards of ownership of the asset.

Revenue from contracts with customers is measured at the fair value of consideration received or receivable as at the date control is transferred.

3 Material accounting policies continued

3.14 Revenue recognition continued

Interest income is accrued on a time basis, by reference to the carrying value and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.15 Leases

Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as small items of office equipment and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is included within non-current trade and other payables (refer to note 27) in the consolidated balance sheet.

The right-of-use assets comprise the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included within property, plant and equipment (refer to note 14) line in the consolidated balance sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of property, plant and equipment and intangible assets policy (refer to note 3.8).

3.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of the interim dividend, when it is paid to the shareholders.

3.17 Alternative Performance Measures

The financial statements include certain Alternative Performance Measures (APMs) which include adjusted earnings per share, adjusted dividend cover, free cash flow per share and portfolio contribution. These APMs are defined in the table of contents and explained in the Strategic Report on the inside front cover, and are reconciled to GAAP measures in the notes 12, 13, 35 and 36 respectively.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements and estimates that can have a significant impact on the financial statements. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical accounting judgement relates to the Group's classification of royalty and stream arrangements. The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial period relate to the calculation of the fair value of certain royalty arrangements, and the key assumptions used when assessing impairment of intangible assets. The use of inaccurate or unreasonable assumptions in assessments made for any of these estimates could result in a significant impact on the financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements

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

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

- intangible assets in accordance with IAS 38 Intangible Assets;
- financial assets in accordance with IFRS 9 Financial Instruments;
- investment properties in accordance with IAS 40 Investment Property; or
- property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment.

The Directors use the following selection criteria to identify the characteristics which determine which accounting standard to apply to each royalty arrangement:

Type 1 – Intangible assets ('vanilla' royalties): Royalties, in their simplest form, are classified as intangible assets by the Group. The Group considers the substance of a simple vanilla royalty to be economically similar to holding a direct interest in the underlying mineral asset. Existence risk (the commodity physically existing in the quantity demonstrated), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by future supply and demand) are all risks which the Group participates in on a similar basis to an owner of the underlying mineral licence. Furthermore, in a vanilla royalty, there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment. These are accounted for as intangible assets under IAS 38.

Type 2 – Financial assets (royalties with additional financial protection): In certain circumstances where the 'vanilla' risk is considered too high, but the Group still fundamentally believes in the quality or potential of the underlying resource, the Group will look to introduce additional protective measures. This has typically taken the form of performance milestone penalties (usually resulting in the receipt of cash or cash equivalent), minimum payment terms and interest provisions or mechanisms to convert the initial outlay into the equity instruments of the operator in the event of project deferral. Once an operation is in production, these mechanisms generally fall away such that the royalty will display identical characteristics and risk profile to the vanilla royalties; however, it is the contractual right to enforce the receipt of cash through to production which results in these royalties being accounted for as financial assets under IFRS 9.

Type 3 – Investment property (coal royalties): Royalties which are derived from the ownership of sub-stratum land are accounted for as investment properties under IAS 40, although the substance of their commercial terms is identical to vanilla royalties. The Group does not expect to obtain royalties in this manner going forward, as it is unusual for sub-stratum minerals not to be the property of the state.

Type 4 – Property, plant and equipment (metal streams): Similar to the Group's royalty intangible assets, metal streams expose the Group to existence risk (the commodity physically existing in the quantity reported), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by supply and demand) on a similar basis to the owner of the underlying mineral licence. However, unlike the Group's royalty intangible assets, metal streams result in the physical delivery of the underlying commodity with the consequent inventory risk prior to sale and the revenue generated is under the Group's direction, rather than a percentage of revenue generated by the operator. As a result of physical delivery of the underlying commodity and the associated inventory risk prior to sale, metal streams are classified as property, plant and equipment and accounted for under IAS 16.

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Classification of royalty and streaming arrangements: initial recognition and subsequent measurement continued

A summary of the Group's accounting approach is set out below:

Accounting classification	Substance of contractual terms	Accounting treatment	Examples
Royalty intangible assets	■ Simple royalty with no right to receive cash other than through a royalty related to production	■ Investment is presented as an intangible asset and carried at cost less accumulated amortisation and any impairment provision ■ Royalty income is recognised as revenue in the income statement ■ Intangible asset is amortised on a systematic basis ■ Intangible asset is assessed for indicators of impairment at each period end	■ Mantos Blancos ■ Maracás Menchen ■ Four Mile ■ Salamanca ■ Pilbara ■ Ring of Fire ■ Cañariaco ■ Ground Hog ■ Amapá ■ Santo Domingo ■ West Musgrave ■ Nifty ■ Carlota ■ Vizcachitas
Royalty financial instruments	■ Royalty arrangement with a contractual right to receive cash (e.g. through a mandated interest rate or milestones which, if not met, trigger repayment)	■ Financial asset is recognised at fair value on the balance sheet ■ Fair value movements taken through the income statement (FVTPL), with the exception of the LIORC investment where fair value movements are taken through other comprehensive income (FVOCI) ■ Royalty income is not recognised as revenue in the income statement and instead reduces the fair value of the asset, with the exception of the dividends received from the LIORC investment which are included in royalty-related revenue on the income statement	■ EVBC ■ Dugbe 1 ■ McClean Lake ■ Piauí ■ LIORC
Investment property – coal royalties	■ Direct ownership of sub-stratum land ■ Returns based on royalty-related production	■ Coal royalties accounted for as investment property are carried at fair value on the balance sheet ■ Movements in fair value recognised in income statement ■ Royalty income is recognised as revenue in the income statement	■ Kestrel ■ Crinum
Property, plant and equipment – metal streams	■ Agreement settled through the physical delivery of the underlying commodity ■ Inventory risk prior to sale is borne by the Group ■ Revenue is generated under the Group's direction, rather than a percentage of revenue generated by the operator	■ Metal streams accounted for as property, plant and equipment are carried at cost less accumulated depletion and any impairment provision ■ Metal stream sales are recognised as revenue in the income statement ■ Metal streams are depreciated on a systematic basis, using units of production and recognised as accumulated depletion ■ Metal stream asset is assessed for indicators of impairment at each period end	■ Voisey's Bay

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgements continued

Classification of Vizcachitas royalty acquired: initial recognition and subsequent measurement

On 3 August 2023, the Group entered into an NSR royalty agreement over the PFS-stage Vizcachitas project in Chile (note 18). The Directors considered the Group's existing criteria to identify the characteristics which determine which accounting standard to apply to the royalties as detailed in the 'Classification of royalty and streaming arrangements: initial recognition and subsequent measurement' section above.

Under the royalty agreements the Group has no right to receive cash other than through a royalty related to production and the Directors concluded that the royalties should be classified as royalty intangible assets in accordance with IAS 38 Intangible Assets.

In accordance with IAS 38, the royalty intangible assets are stated at cost less accumulated depreciation and accumulated impairment charges, if any. The cost of the asset is comprised of its purchase price and any closing costs directly attributable to acquiring the asset. The purchase price is the aggregate cash amount paid.

Amortisation

The cost of the royalty intangible assets is being allocated in accordance with the Group's intangible assets accounting policy detailed in note 3.7.

Impairment review

The royalty intangible assets are being assessed for indicators of impairment in accordance with the Group's intangible assets accounting policy detailed in note 3.8.

Classification of West Musgrave, Santo Domingo, Nifty and Carlota royalties acquired: initial recognition and subsequent measurement

On 19 July 2022, the Group acquired a high-quality portfolio of royalties over advanced development stage copper and nickel projects (note 18). The Directors considered the Group's existing criteria to identify the characteristics which determine which accounting standard to apply to the royalties as detailed in the 'Classification of royalty and streaming arrangements: initial recognition and subsequent measurement' section above.

Under the royalty agreements the Group has no right to receive cash other than through a royalty related to production (apart from the West Musgrave payment detailed below) and the Directors concluded that the royalties should be classified as royalty intangible assets in accordance with IAS 38 Intangible Assets.

In accordance with IAS 38, the royalty intangible assets are stated at cost less accumulated depreciation and accumulated impairment charges, if any. The cost of the asset is comprised of its purchase price and any closing costs directly attributable to acquiring the asset. The purchase price is the aggregate cash amount paid and the fair value of any other non-cash consideration given to acquire the asset.

Under the West Musgrave royalty the Group is entitled to a A$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss (FVTPL) (note 22).

The purchase price of the Santo Domingo royalty was partially settled in Company shares. The number of consideration shares issued as part consideration for Santo Domingo was determined in the Royalty Sale Agreement based on a 30-day volume weighted average price ("VWAP"), which then differed from the share price on the day the shares were issued. In accordance with IFRS 2 Share-based Payments, the Santo Domingo royalty was recognised at fair value. Therefore, the difference in the value ascribed to the shares in the agreement and the share price at date of issue was recognised as share premium (note 29).

Amortisation

The cost of the royalty intangible assets is being allocated in accordance with the Group's intangible assets accounting policy detailed in note 3.7.

Impairment review

The royalty intangible assets are being assessed for indicators of impairment in accordance with the Group's intangible assets accounting policy detailed in note 3.8.

Contingent consideration

The contingent consideration payable in relation to the acquisition of the West Musgrave royalty is determined by reference to minimum production thresholds and nickel prices, and has been classified as a financial liability that is carried at fair value based on the discounted expected future cash outflows. The contingent consideration is included as a non-current liability (note 27).

Deferred consideration

The deferred consideration in relation to the West Musgrave royalty is payable quarterly, over a period of 18 months. Given the short period over which the deferred consideration is to be paid, the carrying value is deemed to approximate the fair value and is recognised as a current and non-current liability (note 27).

4 Critical accounting judgements and key sources of estimation uncertainty continued

Assessment for indicators of impairment of investments in subsidiaries

The critical accounting judgement that the directors have made in respect of the parent company balances is the extent to which there is an indicator of impairment of investments in subsidiaries and, if so, the extent of any impairment that is required. In assessing whether there have been any indicators of impairment, the directors have considered both external and internal sources of information. The only indicator of impairment identified during the current financial period was the market capitalisation of the company at the balance sheet date being lower than both the net assets of the company and the investment in subsidiaries balance. As such, management performed an impairment test and estimated the recoverable amount of each subsidiary taking into consideration the net present value of future cash flows in relation to the underlying royalty assets held by each subsidiary and concluded that no impairment requires to be recognised. Additionally, it was concluded that there was not a significant risk that the carrying amount of the investment in subsidiaries would change materially as a result of impairment within the next financial year.

Key sources of estimation uncertainty

Assessment of fair value of royalty arrangements held at fair value

A number of the Group's royalty arrangements are held at fair value. Fair value is determined based on discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The determination of assumptions used in assessing fair values is subjective and the use of different valuation assumptions could have a significant impact on the financial statements.

In particular, expected future cash flows, which are used in discounted cash flows models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and resources and timing/likelihood of mines entering production together with economic factors such as commodity prices, discount rates and exchange rates.

The Group's most significant royalty arrangement held at fair value is Kestrel, for which the key assumptions are those relating to price and foreign exchange rate, for which the related sensitivity analysis is set out in note 15.

Impairment review of royalty intangible assets and metal streams

Royalty intangible assets and metal streams are assessed for indicators of impairment at each reporting date with the assessment considering variables such as the production profiles, production commissioning dates where applicable, forecast commodity prices and guidance from the mine operators.

Where indicators are identified, the starting point for the impairment review will be to measure the future cash flows expected from the royalty arrangement should the project continue/come into production. A pre-tax nominal discount rate of between 10.00% and 15.5% is applied to the future cash flows. The discount rate of each royalty and metal stream arrangement is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation. Changes in discount rate are most sensitive to changes in the risk-free rate, country risk premiums and the expected mine life.

The outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and royalty or metal stream income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

The Group has reviewed the sensitivity of its assessment for indicators of impairment in relation to its metal streams, as detailed in note 16. The Group has also reviewed the sesnitivity of its assessment for indicators of impairment in relation to its royatly intangibles and concluded that any reasonable change in key inputs would not result in a material impairment within the next 12 months.

5 Royalty and metal stream related revenue

	2023 $'000	2022 $'000
Group		
Royalty revenue	**52,517**	118,032
Metal stream sales	**5,555**	18,847
Interest from royalty-related financial assets	**1,822**	2,144
Dividends from royalty financial instruments	**2,006**	2,847
	61,900	141,870

On 13 April 2022, the Supreme Court of Western Australia handed down a favourable judgment in relation to the Group's legal dispute with Quasar Resources Pty Ltd ('Quasar'), the owner of the Four Mile uranium mine over which the Group has a 1% net smelter return royalty. The judgment ruled that none of the processes at the Beverley plant or Four Mile mine amount to refining which means that Quasar had wrongly claimed charges, costs and penalties that were for, or related to, the extraction or processing of uranium ore into yellowcake or uranium concentrate as "Allocable Charges".

5 Royalty and metal stream related revenue continued

Quasar was ordered to pay A$2.7m in additional royalties and interest in the amount of A$0.3m for the original claim which runs from Q4 2015 to Q4 2018. The funds for the judgment amount were received in May 2022. Prior to paying the original judgment amount, Quasar lodged an appeal. Separately, the parties reached a settlement which required Quasar to pay A$3.1m plus interest in relation to the re-calculation of royalties for the period Q1 2019 to Q4 2021 in line with the judgment. As a result of the appeal being lodged, as at 31 December 2022 the judgment and settlement amounts received were classified as deferred income until the results of the appeal were known.

In December 2023 the Court of Appeal upheld the original, favourable, judgment by the Supreme Court of Western Australia. As per the original judgment, the Court of Appeal upheld that no costs incurred at the mine or the Beverley Plant should be applied as permitted allocable charges. As a result of the appeal decision in the Group's favour $5.3m has been released from deferred income, $4.5m (A$6.7m) has been recognised as royalty revenue and $0.8m (A$1.2m) has been recognised as finance income (refer to notes 8 and 27 respectively). The deadline for Quasar to file an application for special leave to appeal has passed, and so the Group has now reached the end of this dispute, save to agreeing legal costs which have been awarded to the Group for both the trial and the appeal.

Interest from royalty-related financial assets for the year ended 31 December 2023 of $1.8m (2022: $2.1m) relates to interest earned on the Group's 13-year loan of C$40.8m with an interest rate of 10% per annum to Denison Mines, which is classified as a non-current other receivable (note 22).

Dividends from royalty financial instruments for the year ended 31 December 2023 of $2.0m (2022: $2.8m) relates to the dividends received from the Group's investments in Labrador Iron Ore Royalty Corporation (2023: $1.7m; 2022: $2.5m) as described in note 17, together with the dividends received from the Group's investment in Flowstream Vintage (2023: $0.3m; 2022: $0.3m), an unquoted oil and gas streaming company included in the Group's mining and exploration interests (note 19).

6a Expense by nature

	2023 $'000	2022 $'000
Group		
Employee benefit expense (note 7a)	**5,611**	5,646
Professional fees	**1,898**	2,521
Listing fees	**193**	182
Depreciation of property, plant and equipment (note 14)	**681**	355
Other expenses	**2,506**	2,145
	10,889	10,849

6b Auditor's remuneration

	2023 $'000	2022 $'000
Group		
Fees payable to Company's auditor for the audit of parent company and consolidated financial statements	**375**	437
Fees payable to the Company's auditor and its associates for other services:		
■ The audit of Company's subsidiaries	**67**	38
Total audit fees	**442**	475
■ Other assurance services pursuant to legislation	**148**	155
■ Other services	**—**	—
Total non-audit fees	**148**	155

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 on page 99. No services were provided pursuant to contingent fee arrangements.

7a Employee costs

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Wages and salaries	**3,877**	4,066	**3,849**	4,030
Share-based awards to Directors and employees	**899**	709	**899**	709
Social security costs	**599**	653	**597**	649
Other pension costs	**236**	218	**236**	218
	5,611	5,646	**5,581**	5,606

7b Retirement benefits plans

The Group operates a money purchase group personal pension scheme. Under this scheme the Group makes contributions to personal pension plans of individual Executive Directors and employees. The pension cost charge represents contributions payable by the Group to these plans in respect of the year.

The total cost charged to the income statement of $236,000 (2022: $218,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2023, contributions of $27,000 (2022: $35,000) due in respect of the current reporting period had not been paid over to the schemes.

