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5 September 2023

Ecora Resources PLC
("Ecora", the "Group" or the "Company")

Half year results

Ecora Resources PLC (LSE/TSX: ECOR) announces half year results for the six months ended 30 June 2023 which are available on both the Group's website at www.ecora-resources.com and on SEDAR at www.sedar.com.

Financial highlights:

- Portfolio contribution in H1 2023 of $44.5 million (H1 2022: $92.8 million) with royalty and metal stream related revenue in H1 2023 of $42.7 million (H1 2022: $93.2 million) reflecting the commencement of the transition to mining outside of the Group's private royalty area at Kestrel along with a normalisation in commodity prices from record levels in H1 2022

- Adjusted earnings per share of 9.06c (H1 2022: 28.08c) reflecting the lower portfolio contribution relative to the same period last year

- Loss before tax in H1 2023 of $10.2 million (H1 2022: profit $130.0 million), reflecting the lower royalty and metal stream related revenue, together with the revaluation of Kestrel to account for H1 2023 depletion

- Net debt as at 30 June 2023 of $43.3 million (31 December 2022: $36.4 million)

- Next quarterly dividend payment of 2.125c to be paid on 25 October 2023 to shareholders on the register at 29 September 2023, bringing the first half dividend to 4.25c

Growth portfolio:

- Six deliveries of cobalt were received in H1 under the Voisey's Bay stream (each delivery is 20 tonnes of which 70% is attributable to the Group) with four to five further deliveries scheduled in H2. Ramp up of the underground operations will continue in the second half and is expected to drive a step up in deliveries in 2024

- Construction of the West Musgrave nickel-copper project is ongoing, with BHP continuing to target first production as early as second half 2025

- At Piauí, the small scale PNP 1000 starter plant completed 12 months of operations during the quarter demonstrating the commercial viability of the project and Brazilian Nickel continues to evaluate construction financing options for the full scale project

- Feasibility study on Santo Domingo underway and expected to be published before end of 2023

- In August the Group completed the acquisition of a 0.25% NSR over the Vizcachitas copper project in Chile, one of the largest undeveloped copper projects in the world, giving the Group a copper growth pipeline extending well into the next decade

Marc Bishop Lafleche, Chief Executive Officer of the Company, commented:

"Our performance in the first half of the year has been in line with expectations for a lower portfolio contribution following a record outcome in 2022. Ecora has now entered the first of a multiyear transition in the commodities underlying the composition of our revenue mix, which will see a run-off in the Kestrel steel making coal royalty, and income growth from our portfolio of royalties exposed to future facing commodities which has the potential to generate over US$100m of annual portfolio contribution in the medium term.

"Commodity prices have remained subdued in the first half of the year however the longer-term outlook continues to remain very positive for decarbonising commodities which, combined with an environment of limited sources of growth capital for mining companies, has created a favourable dynamic for royalty acquisitions.

"The Group remains firmly focused on further growth and we were delighted to acquire a royalty over the Vizcachitas copper project in August, which extends our copper growth pipeline into the next decade."

Portfolio contribution	**HY2023 $m**	**YoY**	**HY 2022 $m**	**FY 2022 $m**
Core portfolio				
Voisey's Bay (cobalt)	3.1	(78%)	13.9	18.8
Mantos Blancos (copper)	3.3	6%	3.1	6.0
Maracás Menchen (vanadium)	1.7	(15%)	2.0	3.6
Four Mile (uranium)	0.6	(25%)	0.8	1.0
Other (copper)	0.3	n/a	-	0.2
Royalty and stream income	**9.0**	(55%)	**19.8**	**29.6**
Dividends - LIORC & Flowstream	1.0	(29%)	1.3	2.9
Interest - McClean Lake	0.9	(18%)	1.2	2.1
Royalty and stream related revenue	**10.9**	(51%)	**22.3**	**34.6**
EVBC[1] [2]	1.2	(8%)	1.3	2.8
Principal repayment – McClean Lake	1.3	(7%)	1.5	2.9
Less:				
Metal streams cost of sales	(0.7)	(77%)	(3.2)	(4.3)
Total portfolio contribution from core assets	**12.7**	(42%)	**21.9**	**36.0**
Near term run-off portfolio				
Kestrel (steel making coal)	31.8	(55%)	70.9	107.2
Total near term run-off portfolio	**31.8**	**(55%)**	**70.9**	**107.2**
Total portfolio contribution	**44.5**	(52%)	**92.8**	**143.2**

[1] Under IFRS 9, the royalties received from EVBC are reflected in the fair value movement of the underlying royalty rather than recorded as royalty income.
[2] The Group are in discussions with the operator of EVBC in light of the sustained margin pressures and operational constraints of the mine. The royalty remains in full force and effect and the Group continues to estimate and accrue the unpaid royalties for the period 1 July 2022 to 30 June 2023.

Analyst presentation

There will be an analyst presentation webcast at 9:00am (BST) today (5 September 2023). The presentation will be hosted by Marc Bishop Lafleche (CEO) and Kevin Flynn (CFO).

Please join the event 5-10 minutes prior to the scheduled start time. When prompted, provide the confirmation code or event title.

Event	Ecora Resources – Half Year Results
Time Zone	Dublin, Edinburgh, Lisbon, London
Start Time/Date	09:00 (BST)
Duration	60 minutes
Webcast Link	https://brrmedia.news/ECOR_HYR23

For further information

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Notes to Editors:

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

Portfolio contribution
Portfolio contribution represents funds received or receivable from the Group's underlying royalty and stream related assets, and is taken into account by the Board when determining dividend levels. Portfolio contribution is royalty and stream related revenue net of metal stream costs of sales, plus royalties received or receivable from royalty financial instruments carried at FVTPL and principal repayments received under the Denison financing agreement. Refer to note 20 of the financial statements for portfolio contribution.

Operating profit
Operating profit represents the Group's underlying operating performance from its royalty and stream interests. Operating profit is royalty and stream related revenue, less metal streams cost of sales, amortisation and depletion of royalties and streams and operating expenses. Operating profit excludes impairments and revaluations, and reconciles to 'operating profit before impairments and revaluations' on the income statement.

Adjusted earnings and adjusted earnings per share
Adjusted earnings represent the Group's underlying operating performance from core activities. Adjusted earnings is the profit/loss attributable to equity holders plus royalties received from financial instruments carried at fair value through profit or loss, less all valuation movements and impairments (which are non-cash adjustments that arise primarily due to changes in commodity prices), amortisation charges, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals as such disposals are not expected to be ongoing. Adjusted earnings divided by the weighted average number of shares in issue gives adjusted earnings per share. Refer to note 5 of the financial statements for adjusted earnings and adjusted earnings per share.

Net debt
Net debt is calculated as borrowings less cash and cash equivalents. Refer to note 13 of the financial statements for details of the Group's borrowings and net debt.

Dividend cover
Dividend cover is calculated as the number of times adjusted earnings per share exceeds the dividend per share. Refer to note 6 of the financial statements for dividend cover.

Free cash flow and free cash flow per share
The structure of a number of the Group's royalty financing arrangements, such as the Denison transaction completed in February 2017, result in a significant amount of cash flow being reported as principal repayments, which are not included in the income statement. As the Group considers dividend cover by reference to both adjusted earnings per share and the free cash flow generated by its assets, management have determined that free cash flow per share is a key performance indicator.

Free cash flow per share is calculated by dividing net cash generated from operating activities, plus proceeds from the disposal of non-core assets and any cash considered as the repayment of principal, less finance costs, by the weighted average number of shares in issue. Refer to note 18 to the financial statements for free cash flow per share.

BUSINESS REVIEW

Background

Ecora had a successful first half of 2023 despite a challenging market backdrop. The Group remained active, acquiring a royalty over the Vizcachitas project in Chile, one of the world's largest copper development projects, for $20 million. This is the Group's fifth copper royalty, and the acquisition is in-line with the Group's strategy to build the leading future facing commodity royalty company, bringing the Group's total acquisitions over the past 24 months to more than $400 million – the leading growth profile in the non-precious royalty sector.

Despite short term global macro-economic challenges leading to volatile commodity markets, the medium to long-term outlook for future facing commodities remains positive. The Group remains in a strong position to continue its growth trajectory with over $150m in undrawn borrowings and other liquidity.

Results

The first half of the year marked the beginning of a period when mining activities at Kestrel will be increasingly moving out of the Group's private royalty area, as well as the beginning of the ramp-up of underground mining activities at the Voisey's Bay mine. The Group's portfolio contribution in the first half was impacted by a lower commodity price environment, particularly steel making coal prices which retreated from unsustainable record levels during H1 2022. Current steel making coal prices, however, remain well above historic levels.

Cobalt prices have remained subdued, in part due to increased cobalt supply growth from mines in Indonesia along with easing of supply chain disruptions for cobalt produced in the Democratic Republic of Congo. Alloy grade cobalt prices, which represents the majority of the product the Group receives under its Voisey's Bay Stream, averaged $16.5lb during H1 2023, ~55% below the levels achieved in the comparable period.

The Group's finance costs increased in the period, in-line with a higher interest rate environment as central banks implement policies to constrain inflationary trends. The Group's cost base remained otherwise unchanged, reinforcing the defensive nature of the royalty business model in periods of high inflation.

Adjusted earnings in the period remained resilient at $23.4m (H1 22 $60.1m) generating adjusted earnings per share of 9.06c (H1 22 28.08c).

Outlook

The Group is now entering a two to three year transition period during which it will move away from a dependency on revenue from Kestrel to become a diversified royalty company focused on future facing commodities.

In the short-term Kestrel revenue will become more volatile on a quarterly basis as operations move in and out of the Group's private royalty area. Production will remain outside of the private royalty area for the majority of H2 2023 with volumes that had been anticipated in Q4 2023 expected to be deferred into H1 2024.

The Group has constructed a portfolio of growth assets to replace the income generated by Kestrel. At Voisey's Bay, operations continue to transition to the underground mine and, whilst progress to date has been slower than anticipated, there is expected to be a step up in the number of deliveries in 2024.

Looking further ahead, BHP is targeting first production from the West Musgrave nickel-copper project in H2 2025. Piauí has been producing for 12 months and financing discussions are ongoing for the construction of a full capacity production facility. Finally, Capstone Copper is expected to publish a feasibility study in H2 2023 on the fully permitted Santo Domingo project which will hopefully confirm the current 2027 guidance for first production.

Demand for commodities such as copper, nickel, lithium and cobalt that will enable the energy transition is expected to grow materially over the coming decade. Macro-economic conditions are limiting the availability of growth capital to mining companies and with over $150m of undrawn borrowings and other liquidity, the Group remains well positioned for further growth.

PORTFOLIO REVIEW

Voisey's Bay (Cobalt)

Attributable deliveries under the Voisey's Bay cobalt stream totalled 84 tonnes (H1 2022: 168 tonnes) during the period (six 20 tonne deliveries of which 70% is attributable to the Group), realising an average sales price of approximately $16.54/lb (H1 2022: $37.61/lb).

Production from Voisey's Bay continues during the ongoing transition as the Ovoid open pit mine is depleted and progress continues to complete the construction and advance the ramp-up of the Reid Brook and Eastern Deeps underground mines, that form the Voisey's Bay Mine Expansion (VBME) project. During the transition period the cobalt grade of the ore being mined from the open pit and being processed is at lower levels than will be from underground operations, with ore processing tonnage also expected to ramp-up over time to tonnages in line with the installed capacity. Cobalt production volumes during the period were impacted by annual planned maintenance at the Long Harbour refinery. A further four to five deliveries are expected in the second half of the year.

In 2021 Vale achieved first ore production from the Reid Brook deposit, the first of the two underground mines, which are covered by Ecora's stream agreement. As Reid Brook continues its underground development and ramp-up over time, so it will be joined by Eastern Deeps, the second underground mine of the VBME project. Vale Base Metals is expected to continue the production ramp-up over the remainder of 2023 and beyond, with volumes continuing to ramp up during 2024.

