# A GROWTH-FOCUSED DIVERSIFIED MINING ROYALTY AND STREAMING COMPANY

**Trident Royalties plc**
Annual Report & Accounts 2021

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

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

## Our Perfomance

# TRANSFORMATIONAL ACQUISITIONS DURING 2021 AND INTO 2022 ADDING CASH-FLOW AND VALUE ACCRETION FOR OUR SHAREHOLDERS

**US$125m**

DEPLOYED CAPITAL SINCE JUNE 2020

**4**

COMMODITIES

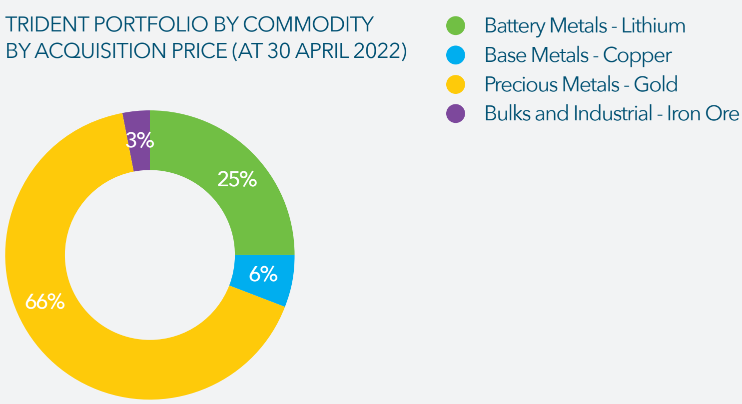
**12**

PRODUCING ASSETS

**22**

ASSETS IN HIGH QUALITY JURISDICTIONS

TRIDENT PORTFOLIO BY COMMODITY BY ACQUISITION PRICE (AT 30 APRIL 2022)




# HIGHLY DISCIPLINED INVESTMENT APPROACH TARGETING MID-TEENS RETURNS

# Our Portfolio

## A DIVERSIFIED PORTFOLIO OF COMMODITIES, GEOGRAPHICAL LOCATIONS AND STAGES OF DEVELOPMENT


**12**

PRODUCING ROYALTIES

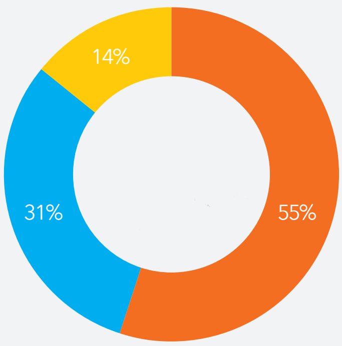
**4**

COMMODITIES

**9**

COUNTIRES

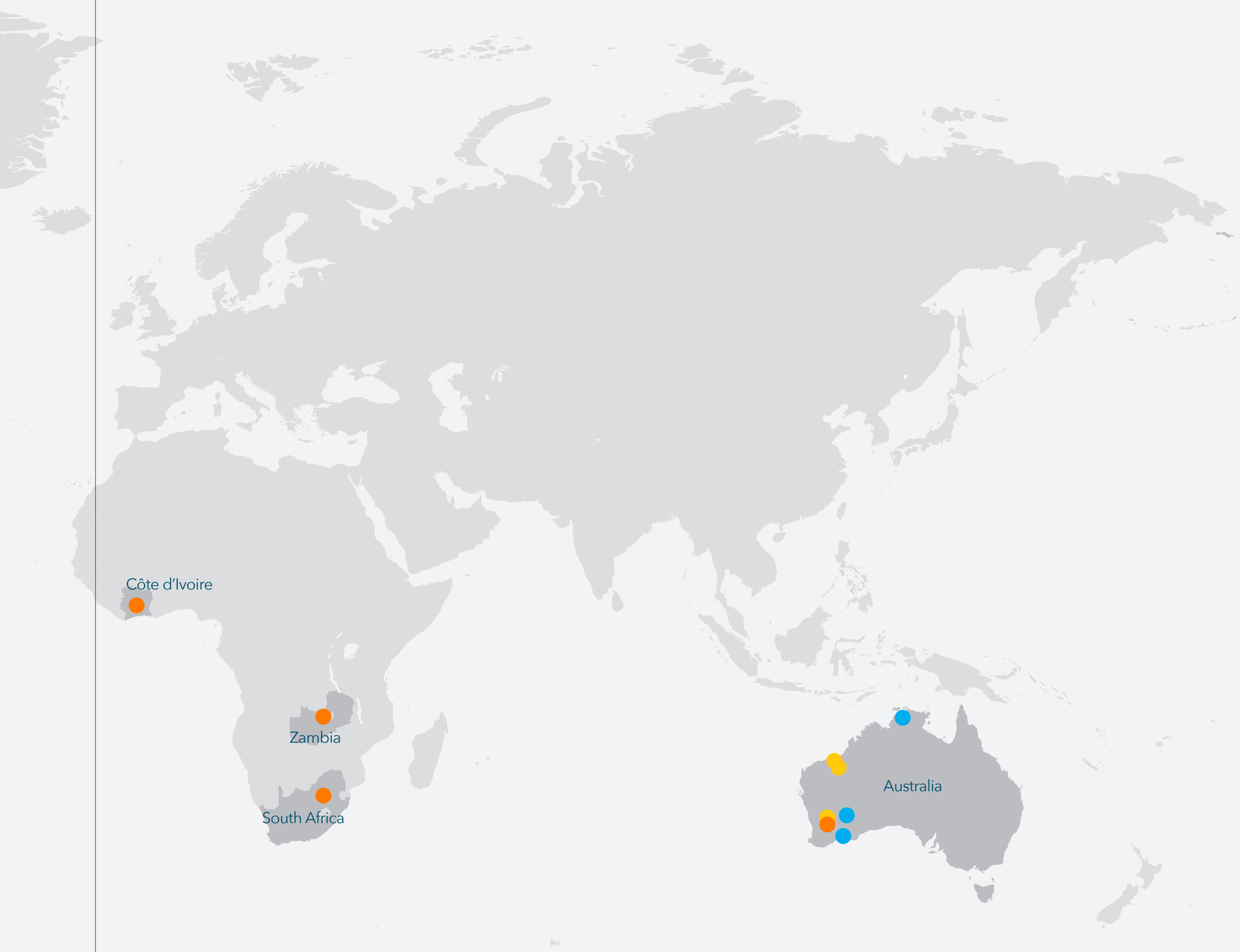
TRIDENT PORTFOLIO BY STAGE




- Producing
- Pre-development
- Exploration

| Producing Royalties | Operator | Location | Commodity | Status |
|---|---|---|---|---|
| Sugar Zone Offtake | Silver Lake Resources | Canada | Gold | Production |
| Los Filos Offtake | Equinox Gold | Mexico | Gold | Production |
| RDM Offtake | Equinox Gold | Brazil | Gold | Production |
| Fazenda Offtake | Equinox Gold | Brazil | Gold | Production |
| Bonikro Gold Offtake | Allied Gold | Cote d'Ivoire | Gold | Production |
| Santa Luz Offtake | Equinox Gold | Brazil | Gold | Production |
| Blyvoor Gold Offtake | Blyvoor Gold | South Africa | Gold | Production |
| Victoria Gold Offtake | Victoria Gold | Canada | Gold | Production |
| Koolyanobbing Iron Ore Royalty | Mineral Resources | Australia | Iron ore | Production |
| Mimbula Copper Royalty | Moxico Resources Plc | Zambia | Copper | Production |
| i-80 Gold Offtake | i-80 Gold | USA | Gold | Production |
| Lincoln Gold Mine Royalty | Seduli Holdings | USA | Gold | Production |

# **Our Portfolio** continued




| Pre-development Royalties | Operator | Location | Commodity | Status |
|---|---|---|---|---|
| Greenstone Offtake | Equinox Gold | Canada | Gold | Advanced |
| Sonora Lithium Royalty | Ganfeng Lithium | Mexico | Lithium | Advanced |
| Thacker Pass Lithium Royalty | Lithium Americas Corp | USA | Lithium | Advanced |
| Spring Hill Gold Royalty | PC Gold Pty Ltd | Australia | Gold | Advanced |
| Lake Rebecca Gold Royalty | Ramelius Resources | Australia | Gold | Advanced |
| Pukaqaqa Copper Royalty | Nexa Resources | Peru | Copper, Molybdenum | Advanced |
| Warrawoona Gold Royalty | Calidus Resouces | Australia | Gold | Advanced |
| **Exploration Royalties** | **Operator** | **Location** | **Commodity** | **Status** |
| Talga Talga Gold Royalty | Novo Resources | Australia | Gold | Exploration |
| Bullfinch Gold Royalty | Torque Metals | Australia | Gold | Exploration |
| Mosquito Creek Gold Royalty | Nimble Resources | Australia | Gold | Exploration |

## Our Strategy

# DELIVERING VALUE FOR OUR SHAREHOLDERS

Trident continues to deliver value for our shareholders – in less than 2 years after having established itself as a diversified mining royalty company, providing investors with exposure to base, precious, and battery metals, as well as bulk materials. The current portfolio includes lithium, gold, copper, molybdenum and iron ore assets. The mandate explicitly excludes fossil fuels and prioritises partnerships with mine operators with a strong focus on Environmental, Social and Governance ("ESG") stewardship.

Royalties typically provide investors with top line (revenue) exposure to a variety of commodities without direct exposure to capital or operating cost inflation. In particular, the acquisition of the gold offtakes in January 2022 will provide the Group with cash flow that will enable it to continue to grow the portfolio either through the further acquisition of existing royalties or by writing new ones.

Constructing a royalty portfolio to broadly mirror the commodity exposure of the global mining sector with a bias toward producing assets.

Acquiring royalties in resource-friendly jurisdictions worldwide.

Targeting attractive small-to-mid size transactions which are often overlooked in a royalty space that is typically dominated by large players.

Leveraging the experience and networks of management, Board members and advisers, all of whom have deep industry connections and strong transactional experience.

Active deal-sourcing that focuses on royalties held by natural sellers such as: closed-end funds, prospect generators, junior and mid-tier miners.

Maintaining a low-overhead model which can support the increasing scale of the business without a commensurate increase in operating costs.

## Our Business Model

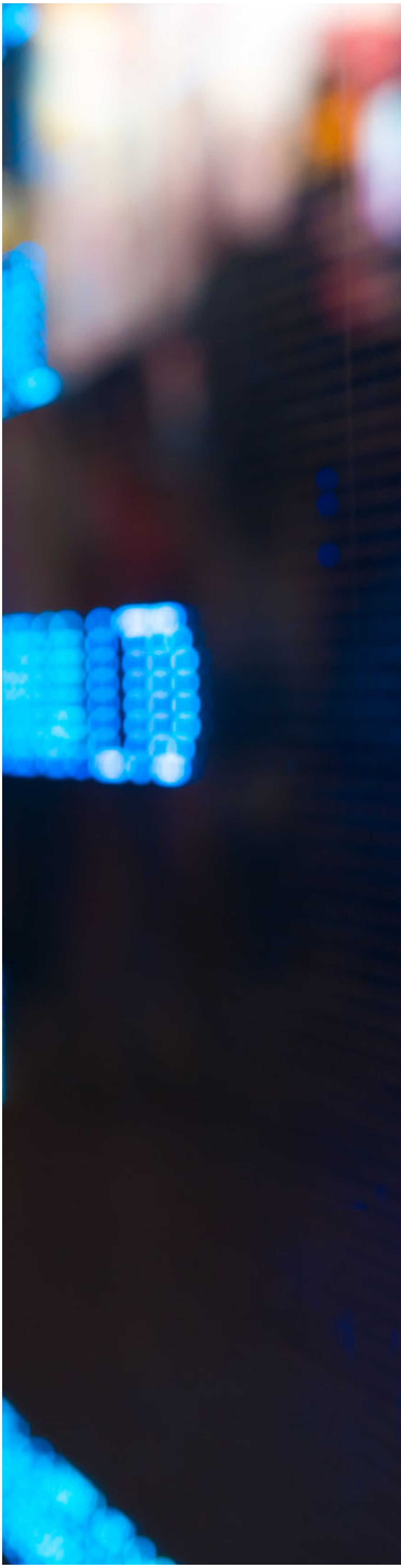
# WHAT WE DO

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

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

- Create value through the aggregation of assets
- Boost returns by introducing conservative leverage
- Add scale through accretive scrip transactions
- Attractive dividend policy once scale achieved

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



# STRATEGIC REPORT

# Chairman's Statement

**2021 WAS ANOTHER TRANSFORMATIVE YEAR FOR TRIDENT ROYALTIES. WE ADDED A FURTHER 4 INVESTMENTS DURING THE YEAR FOLLOWED BY THE SUBSTANTIAL ACQUISITION OF THE GOLD OFFTAKE CONTRACTS IN JANUARY 2022, BRINGING THE TOTAL TO 22 OF WHICH 12 ARE NOW PRODUCING.**

2021 was another transformative year for Trident Royalties. We added a further 4 investments during the year followed by the substantial acquisition of the gold offtake contracts in January 2022, bringing the total to 22 of which 12 are now producing. The acquisition of the Thacker Pass lithium royalty together with the gold offtake contracts, both from funds managed by Orion Resource Partners, were particularly notable. We entered 2022 with a portfolio capable of immediate and meaningful cash generation as well as substantial future optionality.

2021 was very strong year for financial markets as easing monetary conditions combined with fiscal stimuli designed to ensure a rapid recovery from the economic effects of Covid. Commodity markets were particularly strong in most areas, notably base and battery metals. Momentum around decarbonisation has continued to build globally.

2022 has so far seen far weaker financial markets. Covid in China and the Ukrainian war have had a demonstrably negative impact on real demand globally. Rising interest rates designed to curb evident inflation have further eroded sentiment in financial markets and the real world. None of these factors seems likely to recede particularly quickly so we can expect continued volatility and pressure on the underlying economy over the course of the year.

Notwithstanding the more challenging short term economic conditions, Trident will continue to look to deploy capital, consistent with our investment criteria of materially exceeding our cost of capital. We will also target ways to improve our rating and reduce our cost of capital. This should occur naturally as we add more assets and the level of diversification, optionality and cash flow continues to build. This s-curve can be seen in the evolution of our more mature and larger gold royalty peers.

We believe that we can add most value to shareholders through growth and we continue to see a lot of opportunity. The priority remains to invest in value accretive deals, particularly at this stage in our development. However, we intend to write a dividend policy during 2022, so that shareholders get greater transparency over our planned allocation of capital.

Potential deal flow currently continues to be both numerous and attractive. Our priority will remain royalties in established mining jurisdictions which are immediately or very near-term cash generative.

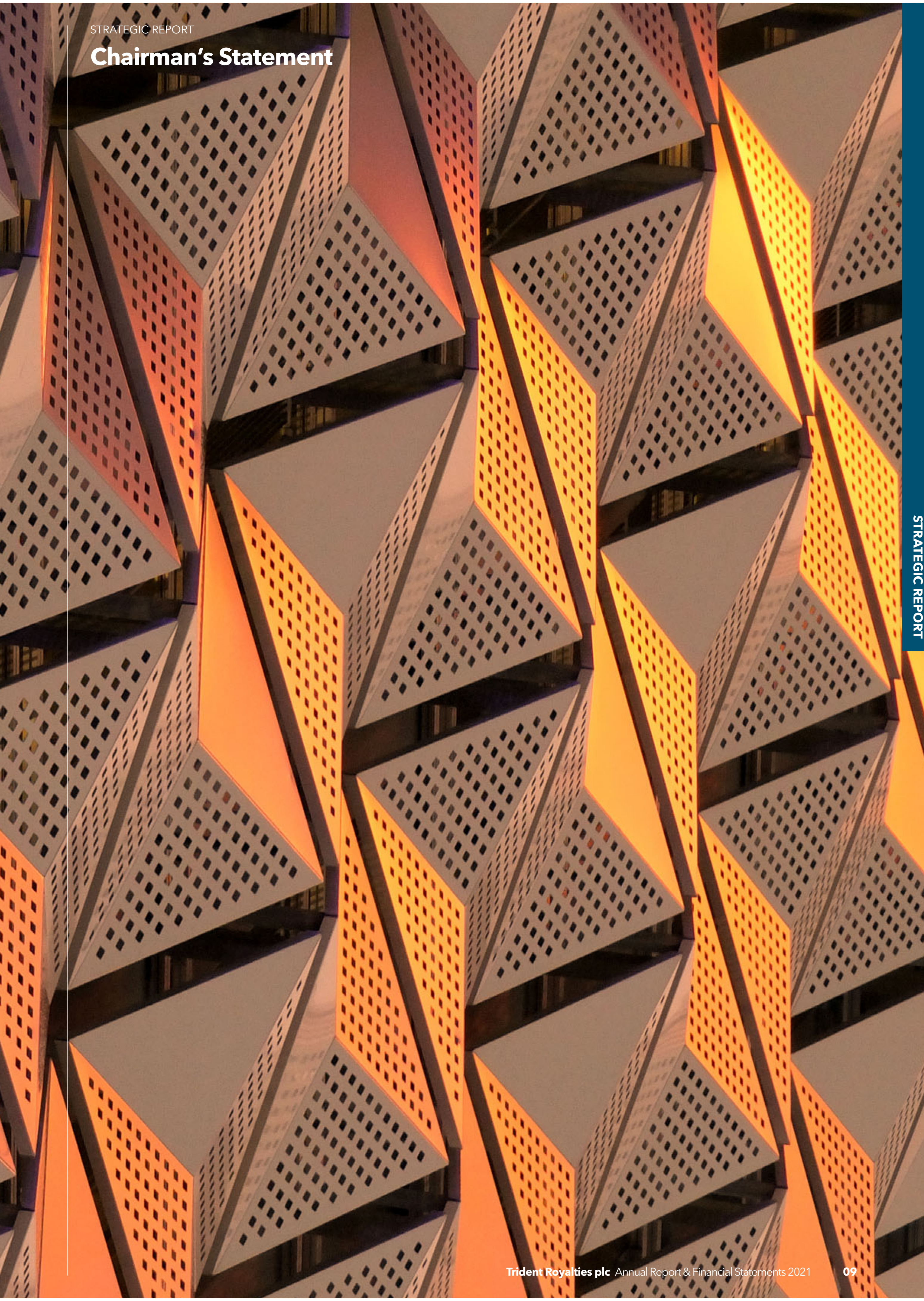
The underlying drivers of decarbonisation mean that an unprecedented level of investment into base and battery metals will be required over the next decade. Base and battery metals are therefore likely to continue to offer some of the most attractive returns for royalty providers such as Trident.

In terms of the Board, I was delighted to join as Chairman in June. We also welcomed the experienced deal-maker Peter Bacchus in July complementing a very capable and experienced Board. Alongside Adam Davidson as Chief Executive Officer the small management team (and a small team of advisers) continue to be relentless in driving the business forward, intent on implementing the Board strategy and adding value for shareholders. Finally, I would like to thank long-term and new shareholders who continue to support the business recognising the huge opportunity that Trident offers.

**Paul Smith**
Non-Executive Chairman

6 May 2022

# Chairman's Statement



# Chief Executive Officer's Statement

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

2021 has been a pivotal year for Trident in which we continued to build upon the momentum generated following our first full year as a listed royalty company. We've not only continued to grow our portfolio in an accretive manner, but have also witnessed significant asset-level progress across a number of Trident's key assets. In last year's annual report, I noted three key differentiating factors which guide Trident's strategic approach, specifically:

1. Building a diversified and balanced portfolio of royalties with the ultimate objective of broadly reflecting the commodity exposure of the global mining sector (excluding fossil fuels).