7c Average number of people employed

	2023	2022
Group		
Number of employees	**14**	14

	2023	2022
Group		
Average number of people (including Executive Directors) employed:		
Executive Directors	**2**	2
Administration	**12**	12
	14	14

Company

The average number of administration staff employed by the Company during the year, including Executive Directors, was 13 (2022: 13).

Directors' salaries are shown in the Directors' Remuneration Report on pages 104 to 123, including the highest paid Director.

8 Finance income

	2023 $'000	2022 $'000
Group		
Interest on bank deposits	**151**	8
Other interest	**770**	—
	921	8

Other interest of $0.8m (A$1.2m) represents the interest on previously underpaid royalties from the Four Mile mine, awarded to the Group by the Supreme Court of Western Australia and upheld on appeal in December 2023 (refer to notes 5 and 27).

9 Finance costs

	2023 $'000	2022 $'000
Group		
Professional fees	**2,448**	2,334
Revolving credit facility fees and interest	**5,822**	3,775
	8,270	6,109

Professional fees represent the upfront arrangement fees and legal costs associated with the Group's revolving credit facility, which are initially capitalised as deferred financing costs (note 20) and amortised over the term of the facility, together with any subsequent legal costs associated with operating the facility.

10 Other income/(losses)

	2023 $'000	2022 $'000
Group		
Revaluation of foreign exchange instruments	**—**	(223)
Provision for royalty revenue receivable	**1,455**	(1,455)
Other income	**150**	—
Other (losses)/gains	**(371)**	5,034
	1,234	3,356

The Group reached an agreement with the operator of EVBC relating to the royalty over the EVBC mine whereby the operator agreed to pay the outstanding royalty amounts for Q3 2022 and Q4 2022 totalling $1.5m in full; thus the amount previously provided for in 2022 has been reversed and recognised as other income. The amounts owed in relation to Q3 2022 and Q4 2022 have been received in full.

Included in other gains is a loss of $1.2m on revaluation of contingent consideration receivable on the disposal of Narrabri (note 22) (2022: gain of $3.8m) and a gain of $0.8m on revaluation of contingent consideration receivable related to West Musgrave (note 22) (2022: $0.5m). In 2022 a gain of $0.9m was also recognised due to reversal of expected credit losses on the Denison receivable (note 22).

11 Income tax expense

	2023 $'000	2022 $'000
Analysis of charge for the year		
United Kingdom corporation tax	**—**	—
Overseas tax	**15,834**	35,048
Adjustments in respect of prior years	**491**	(578)
Current income tax charge per consolidated income statement	**16,325**	34,470
Deferred income tax (credit)/charge as per consolidated income statement	**(12,619)**	6,337
Adjustments in respect of prior years	**—**	—
Deferred tax	**(12,619)**	6,337
Income tax expense	**3,706**	40,807
Factors affecting tax charge for the year:		
Profit before tax	**4,553**	135,444
Tax on profit calculated at United Kingdom corporation tax rate of 23.50% (2022: 19.00%)	**1,070**	25,734
Tax effects of:		
Items non-taxable/deductible for tax purposes:		
Non-deductible expenses	**4,992**	26,714
Non-taxable income	**(4,787)**	(23,571)
Temporary difference adjustments		
Utilisation of losses not previously recognised	**45**	(2,524)
Current year losses not recognised	**2,573**	1,623
Adjustment in deferred tax due to change in tax rate	**(536)**	(783)
Other temporary difference adjustments	**(383)**	(2,174)
Other adjustments		
Withholding taxes	**1,815**	2,945
Effect of differences between local and United Kingdom tax rates	**(677)**	14,926
Prior year adjustments to current tax	**491**	(578)
Other adjustments	**(897)**	(1,505)
Income tax expense	**3,706**	40,807

The Group's effective tax rate for the year ended 31 December 2023 of 81.40% (2022: 30.13%) is higher (2022: higher) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 23.50% (2022: 19.00%). The higher effective tax rate in 2023 compared to the headline tax rate is mainly due to a prior year adjustment reflected in the current tax. In future periods, it is expected that the Group's effective tax rate will mainly be driven by the prevailing Australian corporation tax rates.

Refer to note 26 for information regarding the Group's deferred tax assets and liabilities.

Uncertain tax positions

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreement with tax authorities. Where such matters are assessed as having probable future economic outflows capable of reliable measurement they are provided for. As at 31 December 2023, the Group's provision for uncertain tax positions was $4.0m (31 December 2022: $4.0m) and is included in current income tax liabilities. Matters with possible economic outflow and/or presently incapable of being measured reliably are contingent liabilities and are disclosed in note 37.

Apart from the matters outlined above, the Group does not currently have any material unresolved tax matters or disputes with tax authorities. The interpretation of tax legislation in certain jurisdictions where the Group has established structures may, however, be a potential source of challenge from tax authorities. Due to the complexity of changes in international tax legislation, the Group has taken local advice and has recognised provisions where necessary. None of these provisions are material in relation to the Group's assets or liabilities.

12 Earnings per share

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to the inside front cover.

Earnings per ordinary share is calculated on the Group's profit after tax of $847,000 (2022: $94,637,000) and the weighted average number of shares in issue during the year of 257,896,023 (2022: 234,062,267).

	2023 $'000	2022 $'000
Net profit attributable to shareholders		
Earnings – basic	**847**	94,637
Earnings – diluted	**847**	94,637

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

	2023	2022
Weighted average number of shares in issue		
Basic number of shares outstanding	**257,896,023**	234,062,267
Dilutive effect of Employee Share Option Scheme	**665,794**	765,835
Diluted number of shares outstanding	**258,561,817**	234,828,102
Earnings per share – basic	**0.33c**	40.43c
Earnings per share – diluted	**0.33c**	40.30c

Adjusted earnings per share

Adjusted earnings represents the Group's underlying operating performance from core activities. Adjusted earnings is the profit/loss attributable to equity holders plus royalties received from financial instruments carried at fair value through profit or loss, less all valuation movements and impairments (which are non-cash adjustments that arise primarily due to changes in commodity prices), amortisation charges, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals as such disposals are not expected to be ongoing.

Valuation and other non-cash movements such as these are not considered by management in assessing the level of profit and cash generation available for distribution to shareholders. As such, an adjusted earnings measure is used which reflects the underlying contribution from the Group's royalties and metal streams during the year.

	Earnings $'000	Earnings per share ¢	Diluted earnings per share ¢
Net profit attributable to shareholders			
Earnings – basic and diluted for the year ended 31 December 2023	**847**	**0.33c**	**0.33c**
Adjustment for:			
Amortisation and depletion of royalties and metal streams	**7,467**		
Receipts from royalty financial instruments	**718**		
Revaluation of royalty financial instruments	**3,088**		
Revaluation of coal royalties (Kestrel)	**28,520**		
Unrealised foreign exchange gains	**(70)**		
Other gains – revaluation of contingent consideration	**372**		
Tax effect of the adjustments above	**(10,466)**		
Adjusted earnings – basic and diluted for the year ended 31 December 2023	**30,476**	**11.82c**	**11.79c**

12 Earnings per share continued
Adjusted earnings per share continued

	Earnings $'000	Earnings per share ¢	Diluted earnings per share ¢
Net profit attributable to shareholders			
Earnings – basic and diluted for the year ended 31 December 2022	94,637	40.43c	40.30c
Adjustment for:			
Amortisation and depletion of royalties and streams	9,351		
Amortisation of finance costs	(339)		
Impairment of royalty and exploration intangible assets	4,083		
Receipts from royalty financial instruments	2,782		
Revaluation of royalty financial instruments	1,373		
Revaluation of coal royalties (Kestrel)	(27,833)		
Revaluation of foreign currency instruments	223		
Effective interest on contingent consideration	169		
Unrealised foreign exchange losses	1,397		
Other gains – revaluation of contingent consideration	(3,968)		
Tax effect of the adjustments above	6,019		
Adjusted earnings – basic and diluted for the year ended 31 December 2022	87,894	37.55c	37.43c

In calculating the adjusted earnings per share, the weighted average number of shares in issue takes into account the dilutive effect of the employee share option schemes in those years where the Group has adjusted earnings. In years where the Group has an adjusted loss, the employee share option schemes are considered anti-dilutive as including them in the diluted number of shares outstanding would decrease the loss per share; as such, they are excluded.

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

	2023	2022
Weighted average number of shares in issue		
Basic number of shares outstanding	**257,896,023**	234,062,267
Dilutive effect of Employee Share Option Scheme	**665,794**	765,835
Diluted number of shares outstanding	**258,561,817**	234,828,102

13 Dividends and adjusted dividend cover

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to the inside front cover.

On 15 February 2023 an interim dividend of 1.75p per share was paid to shareholders ($5.4m) in respect of the year ended 31 December 2022. On 7 June 2023 a final dividend of 1.75p per share was paid to shareholders ($5.6m) to make a total dividend for the year ended 31 December 2022 of 7.00p per share. The first quarterly dividend of 2.125c per share for the year ended 31 December 2023 was paid to shareholders ($5.5m) on 26 July 2023. On 25 October 2023 the second quarterly dividend of 2.125c per share was paid to shareholders ($5.4m). Total dividends paid during the year were $22.1m (2022: $19.4m).

Dividends for the year ended 31 December 2023 and beyond are determined in US dollars (previously determined in Great British pounds), translated at exchange rates prevailing on the record date of each dividend declared and payable in sterling and Canadian dollars to our shareholders on the London and Toronto Stock Exchanges respectively. The portfolio contribution generated by the Group's royalties and metal streams arises from sales revenue denominated in US dollars, making this the most appropriate measure of our business performance.

On 14 February 2024 a further quarterly dividend of 2.125c per share was paid to shareholders ($5.5m) in respect of the year ended 31 December 2023. This dividend has not been included as a liability in these financial statements. The Directors propose that a final dividend of 2.125c per share be paid to shareholders on 5 June 2024, to make a total dividend for the year ended 31 December 2023 of 8.50c per share. This dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

The proposed final dividend for 2023 will be payable to all shareholders on the Register of Members on 10 May 2024. The total estimated dividend to be paid is $5.5m. At the present time the Board has resolved not to offer a scrip dividend alternative.

13 Dividends and adjusted dividend cover continued

Adjusted dividend cover

Adjusted dividend cover is calculated as the number of times adjusted earnings per share exceeds the dividend per share. The Group's adjusted earnings per share for the year ended 31 December 2023 is 11.82c per share (note 12) with dividends for the year totalling 8.50c, resulting in dividend cover of 1.4x (2022: adjusted earnings per share 37.55c, dividends totalling 8.62c (7.00p), dividend cover 4.4x).

14 Property, plant and equipment

Group	Other assets $'000	Right-of-use assets $'000	Equipment and fixtures $'000	Total $'000
Gross carrying amount				
At 1 January 2023	**1,851**	**3,964**	**556**	**6,371**
Additions	**—**	**—**	**112**	**112**
At 31 December 2023	**1,851**	**3,964**	**668**	**6,483**
Depreciation and impairment				
At 1 January 2023	**(1,851)**	**(848)**	**(40)**	**(2,739)**
Depreciation	**—**	**(517)**	**(164)**	**(681)**
At 31 December 2023	**(1,851)**	**(1,365)**	**(204)**	**(3,420)**
Carrying amount at 31 December 2023	**—**	**2,599**	**464**	**3,063**

Group	Other assets $'000	Right of use assets $'000	Equipment and fixtures $'000	Total $'000
Gross carrying amount				
At 1 January 2022	1,851	1,295	443	3,589
Additions	—	2,669	537	3,206
Disposals	—	—	(424)	(424)
At 31 December 2022	1,851	3,964	556	6,371
Depreciation and impairment				
At 1 January 2022	(1,851)	(536)	(405)	(2,792)
Depreciation	—	(312)	(43)	(355)
Disposals	—	—	408	408
At 31 December 2022	(1,851)	(848)	(40)	(2,739)
Carrying amount at 31 December 2022	—	3,116	516	3,632

Other assets relate to the Group's Panorama and Trefi coal projects in British Columbia, Canada, and the Group's talc deposit in Shetland, Scotland. Right-of-use assets relate to the Group's office premises.

Company	Other assets $'000	Right-of-use assets $'000	Equipment and fixtures $'000	Total $'000
Gross carrying amount				
At 1 January 2023	**1,127**	**3,964**	**556**	**5,647**
Additions	**—**	**—**	**112**	**112**
At 31 December 2023	**1,127**	**3,964**	**668**	**5,759**
Depreciation and impairment				
At 1 January 2023	**(1,127)**	**(848)**	**(40)**	**(2,015)**
Depreciation	**—**	**(517)**	**(164)**	**(681)**
At 31 December 2023	**(1,127)**	**(1,365)**	**(204)**	**(2,696)**
Carrying amount at 31 December 2023	**—**	**2,599**	**464**	**3,063**

14 Property, plant and equipment continued

Company	Other assets $'000	Right of use assets $'000	Equipment and fixtures $'000	Total $'000
Gross carrying amount				
At 1 January 2022	1,127	1,295	443	2,865
Additions	—	2,669	537	3,206
Disposals	—	—	(424)	(424)
At 31 December 2022	1,127	3,964	556	5,647
Depreciation and impairment				
At 1 January 2022	(1,127)	(536)	(405)	(2,068)
Depreciation	—	(312)	(43)	(355)
Disposals	—	—	408	408
At 31 December 2022	(1,127)	(848)	(40)	(2,015)
Carrying amount at 31 December 2022	—	3,116	516	3,632

15 Coal royalties (Kestrel)

	Group $'000
At 1 January 2022	84,465
Foreign currency translation	(5,629)
Gain on revaluation of coal royalties	27,833
At 31 December 2022	106,669
Foreign currency translation	(795)
Loss on revaluation of coal royalties	(28,520)
At 31 December 2023	**77,354**

The Group's coal royalty entitlements comprise the Kestrel and Crinum coal royalties, and derive from mining activity carried out within the Group's private land area in Queensland, Australia. Rather uniquely to this royalty, the sub-stratum land is the property of the freeholder, including the minerals contained within. The ownership of the land therefore entitles the Group to a royalty, equivalent to what the state receives on areas outside the Group's private land. This royalty is accounted for as investment property in accordance with IAS 40. Further details on the calculation of the Kestrel royalty, together with its performance for 2023, can be found on page 40.

The carrying value of $77.4m (A$113.5m) (2022: $106.7m and A$156.5m) is based on a valuation completed during December 2023 by an independent coal industry adviser, amended for management's assessment of the nominal discount rate and future commodity price assumptions. The independent coal industry adviser's assumptions relating to volumes and foreign exchange were not changed.

The valuation is on a net present value of the pre-tax cash flow discounted at a nominal rate of 10.50% (2022: 10.50%) (2023: independent discount rate of 9.00%; 2022: independent discount rate of 9.00%). The key assumptions in the independent valuation relate to price, foreign exchange and to a lesser extent discount rate.

Price assumptions

The independent coal industry adviser's price assumptions were based on the December 2023 Consensus Economics forecast average price of U$263/t for the first half of 2024. Given the volatility in the commodity prices, management has assumed an average price for the first half of 2024 of U$309/t based on the Australian Premium Coking Coal FOB Financial Future price, before reverting to consensus pricing collated by RBC which decreases to an average nominal price of U$227/t between the second half of 2024 and 2026, and an average long-term nominal price of U$192/t.

If the price were to increase or decrease by 10% over the life of the mine the valuation effect would be:

- a 10% reduction in the coal price would have resulted in the coal royalties being valued at $62.2m (A$91.4m) and a $14.7m increase to the revaluation loss in the income statement to $43.2m; and
- a 10% increase in the coal price would have resulted in the coal royalties being valued at $93.8m (A$137.7m) and a $16.0m decrease in the revaluation loss in the income statement to $12.5m.

15 Coal royalties (Kestrel) continued

Foreign exchange rate assumptions

The independent coal industry adviser's AUD:USD exchange rate assumptions used in the 2023 valuation assume a slight strengthening in the Australia dollar from a short-term rate of 0.68 to a long-term rate of 0.70 against the US dollar. If the Australian dollar were to strengthen or weaken by 10% against the US dollar over the life of the mine that valuation effect would be:

- a 10% strengthening of the Australian dollar against the US dollar would have resulted in the coal royalties being valued at $63.6m (A$93.4m) and a $13.4m increase to the revaluation loss in the income statement to $41.9m; and
- a 10% weakening of the Australian dollar against the US dollar would have resulted in the coal royalties being valued at $95.7m (A$140.4m) and an $17.8m decrease in the revaluation loss in the income statement to $10.7m.