Kestrel (Steelmaking coal)

Production from Kestrel started to move outside of the Group's private royalty area during Q2 2023. Going forward this will lead to increased volatility in the Kestrel royalty revenue as production moves in and out of the private royalty area. Mining is currently in longwall panel LW412 and is anticipated to move to the LW500 panel at the end of 2023.

Saleable volumes during the period from the Group's private royalty area totalled 1.3Mt (H1 2022: 2.9Mt). Minimal volumes are expected in H2 2023 as the operations will predominantly be outside the private royalty area before moving back inside the Group's land at the end of 2023 and into Q1 2024.

Mantos Blancos (Copper)

Mantos Blancos sold 24.9kt of payable copper during the first half, 14% higher than the same period in 2022 (H1 2022: 21.9kt), reflecting improved production following the completion of the Mantos Blancos debottlenecking project in H2 2022. The mine production is expected to increase in H2 2023 with the operator, Capstone Copper, guiding FY 2023 copper production of 52kt - 57kt.

Capstone Copper is currently evaluating the Mantos Blancos Phase II expansion project, which includes the potential to increase throughput of the Mantos Blancos sulphide concentrator plant from 7.3 million tonnes per annum to 10.0 million tonnes. As part of Mantos Blancos Phase II Capstone is evaluating the potential to extend the life of copper cathode production. The Mantos Blancos Phase II feasibility study is expected to be released in 2024.

Maracás Menchen (Vanadium)

V_2O_5 production during the first half was impacted by adverse weather resulting in H1 2023 sales totalling 4,544 tonnes (H1 2022: 4,413 tonnes). Vanadium pricing during the period was $9.97/lb compared to $11.61/lb in H1 2022. As a consequence of lower than expected H1 production Largo has reduced guidance for the full year from 11,000-12,000 tonnes to 9,000-11,000 tonnes.

Construction of the ilmenite concentration plant was completed in June; the commissioning phase is expected to be completed in Q3 2023 with a gradual ramp up of ilmenite production expected to commence in Q4 2023.

LIORC (Iron ore pellets)

Results were negatively impacted in H1 due to lower iron ore prices, wildfires causing a cessation of production and a change in product sales mix with lower sales of the higher value pellets. Pellet sales of 4.25Mt represented 52.8% of total sales in H1 2023 compared to H1 2022 pellet sales of 4.94Mt which represented 63.3% of total sales.

FY 2023 guidance for IOC's saleable production has been lowered to 17.0 million to 18.7 million tonnes (previously 17.9 million to 19.6 million tonnes) as a result of lost production in June due to wildfires in Northern Quebec, together with a slightly extended annual maintenance shutdown. This revised guidance compares to 17.6 million tonnes of saleable production in 2022.

The lower iron price is a direct result of lower global steel production and continuing concerns surrounding China's property sector. According to the World Steel Association, global steel crude production decreased 2.6% in Q2 2023 compared to Q2 2022. The 65% Fe pellet premium averaged $47 per tonne in Q2 2023, down from an average of $81 per tonne in Q2 2022 as low steel production margins in China caused steel mills to prefer medium-grade fines over high-grade fines.

EVBC (Gold)

During the second half of 2022, the Group commenced discussions with the operator of EVBC in light of the sustained margin pressures and operational constraints at the mine. Negotiations are ongoing, and until a commercial or legal resolution is reached, management have assessed the recoverability of the Q1 and Q2 2023 royalties to be inherently uncertain and have fully provided for the $1.2m receivable at 30 June 2023.

McClean Lake Mill (Uranium)

Throughput at the McClean Lake Mill decreased by 11% in H1 2023 as a result of lower output from the Cigar Lake mine while development and commissioning activities were completed to achieve first production from a new mining area in the west of the ore body. All mining historically has taken place in the eastern portion of the mine body. Cameco announced on 3 September 2023 that due to lower mining rates it has lowered full year production guidance from 18Mlbs to 16.3Mlbs.

Four Mile (Uranium)

On 13 April 2022, the Supreme Court of Western Australia handed down a favourable judgment in relation to the Group's legal dispute with Quasar Resources Pty Ltd ('Quasar'), the owner of the Four Mile uranium mine over which the Group has a 1% net smelter return royalty. Quasar were ordered to pay A$2.7m in additional royalties and interest in the amount of A$0.3m for the original claim which runs from Q4 2015 to Q4 2018. The funds for the judgement amount were received in May 2022.

Prior to paying the original judgement amount, Quasar lodged an appeal. As a result, the judgement amount received has been and will remain classified as deferred income until the appeal is decided and the Group's entitlement to the monies becomes irrevocable. The appeal was heard in August 2023 and at the date of this report the judgement has not yet been received.

On 15 August 2022, the parties entered into a settlement agreement, which required Quasar to pay A$3.1m plus interest in respect of the underpaid royalties during the period Q1 2019 to Q4 2021, which was not covered by the original claim. The settlement agreement calculates the royalties in line with the judgement in relation to the original claim. Under the terms of the settlement agreement, should Quasar's appeal be successful, the settlement amounts will be repaid with interest. The settlement payment has been, and will remain, classified as deferred income similar to the judgement amount, until the appeal is decided and the Group's entitlement to the monies becomes irrevocable.

Key development projects

Ecora has a portfolio of royalties over development projects that will potentially transform our future income profile and provide investors with an increased exposure to future facing commodities, especially copper and nickel. The key projects that will drive this growth are:

West Musgrave (Nickel-copper)

BHP assumed operatorship of the West Musgrave project in May when its acquisition of OZ Minerals completed. Construction remains ongoing with first production targeted for H2 2025. Production over the first five years is expected to be approximately 35kt of nickel and 41kt of copper with a mine life of over 24 years. Ecora holds a 2% NSR royalty over West Musgrave.

Santo Domingo (Copper)

Capstone Copper expects to release an updated feasibility study for the fully permitted Santo Domingo project in Q4 2023. The current project plan envisages that construction commences in 2025 with production expected to start in 2027. Ecora owns a 2% NSR royalty over part of the Santo Domingo project that covers the highest copper grade portion of the mine plan. In the initial six to seven years of production in the Group's royalty area, annual production is expected to be 118ktpa of copper and 5.1 Mtpa of by products (including gold and iron).

Piauí (Nickel)

Brazilian Nickel continued in H1 to optimise production from the PNP1000 plant which at the end of Q2 completed 12 months of production. It raised $30 million in H1 to fund the continued development of the Piauí nickel project and continues to progress work on the construction financing solution for the full scale project. The full-scale project would have an expected production capacity of 24ktpa of nickel and 1ktpa of cobalt. Assuming Ecora exercises its option to commit a further $70 million to the project then it will own a 4.25% GRR (currently 1.25% GRR).

Post balance sheet events

In July the Group announced the acquisition of a 0.25% NSR over the Vizcachitas copper project in Chile, operated by Los Andes Copper, for a cash consideration of $20 million. This is a large scale, low cost, and long-life project in an established mining jurisdiction and fits Ecora's core investment criteria, contributing alongside West Musgrave and Santo Domingo, to the Group's copper growth portfolio. Vizcachitas estimates average annual copper production of 183kt in the first 8 years and an average of 153kt over the life of mine at first quartile costs over a 26 year reserve based mine life with extension potential.

FINANCE REVIEW

As expected, the Group has entered a transitionary period while Voisey's Bay ramps up, the construction of West Musgrave continues and production from Kestrel moves outside of the Group's private royalty lands. Combined with softer prices for steelmaking coal and cobalt during the six months ended 30 June 2023 than those realised during the same period in 2022, the Group's portfolio contribution reduced from a record $92.8m in H1 2022 to $44.5m in H1 2023.

Production at Kestrel is expected to remain largely outside of the Group's private royalty lands for the rest of the year. As a result, portfolio contribution in the second half of the year is forecast to be materially lower than H1 2023, before production is expected to return to the Group's private royalty lands in Q1 2024. While earnings will remain volatile during the transitionary period over the next 24 months, the Group maintains a strong balance sheet and continues to grow the portfolio as demonstrated by the acquisition of a 0.25% NSR over the Vizcachitas copper project for $20m that was completed on 3 August 2023.

Results

The Group's portfolio contribution reduced by 52% to $44.5m for the six months ended 30 June 2023 (H1 2022: $92.8m). The reduction in portfolio contribution combined with the $43.8m fair value loss on the revaluation of the Kestrel royalty, which reflects depletion in the first half of the year and slightly lower forward looking pricing inputs, resulted in an H1 2023 loss after tax of $7.5m (H1 2022: profit of $94.3m). This generated a basic loss per share of 2.90c for the first half of 2023 (H1 2022: earnings per share 44.08c). Adjusting for the royalties from EVBC, valuation movements, non-cash items and the tax effect of these adjustments, resulted in H1 2023 adjusted earnings of $23.4m (H1 2022: $60.1m) and adjusted earnings per share of 9.06c (H1 2022: 28.08c).

The key driver for the reduction in the Group's portfolio contribution during H1 2023 was the expected decrease in volumes produced by Kestrel from the Group's private royalty lands. Slightly offsetting the lower volumes at Kestrel, was the higher royalty rates that applied from 1 July 2022 resulting in an average royalty rate for H1 2023 of 20.45% and total royalties of $31.8m (H1 2022: 13.20% and $70.9m).

Production at Voisey's Bay was impacted by the ongoing transition from the open pit mine and ramp-up to full production of the underground mine. As a result, cobalt deliveries reduced by 50% to six in H1 2023 (H1 2022: 12). In addition to the reduction in cobalt deliveries, the cobalt price continued to weaken throughout H1 2023 with the Group realising an average sales price of $16.54/lbs (H1 2022: $37.61/lbs). The combination of both lower volumes and lower cobalt prices resulted in the contribution from the Group's Voisey's Bay stream, net of metal stream cost of sales, decreasing to $2.4m (H1 2022: $10.8m).

Elsewhere, the contributions from Mantos Blancos and Maracás Menchen were in line with our expectations, while the LIORC dividend was lower as a result of lower iron ore prices and a change in product sales mix with lower sales of the higher value pellets.

Whilst not included in portfolio contribution, the Group has continued to benefit from the price linked contingent consideration in conjunction with the Narrabri disposal. The Group is entitled to a $/t payment should the thermal coal price exceed $90/t. The price over the last twelve months has ranged from $127/t - $465/t and is currently at $158/t. The Group received $0.7m in price linked payments for H1 23, with total price linked payments of $2.0m received to date. This is in addition to the $12.8m fixed payments received since 31 December 2021, with a further $2m to be received in January 2024 and January 2025, before final payments of $2m and $2.8m to be received in January 2026 and December 2026 respectively. Should the southern permit be granted, a further $5m is receivable in equal annual $1m instalments.

The table below outlines the key drivers of portfolio contribution increases in the period.