2. Targeting attractive assets in resource friendly jurisdictions worldwide.

3. Taking a flexible and innovative approach to transaction sizing and structuring, prioritising small-to-mid sized transactions which tend to be overlooked by larger peers.

We have adhered to these principles across 2021, resulting in the generation of a significant opportunity set across the royalty space, which has underpinned the acceleration of growth and diversification of our portfolio.

Our first major transaction for the year occurred in March 2021, with the acquisition of a 60% stake in a gross revenue royalty over the globally significant Thacker Pass lithium project located in the United States. Thacker Pass provides Trident shareholders with tier-1 lithium exposure – a critical battery metal – in a developed mining jurisdiction, acquired at a compelling return profile. Since the acquisition of the royalty, lithium spot prices have increased 6-fold as demand for the critical metal outstrips supply, highlighting the value inherent in a tier-1 asset such as Thacker Pass. Outside of lithium, we further strengthened our presence in "electrification" minerals with the completion of the acquisition of the Pukaqaqa copper and molybdenum royalties package.

We have also increased our exposure to precious metals in 2021, with the completion of the acquisition of the Talga gold royalty portfolio, which covers four assets located in Western Australia – including a portion of the Warrawoona gold project which commences production in 2022. Further, in August we acquired a fully-secure Net Smelter Return royalty over the Lincoln Gold Mine, located in California, which the operator is seeking to commission on a small scale in 2022.

# **Chief Executive Officer's Statement** continued

Most significantly, shortly after the year-end we completed the acquisition of a portfolio of gold offtake contracts, providing immediate and future cashflow to our business. This acquisition represents our largest to date, and was funded in December 2021 by an equity placing which raised approximately $40 million, as well as the arrangement of a $40 million debt facility with Macquarie Bank Limited.

As the scale of the company increases, our access to capital and corresponding cost of capital will continue to improve. In addition, as the portfolio grows to include more cash generative assets, we see internally generated cash providing greater flexibility for funding future acquisitions and growth.

Whilst growing quickly, Trident adheres to investment principles which are based upon compliance with the highest levels of ESG standards. We are committed to developing our sustainability reporting and practices at a corporate level, and to this end are currently undertaking a materiality assessment and audit process that will identify the key focus areas for our own ESG policies and disclosure.

From a macro perspective, we have seen the return of inflation which is broadly anticipated to become more significant in the short-to-medium term. Royalty instruments and companies are particularly attractive during inflationary markets as they retain exposure to inflationary driven upward commodity price movements, but remain insulated from associated inflationary pressure on operating and capital costs. As such, it is an ideal time to further grow and diversify our portfolio, specifically with additional base and battery metal exposure which will play a key role in decarbonisation.

As a small team we have an ability to build scale without any meaningful increase in central costs. I would like to thank my colleagues for their dedication over the past year. I should also like to thank the Board for their input and guidance, and to our other stakeholders, including our operating partners, advisors and financiers who are a key component of Trident's business.

Our key focus remains unchanged – to drive shareholder returns and investor value. We are very pleased with the progress within our existing portfolio and, with an attractive pipeline of potential opportunities, I remain confident in the team's ability to continue sourcing and delivering high-quality, value accretive transactions into the future.

We approach 2022 with optimism, and I look forward to updating the market on our progress.

**Adam Davidson**
Chief Executive Officer

6 May 2022

# Operational Review

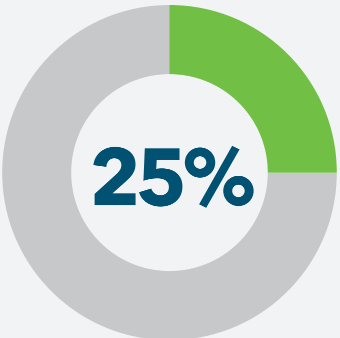
ELECTRIFICATION & BATTERY METALS

## LITHIUM IS USED IN RECHARGEABLE BATTERIES, WHICH CONSUMES MORE THAN THREE-QUARTERS OF LITHIUM PRODUCTION

Lithium is a predominantly used in the manufacture of lithium ion batteries and batteries for electric vehicles, mobile phones, laptops and other electronic devices.

Current mainstream battery chemistries all include lithium as a consistent and key component.

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




PERCENTAGE OF LITHIUM IN TRIDENT PORTFOLIO

# **Operational Review** continued

## ELECTRIFICATION & BATTERY METALS

# **Operational Review** continued

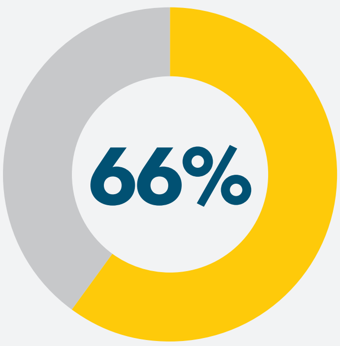
## GOLD OFFTAKES

## OUR GOLD OFFTAKE CONTRACTS CAPITALISE ON INCREASED MARGINS IN VOLATILE AND RISING MARKETS

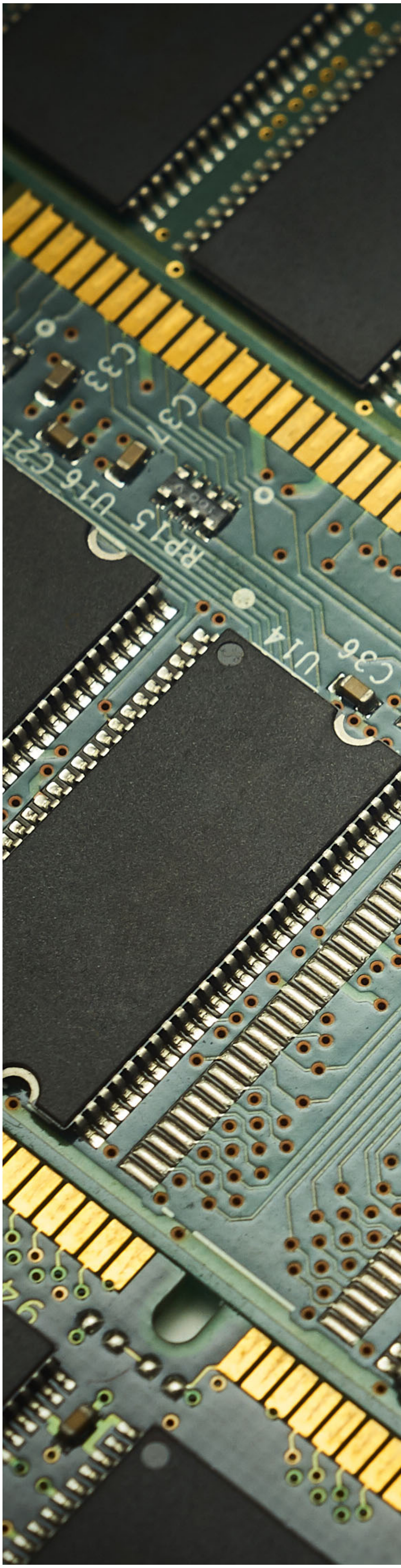
The gold offtake portfolio acquisition completed after the year end is generating significantly increased cash flow for the Group.

Gold can act as a hedge against inflation and deflation alike, and is vital in any diversified portfolio.

Trident is also exposed to gold through its royalty over the +1Moz Lake Rebecca asset and a collection of smaller assets in Australia and North America.

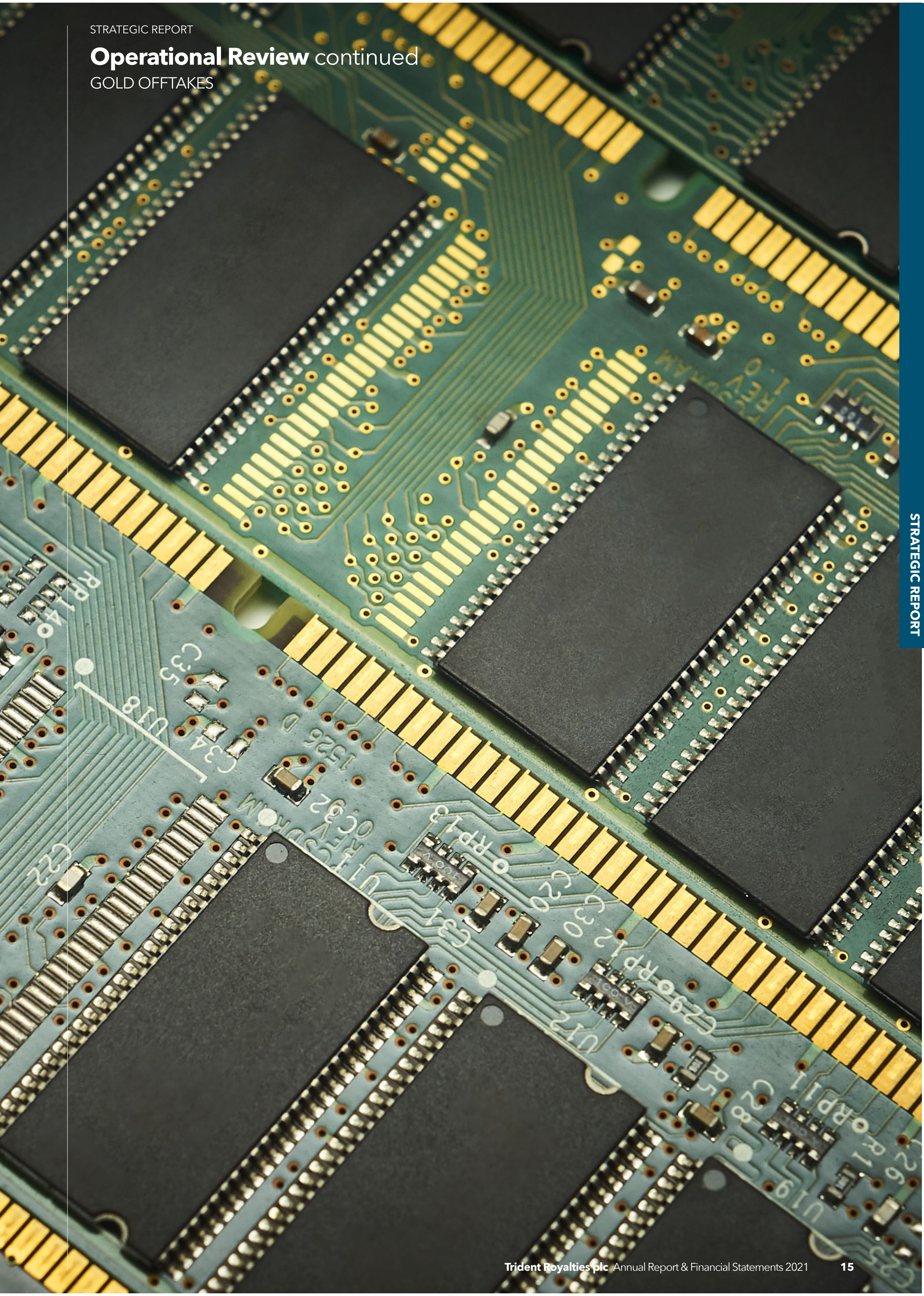



PERCENTAGE OF GOLD IN TRIDENT PORTFOLIO



# **Operational Review** continued

GOLD OFFTAKES



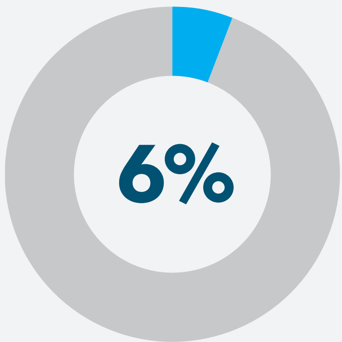
# **Operational Review** continued

## COPPER

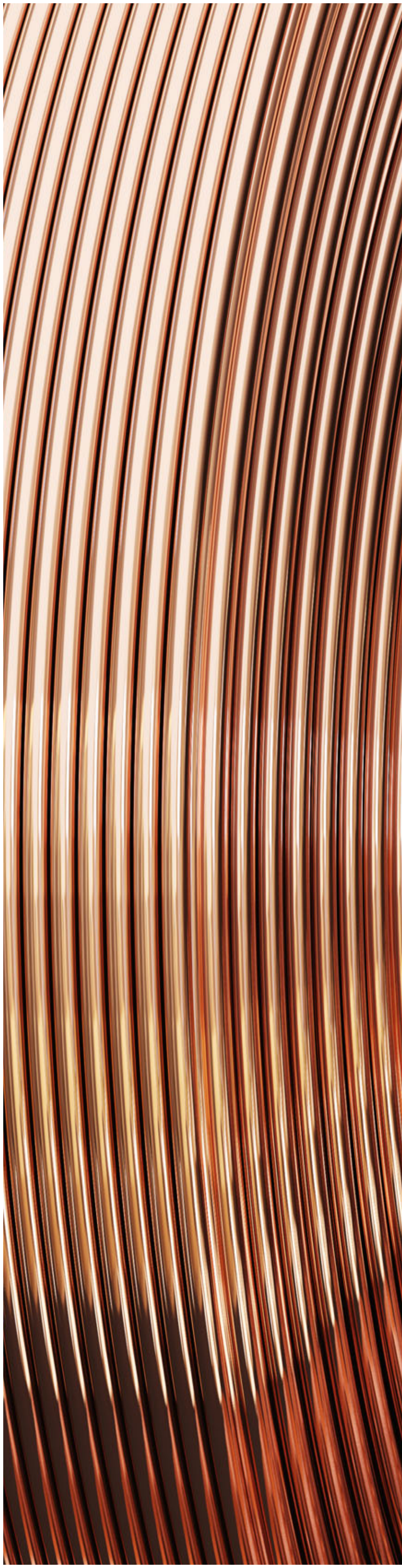
## THE MAJOR APPLICATION OF COPPER IS FOR ELECTRICAL WIRING

Copper is an essential commodity for the global transition to a low-carbon future as it plays a key role in electrification and power generation - including renewable energy and electric vehicles.

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




PERCENTAGE OF COPPER IN TRIDENT PORTFOLIO



# **Operational Review** continued

COPPER

# **Operational Review** continued

## PRODUCING ROYALTIES

### IRON ORE

# KOOLYANOBBING
## AUSTRALIA

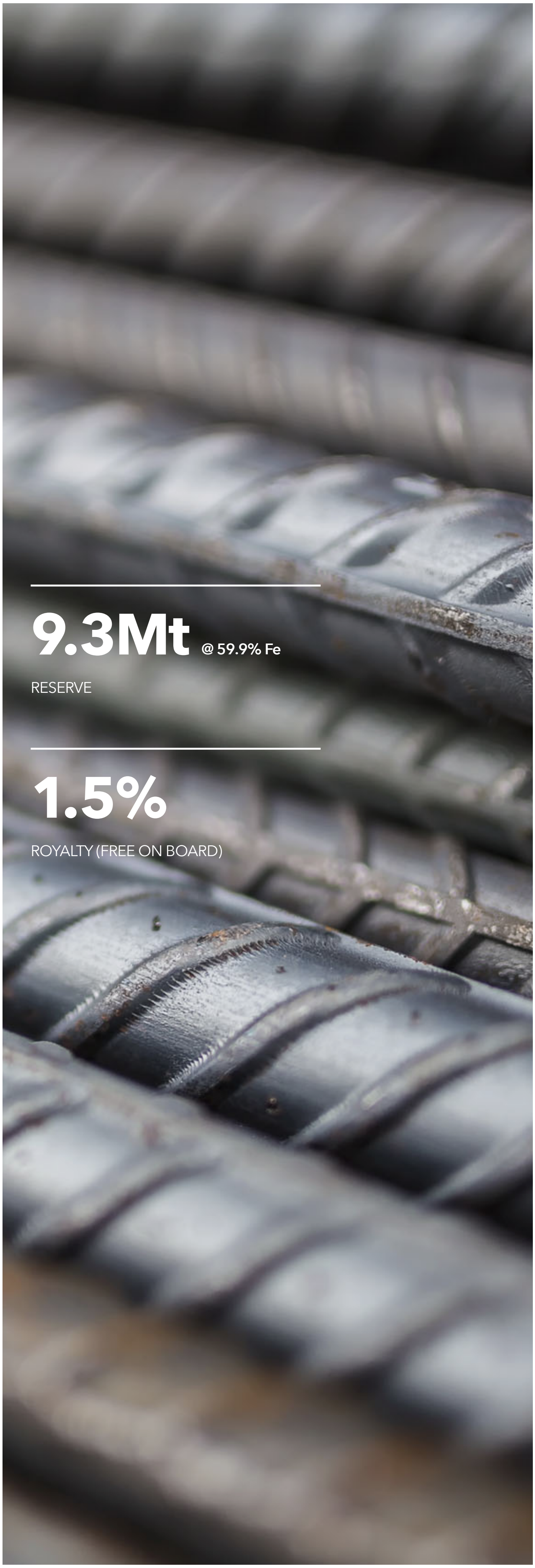
### KEY FACTS

| | |
|---|---|
| **Location:** | Western Australia |
| **Operator:** | Mineral Resources Ltd. (ASX: MIN) |
| **Commodity:** | Iron ore |
| **Mine Type:** | Open pit |
| **Stage:** | Production |
| **Royalty:** | 1.5% free on board |
| **Total Resource:** | 9.3Mt @ 59.9% Fe reserve and 19.5Mt @59.9% Fe (excluding Claw) |

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

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

During the year Trident received US$0.08m (2020: US$1.67m) in royalty income – the reduction was due to the mine operator not being active on the Trident tenement. Since September 2021, Mineral Resources has recommenced activity in the Deception pit and commenced mining at the Claw deposit.