Discount rate assumptions

The independent coal industry adviser's pre-tax nominal discount rate was 9.00%; however, as this was outside the range of discount rates determined by management, a pre-tax nominal discount rate of 10.50% was used for the valuation. If the discount rate used were to increase or decrease by 1% the valuation effect would be:

- a 1% reduction in the nominal discount rate would have resulted in the coal royalties being valued at $78.6m (A$115.4m) and a $1.3m decrease in the revaluation loss in the income statement to $27.2m; and
- a 1% increase in the nominal discount rate would have resulted in the coal royalties being valued at $76.1m (A$111.7m) and a $1.2m increase in the revaluation loss in the income statement to $29.7m.

The net royalty income from this investment is currently taxed in Australia at a rate of 30%. The revaluation of the underlying Australian dollar asset is recognised in the income statement with the retranslation to the Group's US dollar presentation currency recognised in the foreign currency translation reserve.

Refer to note 34 for additional fair value disclosures relating to Kestrel.

Impact of climate change

The output from the Group's climate-related scenario analysis outlined on pages 75 to 78 has been considered in assessing the Group's independent coal industry adviser's valuation of Kestrel. The Group's scenario analysis to date does not indicate that climate change will have material impact on the Group's business model; however, this analysis is an iterative process with assumptions relating to both the physical and transitional impacts of climate change continuing to be refined.

The Group's independent coal industry adviser who undertook the valuation of Kestrel also considered the impact of climate change when undertaking their valuation by having regard to the following:

- the likely future demand for metallurgical coal which is the primary product produced by the mine;
- the historical and possible future impact of climate change on the operations of Kestrel, such as extreme weather events; and
- possible legislative changes that may impact either our royalty or the underlying operations.

Considering mining at Kestrel is progressively moving out of the Group's private royalty lands between 2024 and 2026, the impact of climate change is not expected to have a material impact on the carrying value of the Kestrel royalty.

The shares over the entity which is the beneficial owner of the Kestrel royalty have been guaranteed as security in connection with the Group's borrowing facility (note 25).

16 Metal streams

	Cost $'000	Contingent consideration $'000	Total $'000
Gross carrying amount			
At 1 January 2023	**175,585**	**2,978**	**178,563**
At 31 December 2023	**175,585**	**2,978**	**178,563**
Depletion and impairment			
At 1 January 2023	**(13,553)**	**(255)**	**(13,808)**
Depletion	**(3,260)**	**(55)**	**(3,315)**
At 31 December 2023	**(16,813)**	**(310)**	**(17,123)**
Carrying amount at 31 December 2023	**158,772**	**2,668**	**161,440**

16 Metal streams continued

	Cost $'000	Contingent consideration $'000	Total $'000
Gross carrying amount			
At 1 January 2022	175,585	2,308	177,893
Fair value of contingent consideration	—	670	670
At 31 December 2022	175,585	2,978	178,563
Depletion and impairment			
At 1 January 2022	(7,197)	(129)	(7,326)
Depletion	(6,356)	(126)	(6,482)
At 31 December 2022	(13,553)	(255)	(13,808)
Carrying amount at 31 December 2022	162,032	2,723	164,755

The Group holds a 70% net interest in a stream of cobalt production from the Voisey's Bay mine in Canada. The stream agreement entitles the Group to 22.82% of all cobalt production from both the open pit and underground operations at Voisey's Bay. The Group's entitlement steps down to 11.41% once 7,600 tonnes of finished cobalt has been delivered. Deliveries under the stream agreement from its inception to 31 December 2023 total 1,100 tonnes.

The Group pays 18% of an industry cobalt reference price prevailing at the date of delivery, until the original upfront amount paid for the stream, by its original holder, of $300m is reduced to $nil (through accumulating credit from 82% of the cobalt reference price), increasing to 22% thereafter. This payment is included in the $1.3m (2022: $4.3m) metal streams cost of sales in the income statement. The accumulated credit for deliveries under the stream agreement from its inception to 31 December 2023 was $52.8m, reducing the original upfront amount to $247.2m (31 December 2022: accumulated credit $46.0m, original upfront amount $254.0m).

The metal stream is being depleted on a units-of-production basis over the total expected deliveries to be received of 15.5Mlbs. During the period to 31 December 2023, the Group received 0.34Mlbs (2022: 0.59Mlbs) of cobalt resulting in a depletion charge of $3.3m (2022: $6.5m).

The contingent consideration in relation to the acquisition is determined by reference to minimum production thresholds and cobalt prices, and has been classified as a financial liability that is carried at fair value based on the discounted expected cash outflows. The fair value of the contingent consideration is remeasured at each reporting date, such that the gross carrying amount is equal to the sum of amounts paid to date and expected future payments and depreciated on a units-of-production basis over the total expected deliveries to be received from the metal stream.

As at 31 December 2023, the fair value of the contingent consideration for future periods has been assessed as $nil as the minimum production and price thresholds are not expected to be achieved in the period to 30 June 2025 (2022: $nil). During the year ended 31 December 2022, $3.3m was paid in contingent consideration as a result of the minimum production and price thresholds being achieved in the second half of 2021 ($1.0m) and the first half of 2022 ($2.3m). No payments were made in 2023.

Impairments of metal streams

As described in notes 3.7 and 3.8, at each reporting date the Group's metal stream asset is reviewed for any impairment indicators. Consideration is given to the presence or occurrence of adverse operational developments at the underlying mine, together with any significant declines in the cobalt price and the impact of climate change, as detailed below. Where impairment indicators exist, a full impairment review is carried out to determine whether the discounted future expected cash flows (calculated on a value-in-use basis) exceed cost. Note 4 outlines the impairment methodology applied.

Impairment sensitivity

The Group has reviewed the sensitivity of its assessment for indicators of impairment to a decrease in the cobalt price, concluding that a 10% decrease in the cobalt price would result in an impairment charge being recognised for the Voisey's Bay stream of $7.1m.

Climate change considerations in assessing for indicators of impairment

The output from the Group's climate-related scenario analysis outlined on pages 75 to 78 has been considered by the Board when undertaking the semi-annual impairment review of the Group's royalty intangible assets. The Group's climate-related scenario analysis considered:

- the likely future demand for the commodities underlying the Group's royalty and metal stream portfolio;
- the historical and possible future impacts of climate change on the operations underlying the Group's metal stream, such as extreme weather events; and
- possible legislative changes that may impact either our metal stream agreements or the operations underlying the Group's metal stream.

16 Metal streams continued

Impairment sensitivity continued

Climate change considerations in assessing for indicators of impairment continued

The Group's scenario analysis to date does not indicate that climate change will have material impact on the Group's portfolio of royalties and streams; however, this analysis is an iterative process with assumptions relating to both the physical and transitional impacts of climate change continuing to be refined. As at 31 December 2023 there were no indicators of impairment in relation to the Group's metal stream.

Further details on the Group's Voisey's Bay cobalt stream, including its performance during the period to 31 December 2023, can be found on page 34.

At 31 December 2023, the shares of the entity which is the beneficial owner of the Voisey's Bay metal stream have been guaranteed as security in connection with the Group's borrowing facility (note 25).

17 Royalty financial instruments

	Group $'000	Company $'000
Fair value		
At 1 January 2022	53,791	13,920
Royalties due or received from royalty financial instruments	(2,782)	(2,782)
Revaluation of royalty financial instruments recognised in profit or loss	(1,373)	(11,138)
Revaluation of royalty financial instruments recognised in equity	(3,670)	—
Foreign currency translation	(2,086)	—
At 31 December 2022	43,880	—
Royalties due or received from royalty financial instruments	**(718)**	**(718)**
Revaluation of royalty financial instruments recognised in profit or loss	**(3,088)**	**718**
Revaluation of royalty financial instruments recognised in equity	**(1,706)**	**—**
Additions	**7,774**	**—**
Disposals	**(13,690)**	**—**
Foreign currency translation	**377**	**—**
At 31 December 2023	**32,829**	**—**

The details of the Group's royalty financial instruments, which are held at fair value, are summarised below:

	Commodity	Royalty rate	Escalation	Classification	**31 December 2023 Carrying value $'000**	31 December 2022 Carrying value $'000
EVBC	Gold, silver, copper	0.50%[1]	Up to 3% gold >US$2,500/oz	FVTPL	**—**	—
Dugbe 1	Gold	2.00%	2.5% >US$1,800/oz and production <50,000oz/qrt	FVTPL	**1,402**	1,409
McClean Lake	Uranium	—	22.5% of tolling milling receipt on production >215Mlbs	FVTPL	**2,865**	3,426
Piauí	Nickel-cobalt	1.60%	—	FVTPL	**18,329**	13,455
Labrador Iron Ore	Iron ore	7.00%	—	FVOCI	**10,233**	25,590
					32,829	43,880

(1) In 2022, EVBC was a 2.5% NSR royalty which increased to 3.0% when the gold price exceeded $1,100 per ounce.

The Group's royalty financial instruments are represented by four royalty agreements, EVBC, Dugbe 1, McClean Lake and Piauí which entitle the Group to either the repayment of principal and a net smelter return ("NSR") royalty for the life of the mine or a gross revenue royalty ("GRR") where the project commences commercial production or the repayment of principal where it does not. All four royalty agreements are classified as fair value through profit or loss ('FVTPL').

The Group's entitlements to cash by way of the repayment of the principal and the NSR royalty or the GRR have been classified as fair value through profit or loss in accordance with IFRS 9 and are carried at fair value in accordance with the Group's classification of royalty arrangements criteria set out in note 4.

17 Royalty financial instruments continued

The Group's fifth royalty financial instrument is its equity investment in Labrador Iron Ore Royalty Corporation ('LIORC'), which entitles the Group to a share of the 7% GRR LIORC receives from the Iron Ore Company of Canada ('IOC') mine and distributes to its shareholders via dividends. As LIORC is a single asset company, being GRR over the IOC mine, the Group has classified its investment in LIORC as a royalty financial instrument and made an irrevocable election to designate it as FVTOCI.

EVBC – refer to page 41 of the Business Review

The Group's EVBC royalty was acquired in 2008 and is classified as FVTPL resulting in movements in the fair value being recognised directly in the income statement. The royalties received from EVBC reduce the fair value of the royalty and are included in the total movement in fair value recognised directly in the income statement, in accordance with IFRS 9.

During 2023, the Group reached an agreement with the operator of EVBC relating to the royalty over the EVBC mine whereby the operator agreed to pay the outstanding royalty amounts for Q3 2022 and Q4 2022 totalling $1.5m in full (see note 10). In addition, in light of the sustained margin pressures and operational constraints at the mine, the royalty rates have been revised effective from 1 January 2023 as follows:

Gold price (US$/oz)	Net smelter return royalty rate (%)
<1,800	0.50
>1,800 and <2,000	0.75
>2,000 and <2,350	1.25
>2,350 and <2,500	2.50
>2,500	3.00

Management has assessed the fair value of the EVBC royalty to be $nil as at 31 December 2023 (2022: $nil), which when adjusted for the 2023 royalties due or received of $0.7m results in a valuation loss of $0.7m recognised in the income statement (2022: loss of $11.1m).

Dugbe 1

In 2016, Hummingbird Resources PLC ('Hummingbird'), the operator of the Dugbe 1 project, gave notice under the $15.0m royalty financing arrangement with the Group that a Mineral Development Agreement ('MDA') had been approved by the Liberian Government, converting the financing agreement into an NSR royalty agreement.

The NSR royalty over the Dugbe 1 project is classified as FVTPL as outlined in note 4. As at 31 December 2023 the Group assessed the likely start date of commercial production at Dugbe 1 to be 2030 (2022: 2030), and applied a 32.5% (2022: 32.5%) probability factor to the project reaching commercial production to the discounted future cash flows of the royalty with a 35% (2022: 31.5%) pre-tax nominal discount rate, resulting in a valuation of $1.4m (2022: $1.4m).

In certain circumstances where the operator fails pursue the development of the Dugbe 1 project or there is a change in control, the Group has the option to terminate the royalty agreement and recover the $15.0m paid under the royalty financing agreement. As at 31 December 2023, these circumstances had not arisen as development work continued on the project.

McClean Lake – refer to page 36 of the Business Review

The Group completed a C$43.5m ($33.3m) financing and streaming agreement with Denison Mines Inc ('Denison') in 2017. The financing agreement comprises two separate transactions: (i) a 13-year amortising secured loan of C$40.8m with an interest rate of 10% per annum payable to the Group which is classified as non-current other receivables (note 22); and (ii) a streaming agreement, which entitles the Group to receive Denison's portion of toll milling proceeds from the McClean Lake Mill after the first 215Mlbs of throughput from 1 July 2016, which was acquired for C$2.7m and is classified as FVTPL in accordance with note 4.

As at 31 December 2023, the Group assessed the probability of the McClean Lake Mill achieving throughput in excess of 215Mlbs at 60% (2022: 60%), and applied this to the discounted future cash flows of the stream with a 10.00% (2022: 10.00%) pre-tax nominal discount rate, resulting in a valuation of $2.9m (2022: $3.4m). The $0.6m decrease (2022: $0.9m increase) in the carrying value of the stream has been recognised in the income statement for the year.

Piauí – refer to page 33 of the Business Review

The Group acquired a 1% gross revenue royalty over the Piauí nickel-cobalt project in Brazil for $2.0m in 2017. In accordance with the acquisition agreement the gross revenue royalty rate increased to 1.25% on 31 December 2019 after certain development milestones had not been achieved.

In 2023, the Group invested a further $7.5m increasing its royalty by 0.35% to 1.60%. Transaction costs of $0.3m were also capitalised on acquisition.

The Group has the right to acquire a further 2.65% royalty over the Piauí project for a consideration of $62.5m.

On initial recognition the Group decided to invoke the fair value option in classifying this royalty financial instrument, due to there being one or more embedded options that are not closely related in the underlying contract. Following the adoption of IFRS 9 the Group continues classify the Piauí royalty as FVTPL.

17 Royalty financial instruments continued

Piauí – refer to page 33 of the Business Review continued

As at 31 December 2023 the Group assessed the probability of the Piauí project reaching commercial production at 100% in relation to the start-up plant and 55% in relation to expansion project (2022: 100% start-up and 55% expansion project) and applied this to the discounted future cash flows of the royalty with a 17.50% (2022: 18.50%) pre-tax nominal discount rate, resulting in a valuation of $18.3m (2022: $13.5m). The $4.8m increase in carrying value is a result of the $7.8m additional investment less the royalty financial instrument valuation loss in the income statement for the year of $3.0m driven by the decrease in the underlying nickel price (2022: $8.1m increase).

Labrador Iron Ore – refer to page 38 of the Business Review

LIORC is a single asset company, being the 7% gross revenue royalty over the IOC mine which is majority owned and operated by Rio Tinto; as a result, the Group classifies its investment in LIORC as a royalty financial instrument. On initial recognition the Group made the irrevocable election to designate this investment as FVTOCI. The resulting dividends from the Group's investment in LIORC have been classified as royalty-related revenue, as described in note 3.14.

The Group sold 607,600 shares in the last quarter of 2023 generating C$18.9m ($13.7m) in proceeds and retained 424,590 shares. The Group's partial sale of its holding in LIORC in 2023 resulted in a capital gain of C$4.1m ($3m) which was transferred directly to retained earnings, net of C$0.5m ($0.4m) in income tax arising from the gain.

At 31 December 2023, the shares of the entity which is the beneficial owner of the investment in LIORC have been guaranteed as security in connection with the Group's borrowing facility (note 25).

18 Royalty and exploration intangible assets

The Group's intangibles comprise capitalised exploration and evaluation costs and royalty interests.