Ecora Resources PLC

	HY1 2023 $m	% PC	HY1 2022 $m	% PC	Variance %	Notes
Kestrel	31.8	72%	70.9	77%	(55%)	Volumes decreased by 54% from 2.93Mt in H1 2022 to 1.34Mt in H1 2023 as production transitions out of the Group's provide royalty lands Price achieved decreased by 30% offset by new Queensland Government royalty rates that applied from 1 July 2022 resulting the average royalty rate increasing from 13.20% in H1 2022 to 20.45% in H1 2023
Voisey's Bay	3.1	7%	13.9	15%	(78%)	6 deliveries received during H1 2023, compared to 12 deliveries received during H1 2022, reflects the transition from the open pit to the underground mine and associated ramp-up The Group achieved an average sales price of $16.54/lbs in H1 2023 down from $37.61/lbs H1 2022, after cobalt prices began to decline in the second half of 2022 and into H1 2023 as a result of increased global supply and reduced demand in China
Mantos Blancos	3.3	7%	3.1	3%	6%	Volumes increased by 14% which reflects expanded plant achieving steady state production achieved in H2 2022 Price achieved decreased by 11%
Maracás Menchen	1.7	4%	2.0	2%	(12%)	H1 2023 volumes increased by 3% despite being impacted by adverse weather which resulted in the full year guidance being reduced to 9,000t – 11,000t from 11,000t – 12,000t Price achieved decreased by 14%
Four Mile	0.6	1%	0.8	1%	(24%)	Volumes decreased by 7% Price achieved increased by 20%, offset by weakening AUD:USD exchange rate
Other	0.3	1%	-	-	-	Other represents revenue generated by the Carlota royalty acquired in July 2022
Royalty and stream income	**40.8**		**90.7**		**(55%)**	
Dividends - LIORC & Flowstream	1.0	2%	1.3	1%	(26%)	$1.15/shares in H1 2023 vs C$1.40/share in H1 2022 Consensus dividend guidance for Q3 2023 C$0.425/share and Q4 2023 C$0.450/share
Interest - McClean Lake	0.9	2%	1.2	1%	(18%)	
Royalty and stream related revenue	**42.7**		**93.2**		**(54%)**	
EVBC	1.2	3%	1.3	1%	(13%)	
Principal repayment - McClean Lake	1.3	3%	1.5	2%	(9%)	Throughput at the McClean Lake Mill decreased by 11% in H1 2023, as a result of lower output from Cigar Lake while development and commissioning activities were completed to achieve first production from a new mining area
Less:						
Metal steams cost of sales	(0.7)	(2%)	(3.2)	(3%)	(55%)	Reflects deliveries decreasing to 6 in H1 2023 from 12 in H1 2022
Total portfolio contribution	**44.5**		**92.8**		**(52%)**	

The Group's operating costs of $5.0m remained in line with the comparative period despite global rates of inflation, as the business continues to be run in a cost-efficient manner with staff costs being the primary source of expenditure. While there will invariably be some cost inflation to come across the Group's non-personnel cost base in the second half of 2023, the impact on the Group's results should be minimal as the remaining costs mainly pertain to running the office and costs associated with being a listed business.

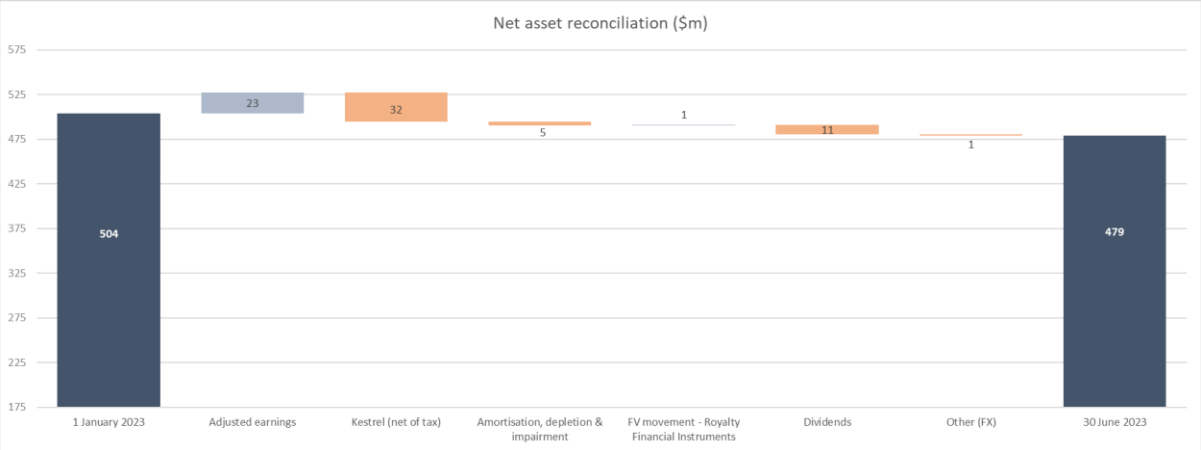
Interest rates continued to increase throughout H1 2023 following sustained efforts by central banks to contain inflation through monetary policy. As a result, the Group's finance costs were higher in H1 2023 despite the Group having lower average borrowings drawn than in H1 2022. Slightly offsetting the higher borrowing costs is the lower amortisation of costs associated with the facility following its term being extended to 2025. At present, the Group does not hedge interest rates, however, this position is kept under review.

The decrease in the current tax charge in the period to $10.7m (H1 2022: $22.3m) reflects the decrease in royalty related revenue in the period, while the deferred tax credit of $13.4m (H1 2022: charge of $13.4m) mirrors the Kestrel non-cash valuation decrease.

As a result, the Group generated loss after tax for the period of $7.5m (H1 2022: profit after tax of $94.3m). This produced a basic loss per share of 2.90c (H1 2022: basic earnings 44.08c). Adjusting for the royalties from EVBC, valuation movements, non-cash items and the tax effect of these adjustments, adjusted earnings per share were 9.06c (H1 2022: 28.08c).

Balance Sheet

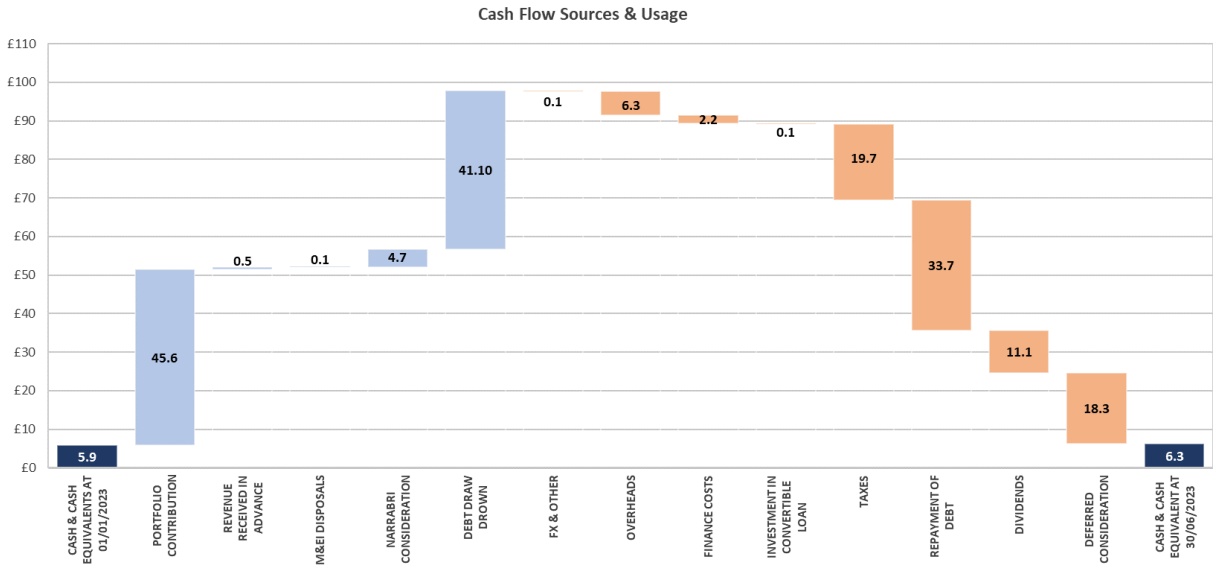
Net assets decreased by ~$25m in the first six months of the year, mainly due to the $32m decrease in the value of the Kestrel royalty (net of tax) and the distribution of ~$11m in dividends, slightly offset by the Group's adjusted earnings for the period of ~$23m.



Total royalty and stream related assets, net of associated deferred tax, at 30 June 2023 were $550.8m of which 87% represent battery metals (31 December 2022: $589.8m; 82%). The Group's coal exposure, net of associated deferred tax, is now 7% (31 December 2022: 12%).

Cash flow and liquidity

As expected, cashflows from Kestrel decreased significantly in the first half of 2023 and final tax payments relating to the year ended 31 December 2022 totalling $19.7m were made in June, reducing the Group's cashflow from operating activities to $18.3m for H1 2023 (H1 2023: $80.8m). Adjusting for finance costs and the receipt of principal repayments under the Denison loan results in free cashflows of $17.5m for H1 2023 (H1 2022: $81.8m) as detailed in note 18 of the financial statements.



During the period, the Group paid two further instalments of deferred consideration to South32 totalling $18.3m in relation to the acquisition of the West Musgrave royalty in July 2022. Slightly offsetting the deferred consideration paid to South32, was the receipt of $4.0m in deferred consideration and $0.7m in price linked contingent consideration arising from the 2021 disposal of the Narrabri royalty. Which when combined with the $1.3m in principal repayments received under the Denison loan resulted in total cash used in H1 2023 for investing activities of $12.6m (H1 2022: cash from investing activities $1.5m).

Partially financing the deferred consideration paid to South32 and the final tax payments for the year ended 31 December 2022, was the net additional drawings on the Group's revolving credit facility of $7.4m in H1 2023. With production at Kestrel forecast to remain largely outside of the Group's private royalty lands for the rest of the year, and following the acquisition of an 0.25% NSR over the Vizcachitas project from Los Andes Copper Limited for cash consideration of $20m which completed in August 2023 together with two further instalments of deferred consideration in relation to the West Musgrave royalty, the Group's net debt while remaining below $100.0m is expected to increase further during H2 2023.

The Group's $150.0m facility and $50.0m accordion which can be drawn subject to lender consent, provides $200.0m in borrowing potential for further growth. With net debt at the date of this report of ~$73.0m, subject to certain lender consent if required, the Group has access to ~$127.0m in additional borrowings and retains further financing flexibility through the Group's stake in LIORC of ~$24.0m and ~$5.0m of shares held in treasury, providing total undrawn borrowings and other liquidity of ~$156.0m.

PRINCIPAL RISKS AND UNCERTAINTIES

Ecora Resources is exposed to a variety of risks and uncertainties which may have a financial, operational or reputational impact on the Group. The principal risks and uncertainties facing the Group in the second half of 2023 are the same as those disclosed in the 2022 Annual Report and Accounts, and relate to the following:

- Catastrophic and natural catastrophe risks
- Future demand for our product
- Commodity prices
- Operator dependence and concentration risk
- Geopolitical events
- Financing capability
- Stakeholder support
- Investment approval
- Pandemic

The Group is exposed to changes in the economic environment, including to tax rates and regimes, as with any other business.