**9.3Mt** @ 59.9% Fe

RESERVE

**1.5%**

ROYALTY (FREE ON BOARD)

# **Operational Review** continued

## PRODUCING ROYALTIES

### COPPER

# **MIMBULA**
# ZAMBIA

**KEY FACTS**

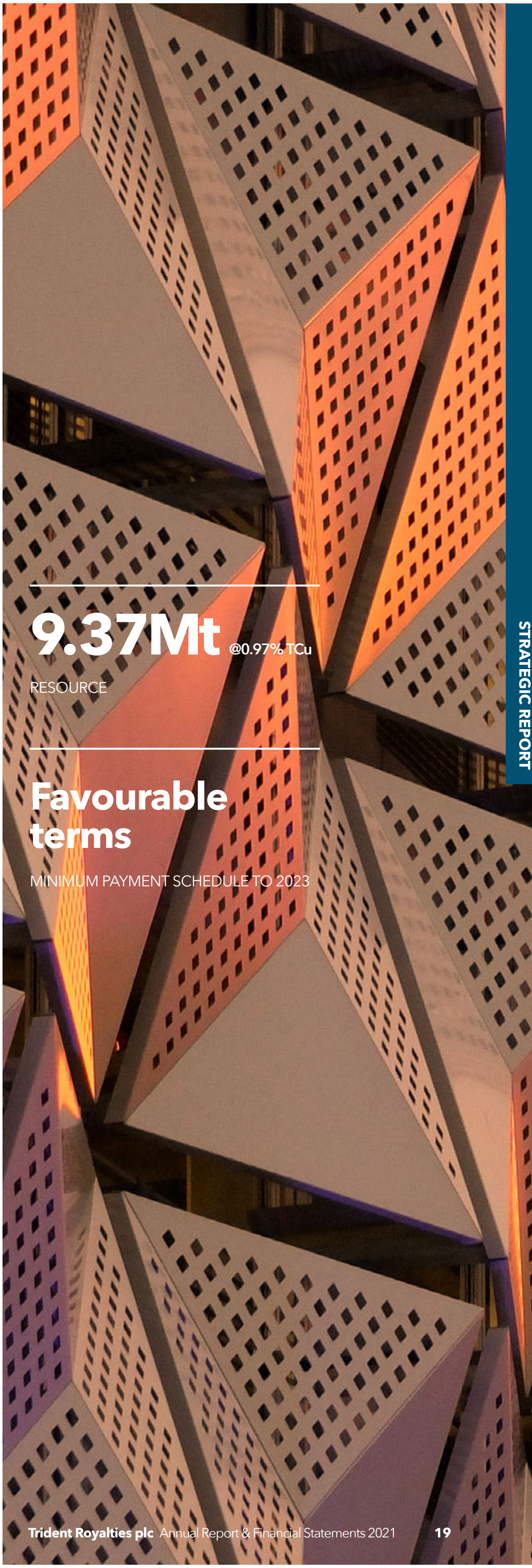
| | |
|---|---|
| **Location:** | Zambia |
| **Operator:** | Moxico Resources Plc (private) |
| **Commodity:** | Copper |
| **Mine Type:** | Open Pit |
| **Stage:** | Production |
| **Royalty:** | Gross Revenue Royalty 1.25% |
| **Total Resources:** | 93.7Mt @ 0.97% TCu |

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

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

During the year Trident received US$1.5m (2020: US$0.8m) of payments from Mimbula in line with the minimum payment schedule.

Moxico Resources (owner of Mimbula) successfully raised US$73M in equity in June 2021 in order to fast-track the construction of a standalone processing centre at Mimbula capable of producing 30,000kta of copper.



**9.37Mt** @0.97% TCu

RESOURCE

**Favourable terms**

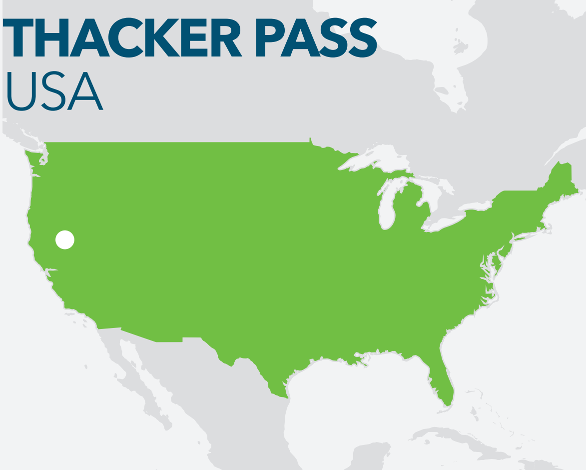
MINIMUM PAYMENT SCHEDULE TO 2023

# **Operational Review** continued

## PRE-DEVELOPMENT ROYALTIES

LITHIUM

## THACKER PASS
USA



### KEY FACTS

| | |
|---|---|
| **Location:** | Nevada USA |
| **Operator:** | Lithium Americas Corp (TSX:LAC) |
| **Commodity:** | Lithium |
| **Mine Type:** | Open pit |
| **Stage:** | Pre-development (initial construction funding secured, finalisation of permits expected in 2022) |
| **Royalty:** | Gross Revenue Royalty (1.75% following buy-back – 60% attributable to Trident) |
| **Total Reserve:** | 3.1Mt @ 3,283 ppm of lithium carbonate |

On 19 March 2021, Trident acquired a 60% interest in a GRR over the Thacker Pass Lithium Project from Alnitak Holdings LLC a special purpose vehicle indirectly owned by Orion Resource Partners (which retains ownership of the remaining 40%) for US$28.0m. The project is the largest known lithium reserve and resource in North America and is 100% owned and operated by Lithium Americas Corp.

Thacker Pass currently contains CIM compliant Mineral Reserves of 3.1Mt Lithium Carbonate Equivalent ("LCE"), the largest lithium reserve in the United States, with a mine life of 46 years based on Reserves. With the Total Resources amounting to circa 8.3Mt LCE plus further as yet undrilled exploration targets, there is significant additional resource upside to potentially provide further reserve conversion to increase the mine life or support a production expansion.

The key terms of the royalty are as follows:

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

The royalty provides Trident with attractive exposure to the growing lithium market, the demand for which is growing as a result of increasing demand for rechargeable batteries driven by the uptake in electric vehicles.

Lithium Americas received its final state permits in Q1 2022 and is expected to receive all final permits necessary to commence construction during H2 2022.

# **Operational Review** continued

## PRE-DEVELOPMENT ROYALTIES

GOLD

# LAKE REBECCA
## AUSTRALIA

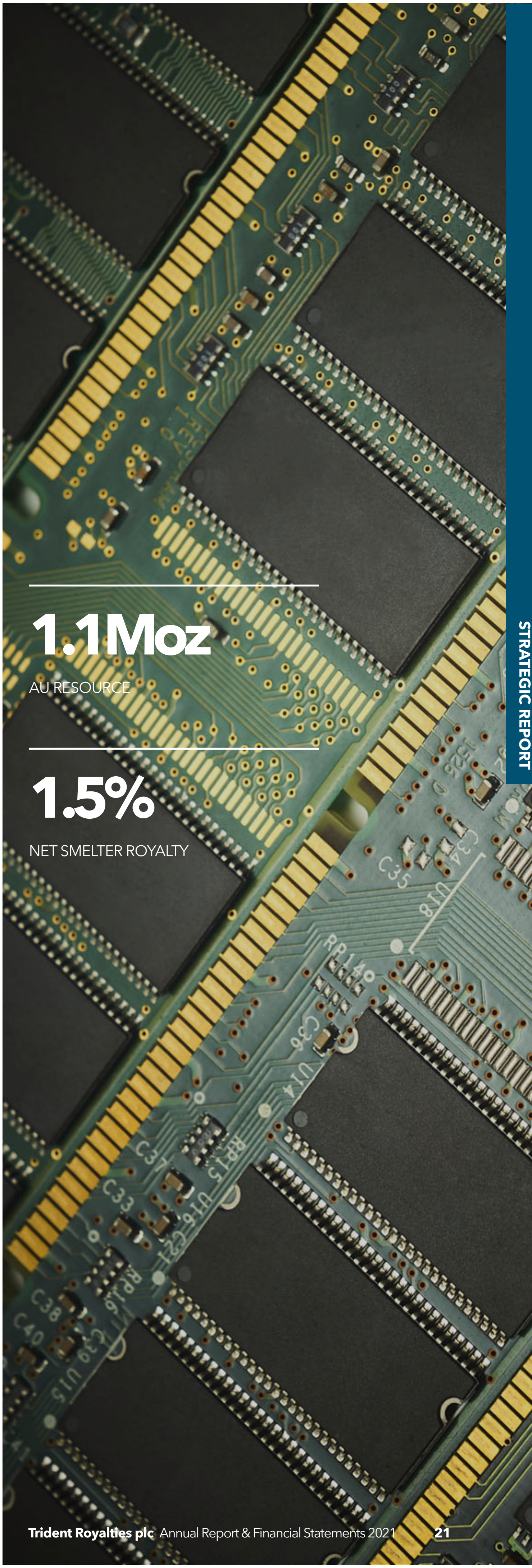
### KEY FACTS

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

Trident owns a 1.5% NSR gold royalty over the production of the Lake Rebecca Gold Project located in Western Australia.

Lake Rebecca has a JORC (2012) compliant published Resource of over 1Moz at a cut-off grade of 0.5g/t across 3 deposits within wholly contained pit shells, and is being actively progressed towards development by Ramelius Resources ("Ramelius") – a well-funded, ASX listed mining company. Lake Rebecca provides Trident with an uncapped precious metal royalty, in an attractive jurisdiction with material upside beyond the maiden resource announced in 2020.

Ramelius acquired the project from Apollo Consolidated the previous owner in January 2022 for circa US$130m. With a market capitalisation in excess of US$1bn Ramelius recently announced an extensive drilling programme targeting an expanded resource for the project during 2022.



**1.1Moz**

AU RESOURCE

**1.5%**

NET SMELTER ROYALTY

# **Operational Review** continued

## PRE-DEVELOPMENT ROYALTIES

COPPER

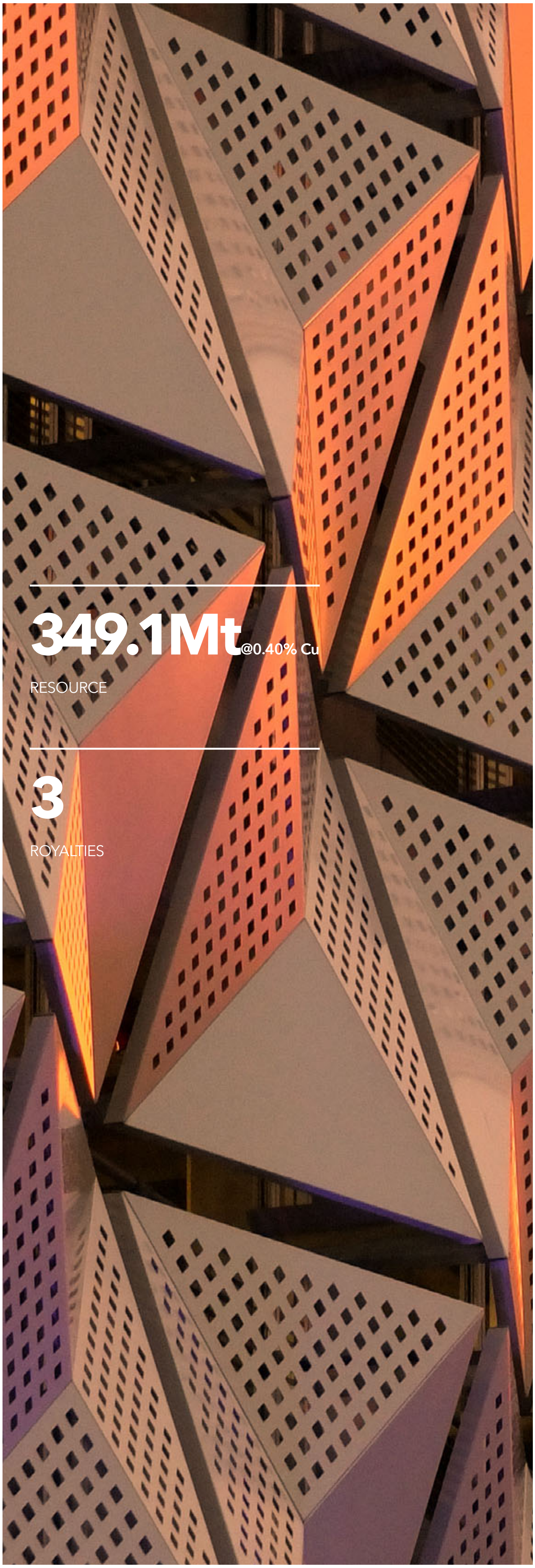
# PUKAQAQA
# PERU

### KEY FACTS

| | |
|---|---|
| **Location:** | Peru |
| **Operator:** | Nexa Resources SA (TSX:NEXA) |
| **Commodity:** | Copper, Molybdenum |
| **Mine Type:** | Open pit |
| **Stage:** | Pre-development |
| **Royalty (sliding scale NSR):** | 3 Royalties |
| **Total Resources:** | 349.1Mt @ 0.40% Cu |

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

The project is held by NYSE- and TSX-listed Nexa Resources, an established South America-focused mid-tier producer with five operating base metals mines (plus an additional mine under construction) and three operating smelters in Peru and Brazil. The most recent technical report contemplates an open-pit mining operation to feed a 30,000 tonne-per-day processing plant to produce copper and molybdenum concentrates over an initial 19-year mine life. Nexa has allocated a total of US$16m towards advancing the project over the last three years.



# **Operational Review** continued

PRE-DEVELOPMENT ROYALTIES

GOLD

## SPRING HILL
## AUSTRALIA

### KEY FACTS

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

Spring Hill is located within the highly prospective Pine Creek region in Australia's Northern Territory, which has historically produced over 3Moz of gold across multiple deposits and contains more than 10Moz of undeveloped Resources. Spring Hill has a JORC (2012) compliant open pit Inferred Mineral Resource Estimate of 8.79Mt grading 1.26g/t Au for 355,000 ounces of contained gold at 0.5g/t Au cut-off, as at January 2017. In Q1 2021, the operator of Spring Hill received the final substantive environmental permit required to proceed with development of the Spring Hill project.

**355koz**

RESOURCE

## Moving towards production

# **Operational Review** continued

## PRE-DEVELOPMENT ROYALTIES

GOLD

# **WARRAWOONA**
# AUSTRALIA

### KEY FACTS

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

The royalty applies over an area totalling 153.52km2, providing coverage for at least 16 high priority exploration targets, as well as mining licence M45/1290 which holds the eastern extension of the planned Klondyke open pit gold mine. This extension, known as Klondyke East, has been scheduled for exploitation in Year 3 of the Warrawoona mining schedule. The mine is currently fully financed and under construction. It is estimated that approximately 150koz of gold, subject to the royalty, fall within the current mine plan.

**1.5%**

ROYALTY (NSR)

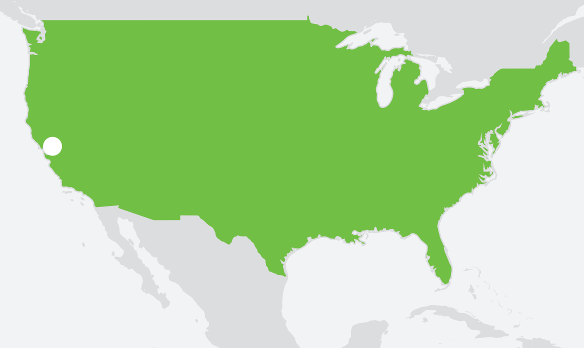
**Mine in construction**

# **Operational Review** continued

## PRE-DEVELOPMENT ROYALTIES

GOLD

# LINCOLN
USA

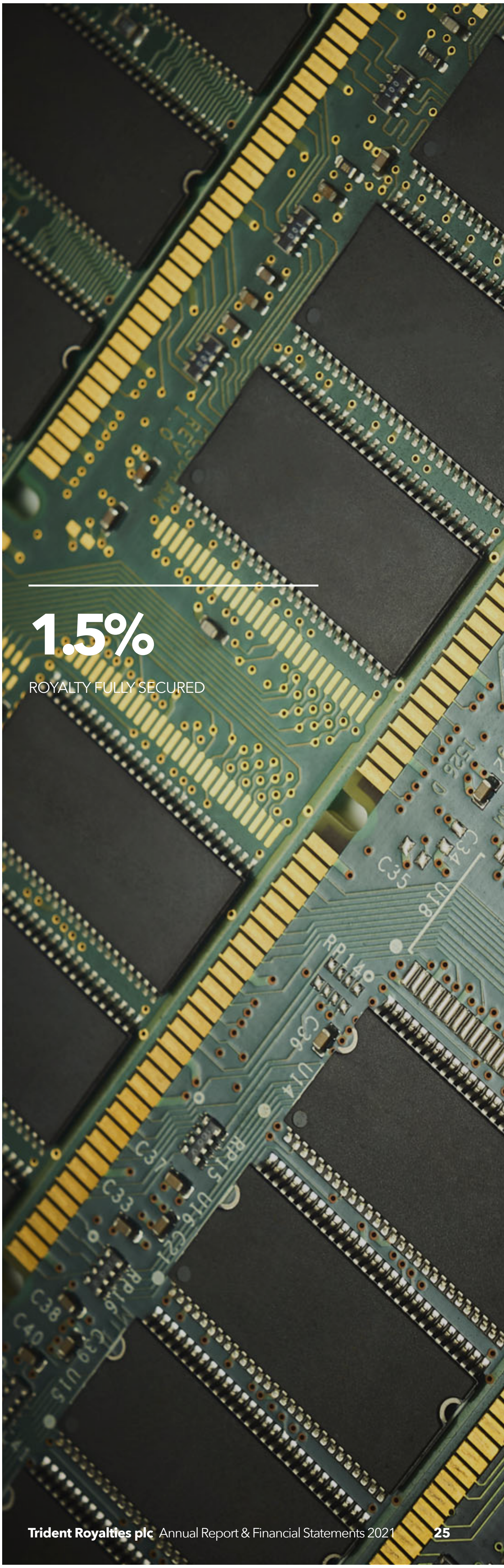


### KEY FACTS

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

During 2021, Trident acquired a 1.5% NSR gold royalty covering the entire Lincoln gold project in California.

During 2021, Trident acquired a 1.5% NSR gold royalty covering the entire Lincoln gold project in California. The royalty includes a 5-mile area of interest which spans the majority of the exploration area. The royalty is fully secured by the project assets and reduces to a 0.75% NSR in perpetuity once the royalty has paid US$3M. Existing infrastructure, including a fully functional processing plant, has been installed onsite and supports an initial 220tpd operation. The project is permitted to a maximum of 1,000tpd, leaving it well placed to exploit the significant exploration potential of the region. The Lincoln Gold Mine is the only permitted project and processing plant on the Californian Mother Lode, providing it with significant leverage to aggressively explore and acquire additional tenure for further upside to Trident's royalty.



**1.5%**

ROYALTY FULLY SECURED

# **Operational Review** continued

## EXPLORATION ROYALTIES

GOLD

## **VARIOUS** AUSTRALIA

**KEY FACTS**

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

### Talga Talga

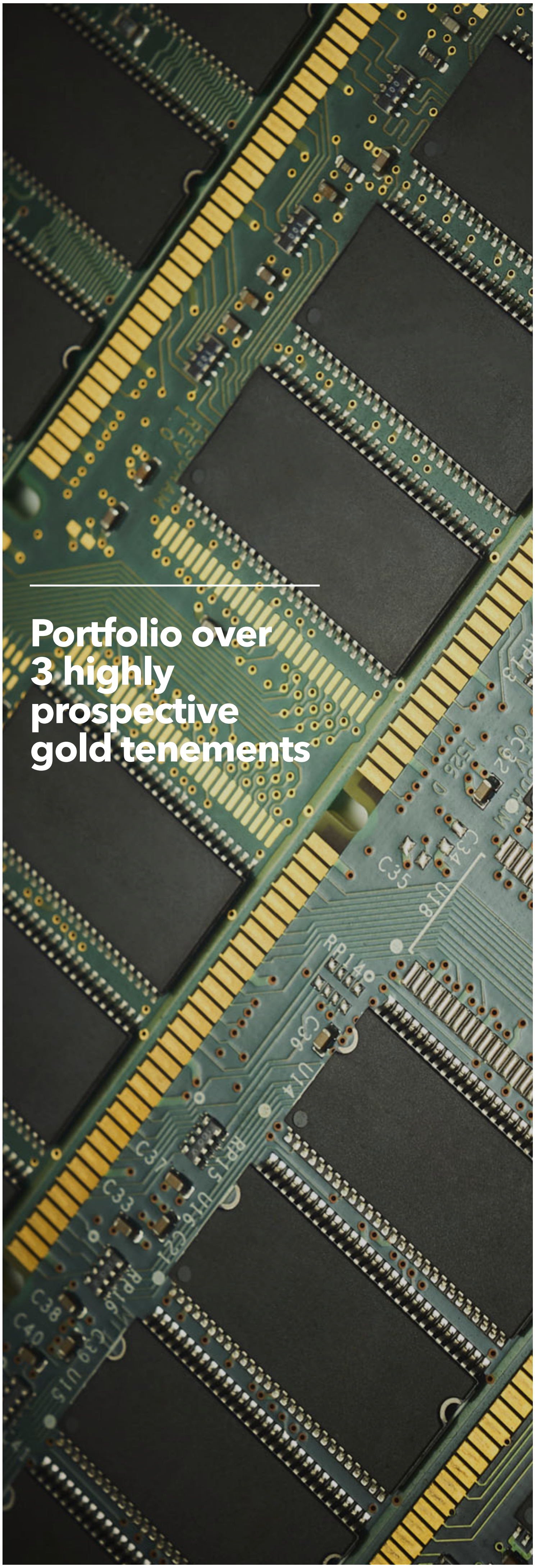
The royalty covers granted Mining Lease M45/618 which is owned and operated by TSX listed Novo Resources Corporation. Located in the Pilbara region of Western Australia, historical drilling has identified shallow dipping, near-surface gold zones including 7m @ 14.4g/t Au and 3m @ 24.8g/t Au.