Group	**Exploration and evaluation costs $'000**	**Royalty interests $'000**	**Contingent consideration $'000**	**Total $'000**
Gross carrying amount				
At 1 January 2023	**919**	**312,210**	**10,058**	**323,187**
Additions	**—**	**20,407**	**—**	**20,407**
Revaluation of contingent consideration	**—**	**—**	**1,037**	**1,037**
Foreign currency translation	**—**	**(47)**	**20**	**(27)**
At 31 December 2023	**919**	**332,570**	**11,115**	**344,604**
Amortisation and impairment				
At 1 January 2023	**(919)**	**(69,719)**	**—**	**(70,638)**
Amortisation charge	**—**	**(4,152)**	**—**	**(4,152)**
Foreign currency translation	**—**	**(13)**	**—**	**(13)**
At 31 December 2023	**(919)**	**(73,884)**	**—**	**(74,803)**
Carrying amount at 31 December 2023	**—**	**258,686**	**11,115**	**269,801**

Group	Exploration and evaluation costs $'000	Royalty interests $'000	Contingent consideration $'000	Total $'000
Gross carrying amount				
At 1 January 2022	919	135,561	—	136,480
Additions	—	182,022	9,311	191,333
Revaluation of contingent consideration	—	—	827	827
Foreign currency translation	—	(5,373)	(80)	(5,453)
At 31 December 2022	919	312,210	10,058	323,187
Amortisation and impairment				
At 1 January 2022	(919)	(66,043)	—	(66,962)
Amortisation charge	—	(2,869)	—	(2,869)
Impairment charge	—	(4,083)	—	(4,083)
Foreign currency translation	—	3,276	—	3,276
At 31 December 2022	(919)	(69,719)	—	(70,638)
Carrying amount at 31 December 2022	—	242,491	10,058	252,549

18 Royalty and exploration intangible assets continued

Company	Royalty interests $'000
Gross carrying amount	
At 1 January 2022 and 2023	**3,206**
At 31 December 2022 and 2023	**3,206**
Amortisation and impairment	
At 1 January 2022 and 2023	**(3,206)**
At 31 December 2022 and 2023	**(3,206)**
Carrying amount at 31 December 2022 and 2023	**—**

Exploration and evaluation costs

The exploration and evaluation costs comprise expenditure that was directly attributable to the Trefi coal project in British Columbia, Canada. Due to the inherent uncertainty that the Trefi coal project would be developed, the Group fully impaired it in 2014.

Royalty intangible assets

On 3 August 2023, the Group acquired a net smelter return royalty over all metal production from the open pit and underground operations of the Vizcachitas copper project in Chile, owned by Los Andes Copper Ltd for $20m cash consideration paid on completion.

The applicable royalty rates are 0.250% and 0.125% for metal production from the open pit and underground operations respectively. In the event that commercial production is not achieved before 30 June 2030, the applicable royalty rates increase to 0.350% and 0.175% for metal production from the open pit and underground operations respectively.

Should the commencement of commercial production be delayed beyond 30 June 2031, the operator can elect to make production delay payments or the applicable royalty rates will increase as outlined in the table below:

	No production delay payment		First production delay payment		Second production delay payment		First and second production delay payment	
Commercial production date	Open pit royalty rate	Underground royalty rate	Open pit royalty rate	Underground royalty rate	Open pit royalty rate	Underground royalty rate	Open pit royalty rate	Underground royalty rate
On or before 30 June 2030	0.250%	0.125%						
Between 30 June 2030 and 30 June 2031	0.350%	0.175%						
Between 30 June 2031 and 30 June 2032	0.450%	0.225%	0.350%	0.175%				
After 30 June 2032	0.550%	0.275%	0.450%	0.225%	0.450%	0.225%	0.350%	0.175%

The first and second production delay payments are U$15m each or U$20m where the average copper price in the six months prior to election to make the delay payment exceeds US$5/lb.

The royalty has been classified as an intangible asset as detailed in note 4. The value of the royalty intangible acquired consists of the fixed consideration of $20m and transaction costs totalling $0.4m which have been capitalised on acquisition.

On 19 July 2022, the Group acquired a high-quality portfolio of royalties over advanced development stage copper and nickel projects from South32 Royalty Investments Pty Ltd ("South32") for a fixed consideration of $185m with further contingent consideration of up to $15m.

18 Royalty and exploration intangible assets continued

Royalty intangible assets continued

The fixed consideration of $185m consisted of:

- $47.6m in cash paid on completion of the transaction;
- $82.4m in an equity issue of 43,622,091 ordinary shares of 2p each at £1.54/share to South32 (note 29). The Company entered into a Relationship Agreement with South32 which governs the rights and obligations South32 has as a result of its shareholding – further details are contained in the Directors' Report on page 125; and
- deferred cash consideration totalling $55.0m to be paid in six equal quarterly instalments with the first instalment paid in October 2022 and the final instalment due in January 2024 as detailed in note 27. During the year end 31 December 2023 $36.7m deferred consideration was paid (2022: $9.2m).

In addition, contingent consideration is payable subject to future nickel prices and minimum production levels at West Musgrave post commencement of production and has been classified as a financial liability that is carried at fair value based on the discounted expected future cash outflows. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the royalty intangible assets balance such that the gross carrying amount is equal to the sum of amounts paid to date and expected future payments. As at 31 December 2023, the fair value of the contingent consideration payable is $11.1m (2022: $10m) as detailed in note 27 based on a pre-tax nominal discount rate of 10.5% (2022: 10.5%).

The royalties acquired are the West Musgrave, Santo Domingo, Nifty and Carlota royalties. The royalties have been recognised as intangible assets as detailed in note 4. The value of the royalty intangibles acquired consists of the fixed and deferred consideration above ($185m) plus the value on acquisition of the contingent consideration payable ($9m) less the value on acquisition of the contingent consideration receivable ($6m – as detailed below). Transaction costs totalling $2.6m have been capitalised on acquisition.

Under the West Musgrave royalty the Group is entitled to a A$10.0m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL"). As at 31 December 2023, the fair value of the contingent consideration receivable is $6.8m (2022: $6.0m) as detailed in note 22 based on a pre-tax nominal discount rate of 10.5% (2022: 10.5%).

Amortisation of royalty intangible assets

The Group's royalty intangible assets are amortised on a straight-line basis, upon the commencement of production at the underlying mining operation, over the life of mine.

Four of the underlying mining operations of the Group's royalty intangible assets were in production during 2023, and were amortised on the following basis:

Royalty interest	Currency	**Carrying value 31 December 2023 '000**	Carrying value 31 December 2022 '000	Estimated life of mine	Remaining life of mine
Mantos Blancos	USD	**38,165**	41,101	17 years	13 years
Maracás Menchen	AUD	**19,671**	20,764	21 years	18 years
Four Mile	AUD	**852**	974	10 years	1 year
Carlota	USD	**409**	818	2.5 years	1 year

The amortisation charge for the year of $4.2m (2022: $2.9m) relates to the Group's producing royalties, Mantos Blancos, Maracás Menchen, Carlota and Four Mile. Amortisation of the remaining interests will commence once they begin commercial production.

At 31 December 2023, the shares of the entities which are the beneficial owners of the Mantos Blancos, Maracás Menchen, Nifty, Carlota, West Musgrave and Santo Domingo royalties have been guaranteed as security in connection with the Group's borrowing facility (note 25).

18 Royalty and exploration intangible assets continued

Impairments of royalty intangible assets

As described in notes 3.7 and 3.8, at each reporting date the Group's royalty intangible assets are reviewed for any impairment indicators. Consideration is given to the presence or occurrence of adverse operational developments at the underlying mines, together with any significant declines in commodity prices and the impact of climate change, as detailed below. Where impairment indicators exist, a full impairment review is carried out to determine whether the discounted future expected cash flows (calculated on a value-in-use basis) exceed cost. Note 4 outlines the impairment methodology applied.

Climate change considerations in assessing for indicators of impairment

The output from the Group's climate-related scenario analysis outlined on pages 75 to 78 has been considered by the Board when undertaking the semi-annual impairment review of the Group's royalty intangible assets. The Group's climate-related scenario analysis considered:

- the likely future demand for the commodities underlying the Group's royalty and metal stream portfolio;
- the historical and possible future impact of climate change on the operations underlying the Group's portfolio, such as extreme weather events; and
- possible legislative changes that may impact either our royalty and metal stream agreements or the operations underlying the Group's portfolio.

The Group's scenario analysis to date does not indicate that climate change will have material impact on the Group's portfolio of royalties and streams; however, this analysis is an iterative process with assumptions relating to both the physical and transitional impacts of climate change continuing to be refined.

During the ended 31 December 2023, no impairment charges were recognised.

During the year ended 31 December 2022, the Group recognised impairment charges of $4.1m ($2.8m in relation to the Pilbara iron ore royalty and $1.3m in relation to Ring of Fire royalty).

19 Mining and exploration interests

	Group $'000	Company $'000
Fair value through other comprehensive income		
At 1 January 2022	4,396	1,721
Disposals	(1,310)	(1,310)
Revaluation adjustment	642	645
Foreign currency translation	(245)	3
At 31 December 2022	3,483	1,059
Disposals	**(79)**	**(79)**
Revaluation adjustment	**(491)**	**(544)**
Foreign currency translation	**(122)**	**(69)**
At 31 December 2023	**2,791**	**367**

The fair values of listed securities are based on quoted market prices. Unquoted investments are initially recognised using cost where fair value cannot be reliably determined. In the absence of an active market for these securities, the Group considers each unquoted security to ensure there has been no material change in the fair value since initial recognition.

Mining and exploration interests are held at fair value through other comprehensive income, with the effect that the gains and losses on disposal and impairment losses are transferred directly to retained earnings.

For the year ended 31 December 2023 the Group realised $79,000 in cash (2022: $1.3m) through its disposal of a number of its quoted mining and exploration interests. These disposals resulted in a gain of $17,000 for the year ended 31 December 2023 (2022: $0.6m) which was transferred directly to retained earnings.

Total mining and exploration interests at 31 December are represented by:

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Quoted investments	**296**	988	**296**	988
Unquoted investments	**2,495**	2,495	**71**	71
	2,791	3,483	**367**	1,059
Number of investments	**7**	8	**4**	5

20 Deferred costs

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Deferred acquisitions costs	**341**	280	**341**	280
Deferred financing costs	**—**	2,211	**—**	2,211
	341	2,491	**341**	2,491

Deferred acquisition costs

As at 31 December 2023 deferred acquisition costs of $0.3m (2022: $0.3m) represent those costs associated with royalty and metal stream opportunities that the Group is actively pursuing and expects to complete in 2024. Should the opportunity not proceed to completion, these costs will be charged to the income statement.

Deferred financing costs

As at 31 December 2022 deferred financing costs of $2.2m represent the unamortised costs associated with the Group's $150m revolving credit facility entered into on 24 February 2021 (note 25). These deferred financing costs were amortised over the four-year term of the facility with $1.0m (2022: $1.9m) charged to the income statement in 2023. As at 31 December 2023 the remaining deferred financing costs of $1.2m were written off as a result of the refinancing of the Group's revolving credit facility being substantially complete (refer to note 25).

21 Investments in subsidiaries

The Group's full listing of subsidiaries is provided in note 39. The Company's investment in subsidiaries as 31 December 2023 and 31 December 2022 is as follows:

Company	$'000
Cost	
At 1 January 2023	**396,943**
Acquisition of additional share capital of subsidiaries	**60,665**
At 31 December 2023	**457,608**
Impairment of investment in subsidiary	
At 1 January 2023	**(44,618)**
At 31 December 2023	**(44,618)**
Carrying amount at 31 December 2023	**412,990**

Company	$'000
Cost	
At 1 January 2022	258,807
Acquisition of additional share capital of subsidiaries	138,136
At 31 December 2022	396,943
Impairment of investment in subsidiary	
At 1 January 2022	(44,618)
Impairment	—
At 31 December 2022	(44,618)
Carrying amount at 31 December 2022	352,325

The Directors believe that the carrying value of the investments is supported by their realisable value.

22 Trade and other receivables

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Current				
Income tax receivable	**276**	81	**—**	—
Prepayments	**383**	406	**338**	340
Royalty receivables – net of impairment	**5,042**	13,769	**112**	—
Other receivables	**3,948**	7,310	**205**	264
Deposits with subsidiaries	**—**	—	**7,314**	—
	9,649	21,566	**7,969**	604

Current trade and other receivables

Trade and other receivables principally comprise amounts relating to royalties receivable from Kestrel, Mantos Blancos, Maracás Menchen, EVBC and Carlota for the final quarter in each year, together with dividends declared but not yet received from LIORC. These amounts were received in full subsequent to year end.

The Group reached an agreement with the operator of EVBC relating to the royalty over the EVBC mine whereby the operator agreed to pay the outstanding royalty amounts for Q3 2022 and Q4 2022 totalling $1.5m in full; thus the amount previously provided for in 2022 ($1.5m) has been reversed and recognised as other income. The amounts owed in relation to Q3 2022 and Q4 2022 have been received in full.

Current trade and other receivables also include $3.1m (2022: $7.0m) in deferred and contingent consideration receivable from Whitehaven Coal following the sale of the Narrabri royalty. A further $9.6m (2022: $12.4m) of deferred and contingent consideration in respect of this sale is included in non-current other receivables and will be received between January 2024 and December 2026. During the year ended 31 December 2023 $5.4m of deferred and contingent consideration was received in cash (2022: $5m).

22 Trade and other receivables continued

Current trade and other receivables continued

The Directors consider that the carrying amount of trade and other receivables is approximately their fair value.

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Non-current				
Other receivables	**33,708**	37,429	**17,135**	19,042
Amounts due from subsidiaries	**—**	—	**96,895**	141,796
	33,708	37,429	**114,030**	160,838

Non-current other receivables

Non-current other receivables comprise amounts relating to the interest-bearing loan receivable from Denison Mines, the deferred consideration together with the contingent consideration arising from the disposal of the Group's Narrabri royalty in 2021 and the contingent consideration related to West Musgrave (note 18).

Denison financing agreement

In 2017, the Group completed a C$43.5m ($33.3m) financing and streaming agreement with Denison. The streaming agreement is classified as a royalty financial instrument (note 17), with an initial value of C$2.7m ($2.1m).

The financing agreement is structured as a 13-year secured loan of C$40.8m ($31.2m) with an interest rate of 10% per annum payable to the Group. The loan contains mandatory repayment provisions in any period where the equivalent toll revenues exceed the interest liability. Conversely, in any period when toll revenues are less than the interest payment, the shortfall is capitalised and carried forward to the next period. The loan principal, along with any capitalised interest, is repayable in full at maturity. In 2023, the Group earned $1.8m in interest revenue (2022: $2.1m) and received principal repayments of $2.3m (2022: $2.9m).

The Group assesses the carrying value of the Denison financing agreement for expected credit losses over the next 12 months by making reference to the security held by the Group and the financial position of Denison at each reporting date. No provision for expected credit losses has been recognised as at 31 December 2023. As at 31 December 2022, the previously recognised expected credit losses of $0.9m were reversed due to the improved financial condition of Denison.

As at 31 December 2023, the outstanding loan balance was $17.1m (C$22.5m) and unamortised costs associated with the loan were $0.1m (31 December 2022: loan balance $18.9m (C$25.6m) and unamortised costs $0.1m). The total amortisation of costs associated with the loan during the year was $17,000 (2022: $17,000).

West Musgrave acquisition

As described in note 18, under the West Musgrave royalty the Group is entitled to a A$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL"). As at 31 December 2023, the fair value of the contingent consideration receivable is $6.8m (2022: $6.0m).

Narrabri disposal – deferred consideration and contingent consideration

On 31 December 2021, the Group disposed of its 1% gross revenue royalty over the Narrabri mine to the operator, Whitehaven Coal Limited, for fixed consideration of $21.6m, of which $4.4m was received on completion with the balance payable in annual instalments until 31 December 2026 and further contingent consideration also payable over the period to 31 December 2026.

The contingent consideration consists of $5.0m, receivable in instalments, upon the approval of the Narrabri South extension project by state and federal authorities in Australia, prior to 31 December 2026. In addition, the Group is entitled to receive biannual contingent payments linked to future realised coal prices during the period from closing to 31 December 2026. Subject to minimum volumes of 3.0Mt per half year being achieved, where the realised prices exceed $90/t the Group will be entitled to $0.05/t, increasing to $0.25/t if realised prices exceed $150/t. Both elements of the contingent consideration in relation to the sale of the Narrabri royalty have been classified as a financial asset that is carried at fair value based on discounted expected cash flows.

As at 31 December 2023, the total outstanding deferred consideration is $8.3m (2022: $12.0m), of which $2.0m (2022: $4.0m) is included in current trade and other receivables. The Group assessed the carrying value of the deferred consideration for expected credit losses over the next 12 months by making reference to the security held by the Group and the financial position of Whitehaven Coal Limited. No provision for expected credit losses has been recognised as at 31 December 2023. As at 31 December 2022, the previously recognised expected credit losses of $43,000 were reversed due to the improved financial condition of Whitehaven Coal Limited.