Details of any key risks and uncertainties specific to the period are covered in the Business and Portfolio review sections. Details of relevant tax matters are included in note 14 to the Condensed financial statements. The principal risks and uncertainties facing the Group at the 2022 year end are set out in detail on pages 65 to 68 of the strategic report in the 2022 Annual Report and Accounts. The 2022 Annual Report and Accounts is available on the Group's website www.ecora-resources.com

Ecora Resources PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 $'000	30 June 2022 $'000
Royalty and metal stream related revenue	2	42,735	93,171
Mineral streams cost of sales	8	(725)	(3,160)
Amortisation and depletion of royalties and streams	8, 10	(4,665)	(5,760)
Operating expenses		(4,963)	(4,986)
Operating profit before impairments and revaluations		**32,382**	**79,265**
Revaluation of royalty financial instruments	9	3,011	7,002
Revaluation of coal royalties (Kestrel)	7	(43,820)	42,327
Finance income		3	1
Finance costs	3	(2,802)	(2,722)
Net foreign exchange gains		1,674	605
Other (losses)/income	4	(664)	3,543
(Loss)/profit before tax		**(10,216)**	**130,021**
Current income tax charge		(10,705)	(22,333)
Deferred income tax credit/(charge)	14	13,445	(13,364)
(Loss)/profit attributable to equity holders		**(7,476)**	**94,324**
Total and continuing (loss)/earnings per share			
Basic (loss)/earnings per share	5	(2.90c)	44.08c
Diluted (loss)/earnings per share	5	(2.90c)	44.00c

Ecora Resources PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 $'000	30 June 2022 $'000
(Loss)/profit attributable to equity holders		**(7,476)**	**94,324**
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments held at fair value through other comprehensive income			
Revaluation of royalty financial instruments	9	(1,792)	(7,499)
Revaluation of mining and exploration interests	11	166	520
Deferred tax relating to items that will not be reclassified to profit or loss	14	309	954
		(1,317)	**(6,025)**
Items that have been or may be subsequently reclassified to profit or loss			
Net exchange loss on translation of foreign operations		(5,126)	(9,186)
		(5,126)	**(9,186)**
Other comprehensive loss for the period, net of tax		**(6,443)**	**(15,211)**
Total comprehensive (loss)/profit for the period		**(13,919)**	**79,113**

Ecora Resources PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2023

	Notes	30 June 2023 $'000	Audited 31 December 2022 $'000	30 June 2022 $'000
Non-current assets				
Property, plant and equipment		3,627	3,632	802
Coal royalties (Kestrel)	7	60,748	106,669	120,730
Metal streams	8	162,179	164,755	169,706
Royalty financial instruments	9	44,036	43,880	50,753
Royalty and exploration intangible assets	10	248,086	252,549	66,613
Mining and exploration interests	11	3,666	3,483	3,418
Deferred costs		2,194	2,491	3,893
Other receivables	12	33,243	37,429	35,185
Deferred tax	14	37,157	36,632	37,478
		594,936	**651,520**	**488,578**
Current assets				
Trade and other receivables		17,843	21,566	33,477
Cash and cash equivalents		6,294	5,850	20,976
		24,137	27,416	54,453
Total assets		**619,073**	**678,936**	**543,031**
Non-current liabilities				
Borrowings	13	49,650	42,250	41,500
Other payables		13,946	22,649	3,546
Deferred tax	14	26,954	40,857	47,998
		90,550	105,756	93,044
Current liabilities				
Income tax liabilities		13,158	23,245	15,516
Derivative financial instruments		-	32	129
Trade and other payables	15	36,303	46,299	6,532
		49,461	69,576	22,177
Total liabilities		**140,011**	**175,332**	**115,221**
Net assets		**479,062**	**503,604**	**427,810**
Capital and reserves attributable to shareholders				
Share capital	16	6,762	6,761	5,718
Share premium	16	169,212	169,212	87,883
Other reserves		100,652	106,742	104,191
Retained earnings		202,436	220,889	230,018
Total equity		**479,062**	**503,604**	**427,810**

Ecora Resources PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Share capital $'000	Share premium $'000	Merger reserve $'000	Investment revaluation reserve $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Special reserve $'000	Treasury shares $'000	Investment in own shares $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2022		5,706	87,883	94,847	9,563	508	14,307	833	114	(1,535)	144,877	357,103
Profit for the period		-	-	-	-	-	-	-	-	-	94,324	94,324
Other comprehensive income:												
Changes in fair value of equity investments held at fair value through other comprehensive income												
Valuation movement taken to equity		-	-	-	(6,979)	-	-	-	-	-	-	(6,979)
Deferred tax	14	-	-	-	954	-	-	-	-	-	-	954
Foreign currency translation		-	-	-	-	-	(9,186)	-	-	-	-	(9,186)
Total comprehensive profit		**-**	**-**	**-**	**(6,025)**	**-**	**(9,186)**	**-**	**-**	**-**	**94,324**	**79,113**
Transferred to retained earnings on disposal		-	-	-	(621)	-	-	-	-	-	621	-
Dividends		-	-	-	-	-	-	-	-	-	(9,806)	(9,806)
Utilisation of treasury shares to satisfy employee related share base payments	16	12	-	-	-	(230)	-	-	(12)	-	983	753
Utilisation of employee benefit trust shares to satisfy employee related share based payments		-	-	-	-	(194)	-	-	-	1,535	(981)	360
Value of employee services	22	-	-	-	-	287	-	-	-	-	-	287
Total transactions with owners of the company		**12**	**-**	**-**	**(621)**	**(137)**	**-**	**-**	**(12)**	**1,535**	**(9,183)**	**(8,406)**
Balance at 30 June 2022		**5,718**	**87,883**	**94,847**	**2,917**	**371**	**5,121**	**833**	**102**	**-**	**230,018**	**427,810**

Ecora Resources PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Notes	Share capital $'000	Share premium $'000	Merger reserve $'000	Investment revaluation reserve $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Special reserve $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2022		5,718	87,883	94,847	2,917	371	5,121	833	102	230,018	427,810
Profit for the period		-	-	-	-	-	-	-	-	313	313
Other comprehensive income:											
Changes in fair value of equity investments held at fair value through other comprehensive income											
Valuation movement taken to equity		-	-	-	3,951	-	-	-	-	-	3,951
Deferred tax	14	-	-	-	(564)	-	-	-	-	-	(564)
Foreign currency translation		-	-	-	-	-	(1,169)	-	-	-	(1,169)
Total comprehensive profit		**-**	**-**	**-**	**3,387**	**-**	**(1,169)**	**-**	**-**	**313**	**2,531**
Transferred to retained earnings on disposal		-	-	-	17	-	-	-	-	(17)	-
Unclaimed dividends transferred to retained earnings		-	-	-	-	-	-	-	-	92	92
Dividends		-	-	-	-	-	-	-	-	(9,578)	(9,578)
Issue of ordinary shares	16	1,043	81,329	-	-	-	-	-	-	-	82,372
Utilisation of employee benefit trust shares to satisfy employee related share based payments		-	-	-	-	-	-	-	-	61	61
Value of employee services		-	-	-	-	316	-	-	-	-	316
Total transactions with owners of the company		**1,043**	**81,329**	**-**	**17**	**316**	**-**	**-**	**-**	**(9,442)**	**73,263**
Balance at 31 December 2022		**6,761**	**169,212**	**94,847**	**6,321**	**687**	**3,952**	**833**	**102**	**220,889**	**503,604**

Ecora Resources PLC

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Share capital $'000	Share premium $'000	Merger reserve $'000	Investment revaluation reserve $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Special reserve $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2023		6,761	169,212	94,847	6,321	687	3,952	833	102	220,889	503,604
Loss for the period		-	-	-	-	-	-	-	-	(7,476)	(7,476)
Other comprehensive income:											
Changes in fair value of equity investments held at fair value through other comprehensive income											
Valuation movement taken to equity		-	-	-	(1,626)	-	-	-	-	-	(1,626)
Deferred tax	14	-	-	-	309	-	-	-	-	-	309
Foreign currency translation		-	-	-	-	-	(5,126)	-	-	-	(5,126)
Total comprehensive loss		**-**	**-**	**-**	**(1,317)**	**-**	**(5,126)**	**-**	**-**	**(7,476)**	**(13,919)**
Transferred to retained earnings on disposal		**-**	**-**	**-**	(17)	**-**	**-**	**-**	**-**	17	-
Dividends		-	-	-	-	-	-	-	-	(11,070)	(11,070)
Utilisation of treasury shares to satisfy employee related share base payments	16, 22	1	-	-	-	-	-	-	(1)	76	76
Value of employee services		-	-	-	-	371	-	-	-	-	371
Total transactions with owners of the company		**1**	**-**	**-**	**(17)**	**371**	**-**	**-**	**(1)**	**(10,977)**	**(10,622)**
Balance at 30 June 2023		**6,762**	**169,212**	**94,847**	**4,987**	**1,058**	**(1,174)**	**833**	**101**	**202,436**	**479,062**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
(Loss)/profit before taxation		(10,216)	130,021
Adjustments for:			
Finance income		(3)	(1)
Finance costs	3	2,802	2,722
Net foreign exchange gains		(1,674)	(605)
Other losses/(income)		664	(3,248)
Revaluation of royalty financial instruments	9	(3,011)	(7,002)
Royalties due or received from royalty financial instruments	9	-	1,326
Revaluation of coal royalties (Kestrel)	7	43,820	(42,327)
Depreciation of property, plant and equipment		8	11
Amortisation and depletion of royalties and streams	8, 10	4,665	5,760
Amortisation of deferred acquisition costs		9	9
Share based payment		422	353
		37,486	87,019
Decrease in trade and other receivables		1,381	5,410
(Decrease)/increase in trade and other payables		(830)	474
Cash generated from operations		38,037	92,903
Income taxes paid		(19,744)	(12,093)
Net cash generated from operating activities		**18,293**	**80,810**
Cash flows from investing activities			
Proceeds on disposal of mining and exploration interests	11	79	1,265
Investment in convertible loan		(109)	-
Purchase of property, plant and equipment		(54)	(16)
Purchase of royalty and exploration intangibles	10	(18,333)	
Proceeds on disposal of royalty and exploration intangibles	10	4,682	-
Purchase of metal streams	8	-	(950)
Repayments under commodity related financing agreements	12	1,312	1,443
Prepaid acquisition costs		(137)	(284)
Finance income		3	1
Net cash (used in)/from investing activities		**(12,557)**	**1,459**
Cash flows from financing activities			
Drawdown of revolving credit facility	13	41,100	-
Repayment of revolving credit facility	13	(33,700)	(70,500)
Proceeds from issue of share capital	16	-	922
Dividends paid	6	(11,070)	(9,806)
Finance costs paid		(2,164)	(1,675)
Net cash used in financing activities		**(5,834)**	**(81,059)**
Net increase in cash and cash equivalents		**(98)**	**1,210**
Cash and cash equivalents at beginning of period		**5,850**	**21,992**
Effect of foreign exchange rates		542	(2,226)
Cash and cash equivalents at end of period		**6,294**	**20,976**

1. Basis of preparation

These condensed consolidated interim financial statements of Ecora Resources PLC are for the six months ended 30 June 2023. They have been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022. The annual financial statements of the Group will be prepared in accordance with United Kingdom adopted International Accounting Standards.

This condensed consolidated financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 were approved on 28 March 2023. Those accounts, which contained an unqualified audit report under Section 495 of the Companies Act 2006 and which did not include a reference to any matters to which the auditors drew attention by way of emphasis and did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

1.1 Going concern

The financial position of the Group and its cash flows are set out on pages 16 and 20. The Directors have considered the principal risks of the Group which are set out on pages 65 to 68 of the 2022 Annual Report, and considered key sensitivities which could impact on the level of available borrowings. As at 30 June 2023 the Group had cash and cash equivalents of $6.3m and borrowings under its revolving credit facility of $49.7m leaving $100.3m undrawn as set out in note 13.

Subsequent to the period end, the Group made partial repayments totalling $5.7m of these borrowings and borrowed a further $33.7m mainly to fund the acquisition of the Vizcachitas royalty detailed in note 23, as well as an instalment of deferred consideration related to the West Musgrave royalty acquired from South32 Royalty Investments Pty Ltd in July 2022 as detailed in note 10. As a result of these transactions, total borrowings under the Group's revolving credit facility as of the date of this report are $77.7m. Subject to continued covenant compliance, the Group has access to a further $72.3m through its secured $150m revolving credit facility as at the date of this report. In addition, the Group's revolving credit facility has an uncommitted accordion of $50m, which if approved and combined with the undrawn portion of the facility and the Group's cash balances would provide liquidity of ~$127.0m.

The Directors have considered the Group's cash flow forecasts for the period to the end of 31 December 2024 under base case and downside scenarios, including the demand for the commodities produced and the prices realised by the underlying operations of the Group's royalty and stream portfolio, and the ongoing operations themselves, including production levels. While the Group continues to operate within its banking covenant limits with no debt redemption or amortisation commitment within the 12-month period from the date of approval of these interim condensed consolidated financial statements under the base case scenario, when applying the downside scenario (which in this instance reflects reductions in forecast commodity prices and volumes of 10% and 15% respectively, together with adverse currency movements of 10%), the Group would need to take mitigating actions within its control, to remain within its banking covenant limits.

The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance and other uncertainties, together with the Group's cash position and access to the revolving credit facility, show that the Group will be able to operate within the levels of its current facilities for the period assessed. For this reason, the Group continues to adopt the going concern basis in preparing its condensed interim financial statements.