### Mosquito Creek

The royalty covers exploration licence E46/1035 which was acquired by Nimble Resources in November 2017 from Novo Resources Inc ("Novo"). The royalty zone sits to the north east of Novo's Millennium Mill and, is considered prospective for gold as evidenced by historical workings, soil and rock geochemistry and previous drilling. In February of 2021, Nimble entered into a farm in agreement with Calidus on the royalty tenement. Calidus is constructing the nearby Warrawoona mine and the royalty lies within trucking distance of the mine and along strike from mineralised trends identified on adjacent tenements.

### Bullfinch

The royalty covers Mining Leases owned by Torque Metals. Torque is listed on the Australian Stock Exchange (ASX) and, and in 2021 completed a A$5.0m fundraise. The royalty tenements are located in the prospective Yilgarn goldfields, located within 70km of two existing processing plants.

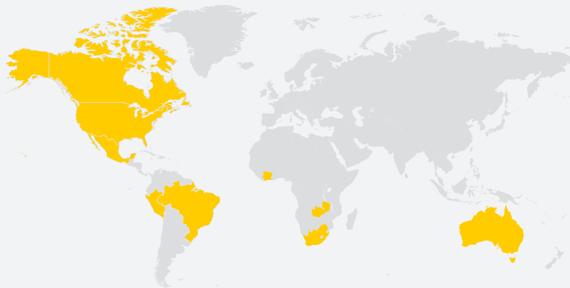


# **Operational Review** continued

ROYALTIES ACQUIRED AFTER THE REPORTING DATE

GOLD

## GOLD OFFTAKES WORLDWIDE



On 11 January 2022, Trident completed the acquisition of a portfolio of gold offtake contracts from funds managed by Orion Resource Partners for US$69.75m. The portfolio comprises offtakes over 7 producing mines in 6 countries. On 23 March, Trident acquired a further gold offtake contract over the Sugar Zone mine operated by Silver Lake Resources Limited.

An offtake contract is a contract pursuant to which the operator agrees to sell, and the purchaser agrees to buy, refined gold produced from the mine or mines over which the offtake is granted.

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

The offtake portfolio is expected to generate significant cash flow for the Group over the coming years.

| Contract | Asset(s) | Operator | Country | Quotation period | Contract Key Terms |
|---|---|---|---|---|---|
| 1 | Los Filos | Equinox Gold | Mexico | 6 Days | • Offtake on 50% of all refined gold production, up to cap of 1,100,000 ounces of refined gold<br>• 828,471 ounces remained under the contract at 1/12/21 |
| 2 | Eagle | Victoria Gold | Canada | 7 Days | • Offtake on 25% of all refined gold production, up to cap of 1,111,500 ounces of refined gold<br>• 1,044,188 ounces remained under contract at 1/12/21 |
| 3 | Blyvoor | Blyvoor Gold | South Africa | 8 Days | • Offtake on 100% of all refined gold production (after deduction of streamed ounces), up to cap of 2,700,000 ounces of refined gold<br>• 2,697,900 ounces remained under contract at 1/12/21 |
| 4 | RDM<br>Fazenda<br>Santa Luz | Equinox Gold | Brazil | 6 Days | • Offtake on 35% of all refined gold production, up to a cap of 658,333 ounces of refined gold<br>• 469,806 ounces remained under the contract at 1/12/21 |
| 5 | Bonikro | Allied Gold | Cote d'Ivoire | 6 Days | • Offtake on 50% of all refined gold production (after deduction of streamed ounces), no cap |
| 6 | Greenstone | Equinox Gold | Mexico<br>Canada | 6 Days | • Offtake on 100% of refined gold production, up to cap of 58,500 ounces per year through 2027 |
| 7 | Various | i-80 Gold | USA | 7 Days | • Offtake on 100% of refined gold production subject to an annual ounce cap |
| 8 | Sugar Zone | Silver Lake Resources | Canada | 7 Days | • Offtake on 50% of all refined gold production, up to a cap of 375,000 ounces of refined gold<br>• 325,000 ounces remained under the contract at 23/3/22 |

Further details of the Group's investments are provided on its website at www.tridentroyalties.com.

# Environmental, Social and Governance Report ("ESG")

We strive to comply with the highest levels of ESG and use it as a foundation for our investments. We seek to only invest in royalties or streams where the asset owner runs safe, efficient, cost-effective mines and projects; as well as compliance with environmental protection policies, community development, transparency and governance while minimising the potential for harmful impacts from its operations to the lowest levels reasonably expected. Also, as a minimum, we will insist on full compliance by investee businesses with anti-bribery and corruption, and anti-slavery legislation and regulation. We believe that our commitment to these principles will make us an investment partner of choice. Considering our approach to ESG and, in particular, our dedication towards environmental standards, the directors within the firm have decided not to seek any royalty or stream investments in thermal (or energy) coal assets.

## Environmental

The nature of our investments is such that we do not directly operate any of our properties underlying its royalty portfolio and, consequently, we cannot always influence how the projects are operated. Nevertheless, a responsible approach to a project's environmental impact and its sustainability management is essential to the success of the project over its life. Therefore, as part of our investment decision process, we carefully consider the environmental aspects of any potential asset purchase during the due diligence phase. We typically engage with consultants who have the requisite expertise to ensure that it can consider any risks in this regard. When conducting the due diligence of a potential investment's environmental impact we typically analyse the following:

- Whether the operator is committed to the principles of the International Council on Mining and Metals or other relevant standards
- Water management and reduction plans within the firm
- Other environmental programmes and initiatives put in place by the operator, including carbon reduction and biodiversity protection

## Environmental highlights across our investments

Thacker Pass royalty highlights our continued commitment towards investing in royalties and streams within companies that consider their environmental impact. The Thacker Pass lithium project which is 100% owned by Lithium Americas Inc, recently announced it received final state permits in Nevada including its Water Pollution Control and Air Quality Control permits. Thacker Pass also received its Record of Decision from the Bureau of Land Management in January 2021, this decision may be confirmed following an appeal claim in Q3 2022.

## Social Initiatives

Across 2021, we continually monitored the social governance within the companies we invested in. Positive social and community relationships are essential to profitable, sustainable and successful mining activities.

We acknowledge that, whilst our activities have little direct contact with communities, we can still positively influence the social practices and policies of companies in which we conduct business with. We therefore endeavour to ensure that the companies we work with have appropriate procedures in place to facilitate this engagement. More specifically, our investment decision process for potential asset purchases involves due diligence relating to the full range of issues, including the social and community aspects of the project. When conducting due diligence into potential investments, we typically assess the community initiatives put in place by the company and the engagement that they have with indigenous peoples.

## Governance Initiatives

We endeavour to only finance businesses that are respectful of their staff, support gender equality, and build safe and inclusive environments for them to work within. Therefore, when conducting the due diligence into potential investments we typically assess the following aspects as part of our governance:

- Safety records
- Workplace standards, protections and policies

## Internal Governance

We strive to create a safe and healthy working environment for the wellbeing of our staff, and to create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the Group. Our Board contains personnel with a good history of running businesses that have been compliant with all relevant laws and regulations and there have been no instances of non-compliance in respect of environment matters.

## QCA Corporate Governance Code

We adhere to the QCA Corporate Governance code and its ten key principles as detailed in our Corporate Governance Report.

# Section 172 Statement

This section serves as our section 172(1) statement and should be read in conjunction with the Operational Review on pages 12-27 of this report and the Company's Corporate Governance Statement on pages 36-45 of this report. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in section 172 in regard to:

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

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

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

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

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

| Stakeholders | Aims and objectives | How Trident engages |
|---|---|---|
| **Investors** | Our shareholders play an important role in supporting our Company. We recognise the importance of the activities and outcomes of stewardship and regularly engage with investors on our financial performance, strategy and business model | • Annual and Interim reports<br>• Regular portfolio and trading updates<br>• RNS Announcements<br>• Investor relations section on website<br>• Webcasts<br>• AGM<br>• Social Media |
| **Employees** | 4 individuals are employed directly on a full time basis within the Company and are vital to the success of its activities. | • The team is small and highly integrated with daily dialogue between the team and the Chief Executive Officer.<br>• Direct engagement to the Board to ensure the Company's values and purpose are upheld<br>• Workforce remuneration policies focused on long term engagement and retention. |
| **Counterparties and Operators** | Trident aims to have direct communication with the operators of the underlying assets in which it invests either through a direct contractual arrangement – or more ad-hoc methods. | • The team will conduct site visits where possible<br>• Direct communication with senior personnel from the operator<br>• Ongoing monitoring of developments through public announcements |
| **Community** | As a royalty and streaming company, Trident does not operate any of the underlying assets within its portfolio. While this limits the direct involvement the Company has with the communities impacted by the operations underlying the portfolio, the Board, led by the Chief Executive Officer, engages with the mine operators seeking to influence and encourage compliance with relevant environmental, social and governance standards. | • Through dialogue with the operator to understand updates on key community and environmental milestones and incidents. |

On behalf of the Board

**Paul Smith**
Non-Executive Chairman

6 May 2022

# Risk Management

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

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

A short statement on the impact of Covid-19 is given in the Directors Report.

## Risks and uncertainties

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

| Risk and description | Business impact | Mitigation |
|---|---|---|
| **Royalty Acquisitions**<br>The growth and viability of the Group is dependent on its ability to successfully identify and acquire royalties. The availability of potential royalties which meet the Group's investing policy will depend, inter alia, on the state of the world economy, general business conditions, commodity prices, mining sector appetite, alternative sources of finance and financial markets generally. | **Medium** | The Board and executive team closely monitor the market and pays attention to general macro trends.<br><br>The Group targets all of the natural resources sector (except for thermal coal), accordingly it considers that it has a wide number of options available for investment compared to a number of its precious metal peers.<br><br>In addition, the Group has an extremely active network of Directors, employees and consultants that ensures that it generates numerous pipeline opportunities which may lead to investments by the Group. |
| **Competition**<br>The Group will compete with a large number of funds and other royalty or stream companies for investments. Some of its competitors are substantially larger and have considerably greater financial resources than the Group. Competitors may have a lower cost of capital and many have access to funding sources that allows them to make offers in excess of that Trident is willing to pay. | **Medium** | The Group considers that its target investments are often overlooked by other royalty company's that are either solely focused on precious metals or are looking for larger investments.<br><br>Management considers that it is well placed to attract small/medium-sized operators that are looking for funding or early exits in the case of secondary royalties. |
| **Portfolio diversification**<br>The Group has completed 4 royalties investments during the year – with a further acquisition committed at the reporting date. 2 of the royalties are in production and paying – however should there be a failure of an operator, or any dispute relating to any given royalty this may have a disproportionate and material adverse effect on the financial position and prospects of the Group at this stage of development. | **Medium / High** | Management is in regular contact with both the producing assets and those in development. The current operations are all on sound financial footing with either consistent production or paths to production.<br><br>The best way the Group can mitigate dependence upon any one operator is to expand and diversify its royalty portfolio to ensure a well-balanced source of income by location and commodity.<br><br>The Group's overheads remain low and ensures a cash buffer of at least 12 months costs in the event of operator default. Subsequent to the year end the Group acquired a portfolio of paying gold offtake contracts that will generate significant cash flow. |

# **Risk Management** continued

| Risk and description | Business impact | Mitigation |
|---|---|---|
| **Investment decisions**<br>Prior to making or proposing any royalty acquisition or financing, the Group will undertake legal, financial and commercial due diligence on potential transactions to a level considered reasonable and appropriate by the Group. However, these efforts may not reveal all material facts or circumstances which could have a material adverse effect upon the value of the royalty. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential royalty transaction or asset owner. | **Medium** | The Trident Board has enacted strict investment criteria that avoids overly competitive bidding, or a transaction for transactions sake approach. The Board constructively challenges the executive team on the due diligence process.<br><br>In addition, the executive team consists of a highly experienced and professional team that has demonstrated a track record of successful investments. The team has considerable technical, financial and tax expertise to identify fatal flaws and uses equally professional third party consultants when appropriate. |
| **Key personnel**<br>The Group is dependent upon the services of a small number of key management personnel who are highly skilled and experienced. The Group's ability to manage its activities will depend in part on the efforts of these individuals. The Group faces competition for qualified personnel, and there can be no assurance that the Group will be able to retain such personnel. | **Medium** | The Board will continually review its incentive schemes to ensure that its key personnel are rewarded appropriately.<br><br>The Group is subject to number of financial risk including capital risk, commodity price risk, credit risk, liquidity risk and foreign exchange risk. Full details are provided in note 22. |

The Group is subject to number of financial risk including capital risk, commodity price risk, credit risk, liquidity risk and foreign exchange risk. Full details are provided in note 22.

# Financial Review

## DURING 2021, TRIDENT CONTINUED TO GROW RAPIDLY PURSUING THE STRATEGY OF BUILDING A DIVERSIFIED MINING ROYALTY COMPANY

During 2021, Trident continued to grow rapidly pursuing the strategy of building a diversified mining royalty company. The year was bookended by 2 transformational acquisitions that have positioned Trident with significant long-term project value together with current and near term cash generation. The acquisitions of the Thacker Pass lithium royalty and the gold offtake contracts in Q1 and Q4, respectively, were expedited by Trident's capital raising ability with over US$62.0m of cash raised from the equity market and US$40m from a new loan facility negotiated with Macquarie Bank. Trident ended the year with a clear line of sight to profitability and cash generation, combined with a strong a cash position and growing portfolio on the balance sheet.

### Royalty acquisitions

The Group acquired the following royalties during the year:

- 60% interest in the Thacker Pass lithium 1.75% gross revenue royalty over the Thacker Pass Lithium project in Nevada, USA for US$28.0m plus costs;
- Pukaqaqa copper sliding scale royalty (1-2% net smelter – 1.05% net) over production from the Pukaqaqa copper/molybdenum development operation in Peru for US$3.0m payable in equity, plus costs;
- West Australian gold royalties over a variety of tenements and projects for A$0.8m, paid in cash and equity; and
- Lincoln gold 1.5% net smelter royalty over production from the Lincoln Gold Mine located in California, USA for US$2.5m, plus costs.

In addition, on 13 December 2021 the Group entered into a binding, conditional agreement to acquire:

- 7 producing gold offtake contracts from Orion Resource Partners for US$69.75m

This acquisition completed on 11 January 2022 and has been disclosed as a capital commitment.

### Statement of Financial Position

Royalty intangible assets consist of US$46.17m cost, less US$1.27m amortisation for total net book value of US$44.90m representing the acquisitions in the year detailed above and the existing royalty assets of Koolyanobbing, Spring Hill and Lake Rebecca.

Royalty financial instruments were valued at US$7.46m representing the fair value of the Mimbula copper project in Zambia. The royalty financial instrument has been designated as fair value through profit and loss with the fair value gains and losses recognised in "revaluation of royalty financial assets" line item in the income statement. The value at the beginning of the financial year was US$7.45m and US$1.50m royalty income was received in the year and a fair value increase of US$1.51m was recognised in the income statement.

Trade and other receivables totalling US$1.21m (2020: US$0.78m) includes US$0.38m in respect of 4th quarter 2021 royalty income due from Koolyanobbing and Mimbula receivable after the year-end. Other receivables also includes US$0.61m in respect of prepaid legal and other fees for the Gold offtakes and Sonora transactions completed after the year end and US$0.14m in respect of VAT repayable in the UK following registration with HMRC.

Trade and other payables totalling US$1.04m (2020: US$0.34m) consisted predominantly of trade payables, social security and taxation and accruals with all amounts within agreed payment terms.

# **Financial Review** continued

Deferred contingent consideration of US$0.43m represents A$0.60m contingent payment due on the Spring Hill project based on the operator meeting certain production targets. The amount has been treated as due > 1 year representing managements' assessment of when the project will become operational and the targets achieved.

Total cash at the end of the year was US$45.64m and total debt and accrued interest was US$10.54m. Subsequent to the year end the existing debt facility was refinanced for a US$40m facility with Macquarie bank and cash totalling US$60m was deployed acquiring the gold offtake contracts.

Total net assets increased to US$88.07m during the year from US$25.51m at 31 December 2020 largely due to the Thacker Pass acquisition and the fund-raise in December 2021.

### Income Statement

The 2021 results show the need for the Group to continue to grow and diversify and particularly highlights the importance of Trident's acquisition of the gold offtake contracts in January 2022 which will provide significant cashflow.

The primary impacts on the 2021 income statement and resultant loss were the limited royalty revenue from the Koolyanobbing iron ore asset in Australia, together with the cost of refinancing the Tribeca debt facility within 6 months of drawdown and foreign exchange losses totalling US$0.52m. Loss after taxation was US$3.54m (2020: US$1.71m profit) and basic earnings per share of 2.15 loss (2020: 2.45c).

Updates to the market during the year by Mineral Resources Ltd, the mine operator at Koolyanobbing, informed the Company that mining had been focused on areas that did not fall within the Trident royalty tenement. Towards the end of 2021 and subsequent to the year end, the operator recommenced mining on areas that will result in revenue for the Group – highlighted by the Q1 2022 payment of AUS$0.2m. The Group generated royalty income from its Koolyanobbing asset of US$0.08m (2020: US$1,67m) in the year. The amortisation charge was US$0.02m (2020: US$1.19m) and total Group overheads of US$3.74m (2020: US$2.53m); resulted in an operating loss of US$3.68m (2020: US$2.06m).

The fair value gain on the Mimbula copper project was US$1.51m (2020: US$2.53m) and US$1.50m of royalty income was received under the minimum payment terms. In addition, the Group made a foreign exchange loss totalling US$0.52m (2020: US$1.38m gain) mainly as a result of the retranslation of an intercompany loan balance between the parent company and an Australian subsidiary; and the conversion of cash balances denominated in non-US dollar currencies.

As the debt facility was fully refinanced after the year end all arrangement fees and costs were expensed in the year totalling US$0.90m, rather than being spread over the expected 2 year facility life. This amount included arrangement and broker fees and the fair value charge of the warrants issued to the lender. Redemption interest was also accrued for a total interest charge on the facility of US$0.7m, plus withholding taxes suffered on both the facility and the intercompany loan.