As at 31 December 2023, the Group assessed the probability of the Narrabri South extension being approved at 50% (2022: 50%) and applied this to the discounted future cash flows with an 11% (2022: 11%) pre-tax nominal discount rate resulting in a fair value of $2.1m (2022: $2.1m) for this element of the contingent consideration. The price and sales volume linked contingent consideration was also valued by applying an 11% (2022: 11%) pre-tax nominal discount rate to the expected future cash flows, resulting in a fair value of $2.1m (2022: $4.6m) for this element of the contingent consideration.

22 Trade and other receivables continued

Non-current other receivables continued

Narrabri disposal – deferred consideration and contingent consideration continued

The total fair value of the contingent consideration is $4.3m (2022: $6.7m), of which $0.9m ($2.3m) is included in current trade and other receivables, together with $0.2m ($0.7m) in contingent consideration due from Whitehaven Coal following the volume and price thresholds being achieved in the second half of 2023.

Non-current amounts due from subsidiaries

Amounts due from subsidiaries are considered long-term loans. The Directors consider that the carrying value of amounts due from subsidiaries is approximately their fair value (note 32).

23 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Cash at bank and on hand	**7,849**	5,723	**6,672**	5,224
Trading deposits with brokers	**1**	127	**1**	127
Cash and cash equivalents	**7,850**	5,850	**6,673**	5,351

24 Net debt

See notes 3.9(a) and 3.9(j) for the Group's accounting policy on cash and debt.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to the inside front cover.

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group and Company's net (debt)/cash and cash equivalents position after offsetting the revolving credit facility against cash and cash equivalents is as follows:

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Revolving credit facility	**(82,400)**	(42,250)	**(75,400)**	(42,250)
Cash and cash equivalents	**7,850**	5,850	**6,673**	5,351
Net debt	**(74,550)**	(36,400)	**(68,727)**	(36,899)

Movement in net debt

Group	Cash and cash equivalents $'000	Medium and long-term borrowings $'000	Net debt $'000
At 1 January 2022	21,992	112,000	(90,008)
Cash flow	(14,107)	(69,750)	55,643
Foreign exchange differences	(2,035)	—	(2,035)
At 31 December 2022	5,850	42,250	(36,400)
Cash flow	**2,088**	**40,150**	**(38,062)**
Foreign exchange differences	**(88)**	**—**	**(88)**
At 31 December 2023	**7,850**	**82,400**	**(74,550)**

During the year ended 31 December 2023, the Group drew $96.0m (2022: $49.5m) on its revolving credit facility (refer to note 25) and repaid $55.9m (2022: $119.25m).

The only financing-related liabilities are the Group's borrowings and the Group's lease liabilities. The movements in the former are shown above and the movements in the latter are shown in note 27.

25 Borrowings

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Secured borrowing at amortised cost				
Revolving credit facility	**82,400**	42,250	**75,400**	42,250
	82,400	42,250	**75,400**	42,250
Amount due for settlement within 12 months	**—**	—	**—**	—
Amount due for settlement after 12 months	**82,400**	42,250	**75,400**	42,250

In conjunction with the Voisey's Bay cobalt stream acquisition, the Group repaid its borrowings in full and cancelled its existing facility in March 2021, before entering a new $180m revolving credit facility which was reduced to $150m following the completion of the equity placing detailed in note 16.

To part finance the Voisey's Bay cobalt stream acquisition, the Group drew down $123.5m on the new facility. In 2022 the Group borrowed a further $43.2m to partially fund the completion payment due in relation to the acquisition of a portfolio of royalties as detailed in note 18.

In addition to consenting to the acquisition of the portfolio of royalties, the Group's lending syndicate agreed to maintain the revolving credit facility at $150m and would no longer require the previously scheduled $25m facility step down which was due in August 2022. The lending syndicate also agreed a $50m accordion feature for future acquisitions which can be drawn subject to lender consent.

In December 2022 the Group exercised the option to extend the term of the facility by one year with a maturity date of 24 February 2025. In addition to the extension, the Group's facility was restated to reflect the discontinuation of LIBOR, available at SOFR, SONIA or EURIBOR for drawings in US dollars, sterling and euros respectively, plus 2.75% to 4.50% depending on leverage ratios. The Group's facility is secured by way of a floating charge over the Group's assets and is subject to a number of financial covenants, all of which have been met during the period ended 31 December 2023.

In January 2024 the Group entered into an amendment and extension of its $150 million revolving credit facility agreement largely on the same terms as the previous facility and will be subject to SOFR plus a ratchet between 2.25% and 4.00%, depending on leverage levels. The amended and extended facility also includes an uncommitted accordion feature of up $75 million to be used to fund royalty acquisitions which, if implemented, would take the potential borrowing capacity up to $225 million.

The facility has a maturity date of January 2027 and subject to lender consent, can be extended twice by up to 12 months on each occasion.

The Directors consider that the carrying amount of the Group's borrowings approximates their fair value.

26 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the period:

Group	Revaluation of coal royalty $'000	Revaluation of royalty instruments $'000	Accrual of royalty receivable $'000	Other revaluations $'000	Other tax losses $'000	Total $'000
At 1 January 2022	25,340	1,802	5,469	—	(32,378)	233
Charge/(credit) to profit or loss	8,351	(902)	(2,109)	1,429	(432)	6,337
Credit to other comprehensive income	—	(390)	—	—	—	(390)
Exchange differences	(1,690)	57	(299)	(23)	—	(1,955)
At 31 December 2022	32,001	567	3,061	1,406	(32,810)	4,225
Credit to profit or loss	**(8,556)**	**(921)**	**(2,123)**	**(200)**	**(202)**	**(12,002)**
(Credit) to other comprehensive income	**—**	**(624)**	**—**	**—**	**—**	**(624)**
Exchange differences	**(239)**	**(5)**	**(56)**	**(6)**	**(1)**	**(307)**
Effect of change in tax rate:						
– Income statement	**—**	**—**	**—**	**—**	**(617)**	**(617)**
At 31 December 2023	**23,206**	**(983)**	**882**	**1,200**	**(33,630)**	**(9,325)**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023 $'000	2022 $'000
Deferred tax liabilities	**(28,126)**	(40,857)
Deferred tax assets	**37,451**	36,632
	9,325	(4,225)

The Group has the following balances in respect of which no deferred tax asset has been recognised, as these losses are not expected to be utilised:

	2023				2022			
	Tax losses – trading $'000	**Tax losses – capital $'000**	**Other temporary differences $'000**	**Total $'000**	Tax losses – trading $'000	Tax losses – capital $'000	Other temporary differences $'000	Total $'000
Expiry date								
Within one year	**—**	**—**	**—**	**—**	—	—	—	—
Greater than one year, less than five years	**—**	**—**	**—**	**—**	—	—	—	—
Greater than five years	**—**	**—**	**—**	**—**	—	—	—	—
No expiry date	**26,022**	**60,566**	**15,039**	**101,627**	19,003	60,152	12,345	91,500
	26,022	**60,566**	**15,039**	**101,627**	19,003	60,152	12,345	91,500

Temporary differences associated with investments in subsidiaries, joint ventures and associates are insignificant.

26 Deferred tax continued

The following are the major deferred tax liabilities recognised by the Company utilising a rate of 25% (2022: 25%) and the movements thereon during the period:

Company	Revaluation of royalty instruments $'000	Total $'000
At 1 January 2022	3,480	3,480
Charge to profit or loss	(3,480)	(3,480)
At 31 December 2022	—	—
At 31 December 2023	—	—

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Company	**2023 $'000**	2022 $'000
Deferred tax liabilities	**—**	—
	—	—

27 Trade and other payables

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Current				
Other taxation and social security payables	**151**	36	**149**	35
Trade payables	**414**	505	**401**	100
Borrowings from subsidiaries	**—**	—	**56,402**	55,819
Accruals and other payables	**3,172**	3,409	**2,523**	3,065
Lease liability	**440**	323	**440**	323
Deferred income	**—**	5,359	**—**	—
Deferred consideration	**9,167**	36,667	**—**	—
	13,344	46,299	**59,915**	59,342

On 13 April 2022, the Supreme Court of Western Australia handed down a favourable judgment in relation to the Group's legal dispute with Quasar Resources Pty Ltd ('Quasar'), the owner of the Four Mile uranium mine over which the Group has a 1% net smelter return royalty. The judgment ruled that none of the processes at the Beverley plant or Four Mile mine amount to refining which means that Quasar had wrongly claimed charges, costs and penalties that were for, or related to, the extraction or processing of uranium ore into yellowcake or uranium concentrate as "Allocable Charges".

Quasar was ordered to pay A$2.7m in additional royalties and interest in the amount of A$0.3m for the original claim which runs from Q4 2015 to Q4 2018. The funds for the judgment amount were received in May 2022. Prior to paying the original judgment amount, Quasar lodged an appeal. Separately, the parties reached a settlement in relation to the re-calculation of royalties for the period Q1 2019 to Q4 2021 in line with the judgment. As a result of the appeal being lodged, as at 31 December 2022 the judgment and settlement amounts received were classified as deferred income until the results of the appeal were known.

In December 2023 the Court of Appeal upheld the original, favourable, judgment by the Supreme Court of Western Australia. As per the original judgment, the Court of Appeal upheld that no costs incurred at the mine or the Beverley Plant should be applied as permitted allocable charges. In light of the appeal decision in the Group's favour $5.3m has been released from deferred income, $4.5m (A$6.7m) has been recognised as royalty revenue and $0.8m (A$1.2m) has been recognised as finance income (refer to notes 5 and 8 respectively). The deadline for Quasar to file an application for special leave to appeal has passed, and so the Group has now reached the end of this dispute, save to agreeing legal costs which have been awarded to the Group for both the trial and the appeal.

Borrowings from subsidiaries are detailed further in note 32.

The average credit period taken for trade purchases is 25 days (2022: 20 days). The Directors consider that the carrying amount of trade and other payables approximates their fair value. All amounts are considered short term and none are past due.

27 Trade and other payables continued

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Non-current				
Deferred consideration	**—**	9,167	**—**	—
Contingent consideration	**11,115**	10,058	**—**	—
Lease liability	**2,918**	3,025	**2,918**	3,025
Other taxation and social security payables	**428**	399	**428**	398
	14,461	22,649	**3,346**	3,423

As at 31 December 2023, current deferred consideration and non-current contingent consideration payable is in relation to the acquisition of West Musgrave as detailed in note 18. For the period from commencement of production to 30 June 2027, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and nickel prices.

The contingent consideration classified as non-current represents the net present value of the discounted future cash outflows estimated based on forward-looking nickel prices and expected production volumes for the period to 30 June 2027, which the Directors consider represents the fair value of this potential liability.

For the period from completion date to 30 June 2025, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and cobalt prices related to the Voisey's Bay cobalt stream acquisition (note 16). At 31 December 2023 and 31 December 2022, there is no contingent consideration owing based on actual and expected cobalt prices and production volumes. Therefore, the Directors consider the fair value of this potential liability to be $nil.

Current and non-current lease liability relates to the Group's office premises in London, which comprises annual payments of £0.4m and expires in 2032.

Non-current other taxation and social security payables relate to employer National Insurance due on vesting of certain share-based payments.

Movement in leases

	Group $'000	Company $'000
At 1 January 2022	769	769
New lease	**2,669**	**2,669**
Lease payments	**(312)**	**(312)**
Interest	**61**	**61**
Foreign exchange differences	**161**	**161**
At 31 December 2022	**3,348**	**3,348**
Lease payments	**(357)**	**(357)**
Interest	**216**	**216**
Foreign exchange differences	**151**	**151**
At 31 December 2023	**3,358**	**3,358**

28 Derivative financial instruments

The Group's hedging policy allows foreign exchange forward contracts to be entered into to manage its exposure to foreign exchange risk associated with its Australian and Canadian dollar royalty-related income (note 34). These foreign exchange forward contracts are accounted for as financial assets or liabilities carried at fair value through profit or loss in accordance with note 3.9(d). The fair value of the foreign exchange forward contracts as at 31 December is as follows:

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Financial liabilities carried at fair value through profit or loss				
Fair value at 31 December	**—**	32	**—**	32

As at 31 December 2022 the Group had an outstanding forward contract totalling A$3.3m to receive £1.9m, with a fair value of $32k. The Group had no outstanding forward contracts as at 31 December 2023.

29 Share capital and share premium

Issued share capital

Group and Company	Number of shares	Share capital $'000	Share premium $'000	Merger reserve $'000	Total $'000
Ordinary shares of 2p at 1 January 2022	213,780,759	5,706	87,883	94,847	188,436
Utilisation of shares held in treasury on exercise of employee options[(a)]	453,307	12	—	—	12
Issue of share capital as consideration for acquisition[(b)]	43,622,091	1,043	81,329	—	82,372
Ordinary shares of 2p at 31 December 2022	257,856,157	6,761	169,212	94,847	270,820
Utilisation of shares held in treasury on exercise of employee options[(c)]	47,244	1	—	—	1
Ordinary shares of 2p at 31 December 2023	**257,903,401**	**6,762**	**169,212**	**94,847**	**270,821**

(a) On 21 February 2022, the Company utilised 19,974 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Share Ownership Plan. On 25 February 2022, the Company utilised a further 433,333 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Unapproved Share Option Plan.

(b) On 19 July 2022, the Company issued 43,622,091 new ordinary shares of 2p each to South32 as partial consideration for the acquisition of a high-quality portfolio of royalties over advanced development stage copper and nickel projects (note 18).

(c) On 26 February 2023, the Company utilised 47,244 ordinary shares of 2p each from treasury, to settle awards to employees under the Deferred Share Bonus Plan that had vested.

Own shares

Included in the Company's issued share capital are shares held by the Anglo Pacific Group Employee Benefit Trust ('EBT') to settle existing employee-related share-based payments as follows:

	2023		2022	
	Number of shares	**$'000**	Number of shares	$'000
Own shares				
At 1 January	**—**	**—**	444,726	(1,535)
Transferred to employees in settlement of share awards	**—**	**—**	(444,726)	1,535
At 31 December	**—**	**—**	—	—

As the EBT has waived its right to receive dividends, the Company's shares held by the EBT are excluded from the weighted average number of shares in issue for the purposes of calculating earnings per share in note 12.

29 Share capital and share premium continued

Treasury shares

	2023		2022	
	Number of shares	**$'000**	Number of shares	$'000
Treasury shares				
At 1 January	**3,876,396**	**102**	4,329,703	114
Utilisation of shares held in treasury on exercise of employee options	**(47,244)**	**(1)**	(453,307)	(12)
At 31 December	**3,829,152**	**101**	3,876,396	102

Shares held in treasury do not receive dividends; as such they are excluded from the weighted average number of shares in issue for the purposes of calculating earnings per share in note 12.

30 Share-based payments

The Group had outstanding awards under the following equity-settled share-based compensation plans in 2022 and 2023:

- the HMRC approved Company Share Ownership Plan ('CSOP');
- the Unapproved Share Ownership Plan ('USOP'); and
- the Long-term Incentive Plan ('LTIP').

(a) Company Share Ownership Plan

Under the CSOP, share options were granted to Executive Directors and employees. The exercise price of the granted options is equal to the average mid-market closing price of an ordinary share for the three days before the grant. The options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, subject to the Group achieving its target growth in absolute TSR over the period of 3% per annum (not compounded) in excess of the UK Retail Price Index; the options have a contractual option term of ten years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

In accordance with the CSOP rules, no further grants of awards under this plan can made after April 2020. As a result, no awards were made under the CSOP in 2023 or 2022.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Options	**Weighted average exercise price £**	Options	Weighted average exercise price £
Outstanding at 1 January	**—**	**—**	19,974	0.7700
Exercised during the year	**—**	**—**	(19,974)	0.7700
Outstanding at 31 December	**—**	**—**	—	—

The options exercised under the CSOP in 2022 had an exercise price of £0.77/share.

30 Share-based payments continued

(b) Unapproved Share Option Plan

The Group's USOP was approved by shareholders at the 2016 AGM. The plan was established to provide the Group additional scope to incentivise employees, over and above the limit of the CSOP. No awards have been made under the Group's USOP since March 2021.