1.2 Alternative Performance Measurers

The condensed consolidated interim financial statements include certain Alternative Performance Measures (APMs) which include adjusted earnings per share, adjusted dividend cover, free cash flow per share and portfolio contribution. These APMs are defined on page 4 of these condensed consolidated interim financial statements, and are reconciled to GAAP measures in the notes 5, 6, 13, 18 and 20 respectively.

1.3 Changes in accounting policies

The accounting policies applied are materially consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2022. New accounting pronouncements, principally IFRS 17 (Insurance Contracts) and minor amendments to existing standards, also became effective on 1 January 2023 and have been adopted by the Group. The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group. The Group has adopted amendments to IAS 1, IAS 8 and IAS 12 with no significant impact. The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

1.4 Key sources of estimation uncertainty and critical accounting judgements

Key areas of critical accounting judgement and estimation uncertainty that have the most significant effect on the Group's consolidated financial statements remain as disclosed in note 4 of the consolidated financial statements of the Group for the year ended 31 December 2022.

2 Royalty and metal stream related revenue

	Six months ended	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Royalty revenue	37,733	76,752
Stream sales	3,063	13,929
Interest from royalty related financial assets	940	1,145
Dividends from royalty financial instruments	999	1,345
	42,735	93,171

Interest from royalty related financial assets for the six months ended 30 June 2023 of $0.9m (30 June 2022: $1.1m) relates to interest earned on the Group's 13-year amortising loan of C$40.8m with an interest rate of 10% per annum, to Denison Mines Inc ("Denison"), which is classified as non-current other receivables (note 12).

Dividends from royalty financial instruments for the six months ended 30 June 2023 of $1m (30 June 2022: $1.3m) relates to the dividends received from the Group's investments in Labrador Iron Ore Company (2023: $0.9m; 2022: $1.1m) as described in note 9, together with the dividends received from the Group's investment in Flowstream Vintage (2023: $0.1m; 2022: $0.2m), an unquoted oil and gas streaming company.

3 Finance costs

	Six months ended	
	30 June 2023 $'000	30 June 2022 $'000
Professional fees	(687)	(1,016)
Revolving credit facility fees and interest	(2,115)	(1,706)
	(2,802)	(2,722)

Professional fees represent legal and arrangement fees relating to the Group's revolving credit facility. These fees are capitalised and amortised over the term of the facility.

4 Other (losses)/income

	Six months ended	
	30 June 2023 $'000	30 June 2022 $'000
Revaluation of foreign exchange instruments	-	(180)
Provision for royalty revenue receivable	(1,170)	-
Other gains	506	3,723
	(664)	3,543

During the second half of 2022, the Group commenced discussions with the operator of EVBC in light of the sustained margin pressures and operational constraints at the mine. Negotiations are ongoing and until a commercial or legal resolution is reached, management have assessed the recoverability of the Q1 and Q2 2023 royalties to be inherently uncertain and have fully provided for the $1.2m receivable at 30 June 2023.

Included in other gains is a gain of $0.5m on revaluation of contingent consideration receivable related to West Musgrave (note 12). In 2022 this included a gain of $3.6m on revaluation of contingent consideration receivable on the disposal of Narrabri (note 12).

5 Loss/earnings per share

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 4.

Loss per ordinary share is calculated on the Group's loss after tax of $7.5m for the six months ended 30 June 2023 (30 June 2022: profit of $94.3m) and the weighted average number of shares in issue during the period of 257,888,523 (2022: 213,971,106).

	Six months ended	
	30 June 2023 $'000	30 June 2022 $'000
Net (loss)/profit attributable to shareholders		
(Loss)/Earnings - basic	(7,476)	94,324
(Loss)/Earnings - diluted	(7,476)	94,324
	2023	**2022**
Weighted average number of shares in issue		
Basic number of shares outstanding	257,888,523	213,971,106
Dilutive effect of Employee Share Option Scheme	-	409,850
Diluted number of shares outstanding	257,888,523	214,380,956
(Loss)/Earnings per share – basic	(2.90c)	44.08c
(Loss)/Earnings per share – diluted	(2.90c)	44.00c

Adjusted earnings per share

Adjusted earnings represent the Group's underlying operating performance from core activities. Adjusted earnings is the profit/loss attributable to equity holders plus the royalty receipts from the EVBC royalty, less all valuation movements and impairments (which are non-cash adjustments that arise primarily due to changes in commodity prices), amortisation charges, share-based payments, unrealised foreign exchange gains and losses, and any associated deferred tax, together with any profit or loss on non-core asset disposals as such disposals are not expected to be ongoing.

Valuation and other non-cash movements such as these are not considered by management in assessing the level of profit and cash generation available for distribution to shareholders. As such, an adjusted earnings measure is used which reflects the underlying contribution from the Group's royalties during the period.

	Earnings $'000	Earnings per share c	Diluted earnings per share c
Net loss attributable to shareholders			
Loss - basic and diluted for the six months ended 30 June 2023	(7,476)	(2.90c)	(2.90c)
Adjustment for:			
Amortisation and depletion of royalties and streams	4,665		
Receipts from royalty financial instruments	1,170		
Revaluation of royalty financial instruments	(3,011)		
Revaluation of coal royalties (Kestrel)	43,820		
Revaluation of contingent consideration	(506)		
Unrealised foreign exchange (gains)/losses	(1,674)		
Tax effect of the adjustments above	(13,631)		
Adjusted earnings - basic and diluted for the six months ended 30 June 2023	23,357	9.06c	9.05c

	Earnings $'000	Earnings per share c	Diluted earnings per share c
Net profit attributable to shareholders			
Earnings - basic and diluted for the six months ended 30 June 2022	94,324	44.08c	44.00c
Adjustment for:			
Amortisation and depletion of royalties and streams	5,760		
Amortisation of finance costs	(254)		
Receipts from royalty financial instruments	1,326		
Revaluation of royalty financial instruments	(7,002)		
Revaluation of coal royalties (Kestrel)	(42,327)		
Revaluation of contingent consideration	(3,494)		
Revaluation of foreign currency instruments	180		
Effective interest on contingent consideration	65		
Unrealised foreign exchange (gains)/losses	(656)		
Tax effect of the adjustments above	12,157		
Adjusted earnings - basic and diluted for the six months ended 30 June 2022	60,079	28.08c	28.02c

In calculating the adjusted earnings per share, the weighted average number of shares in issue takes into account the dilutive effect of the Group's employee share option schemes in those periods where the Group has adjusted earnings. In periods where the Group has an adjusted loss, the employee share option schemes are considered anti-dilutive as including them in the diluted number of shares outstanding would decrease the loss per share, as such they are excluded.

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

	2023	2022
Weighted average number of shares in issue		
Basic number of shares outstanding	257,888,523	213,971,106
Dilutive effect of Employee Share Option Scheme	199,179	409,850
Diluted number of shares outstanding	258,087,702	214,380,956

6 Dividends and adjusted dividend cover

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 4.

On 15 February 2023, an interim dividend of 1.75p per share was paid to shareholders ($5.4m) in respect of the year ended 31 December 2022.

The Board recommended and the Company's shareholders approved a final dividend in respect of the year ended 31 December 2022 of 1.75p at the Annual General Meeting on 10 May 2023. The final dividend totalling $5.6m was paid on 7 June 2023.

Dividends from Q1 2023 onwards will be declared in US dollars, translated at exchange rates prevailing on the record date of each dividend and payable in sterling and Canadian dollars to shareholders on the London and Toronto Stock Exchanges respectively. Three interim dividends of 2.125c per share have been declared for the year ended 31 December 2023 and will be paid on 26 July 2023, 25 October 2023 and 14 February 2024.

Dividend cover

Adjusted dividend cover is calculated as the number of times adjusted earnings per share exceeds the dividend per share. The Group's adjusted earnings per share for the six months ended 30 June 2023, is 9.06c per share (note 5) with interim dividends totalling 4.32c (4.59c), resulting in dividend cover of 2.1x (30 June 2022: adjusted earnings per share 28.08c, interim dividend 4.59c, dividend cover of 6.12x).

7 Coal royalties (Kestrel)

	$'000
At 1 January 2022	84,465
Foreign currency translation	(6,062)
Gain on revaluation of coal royalties	42,327
At 30 June 2022	120,730
Foreign currency translation	433
Loss on revaluation of coal royalties	(14,494)
At 31 December 2022	106,669
Foreign currency translation	(2,101)
Loss on revaluation of coal royalties	(43,820)
At 30 June 2023	60,748

The carrying value of the Group's coal royalty of $60.7m (A$91.6m) is based on a valuation completed during June 2023 by an independent coal industry advisor, amended for management's assessment of the nominal discount rate and future commodity price assumptions. The independent coal industry advisor's assumptions relating to volumes and foreign exchange were not changed.

The valuation is based on a net present value of the future pre-tax cash flows from Kestrel discounted at a nominal rate of 10.5% (30 June 2022: 10%; 31 December 2022: 10.5%). The key assumptions in the valuation relate to price, foreign exchange rates and discount rate.

Price assumptions
The independent coal industry advisor's price assumptions were based on the June 2023 Consensus Economics forecast of U$246/t for the second half of 2023. Given the volatility in the commodity prices management have assumed an average price for the second half of 2023 of U$237/t based on the Australian Premium Coking Coal FOB Financial Future price, before reverting to Consensus Economics pricing which decreases to an average nominal price U$209/t between 2024 and 2027, and a long-term flat nominal price of U$193/t.

If the price were to increase or decrease 10 per cent over the life of the mine the valuation effect would be:

- a 10% reduction in the coal price would have resulted in the coal royalties being valued at A$72.8m ($48.3m) and a $12.8m increase to the revaluation loss in the income statement, resulting in a revaluation loss of $56.6m; and
- a 10% increase in the coal price would have resulted in the coal royalties being valued at A$112.2m ($74.4m) and a $13.9m decrease to the revaluation loss in the income statement, resulting in a revaluation loss of $29.9m.

Foreign exchange rate assumptions
The independent coal industry advisor's AUD:USD exchange rate assumptions used in the 30 June 2023 valuation assume a strengthening in the Australia dollar from a short-term rate of 0.69 to a long term rate of 0.74 against the US dollar. If the Australian dollar were to strengthen or weaken by 10% against the US dollar over the life of the mine that valuation effect would be:

- a 10% strengthening of the Australian dollar against the US dollar would have resulted in the coal royalties being valued at A$74.4m ($49.3m) and a $11.6m increase to the revaluation loss in the income statement, resulting in a revaluation loss of $55.4m; and
- a 10% weakening of the Australian dollar against the US dollar would have resulted in the coal royalties being valued at A$114.6m ($76.0m) and a $15.5m decrease to the revaluation loss in the income statement, resulting in a revaluation loss of $28.3m.

Discount rate assumptions
The independent coal industry advisor's pre-tax nominal discount rate was 9.5%, however, as this was outside the range of discount rates determined by management, a pre-tax nominal discount rate of 10.5% was used for the valuation. If the discount rate used were to increase or decrease by 1% the valuation effect would be:

- a 1% reduction in the nominal discount rate would have resulted in the coal royalties being valued at A$93.6m ($62.1m) and a $1.4m decrease in the revaluation loss in the income statement to $42.4m; and
- a 1% increase in the nominal discount rate would have resulted in the coal royalties being valued at A$89.7m ($59.5m) and a $1.3m increase in the revaluation loss in the income statement to $45.1m.

The net royalty income from this investment is currently taxed in Australia at a rate of 30%. The revaluation of the underlying Australian dollar asset is recognised in the Income Statement with the retranslation to the Group's USD presentation currency recognised in the foreign currency translation reserve.

Were the coal royalty to be carried at cost the carrying value would be $0.3m (2022: $0.3m).

Refer to note 19 for additional fair value disclosures relating to Kestrel.