### Cashflow and liquidity

Net cash increased in the year by US$38.46m (2020: US$2.32m) although this increase was predominantly due to the fund-raise in December for the gold offtake stream acquisition completed in January 2022. Financing inflows were US$60.25m (2020: US$18.60m) from 2 equity fund raises; which were invested US$29.07m (2020: US$) into Thacker Pass and Lincoln Gold, and US$2.93m (2020: US$1.26m) in operating activities. A further US$10m inflow came from the Trident's first debt facility with a syndicate managed by Tribeca Investment Partners to strengthen the balance sheet and facilitate further acquisitions. This facility was redeemed in January 2022. In addition, the Group made foreign exchange gains on the cash totalling US$0.21m (2020: US$0.52) for a final cash figure as at 31 December 2021 of US$45.64m (2019: US$6.97m).

### Taxation

Trident recognised a deferred tax credit of US$0.86m (2020: US$0.05m) mainly due to losses incurred in Australia as a result of debt finance charges and accelerated allowances on the Koolyanobbing asset. With the Group expected to return to profit during 2022 (and the losses utilised) the deferred tax asset of US$1.04m was recognised in full. The Group paid US$0.15m in tax on the 2020 results.

### Reporting currency

The Group has a presentational reporting currency of the US dollar. The Australian subsidiary TRR Services Australia, which directly owns some of the Group's royalty assets, has a functional currency of Australian dollars. Accordingly, the Group is subject to foreign exchange gains and losses when reporting consolidated balances and results. In addition, the Australian subsidiary has an intercompany loan balance with the parent company denominated in US dollars which results in gains and losses in the income statement.

During the year, the Australian dollar strengthened against the US dollar by approximately 6% decreasing the value of those assets and liabilities denominated in Australian dollars and subject to conversion. All other subsidiaries of the Group have US dollar functional currencies.

### Events occurring after the reporting period

Subsequent to the year-end the Group announced the completion of the gold offtake portfolio acquisition for a total of US$69.75m funded by a new US$40m debt facility with Macquarie and the existing cash balance. At the same time the existing debt facility was fully redeemed and the conditional element of the placement announced in December 2021 was closed raising a further US$6.10m. In addition, on 27 January 2022 Trident paid a US$2.50m deposit for the right to acquire 50% of the 3% gross royalty over the Sonora lithium project, subject to certain conditions, for total consideration of US$26.0m.

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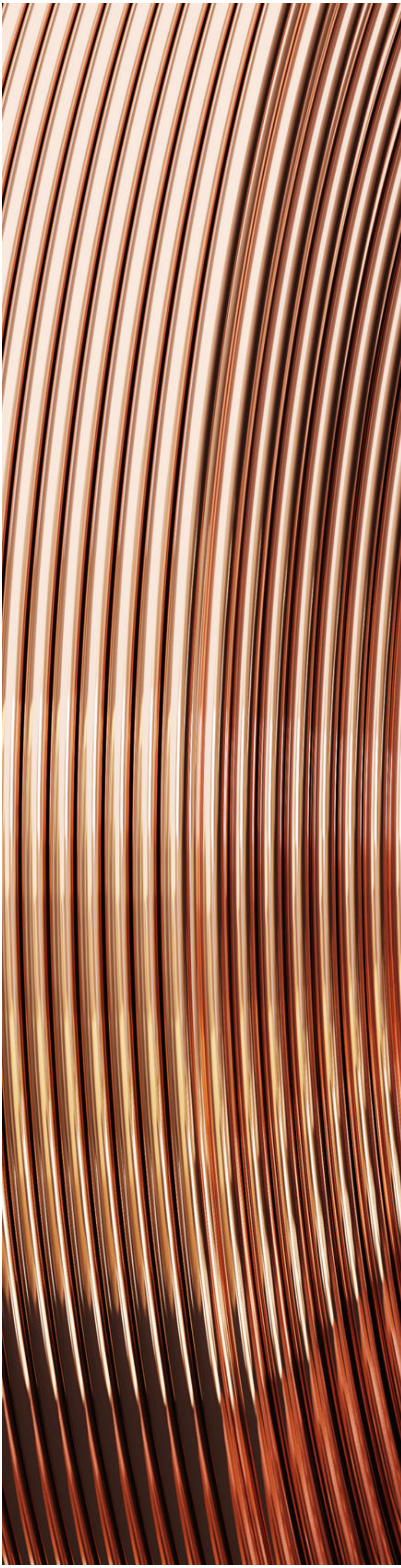

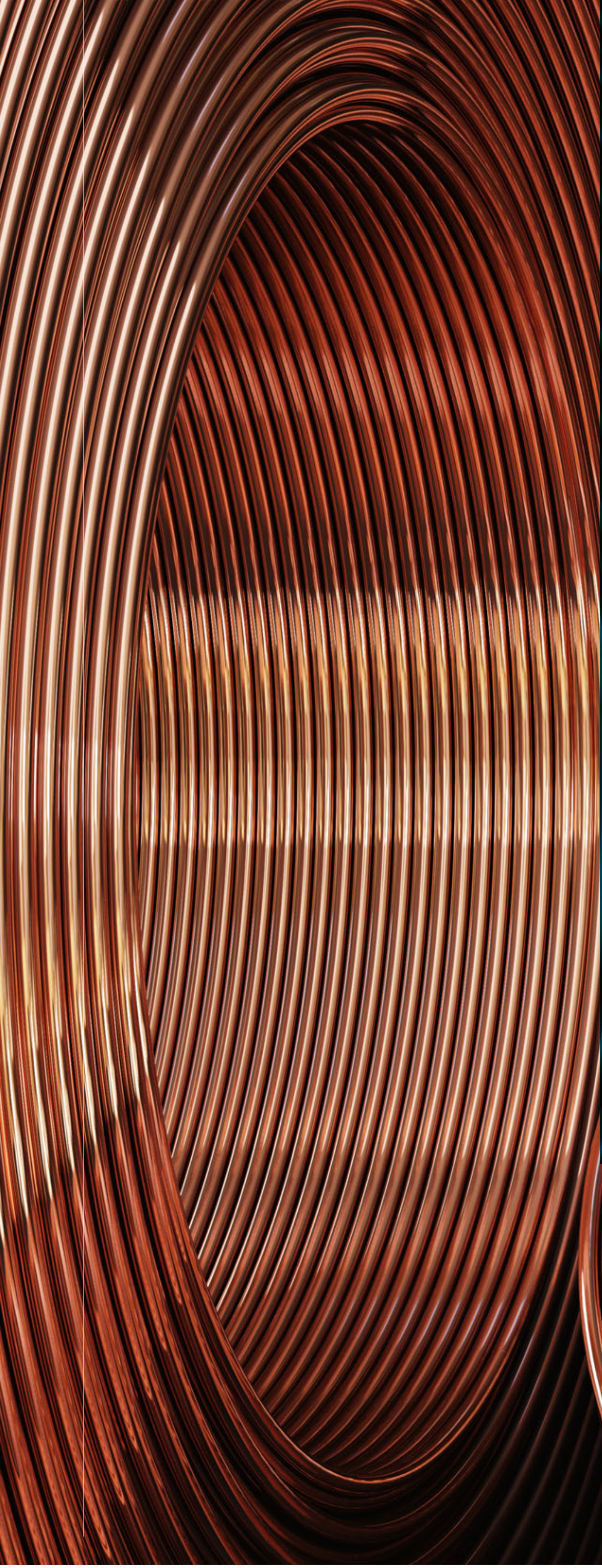

# CORPORATE GOVERNANCE

# Board of Directors

## Executive Director

### Adam Davidson
Executive Director &
Chief Executive Officer

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

## Non-Executive Directors

### Paul Smith
Non-Executive Chairman

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

### Peter Bacchus
Non-Executive Director

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

### Al Gourley
Non-Executive Director

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

### Helen Pein
Non-Executive Director

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

### Committee membership

Paul serves as Chairman of the Nominations Committee and sits on the Audit and Remuneration Committees.

Peter serves as Chairman of the Audit Committee

Al serves as Chairman of the Remuneration Committee and sits on the Audit and Nominations Committees.

Helen sits on both the Nomination and Remuneration Committees.

# Senior Management



## Senior Management

**Martin Page**
Chief Financial Officer

Martin Page has over 10 years' experience in the natural resources sector, most recently as CFO of Toro Gold Limited, a West African gold producer, that was sold to Resolute Mining in July 2019 for US$300m. Martin was a member of Toro's senior executive team that guided the Group through the latter stages of its development and subsequent divestment to Resolute. Prior to Toro, he was CFO at Curzon Resources, a privately backed natural resources investment firm and before that as Head of Finance at Amara Mining plc; a West African gold operator. Martin has extensive experience developing and leading finance functions in both the capital and private markets.

Martin began his career in practice and is a qualified Chartered Accountant with over 15 years post qualification experience.

**Tyron Rees**
Vice-President
Corporate Development

Mr Rees has over 10 years' experience in the natural resources sector, most recently with Resource Capital Funds (RCF), a mining focused private equity firm. Prior to RCF, Tyron held various roles with Sandfire Resources and Newmont Goldcorp in a technical capacity as a Metallurgical Engineer.

Tyron is a graduate of the Australian Institute of Company Directors, is a CFA Charterholder, holds a Master of Finance from Charles Sturt University and graduated with a Bachelor of Engineering in Minerals Engineering.

**Julien Bosché**
Vice-President
Investments

Julien Bosché has over a decade of experience in the natural resources sector across commodities, jurisdictions, project stage, and investment types. Prior to his most recent work as an independent advisor, he was with Pala Investments ("Pala"), a leading metals and mining focused investment firm. Prior to Pala, Julien held roles in the International Finance Corporation´s mining division in Washington, D.C. and the M&A group in Citigroup´s investment banking division in New York.

# Directors' Report

**The Directors of the Company present their report, together with the audited Group financial statements of Trident Royalties plc for the year ended 31 December 2021.**

## Principal Activities

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

## Review of Business

A review of the current and future development of the Group's business is given in the Strategic Report on pages 6-33 which forms part of, and by reference is incorporated in, this Directors' Report.

The Group's Financial Risk Management objectives and policies are discussed in note 22. The principal risks and uncertainties faced by the Group are set out on pages 30 and 31.

## Results and Dividends

The results of the Group for the year ended 31 December 2021 are set out in the Consolidated Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend for the year.

## Directors and Directors' Interests

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

Adam Davidson
Paul Smith (appointed 21 June 2021)
Peter Bacchus (appointed 23 July 2021)
Al Gourley
Helen Pein
James Kelly (resigned 23 July 2021)
Mark Potter (resigned 18 June 2021)

The direct and beneficial shareholdings of the Board in the Company as at 30 April 2022 were as follows:

| | **Share held at 30 April 2021** | Share held at 31 December 2020 |
|---|---|---|
| Adam Davidson | **222,490** | 95,000 |
| Paul Smith | **4,201,867** | - |
| Peter Bacchus | **202,015** | - |
| Al Gourley* | **7,500,000** | 5,000,000 |
| Helen Pein | **105,468** | - |

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

Details of share options issued to the Executive Director during the year and the Non-Executive Chairman (on appointment) are provided in the Renumeration Report and note 21.

## Substantial Shareholders

As at 30 April 2022, the total number of issued Ordinary Shares with voting rights in the Company was 291,130,600. The Company has been notified of the following interests of 3 per cent or more in its issued share capital.

| Shareholder | Number of ordinary shares | % of issued share capital |
|---|---|---|
| Regal Funds Management Pty Limited | 31,329,800 | 10.76 |
| LIM Asia Special Situations Master Fund Limited | 26,003,837 | 8.93 |
| Orion Resource Partners | 25,742,752 | 8.84 |
| Ponderosa Investments (WA) Pty Limited | 16,124,196 | 5.54 |
| Amati UK Smaller Companies Fund | 14,019,892 | 4.82 |
| Tribeca Investment Partners Pty Limited | 12,322,285 | 4.23 |

## Changes in Share Capital

Details of transactions during the year, and subsequent to the year-end, that increased the share capital of the Company are detailed in note 20. As at 31 December 2021, 251,592,413 ordinary shares of 1p were in issue.

## AGM Notice

A separate communication will be sent to shareholders and published on the Group's website regarding the 2022 AGM.

## Corporate Governance

The Group has set out its full Corporate Governance Statement on pages 40-43. The Corporate Governance Statement forms part of this Directors' report and is incorporated into it by cross reference.

## Greenhouse Gas Disclosures

The Group is an investment company, with 4 full time employees and the Board of Directors and no head office, and therefore has minimal carbon emissions. It is not practical to obtain emissions data and as such none is disclosed. Further information of the Group's environmental impact is give in its Environmental and Social Governance Statement on page 28.

## Supplier payment policy

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

## Directors' Insurance

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

## Events after the Reporting Period

Events since the balance sheet date are included in note 26.

# **Directors' Report** continued

### Going Concern
The financial position of the Group and cash flows as at 31 December 2021 are set out on pages 55 and 57. The Group meets its day-to-day working capital and other funding requirements with its current cash, raised through equity placings and revenue from its cash generating royalties. The Group actively manages its financial risks as set out in note 22 and operates Board-approved financial policies, that are designed to ensure that the Group maintains an adequate level of headroom and effectively mitigates financial risks.

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

### COVID-19
The Group has not been made aware of any significant issues at the operations in which it has made investments. Whilst the mining sector as a whole has been affected by Covid – mainly in respect to their supply chains – their very nature (usually self-contained mine sites) has been such that mitigation of Covid is easier than in other industries. The Board continues to monitor the impact of COVID-19 on the ability of the Group to continue to pursue its strategy and will make appropriate changes should they be required. There is not considered to be any material impacts on the reporting financial position and results of the Group as a result of COVID-19 as at the reporting date.

### Section 172 Statement
A statement of how the Board has performed its duties under section 172 of the Companies Act 2006 can be found on page 29 of the Strategic Report.

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

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

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

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

**Paul Smith**
Non-Executive Chairman

6 May 2022

# Corporate Governance Statement

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

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

| Principle | Trident Response |
|---|---|
| **Establish a strategy and business model which promote long-term value for shareholders** | The strategic vision of the Company is explained in the Strategic Report on pages 6-33. The Company's strategy follows the well understood royalty company model, however it seeks to create value through the acquisition of attractive and robust royalties in commodities and jurisdictions which are inherently less competitive relative to those with a precious metal focus. |
| **Seek to understand and meet shareholder needs and expectations** | The Board is committed to maintaining good communications and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year. |
| **Take into account wider stakeholder and social responsibilities and their implications for long term success** | The Board recognises that the long-term success of the Company will be enhanced by good relations with different internal and external groups and to understand their needs, interest and expectations, the Board has established a range of processes and systems to ensure that there is ongoing two-way communication, control and feedback processes in place with which to enable appropriate and timely response. |
| **Embed effective risk management, considering both opportunities and threats, throughout the organisation** | The Board maintains a risk register and regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. |
| **Maintain the Board as a well-functioning, balanced team led by the Non-Executive Chairman** | The Board's composition and structure is discussed elsewhere in this corporate governance section together with a table of Board committee attendance. |
| **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities** | The complementary skills and experience of the Board and Executive Management team are included on pages 36 and 37. |
| **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement** | Review of the Company's progress against the long-term strategy and aims of the business provides a means to measure the effectiveness of the Board. This progress is reviewed in Board meetings held at least four times a year. The Chief Executive Officer's performance is reviewed once a year by the rest of the Board and measured against a definitive list of short, medium and long-term strategic targets set by the Board. |

# **Corporate Governance Statement** continued

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

### Board role and objectives

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

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

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

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

### Board Composition

The Board is comprised of a diverse group of experienced Directors, both from the UK and abroad, each with a wealth of expertise and a depth of knowledge appropriate to their role. Many have worked across a variety of jurisdictions and have extensive business and financial experience in the sector in which the Group operates. As at 31 December 2021, the Board of the Company consisted of the Non-Executive Chairman, the Chief Executive Officer and three Non-Executive Directors. Three of the Non-Executive directors are considered to be independent and ensure the Board independence requirement. All the Non-Executive Directors are independent in character and judgement and have the range of experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The Board believes that there is an adequate balance between the Non-Executive and Executive Director, both in number and in experience and expertise, to ensure that the Board operates independently of executive management.

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

# **Corporate Governance Statement** continued

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

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

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

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

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

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

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

### Remuneration Committee
The Remuneration Committee comprises Al Gourley, as Chairman, and Paul Smith and Helen Pein.

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

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

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

# **Corporate Governance Statement** continued

### Nominations Committee

The Nominations Committee comprises Paul Smith as Chairman, Helen Pein and Al Gourley.

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

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

### Board and Committee attendance

The table below sets out the number of Board Committee meetings held during the year ended 31 December 2021 and each Director's attendance at those meetings.

| Director | Board Meetings | Nominations Committee | Audit Committee | Remuneration Committee |
|---|---|---|---|---|
| Paul Smith[1] | 4 | - | 1 | 1 |
| Adam Davidson | 7 | - | - | - |
| Peter Bacchus[1] | 4 | - | 1 | - |
| Al Gourley | 7 | - | 2 | 2 |
| Helen Pein | 7 | - | - | 2 |
| James Kelly[2] | 3 | - | 1 | 1 |
| Mark Potter[3] | 3 | - | 1 | - |
| **Total Meetings** | **7** | **-** | **2** | **2** |

1 All meetings attended since appointment.
2 James Kelly retired from the Board on 23 July 2021
3 Mark Potter retired from the Board on 18 June 2021

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

Approved on behalf of the Board on 6 May 2022

**Adam Davidson**
Chief Executive Officer

# Remuneration Report

**The table below sets out the total remuneration in respect of qualifying services for both Executive and Non-Executive Directors for the year ended 31 December 2021.**

| | | Salary/fees US$'000 | Bonus US$'000 | Other[1] US$'000 | **Total US$'000** |
|---|---|---|---|---|---|
| **Executive Director:** | | | | | |
| Adam Davidson | 2021 | 250 | 188 | 29 | **467** |
| | 2020 | 230 | 144 | - | **374** |
| **Non-Executive Directors:** | | | | | |
| Peter Bacchus[2] | 2021 | 21 | - | - | **21** |
| | 2020 | - | - | - | **-** |
| Al Gourley[3] | 2021 | 69 | - | - | **69** |
| | 2020 | 30 | - | - | **30** |
| James Kelly[4] | 2021 | 160 | - | - | **160** |
| | 2020 | 63 | 67 | - | **130** |
| Helen Pein[5] | 2021 | 49 | - | - | **49** |
| | 2020 | 11 | - | - | **11** |
| Mark Potter[6] | 2021 | 89 | - | - | **89** |
| | 2020 | 33 | 24 | - | **57** |
| Paul Smith[7] | 2021 | 44 | - | - | **44** |
| | 2020 | - | - | - | **-** |

1 Other remuneration consists of a one off US$29k payment for untaken annual leave
2 Peter Bacchus was appointed to the Board on 23 July 2021
3 Al Gourley was appointed to the Board on 4 May 2020
4 James Kelly retired from the Board on 23 July 2021
5 Helen Pein was appointed to the Board on 18 September 2020
6 Mark Potter retired from the Board on 18 June 2021
7 Paul Smith was appointed non-executive Chairman on 21 June 2021

The aggregate emoluments of the highest paid Director totalled US$467k (2020: US$374k). No Director has a service agreement with the Company that is terminable on more than twelve months' notice. Details of shares owned by the Directors is provided in the Directors' Report.