The outstanding options as at 31 December 2023 have an exercise price equal to the average mid-market closing price of an ordinary share for the three days before the grant and are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date and have a contractual option term of five years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023		2022	
	Options	**Weighted average exercise price £**	Options	Weighted average exercise price £
Outstanding at 1 January	**550,000**	**1.7918**	1,500,000	1.2144
Exercised during the year	**—**	**—**	(800,000)	0.8801
Forfeited during the year	**—**	**—**	(150,000)	0.8801
Outstanding at 31 December	**550,000**	**1.7918**	550,000	1.7918

Out of the 550,000 outstanding options (2022: 550,000), 375,000 options were exercisable as at 31 December 2023 (2022: 375,000).

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

		Options	
Expiry date	Exercise price in £ per share	**2023**	2022
2024	1.8617	**300,000**	300,000
2024	1.9208	**75,000**	75,000
2025	1.7883	**100,000**	100,000
2026	1.3887	**75,000**	75,000
		550,000	550,000
Weighted average remaining contractual life		**0.97**	1.54

(c) Long-term Incentive Plan

Following the approval at the 2021 AGM, the Group implemented the LTIP for the Executive Directors and employees. The LTIP allows for the grant of Performance Share Awards ('PSA') whereby awards are granted to Executive Directors and senior management to acquire shares in Ecora Resources PLC at no cost, subject to the achievement by the Group of specified performance targets and Restricted Share Awards ('RSA') whereby awards are granted to employees who are not granted PSAs to acquire shares in Ecora Resources Pacific Group PLC at no cost after a three-year vesting period with no performance criteria attached. The granting of these Restricted Share Awards has replaced the granting of awards under the USOP to employees.

30 Share-based payments continued
(c) Long-term Incentive Plan continued
Performance Share Awards

Under the LTIP, Performance Share Awards are granted to Executive Directors and senior management at no cost. The percentage of each award that vests is based upon the performance of the Group over a defined measurement period. For the awards granted in 2021, 2022 and 2023, the performance conditions are total shareholder return, portfolio contribution and adjusted earnings per share, which are equally weighted and measured over a three-year performance period. For Executive Directors a mandatory two-year holding period follows the three-year performance period.

	2023 Shares	2022 Shares
At 1 January	**1,404,713**	793,067
Awards granted	**752,826**	611,646
Awards vested	**–**	–
Awards expired/lapsed	**–**	–
At 31 December	**2,157,539**	1,404,713

The fair value of the awards is determined based on the closing share price on the day of grant, apart from the total shareholder return performance element of the award which uses the Monte Carlo model. The assumptions used are as follows:

Date of grant	27/05/2021	25/02/2022	12/05/2022	24/02/2023
Market price used for award	143.60p	141.80	158.00p	**135.00p**
Risk-free interest rate	0.15%	1.17%	1.23%	**3.7%**
Dividend yield	6.6%	6.5%	6.5%	**4.5%**
Volatility	43.2%	41.4%	41.7%	**42.2%**
Term	3 years	3 years	3 years	**3 years**
Fair value per share	84.04p	72.34p	97.67p	**66.34p**

Restricted Share Awards

Under the LTIP, Restricted Share Awards are granted to those employees not granted Performance Share Awards, at no cost. The awards vest after three years and there are no performance criteria attached.

	2023 Shares	2022 Shares
At 1 January	**259,996**	79,101
Awards granted	**370,438**	180,895
Awards vested	**–**	–
Awards expired/lapsed	**–**	–
At 31 December	**630,434**	259,996

The fair value of these awards is determined based on the closing share price on the day of grant.

Date of grant	27/05/2021	02/09/2021	24/02/2022	21/02/2023
Market price used for award	140.53p	128.94p	140.35p	**138.01p**
Term	3 years	3 years	3 years	**3 years**
Fair value per share	140.53p	128.94p	140.35p	**138.01p**

Refer to note 7(a) for the total expense recognised in the income statement for awards under the Group's CSOP, USOP and LTIP granted to Executive Directors and employees.

31 Special reserve

As part of the capital reduction in 2002, a special reserve was created, which represents the level of profit attributable to the Group for the period ended 30 June 2002. At 31 December 2023, this reserve remains unavailable for distribution.

	Group $'000	Company $'000
At 1 January 2023 and 31 December 2023	**833**	**833**

32 Related party transactions

During the year, the Company entered into the following transactions with subsidiaries:

	2023 $'000	2022 $'000
Net financing from/(to) related entities	**(9,057)**	(20,298)
Net investing in related entities	**32,878**	(7,564)
Intercompany dividends	**20,178**	105,486
Management fee	**4,036**	4,003
Amounts owed by related parties at year end	**104,209**	141,796
Amounts owed to related parties at year end	**(56,402)**	(55,819)

All transactions were made in the course of funding the Group's continuing activities.

Amounts owed by related parties are non-interest bearing and are not due to be received in the next 12 months. Amounts owed to related parties comprise both interest-bearing (at a rate of 1.6%) and non-interest-bearing borrowings that are repayable on demand.

Remuneration of key management personnel

The remuneration of the key management personnel including Directors of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 116 to 123.

	2023 $'000	2022 $'000
Short-term employee benefits	**2,473**	2,305
Post-employment benefits	**92**	81
Share-based payment	**601**	475
	3,166	2,861

Directors' transactions

The Group received $26,707 from Audley Capital Advisors LLP, a company which Mr. J.A. Treger, former Chief Executive Officer, is both a director and shareholder, for the reimbursement of travel costs and the subletting of office space during the year ended 31 December 2022. Transactions with Audley Capital Advisors have ceased since Mr. J.A. Treger's resignation. At 31 December 2023 and 2022 there were no amounts owing from Audley Capital Advisors LLP.

33 Segment information

The Group's chief operating decision maker is considered to be the Executive Committee. The Executive Committee evaluates the financial performance of the Group based on a portfolio view of its individual royalty and metal stream arrangements. Royalty and metal stream-related revenue and its associated impact on operating profit is the key focus of the Executive Committee. The income from the Group's royalties and metal streams is presented based on the jurisdiction in which the income is deemed to be sourced as follows:

Australia:	Kestrel, Four Mile, Pilbara, West Musgrave and Nifty
Americas:	Voisey's Bay, McClean Lake, Mantos Blancos, Maracás Menchen, LIORC, Ring of Fire, Piauí, Cañariaco, Ground Hog, Flowstream, Carlota, Santo Domingo and Vizcachitas
Europe:	EVBC and Salamanca
Other:	Dugbe I, Corporate and the Group's mining and exploration interests (excluding Flowstream)

Despite the Group's royalty and metal stream arrangements being exposed to different commodities, the Executive Committee, having considered the impact of climate change on the demand for and pricing of the commodities underlying the Group's portfolio, concluded the arrangements in each jurisdiction to have similar economic characteristics which should result in similar long-term performance over the commodity cycle.

33 Segment information continued

The following is an analysis of the Group's results by reportable segment. The key segment result presented to the Executive Committee for making strategic decisions and allocating resources is operating profit as analysed below.

The segment information for the year ended 31 December 2023 is as follows (noting that total segment operating profit corresponds to operating profit before impairments, revaluations and gains/losses on disposals on the face of the consolidated income statement):

	Australia royalties $'000	Americas royalties $'000	Europe royalties $'000	All other segments $'000	Total $'000
Royalty and metal stream-related revenue	**42,698**	**19,202**	**—**	**—**	**61,900**
Amortisation and depletion of royalties and streams	**(81)**	**(7,386)**	**—**	**—**	**(7,467)**
Metal streams cost of sales	**—**	**(1,338)**	**—**	**—**	**(1,338)**
Operating expenses	**(4,134)**	**(374)**	**—**	**(6,381)**	**(10,889)**
Total segment operating profit/(loss)	**38,483**	**10,104**	**—**	**(6,381)**	**42,206**
Total segment assets	**207,288**	**417,327**	**112**	**11,550**	**636,277**
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	**—**	**20,407**	**—**	**112**	**20,519**
Total segment liabilities	**61,246**	**78,803**	**—**	**14,209**	**154,258**

The segment information for the year ended 31 December 2022 is as follows:

	Australia royalties $'000	Americas royalties $'000	Europe royalties $'000	All other segments $'000	Total $'000
Royalty and metal stream-related revenue	108,214	33,656	—	—	141,870
Amortisation and depletion of royalties and streams	(97)	(9,254)	—	—	(9,351)
Metal streams cost of sales	—	(4,265)	—	—	(4,265)
Operating expenses	(4,399)	(272)	—	(6,178)	(10,849)
Total segment operating profit/(loss)	103,718	19,865	—	(6,178)	117,405
Total segment assets	247,758	419,812	—	11,366	678,936
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	96,062	95,271	—	3,206	194,539
Total segment liabilities	119,960	47,316	—	8,055	175,332

The amounts provided to the Executive Committee with respect to total segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Executive Committee with respect to total segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The royalty and metal stream-related revenue in Australia of $42.7m (2022: $108.2m) includes the Kestrel royalty which generated $35.9m (2022: $107.2m) and the Four Mile royalty which generated $6.8m (2022: $1m). Individually the revenue generated by Kestrel represented greater than 10% of the Group's revenue in both 2023 and 2022 and the revenue generated by Four Mile represented greater than 10% of the Group's revenue in 2023.

The royalty and metal stream-related revenue in the Americas of $19.2m (2022: $33.7m) includes the Voisey's Bay cobalt stream which generated $5.6m (2022: $18.9m), which individually represented more than 10% of the Group's revenue in 2023.

The royalty and metal stream-related revenue from Voisey's Bay of $5.6m (2022: $18.9m), together with $3.2m from Maracás Menchen (2022: $3.6m), $6.1m from Mantos Blancos (2022: $6m), $6.8m from Four Mile (2022: $1m) and $0.6m from Carlota (2022: $0.2m), represents revenue recognised from contracts with customers as defined by IFRS 15.

33 Segment information continued

Impairments

No impairments were recognised during the year ended 31 December 2023.

During the year ended 31 December 2022, the Group recognised an impairment charge of $4.1m, of which $1.3m relates to the Ring of Fire royalty and $2.8m relates to the Pilbara royalty, both within the 'Australia royalties and streams'.

Refer to note 18 for further details on the Group's impairments.

34 Financial risk management

The Group's principal treasury objective is to provide sufficient liquidity to meet operational cash flow and dividend requirements and to allow the Group to take advantage of new growth opportunities whilst maximising shareholder value. The Group's activities expose it to a variety of financial risks including liquidity risk, credit risk, foreign exchange risk and price risk. The Group operates controlled treasury policies which are monitored by management to ensure that the needs of the Group are met while minimising potential adverse effects of unpredictability of financial markets on the Group's financial performance. The Group's financial risk management should be read in conjunction with the principal risks outlined on pages 63 to 67 of the Strategic Report.

Liquidity and funding risk

The objective of the Company in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. As at 31 December 2023 the Group had borrowings of $82.4m (2022: $42.3m). Subsequent to the year end, the Group repaid $0.4m of these borrowings and drew down $10.1m and subject to continued covenant compliance, the Group has access to a further $58m through its secured $150.0m revolving credit facility.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as at 31 December 2023. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows only, as due to the revolving nature of the facility future interest cash flows cannot be reliably estimated. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	1-5 years $'000	5-10 years $'000	Total $'000
31 December 2023				
Trade and other payables	**—**	**414**	**—**	**414**
Deferred consideration	**—**	**9,167**	**—**	**9,167**
Contingent consideration	**—**	**11,115**	**—**	**11,115**
Lease liability	**—**	**1,638**	**1,720**	**3,358**
Interest-bearing revolving credit facility	**8.46**	**82,400**	**—**	**82,400**
		104,734	**1,720**	**106,454**
31 December 2022				
Trade and other payables	—	505	—	505
Deferred consideration	—	45,834	—	45,834
Contingent consideration	—	10,058	—	10,058
Lease liability	—	1,275	2,000	3,275
Interest-bearing revolving credit facility	4.84	42,250	—	42,250
		99,922	2,000	101,922

Credit risk

The Group's principal financial assets are bank balances, royalty financial instruments (excluding the investment in LIORC), trade and other receivables. These represent the Group's maximum exposure to credit risk in relation to financial assets and total $73.8m at 31 December 2023 ($83.1m at 31 December 2022).

The Group's credit risk is primarily attributable to its trade and other receivables, including royalty and metal stream receivables, the interest-bearing long-term receivable from Denison Mines Inc (note 22), the contingent consideration due from West Musgrave (notes 18 and 22) and the deferred consideration due from Whitehaven Coal Limited following the disposal of the Narrabri royalty (note 22). It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables and expected credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group's credit risk on royalty interests held as financial instruments has been reviewed and the estimated current exposure is as disclosed in note 17 where the future contractual right to cash flows from these instruments is reflected in their fair value.

34 Financial risk management continued

Credit risk continued

The credit risk on bank deposits is mitigated by banking with financial institutions with credit ratings assigned by Standard & Poor's and Moody's of 'A' or higher, in reputable jurisdictions. The Group has no significant concentration of credit risk, with exposure spread over a number of currencies and financial institutions.

The Group's credit risk on foreign exchange forward contracts is mitigated by the restriction that such contracts can only be entered into with the existing lending syndicate. The Group limits its exposure to credit risk, together with that of the contracting financial institution, by restricting the settlement date to no more than a year from the contract date. In addition, the Group limits the quantum of the forward contracts to no more than an average 70% of forecast royalty and metal stream-related revenue expected to be received by the date of settlement.

Share price risk

The Group is exposed to share price risk in respect of its mining and exploration interests (note 19) which include listed and unlisted equity securities, together with its investment in LIORC which is classified as a royalty financial instrument (note 17).

A 10% increase or decrease in the fair value of our mining and exploration interests (quoted and unquoted) would increase/decrease the mining and exploration interests balance (and investment revaluation reserve in equity) by $0.3m at 31 December 2023 ($0.3m at 31 December 2022).

Similarly, had there been a 10% increase or decrease in the underlying share price of the Group's investment in LIORC, the Group's royalty financial instrument designated as FVTOCI (and the investment revaluation reserve in equity) would have increased/decreased by $1.0m as at 31 December 2023 ($2.6m at 31 December 2022).

The Group's mining and exploration interests are in entities whose primary projects the Group already holds a royalty over, for example Berkeley Energia and Brazilian Nickel plc, or in entities where a future royalty or metal stream opportunity may exist. While these interests are considered long-term, strategic investments, they are no longer a significant part of the Group's approach to securing new royalties and metal streams.

No specific hedging activities are undertaken in relation to these interests and the voting rights arising from these equity instruments are utilised in the Group's favour.

Other price risk

The royalty and metal stream portfolio exposes the Group to other price risk through fluctuations in commodity prices, particularly the prices of coking coal, cobalt, vanadium, nickel, copper, iron ore, gold and uranium. As the Directors obtain independent commodity price forecasts, the generation of which takes into account fluctuations in prices, limited analysis of the impact of fluctuations on the valuations of the royalties has been undertaken in notes 15 and 17.

Foreign exchange risk

The Group's transactional foreign exchange exposure arises from income, expenditure and purchase and sale of assets denominated in foreign currencies. With royalty-related revenue from Kestrel accounting for over 50% of the Group's income (2022: over 75%), the Group's primary foreign exchange exposure is to the Australian dollar, which these royalties are denominated in. In addition to the Group's exposure to the Australian dollar, it is also exposed to the Canadian dollar through the royalty-related revenue from LIORC and McClean Lake which when combined accounted for 5.8% of the Group's income in 2023 (2022: 3.3%).

The Group's hedging policy allows foreign exchange forward contracts to be entered into with a maximum exposure of 70% of forecast Australian and Canadian dollar denominated royalty revenue expected to be received during a period not exceeding 12 months from contract date to settlement. As at 31 December 2022 the Group had an outstanding forward contract totalling A$3.3m to receive £1.9m, with a fair value of $32k. There were no outstanding foreign exchange forward contracts at 31 December 2023 (note 28). The Group has no other hedging programme in place.

In terms of material commitments, the risk in relation to currency fluctuations is assessed by the Executive Committee at the time the commitment is made and regularly reviewed. As at 31 December 2023 the Group has no material commitments denominated in a foreign currency (31 December 2022: nil).