8 Metal streams

	Cost $'000	Contingent Consideration $'000	Total $'000
Gross carrying amount			
At 1 January 2022	175,585	2,308	177,893
Revaluation of contingent consideration	-	3,193	3,193
At 30 June 2022	175,585	5,501	181,086
Revaluation of contingent consideration	-	(2,523)	(2,523)
At 31 December 2022	175,585	2,978	178,563
At 30 June 2023	175,585	2,978	178,563
Depletion and impairment			
At 1 January 2022	(7,197)	(129)	(7,326)
Depletion	(4,002)	(52)	(4,054)
At 30 June 2022	(11,199)	(181)	(11,380)
Depletion	(2,354)	(74)	(2,428)
At 31 December 2022	(13,553)	(255)	(13,808)
Depletion	(2,533)	(43)	(2,576)
At 30 June 2023	(16,086)	(298)	(16,384)
Carrying amount 30 June 2023	159,499	2,680	162,179

On 12 March 2021, the Group completed the acquisition of a holding company that, in turn, holds a 70% net interest in a stream on cobalt production from the Voisey's Bay mine in Canada for cash consideration of $205.6m at closing and further potential contingent consideration subject to cobalt prices over the next five years. Cost directly associated with the acquisition were $2.1m, resulting in a total payment of $207.7m.

The stream agreement entitles the Group to 22.82% of all cobalt production from both the open pit and underground operations at Voisey's Bay. The Group's entitlement steps down to 11.41% once 7,600 tonnes of finished cobalt has been delivered. Deliveries under the stream agreement from its inception to 30 June 2023 total 1,020 tonnes.

The Group pays 18% of an industry cobalt reference price prevailing at the date of delivery, until the original upfront amount paid for the stream, by its original holder, of $300m is reduced to nil (through accumulating credit from 82% of the cobalt reference price), increasing to 22% thereafter. This payment is included in the $0.7m (30 June 2022: $3.2m) metal streams cost of sales in the income statement. The accumulated credit for deliveries under the stream agreement from its inception to 30 June 2023 was $49.7m, reducing the original upfront amount to $250.3m (31 December 2022: accumulated credit $46.0m, original upfront amount $254.0m).

The metal stream and contingent consideration are being depleted on a units-of-production basis over the total expected deliveries to be received of 16.9Mlbs (30 June 2022: 15.6Mlbs; 31 December 2022: 15.5Mlbs). During the period to 30 June 2023, the Group received 0.26Mlbs of cobalt resulting in a depletion charge of $2.6m (30 June 2022: 0.37Mlbs resulting in a depletion charge of $4.1m; six months to 31 December 2022: 0.22Mlbs resulting in a depletion charge of $2.4m)

The contingent consideration in relation to the acquisition is determined by reference to minimum production thresholds and cobalt prices, and has been classified as a financial liability that is carried at fair value based on the discounted expected cash outflows. The fair value of the contingent consideration is remeasured at each reporting date, with any fair value gains or losses recognised in the metal streams balance and depreciated on a units-of-production basis over the total expected deliveries to be received from the metal stream.

During the year ended 31 December 2022, $3.3m was paid in contingent consideration as a result of the minimum production and price thresholds being achieved in the second half of 2021 ($1.0m) and the first half of 2022 ($2.3m). As at 30 June 2023 the fair value of the contingent consideration for future periods has been determined to be nil as the minimum production and price thresholds are not expected to be achieved in the period to 30 June 2025 (31 December 2022: nil; 30 June 2022: $2.4m).

9 Royalty financial instruments

Fair value	**$'000**
At 1 January 2022	53,791
Royalties due or received from royalty financial instruments	(1,326)
Revaluation of royalty financial instruments recognised in profit or loss	7,002
Revaluation of royalty financial instruments recognised in equity	(7,499)
Foreign currency translation	(1,215)
At 30 June 2022	50,753
Royalties due or received from royalty financial instruments	(1,456)
Revaluation of royalty financial instruments recognised in profit or loss	(8,375)
Revaluation of royalty financial instruments recognised in equity	3,829
Foreign currency translation	(871)
At 31 December 2022	43,880
Royalties due or received from royalty financial instruments	(1,170)
Revaluation of royalty financial instruments recognised in profit or loss	3,011
Revaluation of royalty financial instruments recognised in equity	(1,792)
Foreign currency translation	107
At 30 June 2023	44,036

The details of the Group's royalty financial instruments, which are held at fair value are summarised below:

	Commodity	**Original Cost '000**	**Royalty Rate**	**Escalation**	**Classification**	**30 June 2023 Carrying Value $'000**
EVBC	Gold, Silver, Copper	C$7,500	2.50%	3% gold >US$1,100/oz	FVTPL	-
Dugbe 1	Gold	U$15,000	2.00%	2.5% >U$1,800/oz & production <50,000oz/qrt	FVTPL	1,644
McCLean Lake	Uranium	C$2,700	-	22.5% of toll milling receipt on production >215Mlbs	FVTPL	3,602
Piaui	Nickel-Cobalt	U$2,000	1.25%	-	FVTPL	14,587
Labrador Iron Ore	Iron Ore	C$66,105	7.00%	-	FVTOCI	24,203
						44,036

The Group's royalty instruments are represented by four royalty agreements, EVBC, Dugbe 1, McClean Lake and Piauí which entitle the Group to either the repayment of principal and a net smelter return ("NSR") royalty for the life of the mine or a gross revenue royalty ("GRR") where the project commences commercial production or the repayment of principal where it does not. All four royalty agreements are classified as fair value through profit or loss ('FVTPL').

The Group's entitlements to cash by way of the repayment of the principal and the NSR royalty or the GRR have been classified as fair value through profit or loss in accordance with IFRS 9 and are carried at fair value in accordance with the Group's classification of royalty arrangements criteria adopted in the last annual financial statements for the year to 31 December 2022.

The Group's fifth royalty financial instrument is its equity investment in Labrador Iron Ore Company ('LIORC'), which entitles the Group to a share of the 7% GRR LIORC receives from the Iron Ore Company of Canada ('IOC') mine and distributes to its shareholders via dividends. As LIORC is a single asset company, being the GRR over the IOC mine, which is owned and operated by Rio Tinto, the Group has classified its investment in LIORC as a royalty financial instrument and made an irrevocable election to designate it as FVTOCI. As at 30 June 2023, the fair value of the Group's interest in LIORC decreased by $1.8m as a result of the decreased share price.

The resulting dividends from the Group's investment in LIORC have been classified as royalty related revenue (refer to note 2) as a result of LIORC's primary source of income being the 7% GRR described above.

10 Royalty and exploration intangible assets

	Exploration and Evaluation Costs $'000	Royalty Interests $'000	Contingent Consideration $'000	Total $'000
Gross carrying amount				
At 1 January 2023	919	312,210	10,058	323,187
Revaluation of contingent consideration	-	-	798	798
Foreign currency translation	-	(4,016)	(287)	(4,303)
At 30 June 2023	919	308,194	10,569	319,682
Amortisation and impairment				
At 1 January 2023	(919)	(69,719)	-	(70,638)
Amortisation charge	-	(2,088)	-	(2,088)
Foreign currency translation	-	1,131	-	1,131
At 30 June 2023	(919)	(70,677)	-	(71,596)
Carrying amount 30 June 2023	-	237,517	10,569	248,086

	Exploration and Evaluation Costs $'000	Royalty Interests $'000	Contingent Consideration $'000	Total $'000
Gross carrying amount				
At 1 January 2022	919	135,561	-	136,480
Foreign currency translation	-	(2,608)	-	(2,608)
At 30 June 2022	919	132,953	-	133,872
Amortisation and impairment				
At 1 January 2022	(919)	(66,043)	-	(66,962)
Amortisation charge	-	(1,706)	-	(1,706)
Foreign currency translation	-	1,409	-	1,409
At 30 June 2022	(919)	(66,340)	-	(67,259)
Carrying amount 30 June 2022	-	66,613	-	66,613

	Exploration and Evaluation Costs $'000	Royalty Interests $'000	Contingent Consideration $'000	Total $'000
Gross carrying amount				
At 1 January 2022	919	135,561	-	136,480
Additions	-	182,022	9,311	191,333
Revaluation of contingent consideration	-	-	827	827
Foreign currency translation	-	(5,373)	(80)	(5,453)
At 31 December 2022	919	312,210	10,058	323,187
Amortisation and impairment				
At 1 January 2022	(919)	(66,043)	-	(66,962)
Amortisation charge	-	(2,869)	-	(2,869)
Impairment charge	-	(4,083)	-	(4,083)
Foreign currency translation	-	3,276	-	3,276
At 31 December 2022	(919)	(69,719)	-	(70,638)
Carrying amount 31 December 2022	-	242,491	10,058	252,549

Royalty intangible assets

On 19 July 2022, the Group acquired a high-quality portfolio of royalties over advanced development stage copper and nickel projects from South32 Royalty Investments Pty Ltd ("South32") for a fixed consideration of $185m with further contingent consideration of up to $15m.

The fixed consideration of $185m consisted of:

- $47.6m in cash paid on completion of the transaction.
- $82.4m in an equity issue of 43,622,091 ordinary shares of 2p each at £1.54/share to South32.
- Deferred cash consideration totalling $55.0m to be paid in six equal quarterly instalments with the first instalment paid in October 2022 and the final instalment due in January 2024 as detailed in note 15. As at 30 June 2023 $27.5m of the deferred cash consideration has been paid since acquisition ($18.3m paid in the six months ended 30 June 2023).

In addition, contingent consideration is payable subject to future nickel prices and minimum production levels at West Musgrave post commencement of production and has been classified as a financial liability that is carried at fair value based on the discounted expected future cash outflows. After initial recognition the contingent consideration is measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the royalty intangible assets balance. As at 30 June 2023, the fair value of the contingent consideration payable is $10.6m based on a pre-tax nominal discount rate of 10.5% (31 December 2022: fair value of $10m on a pre-tax nominal discount rate of 10.5%).

The royalties acquired are the West Musgrave, Santo Domingo, Nifty, and Carlota royalties The royalties have been recognised as intangible assets. The value of the royalty intangibles acquired consists of the fixed and deferred consideration above ($185m) plus the value on acquisition of the contingent consideration payable ($9m) less the value on acquisition of the contingent consideration receivable ($6m - as detailed below). Transaction costs totalling $2.6m have been capitalised on acquisition.

Under the West Musgrave royalty, the Group is entitled to a A$10.0m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL"). As at 30 June 2023, the fair value of the contingent consideration receivable is $6.3m based on a pre-tax nominal discount rate of 10.5% (31 December 2022: fair value of $6.0m on a pre-tax nominal discount rate of 10.5%).

On 31 December 2021 the Group completed the sale of its 1% gross revenue royalty over the Narrabri mine to the operator, Whitehaven Coal Limited, for fixed consideration of $21.6m of which $4.4m was received on completion with the remaining balance receivable in instalments until 31 December 2026 and further contingent consideration also receivable over the period to 31 December 2026. $4m of fixed consideration was received in the six months ended 30 June 2023.

The contingent consideration consists of $5.0m, receivable in instalments, upon the approval of the Narrabri South extension project by state and federal authorities in Australia, prior to 31 December 2026. In addition, the Group is entitled to receive bi-annual contingent payments linked to future realised coal prices during the period from closing to 31 December 2026. Subject to minimum volumes of 3.0Mt per half year being achieved, where the realised prices exceed $90/t the Group will be entitled to $0.05/t, increasing to $0.25/t if realised prices exceed $150/t. Both elements of the contingent consideration in relation to the sale of the Narrabri royalty have been classified as a financial asset that is carried at fair value based on discounted expected cash flows. $0.7m of contingent consideration was received in the six months ended 30 June 2023.