### Executive Director

The discretionary bonus of the Executive Director was assessed against a number of objectives and criteria by the Remuneration Committee, resulting in an award of US$188k (2020: US$144k). The Executive Director has a rolling service contract that is subject to twelve months' notice. On 1 January 2022, the Executive Directors base salary was increased from US$250k to US$385k per annum. No Director accrued benefits under a pension scheme during the year – and no additional benefits in kind were received.

### Non-Executive Directors

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

On 1 January 2021, the Non-Executive Directors signed updated letters of appointment. Under the terms of these letters, the Non-Executive Directors were entitled to an annual fee totalling GBP£30k, plus a cash conservation sum of GBP£15k paid in January each year payable 2/3 in shares and 1/3 in cash (the share total calculated by reference to the 5 day VWAP prior to admission of the shares), plus GBP£5k for each Committee they chair. The Non-Executive Chairman was entitled to an annual fee totalling GBP£60k plus a cash conservation sum of GBP£25k paid in January each year payable 2/3 in shares and 1/3 in cash (the share total calculated by reference to the 5 day VWAP prior to admission of the shares).

On 26 April 2022, the Non-Executive Directors received updated letters of appointment increasing the cash preservation fee of the Non-Executive Chairman to GBP£40k and the Non-Executive Directors to GBP£25k. On their retirements from the Board James Kelly and Mark Potter received GBP£57k and GBP£33k respectively as payments in lieu of notice, in line with the terms of their appointment letters.

### Directors Option Awards

During the year 225,000 Options were granted to Adam Davidson, which vest and become exercisable on the fourth anniversary of the date of grant (20 April 2021) and are exercisable at 37 pence. Subsequent to the year end Adam Davidson was awarded 3,150,000 which vest and become exercisable in 5 tranches from the date of grant (1 February 2022) with an exercise price of 50 pence and vesting target share prices of 80, 90, 100, 110 and 120 pence respectively. The options lapse after the 7th anniversary from the date of grant.

On appointment, Paul Smith was granted 2,500,000 options exercisable at 40 pence, the options lapse on 17 June 2022 and are held in the name of Collingwood Capital Partners AG ("Collingwood") (a company wholly owned and controlled by Mr Smith). In addition, as part of the debt facility financing (syndicated by Tribeca Investment Partners), Collingwood was granted 175,000 warrants exercisable at 51.66 pence, the warrants lapse on 3 August 2023.

Approved on behalf of the Board on 6 May 2022

**Adam Davidson**
Chief Executive Officer

# Directors' Responsibility Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, for the group and company, international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

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

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

Approved on behalf of the Board on 6 May 2022.

**Adam Davidson**
Chief Executive Officer

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

# FINANCIAL STATEMENTS

# Independent Auditor's Report

to the members of Trident Royalties plc

## Opinion

We have audited the financial statements of Trident Royalties plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

**In our opinion:**

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of budgets for twelve months from the sign off date including checking the mathematical accuracy of the budgets and discussion of significant assumptions used by the management and comparing these with current year and post year end performance. We have also reviewed the latest available post year end management accounts, bank statements, regulatory announcements, board minutes and assessed any external industry wide factors which might affect the group and the parent company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

# **Independent Auditor's Report** continued

to the members of Trident Royalties plc

### Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements as a whole was set at US$950,000, (2020: US$250,000), with performance materiality set at US$665,000, (2020: US$175,000) and triviality threshold set at $47,500 (2020: US$12,500). Considering group operations and controls are centrally managed, and the low level of historically identified misstatements, a performance materiality threshold of 70% was considered appropriate. We agreed that we would report to Those Charged with Governance all misstatements below that threshold that we believe warrant reporting on qualitative grounds.

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

The materiality applied to the parent company financial statements was US$40,000, (2020: US$48,000), based on 2% of expenses, as the Company is loss-making and does not generate sufficient revenue or hold significant assets to warrant these as more appropriate measures. The performance materiality was US$28,000, (2020: US$33,600). Trident Services Australia Pty Limited was audited using a materiality of US$220,000 (2020: US$50,000), based on 1% of gross assets, with performance materiality being $154,000 (2020: US$35,000), considered appropriate given the importance of the assets on the current and future group operations.

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

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

### Our approach to the audit

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

The group has five trading companies within the consolidated financial statements, two based in the UK, one based in Europe, one based in Australia and one in the US. We identified two significant components, the parent company, Trident Royalties Plc and TRR Services Australia Pty Ltd, which were subject to a full scope audit by a team with relevant sector experience. Component offices were not visited due to ongoing Covid-19 restrictions and due to the fact that the finance function is centrally managed, and all data was provided to the audit team remotely.

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

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

# Independent Auditor's Report continued

to the members of Trident Royalties plc

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our scope addressed this matter |
|---|---|
| **Accounting treatment and recoverability of royalty interest assets** | |
| The group has increased its holdings in royalty interests significantly in the year, completing four new acquisitions worth a combined $34.8m as at 31 December 2021. Investments in royalty interest assets represented US$52.4m (52.2%) of the group's total assets. Further details can be found at note 2, 12 and 13 of the accounts. The investments comprise upfront payments for royalty entitlements, including associated direct acquisition costs. The group accounts for investments in royalty interests in one of two ways, as detailed below:<br>• Financial assets at fair value through Profit or Loss – if there is a contractual right to receive cash (i.e. minimum payments). Royalties are not recognised in revenue and reduce the financial asset; or<br>• Intangible assets – if no contractual right to receive cash. Such assets are amortised over the life of the mine and royalties recognised as revenue.<br><br>Value in use calculations are performed for each project based on discounted future cash-flows and compared to carrying value. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting cash flows. Where royalty interest assets are not yet revenue generating, management assess whether there are any indicators of impairment, having regard to progress of the underlying exploration project towards commercial mining activity and other publicly available information regarding successful progression of the project, securing funding, permitting, etc.<br><br>There is the risk that royalty interest assets have not been correctly valued and classified in accordance with the requirements of IFRS.<br><br>We have determined this to be a key audit matter based on the financial significance of these assets to the group combined with the requirement for management to use their judgment in assessing their recoverability. | Our work in this area included;<br>• A review of the technical accounting memorandums prepared by management and the accounting policies adopted by the group for compliance with IFRS;<br>• A review of the asset acquisition accounting treatment including contingent consideration for compliance with IFRS, including verification of the key terms back to the underlying acquisition agreement;<br>• Re-performance of amortisation charges during the year and review of the useful economic lives;<br>• Verification of ownership of the royalty interests and corroboration to the agreements;<br>• An assessment of each royalty interest for indicators of impairment;<br>• Reviewing the valuation methodology for each type of investment held and ensuring that the carrying values are supported by sufficient and appropriate audit evidence; and<br>• Reviewing the associated disclosures in the financial statements.<br><br>Our work did not identify any material errors regarding the accounting treatment and valuation of royalty interest assets. |
| **Recoverability of related party balances (parent company)** | |
| There is a risk around the recoverability of investments and inter-company balances on the parent's balance sheet, which is directly related to the recoverability of the underlying asset performance. The parent had loans and contributions receivable from subsidiaries to the value of US$47.6m at year end, as shown in note 15 of the accounts. Management consider the requirements of IFRS 9 and IAS 36 when assessing recoverability and the recognition of expected credit losses and impairments, which requires estimation and judgement. | Our work in this area included:<br>• Corroborating any significant changes in the business environment that would have an adverse effect on the underlying projects within each geographical area.<br>• Obtaining audit evidence of the entity's assessment of indicators of impairment as per IFRS 9 and IAS 36. Where indicators of impairment existed, , we have obtained supporting explanations from management to confirm the future prospects of recovering the related balances.<br><br>We have drawn conclusions on the related party balances through aligning to findings in respect of the group's underlying project interests. |

# **Independent Auditor's Report** continued

to the members of Trident Royalties plc

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report

to the members of Trident Royalties plc

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the recognition of revenue, posting of unusual journals and manipulating the group's alternative performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets.

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

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

### Use of our report

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

**Zahir Khaki (Senior Statutory Auditor)**
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
6 May 2022

15 Westferry Circus
Canary Wharf
London E14 4HD

# FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

| Continuing operations | Notes | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|---|
| Royalty related revenue | 3 | 83 | 1,668 |
| Amortisation of royalty intangible assets | 12 | (21) | (1,193) |
| **Gross profit** | | 62 | 475 |
| Administrative expenses | 4 | (3,744) | (2,529) |
| **Operating loss** | | (3,682) | (2,054) |
| | | | |
| Revaluation of royalty financial assets | 13 | 1,511 | 2,528 |
| AIM listing fees | | - | (204) |
| Finance income | 7 | - | 21 |
| Other finance costs | 8 | (1,707) | (20) |
| Net foreign exchange (losses)/gains | | (523) | 1,383 |
| | | | |
| **(Loss)/profit before taxation** | | (4,401) | 1,654 |
| Income tax | 9 | 863 | 53 |
| **(Loss)/profit attributable to owners of the parent** | | (3,538) | 1,707 |
| | | | |
| **Other comprehensive income** | | | |
| Items that may be subsequently reclassified to profit and loss: | | | |
| Deferred tax | 9 | - | 17 |
| Exchange gains on translation of foreign operations | | 29 | 112 |
| **Other comprehensive income for the period, net of tax** | | 29 | 129 |
| **Total Comprehensive income attributable to owners of the parent** | | (3,509) | 1,836 |
| | | | |
| **Earnings per share:** | | | |
| Basic and diluted earnings per share (U.S. cents) | 10 | (2.15) | 2.45 |

The notes on pages 61 to 79 are an integral part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2021

| | Notes | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Royalty intangible assets | 12 | **44,900** | 11,018 |
| Royalty financial assets at fair value through profit and loss | 13 | **7,461** | 7,453 |
| Deferred tax asset | 9 | **1,043** | 210 |
| **Total non-current assets** | | **53,404** | 18,681 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | 16 | **1,212** | 778 |
| Cash and cash equivalents | 17 | **45,637** | 6,971 |
| **Current assets** | | **46,849** | 7,749 |
| **Total assets** | | **100,253** | 26,430 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 18 | **1,039** | 335 |
| Current tax liabilities | 9 | **-** | 122 |
| Borrowings | 19 | **10,536** | - |
| **Total current liabilities** | | **11,575** | 457 |
| | | | |
| **Non-current liabilities** | | | |
| Contingent consideration | 18 | **436** | 464 |
| Derivative financial liability | 19 | **172** | - |
| **Total non-current liabilities** | | **608** | 464 |
| **Total liabilities** | | **12,183** | 921 |
| | | | |
| **Net Assets** | | **88,070** | 25,509 |
| | | | |
| **Equity attributable to owners of the parent** | | | |
| Share Capital | 20 | **3,307** | 1,335 |
| Share Premium | 20 | **87,046** | 23,288 |
| Share-based payments reserve | 21 | **403** | 63 |
| Foreign exchange reserve | | **118** | 89 |
| Retained Earnings | | **(2,804)** | 734 |
| **Total Equity** | | **88,070** | 25,509 |

The notes on pages 61 to 79 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 6 May 2022 and are signed on its behalf by:

**Adam Davidson**
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

| | Share capital US$'000 | Share premium US$'000 | Share based payments reserve US$'000 | Foreign exchange reserve US$'000 | Retained earnings US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2020 | 328 | 4,787 | - | (23) | (990) | 4,102 |
| Profit for the year | - | - | - | - | 1,707 | 1,707 |
| Other comprehensive income: | | | | | | |
| Deferred tax | - | - | - | - | 17 | 17 |
| Exchange gains on translation of foreign operations | - | - | - | 112 | - | 112 |
| Total comprehensive income for the year | - | - | - | 112 | 1,724 | 1,836 |
| Transaction with owners in their capacity as owners: | | | | | | |
| Issue of share capital | 1,046 | 20,119 | - | - | - | 21,165 |
| Cancellation of deferred shares | (39) | 39 | - | - | - | - |
| Share issue costs | - | (1,657) | - | - | - | (1,657) |
| Share-based payment charge | - | - | 63 | - | - | 63 |
| Total transactions with owners, recognised directly in equity | 1,007 | 18,501 | 63 | - | - | 19,571 |
| Balance at 31 December 2020 | 1,335 | 23,288 | 63 | 89 | 734 | 25,509 |
| Loss for the year | - | - | - | - | (3,538) | (3,538) |
| Other comprehensive income: | | | | | | |
| Exchange gains on translation of foreign operations | - | - | - | 29 | - | 29 |
| Total comprehensive income for the year | - | - | - | 29 | (3,538) | (3,509) |
| Transaction with owners in their capacity as owners: | | | | | | |
| Issue of share capital | 1,972 | 66,993 | - | - | - | 68,965 |
| Share issue costs | - | (3,235) | - | - | - | (3,235) |
| Share-based payment charge | - | - | 340 | - | - | 340 |
| Total transactions with owners, recognised directly in equity | 1,972 | 63,758 | 340 | - | - | 66,070 |
| **Balance at 31 December 2021** | **3,307** | **87,046** | **403** | **118** | **(2,804)** | **88,070** |

The notes on pages 61 to 79 are an integral part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

| | Notes | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|---|
| **Cash flow from Operating Activities** | | | |
| (Loss)/profit before taxation | | **(4,401)** | 1,654 |
| Revaluation of royalty financial assets | 13 | **(1,511)** | (2,528) |
| AIM listing fees | | **-** | 204 |
| Finance income | | **-** | (21) |
| Other finance costs | | **1,707** | 20 |
| Net foreign exchange losses/(gains) | | **523** | (1,383) |
| Amortisation of royalty intangible asset | 12 | **21** | 1,193 |
| Other non-cash items | | **56** | - |
| Share-based payments charge | | **340** | 63 |
| **Net cash used before changes in working capital** | | **(3,265)** | (798) |
| | | | |
| Increase in payables | | **684** | 257 |
| Increase in receivables | | **(195)** | (714) |
| Net cash used in operating activities before tax | | **(2,776)** | (1,255) |
| Corporate income tax paid | | **(153)** | - |
| **Net cash used in operating activities** | | **(2,929)** | (1,255) |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for acquisition of royalty intangible assets | | **(29,072)** | (10,063) |
| Payments for acquisition of royalty financial assets at fair value through profit and loss | | **-** | (5,000) |
| Cash received from royalty financial asset | | **1,182** | 22 |
| Finance income | | **-** | 21 |
| **Net cash used in investing activities** | | **(27,890)** | (15,020) |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of share capital | | **63,489** | 20,080 |
| Share issue costs and AIM listing fees | | **(3,235)** | (1,484) |
| Proceeds from borrowings | | **10,000** | - |
| Finance costs | | **(979)** | - |
| **Net cash generated from financing activities** | | **69,275** | 18,596 |
| | | | |
| Net increase in cash and cash equivalents during the year | | **38,456** | 2,321 |
| **Cash at the beginning of year** | | **6,971** | 4,135 |
| Effect of foreign exchange rate | | **210** | 515 |
| **Cash and cash equivalents at the end of the year** | | **45,637** | 6,971 |

The notes on pages 61 to 79 are an integral part of these financial statements.

# Company Statement of Financial Position

As at 31 December 2021

| | Notes | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in subsidiaries | 14 | **113** | 113 |
| Royalty financial assets at fair value through profit and loss | 13 | **7,461** | 7,453 |
| Amount due from subsidiary undertakings | 15 | **47,609** | 10,089 |
| Deferred tax asset | 9 | **93** | 29 |
| **Total non-current assets** | | **55,276** | 17,684 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | 16 | **1,176** | 405 |
| Cash and cash equivalents | 17 | **34,480** | 6,547 |
| **Current assets** | | **35,656** | 6,952 |
| **Total assets** | | **90,932** | 24,636 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 18 | **439** | 162 |
| Current tax liabilities | 9 | **-** | 27 |
| **Current liabilities** | | **439** | 189 |
| | | | |
| **Non-current Liabilities** | | | |
| Derivative financial liability | 19 | **172** | - |
| **Total liabilities** | | **611** | 189 |
| **Net Assets** | | **90,321** | 24,447 |
| | | | |
| **Equity** | | | |
| Share Capital | 20 | **3,307** | 1,335 |
| Share Premium | 20 | **87,046** | 23,288 |
| Share-based payments reserve | 21 | **403** | 63 |
| Foreign exchange reserve | | **(23)** | (23) |
| Retained Earnings | | **(412)** | (216) |
| **Total Equity** | | **90,321** | 24,447 |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company Statement of Comprehensive Income. The loss for the Parent Company for the year was US$0.20m (2020: US$0.67m profit).

The notes on pages 61 to 79 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 6 May 2022.

**Adam Davidson**
Director

# Company Statement of Changes in Equity

For the year ended 31 December 2021

| | Share capital US$'000 | Share premium US$'000 | Share based payments reserve US$'000 | Foreign exchange reserve US$'000 | Retained earnings US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2020 | 328 | 4,787 | - | (23) | (910) | 4,182 |
| Profit for the year | - | - | - | - | 677 | 677 |
| Other comprehensive income: | | | | | | |
| Deferred tax | - | - | - | - | 17 | 17 |
| Total comprehensive income for the year | - | - | - | - | 694 | 694 |
| Issue of share capital | 1,046 | 20,119 | - | - | - | 21,165 |
| Cancellation of deferred shares | (39) | 39 | - | - | - | - |
| Share issue costs | - | (1,657) | - | - | - | (1,657) |
| Share-based payment charge | - | - | 63 | - | - | 63 |
| Total transactions with owners, recognised directly in equity | 1,007 | 18,501 | 63 | - | - | 19,571 |
| Balance at 31 December 2020 | 1,335 | 23,288 | 63 | (23) | (216) | 24,447 |
| Loss for the year | - | - | - | - | (196) | (196) |
| Total comprehensive income for the year | - | - | - | - | (196) | (196) |
| Issue of share capital | 1,972 | 66,993 | - | - | - | 68,965 |
| Share issue costs | - | (3,235) | - | - | - | (3,235) |
| Share-based payment charge | - | - | 340 | - | - | 340 |
| Total transactions with owners, recognised directly in equity | 1,972 | 63,758 | 340 | - | - | 66,070 |
| **Balance at 31 December 2021** | **3,307** | **87,046** | **403** | **(23)** | **(412)** | **90,321** |

The notes on pages 61 to 79 are an integral part of these financial statements.