34 Financial risk management continued

Foreign exchange risk continued

Financial assets and liabilities are split by currency as follows:

	2023					2022				
	USD US$'000	AUD US$'000	CAD US$'000	GBP US$'000	EUR US$'000	USD US$'000	AUD US$'000	CAD US$'000	GBP US$'000	EUR US$'000
Financial assets	29,024	105,064	28,602	812	22	29,748	139,289	45,545	3,797	11
Financial liabilities	103,090	1	5	3,357	—	98,674	1	3	3,275	—
Net exposure	(74,066)	105,063	28,597	(2,545)	22	(68,927)	139,288	45,542	523	11

Foreign exchange sensitivities

With the exception of the cash balances, non-current other receivables and borrowings, the majority of the financial instruments not denominated in USD are held in entities with the same functional currency and for the purpose of this sensitivity analysis, the impact of changing exchange rates on the translation of foreign subsidiaries into the Group's presentation currency has been excluded.

In terms of the cash balance, the significant sensitivities are as follows:

- a +/-10% change in the USD:AUD rate would increase/decrease profit after tax and equity by $0.07m (2022: $0.03m);
- a +/-10% change in the USD:CAD rate would increase/decrease profit after tax and equity by $0.10m (2022: $0.02m); and
- a +/-10% change in the USD:GBP rate would increase/decrease profit after tax and equity by $0.06m (2022: $0.08m).

In terms of the non-current other receivable balance, which relates to the Canadian dollar denominated loan to Denison (note 22), a +/-10% change in the USD:CAD rate would increase/decrease profit after tax and equity by $1.7m (2022: $1.9m).

In terms of borrowings, the Group had drawings under the revolving credit facility in USD only at 31 December 2023 and 31 December 2022 and, therefore, would not be impacted by movements in foreign exchange rates.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Capital risk management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to realise the full value of its assets and to enhance shareholder value in the Company and returns to shareholders by acquiring further royalty assets.

The Directors continue to monitor the capital requirements of the Group by reference to expected future cash flows. Capital for the reporting periods presented is summarised in the consolidated statement of changes in equity.

In funding the business activities of the Group, the Directors consider both debt and equity, having regard to the Group's available debt facility and the prevailing share price at the time funding is required. Where funding is obtained through debt, the Group maintains its targeted debt capacity of 2–2.5 times adjusted EBITDA, although a higher ratio can be tolerated for shorter periods when there is a reasonable expectation of a recovery in free cash flow.

34 Financial risk management continued

Financial instruments

The Group and Company held the following investments in financial instruments and other items held at fair value:

	Group		Company	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Investment property (held at fair value)				
Coal royalties (Kestrel)	**77,354**	106,669	**—**	—
Fair value through other comprehensive income				
Royalty financial instruments	**10,233**	25,590	**—**	—
Mining and exploration interests	**2,791**	3,483	**367**	1,059
Fair value through profit or loss				
Royalty financial instruments	**22,596**	18,290	**—**	—
Contingent consideration – receivable(1)	**11,070**	12,650	**—**	—
Cash at bank and in hand	**7,850**	5,850	**6,673**	5,351
Financial assets at amortised cost				
Trade and other receivables(2)	**31,427**	45,177	**121,660**	161,102
Contingent consideration – receivable(1)	**201**	681	**—**	—
Financial liabilities at amortised cost				
Trade and other payables(3)	**414**	505	**56,803**	55,919
Borrowings(4)	**82,400**	42,250	**75,400**	42,250
Deferred consideration(5)	**9,167**	45,834		
Lease liability	**3,358**	3,275	**3,358**	3,275
Financial liabilities at fair value through profit or loss				
Derivative financial instruments(7)	**—**	32	**—**	32
Contingent consideration – payable(6)	**11,115**	10,058	**—**	—

(1) Contingent consideration – receivable as detailed in notes 18 and 22.

(2) Trade and other receivables include royalty receivables, other receivables and other non-current receivables, less contingent consideration only, as set out in note 22.

(3) Trade and other payables include trade payables only, as set out in note 27.

(4) Borrowings include the revolving credit facility only, as set out in note 25.

(5) Deferred consideration as detailed in notes 18 and 27.

(6) Contingent consideration – payable as detailed in notes 16, 18 and 27. As per the Group's accounting policy fair value movements are recognised in the carrying value of the related royalty intangible asset or metal stream.

(7) Derivative financial instruments include the Group's foreign exchange forward contracts, as set out in note 28.

Cash and cash equivalents comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair value.

Fair value hierarchy

The following tables present financial assets and liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. This hierarchy aggregates financial assets and liabilities into three levels based on the significance of the inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

34 Financial risk management continued

Fair value hierarchy continued

The following table presents the Group's assets that are measured at fair value at 31 December 2023:

Group	Notes	2023 Level 1 $'000	2023 Level 2 $'000	2023 Level 3 $'000	2023 Total $'000
Assets					
Coal royalties (Kestrel)	(a)	**—**	**—**	**77,354**	**77,354**
Royalty financial instruments	(b)	**10,233**	**—**	**22,596**	**32,829**
Mining and exploration interests – quoted	(c)	**296**	**—**	**—**	**296**
Mining and exploration interests – unquoted	(d)	**—**	**2,495**	**—**	**2,495**
Contingent consideration – receivable	(e)	**—**	**—**	**11,070**	**11,070**
Cash at bank and in hand		**7,850**	**—**	**—**	**7,850**
Liabilities	(f)				
Contingent consideration – payable	(g)	**—**	**—**	**(11,115)**	**(11,115)**
Net fair value		**18,379**	**2,495**	**99,905**	**120,779**

The following table presents the Group's assets that are measured at fair value at 31 December 2022:

Group	Notes	2022 Level 1 $'000	2022 Level 2 $'000	2022 Level 3 $'000	2022 Total $'000
Assets					
Coal royalties (Kestrel)	(a)	—	—	106,669	106,669
Royalty financial instruments	(b)	25,590	—	18,290	43,880
Mining and exploration interests – quoted	(c)	988	—	—	988
Mining and exploration interests – unquoted	(d)	—	2,495	—	2,495
Contingent consideration – receivable	(e)	—	—	12,650	12,650
Cash at bank and in hand	(f)	5,850	—	—	5,850
Liabilities					
Contingent consideration – payable	(g)	—	—	(10,058)	(10,058)
Financial derivative instruments	(h)	—	(32)	—	(32)
Net fair value		32,428	2,463	127,551	162,442

The following table presents the Company's assets that are measured at fair value at 31 December 2023:

Company	Notes	2023 Level 1 $'000	2023 Level 2 $'000	2023 Level 3 $'000	2023 Total $'000
Assets					
Royalty financial instruments	(b)	**—**	**—**	**—**	**—**
Mining and exploration interests – quoted	(c)	**296**	**—**	**—**	**296**
Mining and exploration interests – unquoted	(d)	**—**	**71**	**—**	**71**
Cash at bank and in hand	(f)	**6,673**	**—**	**—**	**6,673**
Net fair value		**6,969**	**71**	**—**	**7,040**

34 Financial risk management continued

Fair value hierarchy continued

The following table presents the Company's assets that are measured at fair value at 31 December 2022:

Company	Notes	2022 Level 1 $'000	2022 Level 2 $'000	2022 Level 3 $'000	2022 Total $'000
Assets					
Royalty financial instruments	(b)	—	—	—	—
Mining and exploration interests – quoted	(c)	988	—	—	988
Mining and exploration interests – unquoted	(d)	—	71	—	71
Cash at bank and in hand	(f)	5,351	—	—	5,351
Liabilities					
Financial derivative instruments	(h)	—	(32)	—	(32)
Net fair value		6,339	39	—	6,378

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purposes of measuring fair value of royalty financial instruments give more prominence to the probability of production by applying a risk weighting to the discounted net present value outcome in order to fully reflect the risk that the operation never comes into production rather than factoring this risk into the discount rate applied to the future cash flow.

(a) Coal royalties (investment property)

The Group's coal royalties derive from its ownership of certain sub-stratum land in Queensland, Australia. In accordance with IAS 40, this land is revalued at each reporting date. Refer to note 15 for details of the key inputs into the valuation, together with a sensitivity analysis for fluctuations in the price assumptions and discount rate. All unobservable inputs are obtained from third parties.

(b) Royalty financial instruments

The Group's royalty financial instruments comprise the investment in LIORC and the McClean Lake streaming agreement, together with the NSR and GRR royalties over EVBC, Dugbe 1 and Piauí as detailed in note 17.

At the reporting date, the fair value of the Group's investment in LIORC has been determined by reference to the quoted bid price of the instrument. As LIORC has a quoted share price in an active market, it has been categorised as Level 1 in the fair value hierarchy.

The Group's remaining royalty financial instruments are valued based on the net present value of pre-tax cash flows discounted at a rate between 10.00% and 35.00% at the reporting date. The discount rate of each royalty arrangement is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation.

For those royalty financial instruments not in production, the outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and royalty income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

The table below outlines the discount rate and risk weighting applied in the valuation of the Group's royalty financial instruments:

	Classification	**31 December 2023 Discount rate**	**31 December 2023 Risk weighting**	31 December 2022 Discount rate	31 December 2022 Risk weighting
EVBC	FVTPL	**12.00%**	**0%**	13.00%	0%
Dugbe 1	FVTPL	**35.00%**	**32.50%**	31.50%	32.50%
McClean Lake	FVTPL	**10.00%**	**60%**	10.00%	60%
Piauí	FVTPL	**17.50%**	**55%–100%**	18.50%	55%–100%

The Group has reviewed the impact on the carrying value of its royalty financial instruments, and does not consider a +/-1% change in the discount rate or a +/-5% change in the underlying commodity prices to have a material impact.

34 Financial risk management continued

Fair value hierarchy continued

(c) Mining and exploration interests – quoted

All the quoted mining and exploration interests have been issued by publicly traded companies on well-established security markets. Fair values for these securities have been determined by reference to their quoted bid prices at the reporting date.

(d) Mining and exploration interests – unquoted

All the unquoted mining and exploration interests are initially recognised using cost as the best approximation of fair value. The Group notes any trading activity in the unquoted instruments and will value its holding accordingly. At present the Group holds these investments with a view to generating future royalties and there is no present intention to sell. The vast majority of these are in investments for which the Group anticipates a realistic possibility of a future listing.

(e) Contingent consideration – receivable

Contingent consideration – receivable relates to the West Musgrave royalty intangible purchased on 19 July 2022 (notes 18 and 22) and the sale of the Narrabri royalty intangible completed on 31 December 2021 (note 22).

Under the West Musgrave royalty the Group is entitled to a A$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and is carried at fair value based on the net present value of the discounted future cash flows estimated based on the expected start of commercial production. The financial asset in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in profit or loss.

In relation to the disposal of Narrabri, the Group may receive additional consideration following state and federal government approvals in Australia of the Narrabri South extension for the period from completion date until 31 December 2026, together with price and volume linked consideration. The contingent consideration has been classified as a financial asset that is carried at fair value based on the net present value of the discounted future cash flows estimated based on the probability of the Narrabri South extension being approved and the forward-looking thermal coal prices and expected production volumes. The financial asset in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in profit or loss over the period to 31 December 2026 during which the additional consideration may be received.

(f) Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Contingent consideration – payable

Contingent consideration – payable relates to the acquisition of the West Musgrave royalty intangible on 19 July 2022 (note 18) and Voisey's Bay metal stream completed on 11 March 2021 (note 16).

In relation to the acquisition of the West Musgrave royalty intangible the Group may become liable for additional consideration payments for the period from commencement of production to 30 June 2027, determined by reference to minimum production thresholds and nickel prices. This contingent consideration has been classified as a financial liability that is carried at fair value based on the net present value of the discounted future cash outflows estimated based on forward-looking nickel prices and expected production volumes. The financial liability in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in carrying value of royalty intangible and amortised at straight line over the life of the mine.

In relation to the acquisition of Voisey's Bay metal stream for the period from completion date until 30 June 2025, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and cobalt prices. This contingent consideration has been classified as a financial liability that is carried at fair value based on the net present value of the discounted future cash outflows estimated based on forward-looking cobalt prices and expected production volumes. The financial liability in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in carrying value of metal stream and depreciated on a unit-of-production basis over the total expected deliveries to be received.

(h) Derivative financial instruments

The derivative financial instruments consist of the foreign exchange forward contracts entered into to hedge the Group's Australian dollar denominated royalty income. At the reporting date the foreign exchange forward contracts are valued based on the net present value of the discounted future cash flows estimated based on forward exchange rates and contract forward rates, discounted at rates that reflect the credit risk of various counterparties.

34 Financial risk management continued

Fair value measurements in Level 3

The Group's financial assets classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2023.

	Royalty financial instruments $'000	**Coal royalties (Kestrel) $'000**	**Contingent consideration – receivable $'000**	**Contingent consideration – acquisition $'000**	**Total $'000**
At 1 January 2023	**18,290**	**106,669**	**12,650**	**(10,058)**	**127,551**
Contingent consideration received	**—**	**—**	**(1,351)**	**—**	**(1,351)**
Effective interest	**—**	**—**	**—**	**—**	**—**
Revaluation gains or losses recognised in:					**—**
Income statement	**(3,088)**	**(28,520)**	**(666)**	**—**	**(32,274)**
Royalty intangible and metal stream	**—**	**—**	**—**	**(1,037)**	**(1,037)**
Royalties due or received from royalty financial instruments	**(718)**	**—**	**—**	**—**	**(718)**
Additions	**7,774**	**—**	**—**	**—**	**7,774**
Foreign currency translation	**338**	**(795)**	**437**	**(20)**	**(40)**
At 31 December 2023	**22,596**	**77,354**	**11,070**	**(11,115)**	**99,905**

The following table presents the changes in Level 3 instruments for the year ended 31 December 2022.

	Royalty financial instruments $'000	Coal royalties (Kestrel) $'000	Contingent consideration – receivable $'000	Contingent consideration – acquisitions $'000	Total $'000
At 1 January 2022	23,297	84,465	4,018	(1,534)	110,246
Fair value on initial recognition	—	—	5,544	(9,311)	(3,767)
Contingent consideration – (received)/paid	—	—	(629)	2,373	1,744
Effective interest	—	—	—	(169)	(169)
Revaluation gains or losses recognised in:					
Income statement	(1,373)	27,833	4,083	—	30,543
Royalty intangible and metal stream	—	—		(1,497)	(1,497)
Royalties due or received from royalty financial instruments	(2,782)	—	—	—	(2,782)
Foreign currency translation	(852)	(5,629)	(366)	80	(6,456)
At 31 December 2022	18,290	106,669	12,650	(10,058)	127,551

There have been no transfers into or out of Level 3 in any of the years.

The Group measures its entitlement to the royalty income and any optionality embedded within the royalty financial instruments using discounted cash flow models. In determining the discount rate to be applied, management considers the country and sovereign risk associated with the projects, together with the time horizon to the commencement of production and the success or failure of projects of a similar nature.

35 Free cash flow

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to the inside front cover.

The structure and classification of a number of the Group's royalty arrangements result in a significant amount of cash flow not being included in the income statement. As the Group considers dividend cover based on the free cash flow generated by its assets, management has determined that free cash flow per share is a key performance indicator.

Free cash flow per share is calculated by dividing net cash generated from operating activities and proceeds from the disposal of non-core assets, less finance costs, by the weighted average number of shares in issue.

	2023 $'000	**Free cash flow per share ¢**
Net cash generated from operating activities		
Net cash generated from operating activities for the year ended 31 December 2023	**33,540**	
Adjustment for:		
Proceeds on disposal of mining and exploration interests	**79**	
Finance income	**151**	
Finance costs	**(6,010)**	
Lease payments	**(357)**	
Repayments under commodity-related financing agreements	**2,307**	
Free cash flow for the year ended 31 December 2023	**29,710**	**11.52c**

	2022 $'000	Free cash flow per share ¢
Net cash generated from operating activities		
Net cash generated from operating activities for the year ended 31 December 2022	132,495	
Adjustment for:		
Proceeds on disposal of mining and exploration interests	1,310	
Finance income	8	
Finance costs	(4,213)	
Lease payments	(312)	
Repayments under commodity-related financing agreements	2,859	
Free cash flow for the year ended 31 December 2022	132,147	56.46c

The weighted average number of shares in issue for the purpose of calculating the free cash flow per share is as follows:

	2023	2022
Weighted average number of shares in issue	**257,896,023**	234,062,267

36 Portfolio contribution

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to the inside front cover.