As at 30 June 2023, the Group assessed the probability of the Narrabri South Extension being approved at 50% (2022: 50%) and applied this to the discounted future cash flows with an 11% (2022: 11%) pre-tax nominal discount rate resulting in a fair value of $2.1m (2022: $2.1m) for this element of the contingent consideration. The price and sales volume linked contingent consideration was also valued by applying an 11% (2022: 11%) pre-tax nominal discount rate to the expected future cash flows, resulting in a fair value of $3.7m (2022: $4.6m) for this element of the contingent consideration as detailed in note 12.

Amortisation of royalty intangible assets

The amortisation charge for the period, of $2.1m (30 June 2022: $1.7m) relates to the Group's producing royalties, Mantos Blancos, Maracás Menchen, Carlota and Four Mile. Amortisation of the remaining interests will commence once they begin commercial production.

Impairments of royalty intangible assets

All intangible assets are assessed for indicators of impairment at each reporting date. The key sources of estimation uncertainty impacting the assessment for indicators of impairment as at 30 June 2023 are detailed in note 1.4. As at 30 June 2023 no further impairment charges were recognised (31 December 2022: $4.1m). The Group's intangible assets will be assessed for indicators of impairment again at 31 December 2023.

11 Mining and exploration interests

	$'000
Fair value through other comprehensive income	
At 1 January 2022	4,396
Disposals	(1,265)
Revaluation adjustment	520
Foreign currency translation	(233)
At 30 June 2022	3,418
Disposals	(45)
Revaluation adjustment	122
Foreign currency translation	(12)
At 31 December 2022	3,483
Disposals	(79)
Revaluation adjustment	166
Foreign currency translation	96
At 30 June 2023	3,666

The fair values of listed securities are based on quoted market prices. Unquoted investments and royalty options are initially recognised using cost where fair value cannot be reliably determined. In the absence of an active market for these securities, the Group considers each unquoted security to ensure there has been no material change in the fair value since initial recognition.

Mining and exploration interests are held at fair value through other comprehensive income, with the effect that the gains and losses on disposal and impairment losses are transferred directly to retained earnings.

Total mining and exploration interests are represented by:

	30 June 2023 $'000	31 December 2022 $'000	30 June 2022 $'000
Quoted investments	1,074	988	914
Unquoted investments	2,592	2,495	2,504
	3,666	3,483	3,418
Number of investments	7	8	8

12 Non-current other receivables

	$'000
At 1 January 2022	39,127
Interest	1,145
Repayments of principal and interest	(2,588)
Amortisation of deferred costs	(9)
Expected credit losses	(211)
Revaluation of contingent consideration	3,559
Reclassification to current other receivables	(4,600)
Foreign currency translation	(1,238)
At 30 June 2022	**35,185**
Interest	998
Repayments of principal and interest	(2,414)
Amortisation of deferred costs	(8)
Contingent consideration recognised	5,544
Revaluation of contingent consideration	1,197
Reclassification to current other receivables	(2,990)
Impact of discounting	(783)
Expected credit losses	1,151
Foreign currency translation	(451)
At 31 December 2022	**37,429**
Interest	940
Repayments of principal and interest	(2,252)
Amortisation of deferred costs	(9)
Revaluation of contingent consideration	506
Reclassification to current other receivables	(3,579)
Foreign currency translation	209
At 30 June 2023	**33,243**

Denison Financing Agreement

In 2017, the Group completed a C$43.5m ($33.3m) financing and streaming agreement with Denison. The streaming agreement is classified as a royalty financial instrument (note 9), with an initial value of C$2.7m ($2.1m).

The financing agreement is structured as a 13-year secured loan of C$40.8m ($31.2m) with an interest rate of 10% per annum payable to the Group. The loan contains mandatory repayment provisions in any period where the equivalent toll revenues exceed the interest liability. Conversely, in any period when toll revenues are less than the interest payment, the shortfall is capitalised and carried forward to the next period. The loan principal, along with any capitalised interest, is repayable in full at maturity.

For the period ended 30 June 2023, the Group earned $0.9m in interest revenue and received total toll milling receipts of $1.3m, resulting in a principal repayment of $2.3m (30 June 2022: $1.1m in interest revenue and total toll milling receipts of $2.6m, resulting in a principal repayment of $1.5m).

The Group assesses the carrying value of the Denison financing agreement for expected credit losses over the next 12 months by making reference to the security held by the Group and the financial position of Denison at each reporting date. As at 30 June 2023, the provision for expected credit losses is nil (30 June 2022: $0.9m). As at 31 December 2022, the previously recognised expected credit losses of $0.9m were reversed due to the improved financial condition of Denison.

West Musgrave acquisition

As described in note 10, under the West Musgrave Royalty the Group is entitled to a A$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and measured at fair value through profit or loss ("FVTPL"). As at 30 June 2023, the fair value of the contingent consideration receivable is $6.3m (31 December 2022: $6.0m).

Narrabri disposal – deferred consideration and contingent consideration

As described in note 10, the Group disposed of its 1% gross revenue royalty over the Narrabri mine to the operator, Whitehaven Coal Limited, for fixed consideration of $21.6m of which $4.4m was received on completion with the balance payable in annual instalments until 31 December 2026 and further contingent consideration also payable over the period to 31 December 2026.

The Group assessed the carrying value of the deferred consideration for expected credit losses over the next 12 months by making reference to the security held by the Group and the financial position of Whitehaven Coal Limited. As at 30 June 2023 the provision for expected credit losses is nil (30 June 2022: $251,000). As at 31 December 2022, the previously recognised expected credit losses were reversed due to the improved financial condition of Whitehaven Coal Limited.

As at 30 June 2023, the total outstanding deferred consideration net of expected credit losses is $8m (31 December 2022: $12m), of which $2m (31 December 2022: $4m) is included in current trade and other receivables. The total fair value of the contingent consideration, including that due for the six months ended 30 June 2023 was $5.8m (31 December 2022: $6.7m) as detailed in note 10, of which $3.1m is included in current trade and other receivables (31 December 2022: $2.3m).

13 Borrowings

	30 June 2023 $'000	31 December 2022 $'000	30 June 2022 $'000
Secured borrowing at amortised cost			
Revolving credit facility	49,650	42,250	41,500
	49,650	42,250	41,500

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 4.

In conjunction with the Voisey's Bay cobalt stream acquisition, the Group repaid its borrowings in full and cancelled its existing facility in March 2021, before entering a new $180m revolving credit facility which was reduced to $150m following the completion of an equity placing.

To part finance the Voisey's Bay cobalt stream acquisition, the Group drew down $123.5m on the new facility. In 2022 the Group borrowed a further $43.2m to partially fund the completion payment due in relation to the acquisition of a portfolio of royalties as detailed in note 10.

In addition to consenting to the acquisition of the portfolio of royalties, the Group's lending syndicate agreed to maintain the revolving credit facility at $150m and would no longer require the previously scheduled $25m facility step down which was due in August 2022. The lending syndicate also agreed a $50m accordion feature for future acquisitions which can be drawn subject to lender consent.

In December 2022 the Group has exercised the option to extend the term of the facility by one year and as such the facility now has a maturity date of 24 February 2025. In addition to the extension, the Group's facility was restated to reflect the discontinuation of LIBOR, as a result the facility is now available at SOFR, SONIA or EURIBOR for drawings in US dollars, sterling and euros respectively, plus 2.75% to 4.50% depending on leverage ratios. The Group's facility is secured by way of a floating charge over the Group's assets and is subject to a number of financial covenants, all of which have been met during the period ended 30 June 2023.

The Directors consider that the carrying amount of the Group's borrowings approximates their fair value.

The Group's net debt position after offsetting interest bearing liabilities against cash and cash equivalents is as follows:

	30 June 2023 $'000	31 December 2022 $'000	30 June 2022 $'000
Revolving credit facility	(49,650)	(42,250)	(41,500)
Cash and cash equivalents	6,294	5,850	20,976
Net debt	(43,356)	(36,400)	(20,524)

14 Deferred tax

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30 June 2023 $'000	31 December 2022 $'000	30 June 2022 $'000
Deferred tax liabilities	(26,954)	(40,857)	(47,998)
Deferred tax assets	37,157	36,632	37,478
	10,203	(4,225)	(10,520)

The following are the major deferred tax liabilities/(assets) recognised by the Group and the movements thereon during the period:

	Revaluation of coal royalty $'000	Revaluation of royalty instruments $'000	Accrual of royalty receivable $'000	Other revaluations $'000	Other tax losses $'000	Total $'000
At 1 January 2022	25,340	1,802	5,469	-	(32,378)	233
Charge/(credit) to profit or loss	12,762	1,765	(775)	917	(1,305)	13,364
Charge/(credit) to other comprehensive income	-	(954)	-	-	-	(954)
Exchange differences	(1,883)	44	(246)	(38)	-	(2,123)
At 30 June 2022	36,219	2,657	4,448	879	(33,683)	10,520
Charge/(credit) to profit or loss	(4,411)	(2,667)	(1,334)	512	873	(7,027)
Charge/(credit) to other comprehensive income	-	564	-	-	-	564
Exchange differences	193	13	(53)	15	-	168
At 31 December 2022	32,001	567	3,061	1,406	(32,810)	4,225
Charge/(credit) to profit or loss	(13,146)	544	(281)	152	(97)	(12,828)
Charge/(credit) to other comprehensive income	-	(253)	-	-	-	(253)
Exchange differences	(630)	21	(79)	(42)	-	(730)
Effect of change in tax rate:	-	-	-	-	-	
- income statement	-	-	-	-	(617)	(617)
At 30 June 2023	18,225	879	2,701	1,516	(33,524)	(10,203)

Uncertain tax positions

The Group operates across many tax jurisdictions. Application of tax law can be complex and requires judgement to assess risk and estimate outcomes, particularly in relation to the Group's cross-border operations and transactions. The evaluation of tax risks considers both amended assessments received and potential sources of challenge from tax authorities. In some cases, it may not be possible to determine a range of possible outcomes or a reliable estimate of the potential exposure.

Tax matters with uncertain outcomes arise in the normal course of business and occur due to changes in tax law, changes in interpretation of tax law, periodic challenges and disagreement with tax authorities. Tax obligations assessed as having probable future economic outflows capable of reliable measurement are provided for. As at 30 June 2023 the Group recognised a provision for uncertain tax positions of $3.8m (30 June 2022: $3.1m; 31 December 2022: $4.0m).

During 2022 on advice from professional advisors, the Group undertook the capital restructuring of a number of subsidiaries with significant historical losses and impairment charges. This advice involved the interpretation of certain tax legislation for which there is no clear precedent or guidance. Absent clear guidance from relevant tax authorities there is the possibility that those tax authorities could interpret the legislation in a different way from the Group. Should the relevant tax authorities interpret the legislation in a different way from the Group, this could result in an additional income tax charge of $5.5m.

The Group does not currently have any material unresolved tax matters or disputes with tax authorities. Recent changes to and the interpretation of tax legislation in certain jurisdictions where the Group has established structures may however, be a potential source of challenge from tax authorities. Due to the complexity of changes in international tax legislation, the Group has taken local advice and has recognised provisions where necessary. None of these provisions are material in relation to the Group's assets or liabilities.

15 Trade and other payables

	30 June 2023 $'000	31 December 2022 $'000	30 June 2022 $'000
Current			
Other taxation and social security payables	162	36	43
Trade payables	202	505	220
Accruals and other payables	2,212	3,409	1,850
Lease liability	323	323	-
Deferred income	5,904	5,359	2,046
Deferred and contingent consideration	27,500	36,667	2,373
	36,303	46,299	6,532

On 13 April 2022, the Supreme Court of Western Australia handed down a favourable judgment in relation to the Group's legal dispute with Quasar Resources Pty Ltd ('Quasar'), the owner of the Four Mile uranium mine over which the Group has a 1% net smelter return royalty. The judgement ruled that none of the processes at the Beverley plant or Four Mile mine amount to refining which means that Quasar have wrongly claimed charges, costs and penalties that were for, or related to the extraction or processing of uranium ore into yellowcake or uranium concentrate as "Allocable Charges".