# Company Statement of Cash Flows

for the year ended 31 December 2021

| | Notes | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| (Loss)/profit before taxation | | **(255)** | 692 |
| Revaluation of royalty financial asset | 13 | **(1,511)** | (2,528) |
| AIM listing fees | | **-** | 204 |
| Finance income | | **-** | (21) |
| Intercompany interest received | | **(510)** | (201) |
| Other finance costs | | **51** | 20 |
| Net foreign exchange gains | | **(239)** | (321) |
| Other non-cash items | | **56** | - |
| Share-based payments charge | | **340** | 63 |
| **Net cash used before changes in working capital** | | **(2,068)** | (2,092) |
| Increase in payables | | **462** | 110 |
| Increase in receivables | | **(277)** | (342) |
| **Net cash used in operating activities before tax** | | **(1,883)** | (2,324) |
| Corporate income tax paid | | **(33)** | - |
| Net cash used in operating activities | | **(1,916)** | (2,324) |
| Cash flows from investing activities | | | |
| Payments for acquisition of royalty financial assets at fair value through profit and loss | | **-** | (5,000) |
| Cash received from royalty financial asset | | **1,182** | 22 |
| Finance income | | **-** | 21 |
| Finance costs | | **(51)** | - |
| Investment in subsidiary | | **-** | (113) |
| Loans granted to subsidiary undertakings | | **(38,589)** | (9,641) |
| Loan repayments from subsidiary undertakings | | **7,000** | 529 |
| **Net cash used in investing activities** | | **(30,458)** | (14,182) |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of share capital | | **63,489** | 20,080 |
| Share issue costs and AIM listing fees | | **(3,235)** | (1,484) |
| **Net cash generated from financing activities** | | **60,254** | 18,596 |
| | | | |
| Net increase in cash and cash equivalents during the year | | **27,880** | 2,090 |
| **Cash at the beginning of year** | | **6,547** | 4,120 |
| Effect of foreign exchange rate | | **53** | 337 |
| **Cash and cash equivalents at the end of the year** | | **34,480** | 6,547 |

The notes on pages 61 to 79 are an integral part of these financial statements.

# Notes to the financial statements

## 1. GENERAL INFORMATION

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Basis of preparation

The Group's consolidated financial statements and the Parent Company financial statements have been prepared in accordance international accounting standards in conformity with the Companies Act 2006.
The financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit and loss account and contingent consideration which are measured at fair value. The principal accounting policies adopted are set out below. The Group financial statements are presented in US Dollars ($) and rounded to the nearest thousand.

The preparation of the Group financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are explained below.

### Going Concern

The financial position of the Group and cash flows as at 31 December 2021 are set out on pages 55 and 57. The Group meets its day-to-day working capital and other funding requirements with its current cash, raised through equity placings and revenue from its cash generating royalties. The Group actively manages its financial risks as set out in note 22 and operates Board-approved financial policies, that are designed to ensure that the Group maintains an adequate level of headroom and effectively mitigates financial risks.

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

### COVID-19

The Group has not been made aware of any significant issues at the operations in which it has made investments. Whilst the mining sector as a whole has been affected by COVID-19 – mainly in respect to their supply chains – their very nature (usually self-contained mine sites) has been such that mitigation of COVID-19 is easier than in other industries. The Board continues to monitor the impact of COVID-19 on the ability of the Group to continue to pursue its strategy and will make appropriate changes should they be required. There is not considered to be any material impacts on the reporting financial position and results of the Group as a result of COVID-19 as at the reporting date.

### Standards, interpretations and amendments to published standards effective from 1 January 2021

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2020. The Group adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) at 1 January 2021, with no significant impact.

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

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

# Notes to the financial statements continued

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Basis of consolidation

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

At 31 December 2021, the consolidated financial statements combine those of the Company with those of its subsidiaries. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

### Segment Reporting

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

### Foreign currency

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

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

### Translation into presentation currency

The Company's functional currency changed from British pound (£) to US Dollars (US$) on 1 January 2020. The Group presents its financial information in US Dollars (US$). The functional currency of all the Company's subsidiaries is US$ except for TRR Services Australia Pty Ltd which has a AUD functional currency.

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

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

| | **At 31 December 2021** | At 31 December 2020 |
|---|---|---|
| US$/AUD closing rate at financial reporting date | **0.7263** | 0.7736 |
| US$/AUD average exchange rate during the reporting period | **0.7483** | 0.6948 |

# Notes to the financial statements continued

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Intangible assets

#### Royalty arrangements

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

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

#### Impairment

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets are impaired. If such an indication is identified, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. The recoverable amount is the higher of fair value (less costs of disposal) and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is also recognised in the income statement. Should an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment loss is also recognised in the income statement.

### Investments

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

### Taxation

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

#### Current tax

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

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### Share-based payments

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

# Notes to the financial statements continued

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

### Borrowings
Interest bearing debt facilities are initially recognised at fair value, net of directly attributable transaction costs. Transaction costs are recognised in the income statement on a straight-line basis over the term of the facility.

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

### Royalty financial assets at fair value through profit and loss
Royalty financial assets are recognised or derecognised on completion date where a purchase or sale of the royalty is under a contract, and are initially measured at fair value, including transaction costs.

All of the Group's royalty financial assets have been designated as at fair value through profit and loss ("FVTPL").

The royalty financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the "revaluation of royalty financial assets" line item of the income statement. Fair value is determined in the manner described in note 13.

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

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

Warrant liability at fair value through profit and loss
The warrant liability is initially measured at fair value, including transaction costs. The liability is measured at fair value at the end of each reporting period, with any gains or losses recognised as other finance costs in the income statement. Fair value is determined by the calculation described in note 21.

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

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

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

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

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

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

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

### Revenue recognition
The revenue of the Group comprises mainly royalty income. It is measured at the fair value of the consideration received or receivable after deducting discounts, value added tax and other withholding tax. The royalty income becomes receivable on extraction and sale of the relevant underlying commodity, and by determination of the relevant royalty agreement. Interest income is accrued on a time basis, by reference to the carrying value and at the effective interest rate applicable.

# **Notes to the financial statements** continued

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Provisions

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

### Critical accounting estimates and judgements

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

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

### Critical accounting judgements

Classification of royalty arrangements: initial recognition and subsequent measurement

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

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

The Directors use the following selection criteria to identify the characteristics which determine which accounting standard to apply to each royalty arrangement:

**Type 1** – Intangible assets: Royalties, are mainly classified as intangible assets by the Group. The Group considers the substance of a simple royalty to be economically similar to holding a direct interest in the underlying mineral asset. Existence risk (the commodity physically existing in the quantity demonstrated), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by future supply and demand) are all risks which the Group participates in on a similar basis to an owner of the underlying mineral licence. Furthermore, in a royalty intangible, there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment. These are accounted for as intangible assets under IAS 38.

**Type 2** – Financial royalty assets (royalties with additional financial protection): In certain circumstances where the risk is considered too high, the Group will look to introduce additional protective measures. This has taken the form of minimum payment terms. Once an operation is in production, these mechanisms generally fall away such that the royalty will display identical characteristics and risk profile to the intangible royalties; however, it is the contractual right to enforce the receipt of cash which results in these royalties being accounted for as financial assets under IFRS 9.

| 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<br>• Royalty income is recognised as revenue in the income statement<br>• Intangible asset is assessed for indicators of impairment at each period end | • Koolyanobbing<br>• Spring Hill<br>• Lake Rebecca<br>• Thacker Pass<br>• Lincoln gold<br>• WA Gold |
| Royalty financial instruments | Royalty arrangement with a contractual right to receive cash (e.g. through a minimum payment profile) | • Financial asset is recognised at fair value on the balance sheet<br>• Fair value movements taken through the income statement (FVTPL)<br>• Royalty income is not recognised as revenue in the income statement and instead reduces the fair value of the asset | • Mimbula |

# **Notes to the financial statements** continued

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### Going concern

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

The financial statements do not include the adjustments that would result if the Group or Company were not to continue as a going concern. See Going Concern section on page 61 for more details.

### Loans to subsidiaries

Loans to subsidiaries have a carrying value at 31 December 2021 of US$47.6m (2019: US$10.1m). The Directors have assessed the carrying value to be equal to fair value on the basis that the loans will be recovered once the subsidiaries as they generate cash flow from their underlying investments in royalty assets. In the event that the underlying value of the royalty asset becomes impaired, and the loans are not considered to be recoverable, an impairment charge will then be recognised in the Company Statement of Comprehensive Income.

### Key sources of estimation uncertainty

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

The Mimbula royalty is held at fair value. Fair value is determined based on discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The determination of assumptions used in assessing fair values is subjective and the use of different valuation assumptions could have a significant impact on financial results.

In particular, expected future cash flows, which are used in discounted cash flows models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including commodity prices, exchange rate changes and reserves and resources and timing/likelihood of mines entering production if not already generating income.

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

#### Impairment review of intangible assets

Intangible assets are assessed for indicators of impairment at each reporting date with the assessment considering variables such as the production profiles, production commissioning dates where applicable, forecast commodity prices and guidance from the mine operators. Where indicators are identified, the starting point for the impairment review will be to measure the expected future cash flows expected from the royalty arrangement should the project continue/come into production. A pre-tax nominal discount rate is applied to the future cash flows. The discount rate of each royalty arrangement is specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation. Changes in discount rate are most sensitive to changes in the risk-free rate, country risk premiums and the expected mine life.

The outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and royalty income arising. This assessment is impacted by news flow relating to the underlying operation in the year, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

#### Amortisation

During the year the Group amended its amortisation policy from a straight line basis to depletion using units of production. Management now has sufficient information to reliably estimate the depletion of the ore body over which Trident holds the royalty and accordingly applied a more appropriate amortisation policy. Management regularly review the life of its assets and amortisation rates and methodology, and may be adjusted for changes to the estimates.

# **Notes to the financial statements** continued

## 3. BUSINESS AND GEOGRAPHICAL REPORTING

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

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

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

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

Segmental information as at 31 December 2021:

| | **Precious US$'000** | **Bulk/ Battery metals US$'000** | **Base US$'000** | **Other US$'000** | **Total US$'000** |
|---|---|---|---|---|---|
| Royalty related revenue | - | 83 | - | - | 83 |
| Amortisation of royalty intangible assets | - | (21) | - | - | (21) |
| **Gross profit** | - | 62 | - | - | 62 |
| Operating expenses | - | - | - | (3,744) | (3,744) |
| **Total segment operating profit/(loss)** | **-** | **62** | **-** | **(3,744)** | **(3,682)** |
| **Total segment assets** | **9,869** | **31,956** | **10,535** | **47,893** | **100,253** |
| **Total segment liabilities** | **436** | **-** | **-** | **11,747** | **12,183** |

As at 31 December 2021 the Group was receiving royalty income from Koolyanobbing (bulk segment) and Mimbula (base segment) which is accounted for as a financial asset (see note 13). A fair value gain of US$1.51m (2020: US$2.53m) was recognised in the base segment.

Segmental information as at 31 December 2020:

| | Precious US$'000 | Bulk/ Battery metals US$'000 | Base US$'000 | Other US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Royalty related revenue | - | 1,668 | - | - | 1,668 |
| Amortisation of royalty intangible assets | - | (1,193) | - | - | (1,193) |
| Gross profit | - | 475 | - | - | 475 |
| Operating expenses | - | - | - | (2,529) | (2,529) |
| Total segment operating result | - | 475 | - | (2,529) | (2,054) |
| Total segment assets | 7,032 | 4,246 | 7,454 | 7,698 | 26,430 |
| Total segment liabilities | 464 | - | - | 457 | 921 |

## 4. EXPENSES BY NATURE

| | **Year ended 31 December 2021 US$'000** | Year ended 31 December 2020 US$'000 |
|---|---|---|
| Employee benefit expense (note 6) | **2,093** | 980 |
| Share based payments | **340** | 63 |
| Legal and professional | **788** | 1,109 |
| Other operating expenses | **523** | 377 |
| **Total operating expenses** | **3,744** | 2,529 |

# **Notes to the financial statements** continued

## 5. AUDITOR REMUNERATION

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

| | **Year ended 31 December 2021 US$'000** | Year ended 31 December 2020 US$'000 |
|---|---|---|
| Fees payable to the auditor for the audit of the Company | **62** | 48 |
| **Total auditor's remuneration** | **62** | 48 |
| | | |
| Other assurance services pursuant to legislation | **6** | 48 |

Details of the Company's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity are safeguarded are set out in the Audit Committee Report.

## 6. EMPLOYEE BENEFIT EXPENSE

| | **Group Year ended 31 December 2021 US$'000** | **Company Year ended 31 December 2021 US$'000** | Group Year ended 31 December 2020 US$'000 | Company Year ended 31 December 2020 US$'000 |
|---|---|---|---|---|
| Directors' salary and fees | **899** | **447** | 602 | 243 |
| Employee costs | **1,011** | **358** | 314 | 33 |
| Social security costs | **183** | **85** | 64 | 24 |
| Share-based payments charge | **340** | **340** | 63 | 5 |
| **Total employee benefit expense** | **2,093** | **890** | 980 | 300 |

All the wages and salaries were paid to the Directors and senior management. There were no employees in the year other than the Directors and senior management. Further disclosures in respect of Directors' remuneration are included within the Directors' Remuneration Report. The average number of employees (including Directors) during the year was 8 (2020: 5).

## 7. FINANCE INCOME

| | **Year ended 31 December 2021 US$'000** | Year ended 31 December 2020 US$'000 |
|---|---|---|
| Interest from bank deposits | **-** | 21 |
| **Total** | **-** | 21 |

## 8. FINANCE EXPENSE

| | **Year ended 31 December 2021 US$'000** | Year ended 31 December 2020 US$'000 |
|---|---|---|
| Interest paid or payable | **801** | 20 |
| Amortisation of financing costs (including warrant charge) | **906** | - |
| **Total** | **1,707** | 20 |

# Notes to the financial statements continued

## 9. INCOME TAX

| | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|
| **Analysis of charge for year:** | | |
| United Kingdom corporation tax | - | 27 |
| Overseas taxation | - | 95 |
| Adjustments in respect of prior years | 2 | - |
| Current tax expense | 2 | 122 |
| | | |
| Deferred tax credit in current year | (914) | (175) |
| Adjustments in respect of prior years | 49 | - |
| Deferred tax | (865) | (175) |
| | | |
| **Income tax credit** | (863) | (53) |

| | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|
| Factors affecting the tax charge for the year/period: | | |
| | | |
| **(Loss)/profit before taxation** | (4,401) | 1,654 |
| | | |
| Tax on result calculated at UK Corporation tax of 19% (2019: 19%) | (836) | 314 |
| | | |
| **Tax effects of:** | | |
| Items non-taxable/deductible for tax purposes: | | |
| Non-deductible expenses | 87 | 62 |
| Non-taxable income | 157 | (202) |
| | | |
| **Temporary and other differences:** | | |
| Utilisation of losses not previously recognised | - | (160) |
| Current year losses not recognised | 37 | - |
| Effect of differences between local and UK tax rates | (257) | (35) |
| Prior year adjustment to current and deferred tax | 51 | - |
| Other adjustments | (102) | (32) |
| **Income tax** | (863) | (53) |

The Group is subject to taxation in United Kingdom, USA and Australia with applicable tax rates of 19.00%, 21.00% and 30.00% respectively. The Group does not have any unresolved tax matters or disputes with the tax authorities in the jurisdictions in which it operates.

# Notes to the financial statements continued

## 9. INCOME TAX CONTINUED

### Deferred taxation

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

| Group | Tax losses US$000 | Other US$000 | Total US$000 |
|---|---|---|---|
| **At 1 January 2020** | - | - | **-** |
| Credit/(charge) to income statement | 220 | (45) | **175** |
| Credit to other comprehensive income | - | 17 | **17** |
| Exchange differences | - | 18 | **18** |
| 31 December 2020 | 220 | (10) | **210** |
| Credit/(charge) to income statement | 1,262 | (397) | 865 |
| Exchange differences | - | (32) | (32) |
| **At 31 December 2021** | 1,482 | (439) | 1,043 |

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

| Company | Tax losses US$000 | Other US$000 | Total US$000 |
|---|---|---|---|
| At 1 January 2020 | - | - | **-** |
| Credit to income statement | - | 12 | **12** |
| Credit to other comprehensive income | - | 17 | **17** |
| At 31 December 2020 | - | 29 | **29** |
| Credit to income statement | - | 64 | **64** |
| **At 31 December 2021** | - | 93 | **93** |

## 10. EARNINGS PER SHARE

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

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

| | Year ended 31 December 2021 US$'000 | Year ended 31 December 2020 US$'000 |
|---|---|---|
| Earnings | **(3,538)** | 1,707 |

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

### Weighted average number of shares in issue

| | 2021 | 2020 |
|---|---|---|
| Basic number of shares outstanding | **164,638,648** | 69,528,254 |
| Dilutive effect of Employee Share Option Scheme | **-** | 61,169 |
| Diluted number of shares outstanding | **164,638,648** | 69,589,423 |
| Earnings per share – basic | **(2.15) c** | 2.45 c |
| Earnings per share - diluted | **(2.15) c** | 2.45 c |

Subsequent to the year end a further 39,258,030 ordinary shares were issued – full details of share capital is provided in note 20.

# Notes to the financial statements continued

## 11. DIVIDENDS

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

## 12. ROYALTY INTANGIBLE ASSETS

### Group

| | US$'000 |
|---|---|
| **Cost** | |
| At 1 January 2020 | - |
| Additions | 11,201 |
| Exchange differences | 1,145 |
| At 31 December 2020 | 12,346 |
| Acquisition of Western Australia Gold Royalty | 631 |
| Acquisition of Pukaqaqa Royalty | 3,075 |
| Acquisition of Thacker Pass Royalty | 28,234 |
| Acquisition of Lincoln Gold Royalty | 2,666 |
| Exchange differences | (785) |
| At 31 December 2021 | 46,167 |
| **Accumulated Amortisation** | |
| At 1 January 2020 | - |
| Amortisation | (1,193) |
| Exchange differences | (135) |
| At 31 December 2020 | (1,328) |
| Amortisation | (21) |
| Exchange differences | 82 |
| At 31 December 2021 | (1,267) |
| Net book value at 31 December 2020 | 11,018 |
| **Net book value at 31 December 2021** | **44,900** |

### Amortisation

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

### Acquisitions

**Thacker Pass Royalty**

On 19 March 2021 the Group acquired a 60% interest in an existing gross revenue royalty over the Thacker Pass Lithium Project from Orion Resource Partners for US$28.00m, consideration payable by US$26.00m in cash and US$2.00m in new Trident shares issued at 34.00p on 24 March 2021.

**Western Australia Gold Royalty**

On 30 March 2021 the Group completed the acquisition of a package of gold royalties located in Western Australia from Talga Resources Limited for A$0.80m (US$0.63m), consideration payable by A$0.25m in cash and A$0.55m in new Trident shares issued at 35.98p on 31 March 2021.

**Pukaqaqa Royalty**

On 8 April 2021 the Group acquired the Pukaqaqa copper royalty package from Orion Resource Partners for US$3.00m, consideration fully payable in new Trident shares issued at 32.03p on 9 April 2021. A royalty within the package was held by Tiomin Peru S.A.C ("Tiomin") a Peruvian company, which was acquired as part of the transaction. Tiomin does not meet the definition of a business as defined by IFRS 3 – business combinations and accordingly has been treated as a purchase of an asset.

**Lincoln Gold Royalty**

On 31 August 2021, the Group acquire a royalty over the Lincoln Gold Mine from Seduli Sutter Operations Corporation for a cash consideration of US$2.5m.

The Parent Company does not hold any royalty intangible assets.

# Notes to the financial statements continued

## 13. ROYALTY FINANCIAL ASSETS

In July 2020 the Group acquired the Mimbula Royalty from Moxico Resources plc a staged GRR over production from the operating Mimbula copper mine and associated stockpiles located in Zambia's prolific Copperbelt Province. The GRR was acquired for cash consideration of US$5m. Trident is entitled to royalty payments on production commencing from 1 July 2020 and extending in perpetuity. This royalty asset is classified as FVTPL.