Portfolio contribution represents the funds received or receivable from the Group's underlying royalty and metal stream-related assets. A number of the Group's royalty financing arrangements result in a significant amount of cash flow being reported as principal repayments, which are not included in the income statement. In addition, following the adoption of IFRS 9, royalty receipts from those royalty financial instruments classified as FVTPL are no longer recognised in the income statement. The Group considers total portfolio contribution as a means of assessing the overall performance of the Group's underlying royalty and metal stream-related assets.

36 Portfolio contribution continued

Portfolio contribution is royalty and metal stream-related revenue (note 5), less metal streams cost of sales, plus royalties received or receivable from royalty financial instruments carried at FVTPL (note 17) and principal repayment received under the Denison financing agreement (note 22) as follows:

Group	2023 $'000	2022 $'000
Royalty and metal stream-related revenue (note 5)	**61,900**	141,870
Royalties due or received from royalty financial instruments	**718**	2,782
Repayments under commodity-related financing agreements	**2,307**	2,859
Metal streams cost of sales	**(1,338)**	(4,265)
	63,587	143,246

Metal streams costs of sales represents the cost of cobalt purchases under the Voisey's Bay stream agreement, marketing costs and insurance. The cost of cobalt purchases is 18% of an industry cobalt reference price until the original upfront amount paid for the stream, by its original holder, of $300m is reduced to $nil (through accumulating credit from 82% of the cobalt reference price), increasing to 22% thereafter.

37 Contingent liabilities

During 2022 on advice from professional advisers, the Group undertook the capital restructuring of a number of subsidiaries with significant historical losses and impairment charges. This advice involved the interpretation of certain tax legislation for which there is no clear precedent or guidance. Absent clear guidance from relevant tax authorities there is the possibility that those tax authorities could interpret the legislation in a different way from the Group. Should the relevant tax authorities interpret the legislation in a different way from the Group, this could result in an additional income tax charge of $5.5m for the year ended 31 December 2023 (2022: $5.5m).

On 26 July 2023, the Group together with Orion Mineral Royalty Fund LP – Series 1 and Orion Mineral Royalty Fund LP – Overflow Series 1 (collectively "Orion"), amended the financing agreement with Incoa Performance Minerals LLC and certain of its affiliates ("Incoa") originally entered into on 2 March 2020, which will fund the construction of Incoa's calcium carbonate mine and associated infrastructure in the Dominican Republic as well as a processing facility located in Mobile, Alabama, in the United States of America.

Under the amended agreement, in return for quarterly payments of approximately 1.23% of Incoa's gross revenue royalty, the Group will provide $20m in funding once the operation is in production and generating cash flow.

This additional capital will enable Incoa to bring its ground calcium carbonate products to market. The Group's obligation to advance the $20m in funding under the financing agreement is subject to a number of conditions, including Incoa's successful construction and operation of the project by 31 January 2025.

Should the conditions precedent not be satisfied by the 30 April 2025, the Group's obligation to advance funding under the financing agreement will be terminated. Until the conditions precedent to funding have been satisfied a liability will not be recognised on the balance sheet.

38 Events occurring after year end

Subsequent to year end, the Group made a partial repayment of $0.4m of its borrowings and drew down a further $10.1m for the final deferred consideration payment of the West Musgrave acquisition and, subject to continued covenant compliance, the Group has access to a further $58m through its secured $150.0m revolving credit facility as at the date of this report (note 25).

In January 2024 the Group entered into an amendment and extension of its $150 million revolving credit facility agreement largely on the same terms as the previous facility and will be subject to SOFR plus a ratchet between 2.25% and 4.00%, depending on leverage levels. The amended and extended facility also includes an uncommitted accordion feature of up $75 million to be used to fund royalty acquisitions which, if implemented, would take the potential borrowing capacity up to $225 million. The facility has a maturity date of January 2027 and subject to lender consent, can be extended twice by up to 12 months on each occasion (see note 25).

On 14 February 2024 a further quarterly dividend of 2.125c per share was paid to shareholders ($5.5m) in respect of the year ended 31 December 2023 (note 13).

In March 2024, the operator of the Kestrel mine provided the Group with an updated production forecast reflecting the impact of a production outage that last approximately three weeks in January 2024. The updated forecast continues to indicate sales volumes produced within the Group's private royalty area should be 15 – 25% higher than the 1.6Mt produced in 2023. As the change in production forecast was the result of an event occurring after the end of the financial reporting period, management have concluded that no adjustment to the carrying value of the Kestrel royalty at 31 December 2023 is required. Had the impact of this updated production forecast been reflected in the year end valuation of the Kestrel royalty, the valuation would have increased by $8.3m to $85.6m.

There are no other events that have occurred subsequent to the year end that require additional disclosure.

39 Subsidiaries

The following tables outline the Group's subsidiaries, as defined in Regulation 7 of the UK Companies Act 2006. All subsidiaries are included in the Group consolidation.

Company and country of incorporation/operation	Principal activities	Class of shares held	**Proportion of class held at 31 December 2023 %**	Proportion of class held at 31 December 2022 %
Australia				
Alkormy Pty Ltd	Investments	Ordinary A$1.00	**100+**	100+
APG Aus No 1 Pty Ltd	Owner of iron ore royalties	Ordinary A$1.00	**100**	100
APG Aus No 2 Pty Ltd	Owner of iron ore royalties	Ordinary A$1.00	**100+**	100+
APG Aus No 3 Pty Ltd	Owner of uranium royalties	Ordinary A$1.00	**100**	100
APG Aus No 4 Pty Ltd	Owner of iron ore and copper royalties	Ordinary A$1.00	**100**	100
APG Aus No 5 Pty Ltd	Owner of iron ore royalties	Ordinary A$1.00	**100**	100
APG Aus No 6 Pty Ltd	Owner of vanadium royalties	Ordinary A$1.00	**100**	100
APG Aus No 7 Pty Ltd	Owner of coal royalties	Ordinary A$1.00	**100**	100
APG Aus No 8 Pty Ltd	Owner of nickel royalties	Ordinary A$1.00	**100**	100
APG Aus No 9 Pty Ltd	Owner of nickel and copper royalties	Ordinary A$1.00	**100**	100
APG Aus No 10 Pty Ltd	Investments	Ordinary A$1.00	**100**	100
Argo Royalties Pty Ltd	Investments	Ordinary A$1.00	**100+**	100+
Gordon Resources Ltd	Owner of coal royalties	Ordinary A$0.20	**100+**	100+
HydroCarbon Holdings Pty Ltd	Dormant	Ordinary A$1.00	**100+**	100+
Indian Ocean Resources Pty Ltd	Investments	Ordinary A$0.25	**100+**	100+
Indian Ocean Ventures Pty Ltd	Dormant	Ordinary A$0.20	**100+**	100+
Starmont Holdings Pty Ltd	Investments	Ordinary A$1.00	**100**	100
Starmont Finance Pty Ltd	Treasury	Ordinary A$1.00	**100+**	100+
Starmont Ventures Pty Ltd	Investments	Ordinary A$1.00	**100+**	100+
Woodford Wells Pty Ltd	Dormant	Ordinary A$0.25	**100+**	100+

(1) The registered office of all of the entities listed above is 6 Price Street, Subiaco, Western Australia 6008.

Company and country of incorporation/operation	Principal activities	Class of shares held	**Proportion of class held at 31 December 2023 %**	Proportion of class held at 31 December 2022 %
Barbados				
Entrée International Holdings Inc	Intermediate holding company	Ordinary U$1.00	**100**	100
Entrée Peru Holdings Inc	Intermediate holding company	Ordinary U$1.00	**100+**	100+

(2) The registered office of all of the entities listed above is Suite 208, Building No 8, Harbour Road, Bridgetown, St Michael, Barbados.

Company and country of incorporation/operation	Principal activities	Class of shares held	**Proportion of class held at 31 December 2023 %**	Proportion of class held at 31 December 2022 %
Canada				
Advance Royalty Corporation(3)	Owner of uranium royalties	Ordinary C$0.01	**100+**	100+
Albany River Royalty Corporation(3)	Owner of chromite royalties	Ordinary C$1.00	**100+**	100+
Panorama Coal Corporation(3)	Owner of coal royalties	Ordinary C$1.00	**100**	100
Polaris Royalty Corporation(3)	Intermediate holding company	Ordinary C$1.00	**100+**	100+
Trefi Coal Corporation(3)	Owner of coal tenures	Ordinary C$0.01	**100**	100
2809558 Ontario Inc	Intermediate holding company	Ordinary U$1.00	**N/A4**	100+
APG Metals Holdings Limited	Intermediate holding company	Ordinary U$1.00	**N/A4**	100+
APG Metals Limited(5)	Owner of metal stream	Ordinary U$1.00	**100+**	100+

(3) The registered office of this entity is 1720 Queens Avenue, West Vancouver, British Columbia, Canada V7V 2X7.
(4) In 2023 2809558 Ontario Inc and APG Metals Holdings Limited were amalgamated into APG Metals Limited.
(5) The registered office of this entity is 620-111 Melville Street, Vancouver, British Columbia, Canada V6E 3V6.

+ Denotes interest is held indirectly.

39 Subsidiaries continued

Company and country of incorporation/operation	Principal activities	Class of shares held	**Proportion of class held at 31 December 2023 %**	Proportion of class held at 31 December 2022 %
England				
Anglo Pacific Cygnus Ltd	Investments	Ordinary £1.00	**100**	100
Centaurus Royalties Ltd	Investments	Ordinary £1.00	**100**	100
Southern Cross Royalties Ltd	Investments	Ordinary £1.00	**100**	100
Pyxis Royalties Limited	Intermediate holding company	Ordinary £1.00	**100**	100
Vela Royalties Limited	Owner of copper royalties	Ordinary £1.00	**100**	100
Carina Royalties Limited	Owner of copper royalties	Ordinary £1.00	**100**	100
Aquila Royalties Limited (formerly Scutum Royalties Limited)	Owner of copper royalties	Ordinary £1.00	**100**	100
(6) The registered office of all of the entities listed above is Kent House, 3rd Floor North, 14–17 Market Place, London W1W 8AJ, United Kingdom.				
Guernsey				
Anglo Pacific Group Employee Benefit Trust	Administering Group incentive plans		**100**	100
(7) The registered office of the entity listed above is Frances House, Sir William Place, St Peter Port GY1 4HQ.				
Ireland				
Anglo Pacific Finance DAC	Treasury	Ordinary £1.00	**100+**	100
(8) The registered office of the entity listed above is Atlantic Avenue, Westpark Business Campus, Shannon, Co Clare.				
Peru				
Exploraciones Apolo Resources SAC	Owner of copper royalties	Ordinary S/1.00	**100+**	100
(9) The registered office of the entity listed above is Av. Ricardo Angulo No. 776, Office 301, District of San Isidro, Lima, Peru.				
Scotland				
Shetland Talc Ltd	Mineral exploration	Ordinary £1.00	**100**	100
(10) The registered office of the entity listed above is Grant Thornton, 95 Bothwell Street, Glasgow, Scotland G2 7JZ				

\+ Denotes interest is held indirectly.

Shareholder statistics

Client	Ecora Resources			
Offering	Ordinary Shares Of 2p			
Date	25 March 2024			
Balance Ranges	Number of Holdings	% of Holders	Number of Shares	% Issued capital
1 – 1,000	501	38.16%	251,243	0.10%
1,001 – 5,000	432	32.90%	975,939	0.37%
5,001 – 10,000	98	7.46%	725,686	0.28%
10,001 – Highest	282	21.48%	259,779,685	99.25%
Totals	**1,313**	**100.00%**	**261,732,553**	**100.00%**

The percantage of total shares held by or on behalf of the twenty largest shareholders as at 25 March 2024 was 65.67%.

Registered office

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Please contact the respective registrar if you have any queries about your shareholding.

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Cautionary statement on forward-looking statements and related information

Certain statements in this Annual Report are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which includes any statement which constitutes 'forward-looking information' for the purposes of Canadian securities legislation) may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of acquiring new royalties and making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities and future demand for products which include precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as, amongst others, 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', 'potential', 'positioned', 'strategy', 'outlook', 'predict' or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; the stability of local governments and legislative background; the relative stability of interest rates; the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties, streams and investments by the owners or operators of such properties in a manner consistent with past practice and/or with production projections, including the on-going financial viability of such operators and operations; no material adverse impact on the underlying operations of the Group's portfolio of royalties, streams and investments from the global pandemic; the accuracy of public statements and disclosures (including feasibility studies, estimates of reserve, resource, production, grades, mine life and cash cost) made by the owners or operators of such underlying properties; the accuracy of the information provided to the Group by the owners and operators of such underlying properties; contractual terms honoured of the Group's royalty and stream investments, together with those of the owners and operators of the underlying properties; no material adverse change in the price of the commodities produced from the properties underlying the Group's portfolio of royalties, streams and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant property in which the Group holds a royalty or other interest, including but not limited to unusual or unexpected geological formations and natural disasters; successful completion of new development projects; planned expansions or additional projects being within the timelines anticipated and at anticipated production levels; and maintenance of mining title.

Forward-looking statements are provided for the purposes of assisting readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and of presenting information about management's current expectations and plans relating to the future. It is believed that the expectations reflected in this Annual Report are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes outlined in this Annual Report. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, that may be general or specific, which could cause actual results to differ materially from those forecast, anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate and no statement in this communication should be interpreted to mean that earnings per share for the current or any future financial periods would necessarily match, exceed or be lower than the historical published earnings per share.

Forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this communication. Such risks and uncertainties include, but are not limited to: the failure to realise contemplated benefits from acquisitions and other royalty and stream investments; the effect of any mergers, acquisitions and divestitures on the Group's operating results and businesses generally; current global financial conditions; royalty, stream and investment portfolio and associated risk; adverse development risk; financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties, streams and investments; royalties, streams and investments subject to other rights; and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section herein. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noted in the section herein entitled 'Risk' is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and the other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Cautionary statement on forward-looking statements and related information continued

This Annual Report also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. This Annual Report contains information and statements relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.

US Employment Retirement Income Security Act

Fiduciaries of (i) US employee benefit plans that are subject to Title I of the US Employment Retirement Income Security Act of 1974 (ERISA), (ii) individual retirement accounts, Keogh and other plans that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and (iii) entities whose underlying assets are deemed to be ERISA 'plan assets' by reason of investments made in such entities by such employee benefit plans, individual retirement accounts, Keogh and other plans (collectively referred to as Benefit Plan Investors) should consider whether holding the Company's ordinary shares will constitute a violation of their fiduciary obligations under ERISA or a prohibited transaction under ERISA or the Internal Revenue Code. Shareholders should be aware that the assets of the Company may be or become treated as 'plan assets' that are subject to ERISA fiduciary requirements and/or the prohibited transaction rules of ERISA and the Internal Revenue Code. The Company's ordinary shares are subject to transfer restrictions and provisions that are intended to mitigate the risk of, among other things, the assets of the Company being deemed to be 'plan assets' under ERISA. Shareholders who believe these provisions may be applicable to them should review these restrictions which are set forth in the Company's Articles of Association and should consult their own counsel regarding the potential implications of ERISA, the prohibited transaction provisions of the Internal Revenue Code or any similar law in the context of an investment in the Company and the investment of the Company's assets.

Technical and third-party information

As a royalty and streaming company, the Group often has limited, if any, access to non-public scientific and technical information in respect of the properties underlying its portfolio of royalties, or such information is subject to confidentiality provisions. As such, in preparing this Annual Report, the Group has largely relied upon the public disclosures of the owners and operators of the properties underlying its portfolio of royalties investments, as available at the date of this announcement. Accordingly, no representation or warranty, express or implied, is made and no reliance should be placed, on the fairness, accuracy, correctness, completeness or reliability of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

Capstone, the owner of the Santo Domingo project, is listed on the Toronto Stock Exchange and reports in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and the NI 43-101 standards.

BHP Group Limited, the owner of the West Musgrave project, is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

Cyprium Metals, the owner of the Nifty project, is listed on the Australian Securities Exchange and reports in accordance with the JORC Code.

Candente Copper Corp., the owner of the Cañariaco project, is listed on the Toronto Stock Exchange and reports in accordance with the Canadian Institute of Mining and Metallurgy (CIM) Definition Standards for Mineral Resources and Mineral Reserves.

Los Andes Copper Ltd, the owner of the Vizcachitas project, is listed on the Toronto Stock Exchange and reports in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and the NI 43-101 standards.

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