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

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

| **Group and Company**<br>**Fair Value** | **2021**<br>**US$'000** | 2020<br>US$'000 |
|---|---|---|
| At 1 January | **7,453** | - |
| Acquisition of Mimbula | **-** | 5,000 |
| Royalties due or received | **(1,503)** | (75) |
| Revaluation of royalty financial asset recognised in profit or loss | **1,511** | 2,528 |
| **At 31 December2021** | **7,461** | 7,453 |

As at 31 December 2021 the Group determined the fair value of Mimbula by calculating the discounted future cash flows of the royalty with a 12% pre-tax nominal discount rate, resulting in a valuation of US$7.46m (2020: US$7.45m). This results in a fair value gain in the income statement of US$1.51m (2020: US$2.53m). The key input assumptions are discount rate and commodity price.

If the discount rate used were to increase or decrease by 2% the valuation effect would be a US$0.39m (2020: US$0.43m) reduction and a US$0.43m (2020: US$0.49m) increase, respectively.

If the commodity price used was to increase or decrease by 10% the valuation effect would be a US$0.5m (2020: US$0.44m) increase and a US$0.1m (2020: US$0.59m) reduction, respectively.

# **Notes to the financial statements** continued

## 14. INVESTMENTS IN SUBSIDIARIES

**Company**

| | US$'000 |
|---|---|
| **Cost** | |
| At 31 December 2020 and 1 January 2021 | **113** |
| Investment in subsidiary | **-** |
| **At 31 December 2021** | **113** |

As at 31 December 2021 the Company held interests in the following subsidiary and joint venture companies:

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

## 15. AMOUNT DUE FROM SUBSIDIARY UNDERTAKINGS

| **Company** | **2021 US$'000** | 2020 US$'000 |
|---|---|---|
| Loans and contributions to subsidiaries | **47,609** | 10,089 |
| **Total** | **47,609** | 10,089 |

During the year ended 31 December 2021 the maximum amount owed by the subsidiaries to the Parent Company was US$47.6m (2020: US$10.1m). The related party loans are unsecured, repayable upon demand and have a 6% interest rate where applicable. The fair value of loans to subsidiaries is the same as their carrying values stated above.

## 16. TRADE AND OTHER RECEIVABLES

| | **Group 2021 US$'000** | **Company 2021 US$'000** | Group 2020 US$'000 | Company 2020 US$'000 |
|---|---|---|---|---|
| Prepayments and accrued income | **1,040** | **1,033** | 517 | 144 |
| Current tax asset | **29** | **-** | - | - |
| Indirect taxes recoverable | **143** | **143** | 261 | 261 |
| **Total** | **1,212** | **1,176** | 778 | 405 |

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

# Notes to the financial statements continued

## 17. CASH AND CASH EQUIVALENTS

| | Group 2021 US$'000 | Company 2021 US$'000 | Group 2020 US$'000 | Company 2020 US$'000 |
|---|---|---|---|---|
| Cash at bank and on hand | **45,637** | **34,480** | 6,971 | 6,547 |

All of the Company's cash and cash equivalents are held in accounts which bear interest at floating rates and the Directors consider their carrying amount approximates to their fair value. Details of the credit risk associated with cash and cash equivalents is set out in note 22.

## 18. TRADE AND OTHER PAYABLES

| | Group 2021 US$'000 | Company 2021 US$'000 | Group 2020 US$'000 | Company 2020 US$'000 |
|---|---|---|---|---|
| Trade payables | **203** | **199** | 109 | 107 |
| Other taxation and social security | **49** | **-** | 164 | - |
| Accrued expenses | **787** | **240** | 62 | 55 |
| **Total** | **1,039** | **439** | 335 | 162 |

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

### Contingent consideration

| Group | US$'000 |
|---|---|
| At 31 December 2020 | 464 |
| Exchange differences | (28) |
| At 31 December 2021 | 436 |

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

## 19. BORROWINGS

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

| Group | US$'000 |
|---|---|
| At 31 December 2020 | **-** |
| Secured loan facility at amortised cost | **10,000** |
| Accrued finance charges | **536** |
| **At 31 December 2021** | **10,536** |

The facility had an initial term of 1 year from drawdown, with an option to extend for a further year subject to certain conditions. The facility had a coupon of 10% plus Libor per annum. On 6 January 2022 the Tribeca loan facility was repaid in full including redemption interest to ensure a minimum cash return of 7%, which was accrued in full. All associated finance and arrangement costs were expensed in the year. On 10 January 2022, a new fully secured US$40m loan facility was entered into with Macquarie Bank Limited. The facility has a 3 year term and interest is charged at 7.75% plus SOFR.

### Warrant liability

As part of the Tribeca facility, 3,500,000 share warrants to subscribe for shares in the Company were issued exercisable at £0.5166 per share. The Warrants were exercisable immediately on issue and will expire 24-months from drawdown. As the US$ value of the Warrant exercise price is a variable amount they have been treated as a derivative financial liability and are classified as fair value through profit and loss. The inputs used to calculate the fair value of the Warrants on initial recognition is shown in note 21.

### Group and Company

| Fair Value | US$'000 |
|---|---|
| At 1 January 2021 | **-** |
| Fair value of Warrants on initial recognition | **181** |
| Revaluation of derivate financial asset recognised in profit or loss | **(9)** |
| **At 31 December 2021** | **172** |

# Notes to the financial statements continued

## 20. SHARE CAPITAL AND SHARE PREMIUM

| Group and Company | Number of ordinary shares of 1p | Number of deferred shares of 1p | Share capital US$'000 | Share premium US$'000 |
|---|---|---|---|---|
| At 1 January 2020 | 22,000,000 | 3,000,000 | 328 | 4,787 |
| Share issue – placing | 80,000,000 | - | 1,004 | 19,077 |
| Share issue – advisor shares | 1,500,000 | - | 19 | 358 |
| Share issue – Lake Rebecca | 1,862,556 | - | 23 | 684 |
| Share issue expenses | | | | (1,657) |
| Cancellation of deferred shares | | (3,000,000) | (39) | 39 |
| At 31 December 2020 | 105,362,556 | - | 1,335 | 23,288 |
| Share issue – placing | 134,181,943 | - | 1,806 | 61,683 |
| Share issue – royalty acquisitions | 11,939,806 | - | 164 | 5,256 |
| Share issue – non-executive directors' fees | 108,108 | - | 2 | 54 |
| Share issue expenses | - | - | - | (3,235) |
| **At 31 December 2021** | **251,592,413** | **-** | **3,307** | **87,046** |

### Share issues during the year:

**Share placings**

On 25 March 2021, 60,800,000 ordinary shares were issued for cash at 34p per share.

On 18 June 2021, 2,500,000 ordinary shares were issued for cash at 40p per share to Collingwood Capital of which Paul Smith a director of the Company is the beneficial owner.

On 20 December 2021, 70,881,943 ordinary shares were issued for cash at 36p per share.

**Royalty acquisitions**

On 24 March 2021, 4,213,720 ordinary shares were issued at 34p per share as part of the consideration for the acquisition of the Thacker Pass royalty (see note 12).

On 31 March 2021, 848,059 ordinary shares were issued at 35.98p in order to complete the acquisition of the Western Australian gold royalties from Talga Resources Limited.

On 8 April 2021, 6,878,027 ordinary shares were issued at 32.03p in order to complete the acquisition of the Pukaqaqa copper royalty from Bellatrix Limited, a wholly owned subsidiary of Orion Resource Partners.

**Directors' shares**

On 20 April 2021, 108,108 ordinary shares were issued at 37p per share to the non-executive directors of the Company in lieu of directors fees.

### Shares issued subsequent to the year-end

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

On 11 January 2022, 20,471,151 ordinary shares were issued at 36p as part of the part of the consideration for the gold offtake portfolio as detailed in note 25.

On 17 January 2022, 126,070 ordinary shares were issued at 37.02p per share to the non-executive directors of the Company in lieu of directors fees. In addition, 280,157 ordinary shares were issued at 37.02p per share to the management team in lieu of annual bonuses

On 23 March 2022, 5,542,752 ordinary shares were issued at 51.43p as consideration for the acquisition of the Sugar Zone gold offtake stream as detailed in note 26

# Notes to the financial statements continued

## 21. SHARE BASED PAYMENTS

### Share options

During 2021 and the previous year share options were granted to Directors and Senior Management of the Company. Under IFRS 2 "Share-based Payments", the Company considers these to be equity settled share-based payments and determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the statement of income with a corresponding increase in equity.

At 31 December 2021, the Company had outstanding options to subscribe for Ordinary shares as follows:

| Option exercise price | Expiry date | Vesting date | Fair value of individual option | At 1 January 2021 | Issued | At 31 December 2021 |
|---|---|---|---|---|---|---|
| £0.2000 | 02/06/2030 | 02/06/2021 | £0.0630 | 1,041,666 | - | 1,041,666 |
| £0.2400 | 02/06/2030 | 02/06/2022 | £0.0608 | 1,041,667 | - | 1,041,667 |
| £0.2800 | 02/06/2030 | 02/06/2023 | £0.0605 | 1,041,667 | - | 1,041,667 |
| £0.2965 | 20/12/2030 | 20/12/2022 | £0.1260 | 533,334 | - | 533,334 |
| £0.3558 | 20/12/2030 | 20/12/2023 | £0.1180 | 533,333 | - | 533,333 |
| £0.4551 | 20/12/2030 | 20/12/2024 | £0.1060 | 533,333 | - | 533,333 |
| £0.3700 | 20/04/2028 | 20/12/2024 | £0.1068 | - | 610,000 | 610,000 |
| £0.4000 | 17/06/2022 | 18/06/2021 | £0.0720 | - | 2,500,000 | 2,500,000 |
| | | | | 4,725,000 | 3,110,000 | 7,835,000 |

The following information is relevant in the determination of the fair value of options granted during 2021:

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

The following information is relevant in the determination of the fair value of options granted 2 June 2020:

| Option exercise price | £0.20 | £0.24 | £0.28 |
|---|---|---|---|
| Fair value of one option, £ | 0.0630 | 0.0608 | 0.0605 |
| Option pricing model used | Black-Scholes | Black-Scholes | Black Scholes |
| Weighted average share price at grant date, £ | 0.22 | 0.22 | 0.22 |
| Weighted average contractual life, years | 10 | 10 | 10 |
| Expected volatility,% | 45% | 45% | 45% |
| Expected dividend growth rate,% | 0% | 0% | 0% |
| Risk-free interest rate (5 year bond),% | 0.29% | 0.29% | 0.29% |

The following information is relevant in the determination of the fair value of options granted 18 December 2020:

| Option exercise price | £0.2965 | £0.3558 | £0.4551 |
|---|---|---|---|
| Fair value of one option, £ | 0.126 | 0.118 | 0.106 |
| Option pricing model used | Black-Scholes | Black-Scholes | Black Scholes |
| Weighted average share price at grant date, £ | 0.37 | 0.37 | 0.37 |
| Weighted average contractual life, years | 10 | 10 | 10 |
| Expected volatility,% | 45% | 45% | 45% |
| Expected dividend growth rate,% | 0% | 0% | 0% |
| Risk-free interest rate (5 year bond),% | 0.29% | 0.29% | 0.29% |

Share-based remuneration expense related to the share options granted during the reporting period is included in the administration expenses line in the consolidated income statement in the amount of US$0.34m (31/12/2020: US$0.06m). Volatility was determined by reference to historic share price data and comparison to peer groups where historic data is limited to a short time period.

# Notes to the financial statements continued

## 21. SHARE BASED PAYMENTS CONTINUED

### Share warrants

On 3 August 2021, 3,500,000 share warrants to subscribe for shares in the Company were issued to Tribeca. See note 19 for further information.

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

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

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

## 22. FINANCIAL RISK MANAGEMENT

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

### Capital risk

The Group's objectives when managing capital are:

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

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

### Commodity price risk

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

### Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party (being non-payment within the agreed credit terms). The Group is exposed to credit risk primarily on its cash and cash equivalent balances as set out in note 17 and on its trade and other receivable balances as set out in note 16. The Group's credit risk is primarily attributable to its other receivables, being royalty receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. In certain cases, the Group has the right to audit the reported royalty income.

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

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

### Liquidity risk

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

# Notes to the financial statements continued

## 22. FINANCIAL RISK MANAGEMENT CONTINUED

### Future expected payments

| Group | 2021 US$'000 | 2020 US$'000 |
|---|---|---|
| Trade and other payables within one year | 1,039 | 335 |
| Current tax liabilities within one year | - | 121 |
| Contingent consideration due > one year | 436 | 464 |

As at 31 December 2021 the Group had borrowings of US$10.0m plus accrued interest. Subsequent to the year end, the Group refinanced the facility for a 3 year US$40m term facility with Macquarie Bank. The Group has sufficient resources to service the borrowings and meet related financial covenants.

### Foreign exchange risk

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

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

| | Average rate | | | Reporting spot rate | | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | Movement | 2021 | 2020 | Movement |
| British Pound | 1.37 | 1.28 | 0.09 | 1.35 | 1.37 | (0.02) |
| Australian Dollar | 0.75 | 0.69 | 0.06 | 0.73 | 0.77 | (0.04) |

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

| | 2021 US$'000 | | | 2020 US$'000 | | |
|---|---|---|---|---|---|---|
| | US$ | GBP | Other | US$ | GBP | Other |
| Cash and cash equivalents | 44,496 | 852 | 289 | 6,167 | 581 | 223 |
| Trade and other receivables | 375 | - | 7 | 53 | - | 260 |
| Trade and other payables | (238) | (438) | (314) | (21) | (142) | (8) |
| Contingent consideration | - | - | (436) | - | - | (464) |
| **Net exposure** | 44,633 | 414 | (454) | 6,199 | 439 | 11 |

The royalty financial asset is denominated in US dollar. The Group does not hedge against foreign exchange movements.

### Exchange rate sensitivity

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

| | 2021 US$'000 | | 2020 US$'000 | |
|---|---|---|---|---|
| | Profit/(loss) | Equity | Profit/(loss) | Equity |
| British Pound | (99) | - | (84) | - |
| Australian Dollar | 265 | 183 | 105 | 79 |

## 23. FINANCIAL INSTRUMENTS

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

| | Group 2021 US$'000 | Company 2021 US$'000 | Group 2020 US$'000 | Company 2020 US$'000 |
|---|---|---|---|---|
| Fair value through profit and loss | | | | |
| Royalty financial assets | 7,461 | 7,461 | 7,453 | 7,453 |
| Cash and cash equivalents | 45,637 | 34,480 | 6,971 | 6,547 |
| Financial assets at amortised cost | | | | |
| Trade and other receivables | 381 | 47,984 | 313 | 10,042 |
| Financial liabilities at amortised cost | | | | |
| Trade and other payables | 990 | 439 | 171 | 162 |
| Contingent consideration | 436 | - | 464 | - |
| Financial liabilities at fair value through profit and loss | | | | |
| Warrant liability | 172 | 172 | - | - |

# **Notes to the financial statements** continued

## **23. FINANCIAL INSTRUMENTS** CONTINUED

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

### Fair value hierarchy

The Group and Company only has one asset that is measured at fair value - the Mimbula investment that is recognised as a royalty financial asset at fair value through profit and loss totalling US$7.46m (2020: US$7.45m). The asset is deemed to be a level 3 asset under the fair value hierarchy criteria – some of the inputs for the fair value determination are not based on observable market data (mainly private resource data).

## **24. RELATED PARTY TRANSACTIONS**

Paul Smith the non-executive Chairman provided US$0.5m of the US$10.0m loan facility syndicated by Tribeca Investment Partners, at the year-end US$35k of interest was paid and payable to Mr Smith.

Al Gourley, non-executive director, and Adam Davidson, CEO, together with LIM Asia Special Situations Master Fund Limited (who was at the time a substantial shareholder), participated in a placing on 25 March 2021 subscribing for 800,000 ordinary shares, 14,706 ordinary shares and 10,112,928 ordinary shares respectively at a price of 34 pence per ordinary share.

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

During the year the Group paid legal fees totalling US$0.18m (2020: nil) to Fasken Martineau DuMoulin LLP ("Fasken") and its worldwide affiliates. Fasken is a legal firm in which Al Gourley is a senior partner.

There are no other related party transactions, or transactions with Directors that require disclosure except for the remuneration items disclosed in note 6. The disclosures in note 6 include the compensation of key management personnel as all employees are considered to be key. The Company's related parties consist of its subsidiaries and the transactions and amounts due from them are disclosed in note 14.

## **25. CAPITAL COMMITMENTS**

On 13 December 2021, the Group announced the proposed acquisition of a portfolio of producing gold offtake contracts from funds managed by Orion Resource Partners for total consideration of US$69.75m of which US$60.00m was payable in cash and US$9.75m in new ordinary shares. Completion of the transaction was conditional, amongst other things, upon drawdown of a new debt facility with Macquarie Bank for US$40m and issuance of 20,471,151 new consideration shares following a General Meeting on 10 January 2022. The debt facility was signed on 17 December 2021, but conditions precedent to drawdown were not completed until 10 January 2022 when the funds were drawn and the existing Tribeca debt facility was repaid in full. The acquisition completed on 11 January 2022 when the cash consideration was paid and the consideration shares issued. This has been treated as a non-adjusting event for reporting purposes.

## **26. EVENTS OCCURING AFTER THE REPORTING DATE**

On 27 January 2022, the Group announced it had entered into an agreement to acquire, subject to certain conditions, an indirect 1.5% Gross Royalty over the Sonora Lithium Project in Mexico. Sonoroy Holdings Limited, a joint venture company in which Trident holds a 50% interest, has the right to acquire the royalty for total consideration of US$52m in cash (US$26m attributable to Trident). A deposit of US$2.5m was paid by Trident, with the balance to be paid upon completion of the transaction, expected to occur in early-2023 following a favourable resolution of a dispute between the seller and the mine operator. If the dispute is found against the seller, Trident's deposit is fully repayable.

On 23 March 2022, the Group completed the acquisition of a gold offtake contract over the Sugar Zone mine operated by Silver Lake Resources Limited from a fund managed by Orion Resource Partners. Total consideration paid was US$3.75m, payable in 5,542,752 new ordinary shares.

On 14 April 2022, the Group reached an agreement with Equinox Gold Corp ("Equinox") following the sale of the Mercedes gold mine in Mexico by Equinox to Bear Creek Mining Corporation. Under the terms of the gold offtake contract (which was part of the portfolio acquisition described in note 25) the sale of the mine triggered a payment from Equinox to Trident of US$3.7m and the mine was removed from the offtake contract. The payment was received on 22 April 2022.

Details of shares issued subsequent to the year-end are provided in note 20. Additional information is included in note 25 regarding the gold offtake acquisition. All of the above events have been treated as non-adjusting for reporting purposes.

## **27. ULTIMATE CONTROLLING PARTY**

The company does not have a single controlling party.

# Notes

# Company Information

## Directors

| | |
|---|---|
| **Paul Smith** | Non-Executive Chairman |
| **Adam Davidson** | Chief Executive Officer and Executive Director |
| **Peter Bacchus** | Non-Executive Director |
| **Al Gourley** | Non-Executive Director |
| **Helen Pein** | Non-Executive Director |

## Company Secretary
Ben Harber, Shakespeare Martineau

## Registered address
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London, EC3V 0HR

## Independent auditors
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Statutory Auditor
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Canary Wharf
London, E14 4HD

## Appointed brokers
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London, EC2V 6ET

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

## Registrars
**Neville Registrars**
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Halesowen, B62 8HD

## Nominated Adviser
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