Quasar were ordered to pay A$2.7m in additional royalties and interest in the amount of A$0.3m for the original claim which runs from Q4 2015 to Q4 2018. The funds for the judgement amount were received in May 2022. Prior to paying the original judgement amount, Quasar lodged an appeal. As a result, the judgement amount received has been and will remain classified as deferred income until the appeal is decided and the Group's entitlement to the monies becomes irrevocable. The appeal was heard in August 2023 and at the date of this report the judgement has not yet been received.

On 15 August 2022, the parties entered into a settlement agreement, which required Quasar to pay A$3.1m plus interest in respect of the underpaid royalties during the period Q1 2019 to Q4 2021, which was not covered by the original claim. The settlement agreement calculates the royalties in line with the judgement in relation to the original claim. Under the terms of the settlement agreement, should Quasar's appeal be successful, the settlement amounts will be repaid with interest. The settlement payment has been and will remain classified as deferred income similar to the judgement amount, until the appeal is decided and the Group's entitlement to the monies becomes irrevocable.

As at 30 June 2023 and 31 December 2022, current deferred consideration payable is in relation to the acquisition of West Musgrave as detailed in note 10. As at 30 June 2022, current deferred and contingent consideration payable related to the acquisition of Voisey's Bay as detailed in note 8.

16 Share capital, share premium and merger reserve

	Number of shares	Share capital $'000	Share premium $'000	Merger reserve $'000	Total $'000
Group and Company					
Ordinary shares of 2p each at 1 January 2022	**213,780,759**	**5,706**	**87,883**	**94,847**	**188,436**
Utilisation of shares held in treasury on exercise of employee options (a)	453,307	12	-	-	12
Ordinary shares of 2p at 30 June 2022	**214,234,066**	**5,718**	**87,883**	**94,847**	**188,448**
Issue of share capital as consideration for acquisition (b)	43,622,091	1,043	81,329	-	82,372
Ordinary shares of 2p at 31 December 2022	**257,856,157**	**6,761**	**169,212**	**94,847**	**270,820**
Utilisation of shares held in treasury on exercise of employee options (c)	47,244	1	-	-	1
Ordinary shares of 2p at 30 June 2023	**257,903,401**	**6,762**	**169,212**	**94,847**	**270,821**

(a) On 21 February 2022, the Company utilised 19,974 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Share Ownership Plan. On 25 February 2022, the Company utilised a further 433,333 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Unapproved Share Option Plan.

(b) On 19 July 2022, the Company issued 43,622,091 new ordinary shares of 2p each to South32 as partial consideration for the acquisition of a high-quality portfolio of royalties over advanced development stage copper and nickel projects (note 10).

(c) On 26 February 2023, the Company utilised 47,244 ordinary shares of 2p each from treasury, to settle awards to employees under the Deferred Share Bonus Plan that had vested.

17 Segment information

The Group's chief operating decision maker is considered to be the Executive Committee. The Executive Committee evaluates the financial performance of the Group based on a portfolio view of its individual royalty arrangements. Royalty income and its associated impact on operating profit is the key focus of the Executive Committee. The income from royalties is presented based on the jurisdiction in which the income is deemed to be sourced as follows:

Australia:	Kestrel, Four Mile, Pilbara, West Musgrave, Nifty
Americas:	Voisey's Bay, McClean Lake, Mantos Blancos, Maracás Menchen, LIORC, Ring of Fire, Piauí, Canariaco, Ground Hog, Flowstream, Carlota, Santo Domingo
Europe:	EVBC, Salamanca
Other:	Dugbe I, Corporate and also includes the Group's mining and exploration interests (excluding Flowstream)

The following is an analysis of the Group's results by reportable segment. The key segment result presented to the Executive Committee for making strategic decisions and allocation of resources is operating profit as analysed below.

The segment information provided to the Executive Committee for the reportable segments for the six months ended 30 June 2023 is as follows (noting that total segment operating profit corresponds to operating profit before impairments and revaluations which is reconciled to profit/loss before tax on the face of the consolidated income statement):

	Australia Royalties $'000	Americas Royalties $'000	Europe Royalties $'000	All other segments $'000	Total $'000
Royalty and stream related revenue	32,427	10,308	-	-	42,735
Amortisation and depreciation of royalties and streams	(47)	(4,618)	-	-	(4,665)
Mineral streams cost of sales	-	(725)	-	-	(725)
Operating expenses	(2,060)	(59)	-	(2,844)	(4,963)
Total segment operating profit/(loss)	30,320	4,905	-	(2,844)	32,382
Total segment assets	193,619	413,021	-	12,433	619,073
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	-	-	54	54
Total segment liabilities	78,804	54,185	-	7,022	140,011

The segment information provided to the Executive Committee for the reportable segments for the six months ended 30 June 2022 is as follows:

	Australia Royalties $'000	Americas Royalties $'000	Europe Royalties $'000	All other segments $'000	Total $'000
Royalty and stream related revenue	71,668	21,503	-	-	93,171
Amortisation and depreciation of royalties and streams	(51)	(5,709)	-	-	(5,760)
Mineral streams cost of sales	-	(3,160)	-	-	(3,160)
Operating expenses	(2,023)	(84)	-	(2,879)	(4,986)
Total segment operating profit/(loss)	69,594	12,550	-	(2,879)	79,265
Total segment assets	168,321	344,497	12,686	17,527	543,031
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	-	-	16	16
Total segment liabilities	58,710	49,741	3,035	3,735	115,221

The segment information for the twelve months ended 31 December 2022 is as follows:

	Australia Royalties $'000	Americas Royalties $'000	Europe Royalties $'000	All other segments $'000	Total $'000
Royalty and metal stream related revenue	108,214	33,656	-	-	141,870
Amortisation and depletion of royalties and streams	(97)	(9,254)	-	-	(9,351)
Metal streams cost of sales	-	(4,265)	-	-	(4,265)
Operating expenses	(4,399)	(272)	-	(6,178)	(10,849)
Total segment operating profit/(loss)	103,718	19,866	-	(6,178)	117,406
Total segment assets	247,758	419,812	-	11,366	678,936
Total assets include:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	96,062	95,271	-	3,206	194,539
Total segment liabilities	119,960	47,316	-	8,055	175,332

The amounts provided to the Executive Committee with respect to total segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the Executive Committee with respect to total segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The royalty related income in Australia for the six months ended 30 June 2023 of $32.4m (2021: $71.7m) is substantially derived from the Kestrel royalty, which generated $31.8m for the six months ended 30 June 2023 (2022: $70.9m). The royalty and stream related income derived from the Kestrel royalty represent greater than 10% of the Group's revenue for the six months ended 30 June 2023 and 30 June 2022.

The royalty related income from the Americas for the six months ended 30 June 2023 of $10.3m (2022: $21.5m) is substantially derived from the Voisey's Bay metal stream sales of $3.1m (2022: $13.9m), Mantos Blancos royalties of $3.3m (2022: $3.1m) and dividends received from the Group's investment in LIORC of $0.9m (2021: $1.1m). The stream related income derived from the Group's Voisey's Bay metal stream represents greater than 10% of the Group's revenue for the period ended 30 June 2022.

18 Free cash flow

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 4.

The structure of a number of the Group's royalty financing arrangement, such as the Denison transaction completed in February 2017, result in a significant amount of cash flow being reported as principal repayments, which are not included in the income statement. As the Group considers dividend cover by reference to both adjusted earnings per share and the free cash flow generated by its assets, management have determined that free cash flow per share is a key performance indicator.

Free cash flow per share is calculated by dividing net cash generated from operating activities, proceeds from the disposal of non-core assets and repayments under commodity related financing agreements, less finance costs paid, by the weighted average number of shares in issue.

	2023 $'000	Free cash flow per share c
Net cash generated from operating activities		
Net cash generated from operating activities for the period ended 30 June 2023	18,293	
Adjustment for:		
Proceeds on disposal of mining and exploration interests	79	
Finance income	3	
Finance costs	(2,164)	
Repayments under commodity related financing agreements	1,312	
Free cash flow for the period ended	17,523	6.79c

	2022 $'000	Free cash flow per share c
Net cash generated from operating activities		
Net cash generated from operating activities for the period ended 30 June 2022	80,810	
Adjustment for:		
Proceeds on disposal of mining and exploration interests	1,265	
Finance income	1	
Finance costs	(1,675)	
Repayments under commodity related financing agreements	1,443	
Free cash flow for the period ended	81,844	38.25c

The weighted average number of shares in issue for the purpose of calculating the free cash flow per share is as follows:

	30 June 2023	30 June 2022
Weighted average number of shares in issue	257,888,523	213,971,106

19 Financial risk management

The Group's principal treasury objective is to provide sufficient liquidity to meet operational cash flow and dividend requirements and to allow the Group to take advantage of new growth opportunities whilst maximising shareholder value. The Group's activities expose it to a variety of financial risks including liquidity risk, credit risk, foreign exchange risk and price risk. The Group operates controlled treasury policies which are monitored by management to ensure that the needs of the Group are met while minimising potential adverse effects of unpredictability of financial markets on the Group's financial performance.

Financial instruments

The Group held the following investments in financial instruments (this includes investment properties):

	30 June 2023 $'000	31 December 2022 $'000	30 June 2022 $'000
Investment property (held at fair value)			
Coal royalties (Kestrel)	60,748	106,669	120,730
Fair value through other comprehensive income			
Royalty financial instruments	24,203	25,590	22,697
Mining and exploration interests	3,666	3,483	3,418
Fair value through profit or loss			
Royalty financial instruments	19,833	18,290	28,056
Contingent consideration – receivable	12,131	12,650	6,744
Cash at bank and on hand	6,294	5,850	20,976
Financial assets at amortised cost			
Trade and other receivables	38,285	45,177	55,975
Contingent consideration – receivable	669	681	629
Financial liabilities at amortised cost			
Trade and other payables	202	505	220
Borrowings	49,650	42,250	41,500
Deferred consideration	27,500	45,834	-
Contingent consideration – payable	-	-	2,373
Lease liability	3,025	3,275	769
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	-	32	129
Contingent consideration – payable	10,569	10,058	2,419

Cash and cash equivalents comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair value.

The Directors consider that the carrying amount of trade and other receivables and trade and other payables approximates their fair value.

Liquidity and funding risk

The objective of the Group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. As at 30 June 2023, the Group had borrowings of $49.65m (31 December 2022: $42.25m; 30 June 2022: $41.5m) and cash and cash equivalents of $6.3m (31 December 2022: $5.9m; 30 June 2022: $20.9m).

Subsequent to the period end, the Group made partial repayments totalling $5.7m of these borrowings and borrowed a further $33.7m mainly to fund the acquisition of the Vizcachitas royalty detailed in note 23, as well as an instalment of deferred consideration related to the West Musgrave royalty acquired from South32 Royalty Investments Pty Ltd in July 2022 as detailed in note 10. As a result of these transactions, total borrowings under the Group's revolving credit facility as of the date of this report are $77.7m. Subject to continued covenant compliance, the Group has access to a further $72.3m through its secured $150m revolving credit facility as at the date of this report. Further details on the Group's revolving credit facility are included in note 13.

Credit risk
The Group's principal financial assets are bank balances, royalty financial instruments (excluding the investment in LIORC), trade and other receivables. These represent the Group's maximum exposure to credit risk in relation to financial assets and total $77.2m at 30 June 2023 (31 December 2022: $83.1m; 30 June 2022: $112.4m).

Foreign exchange risk
The Group's transactional foreign exchange exposure arises from income, expenditure and purchase and sale of assets denominated in foreign currencies. With royalty income from Kestrel accounting for over 75% of the Group's income (30 June 2022: 76%), the Group's primary foreign exchange exposure is to the Australian dollar, in which these royalties are denominated. In addition to the Group's exposure to the Australian dollar, it is also exposed to the Canadian dollar through the royalty related revenue from LIORC and McClean Lake which is denominated in Canadian dollars and accounted for 4.2% of the Group's income (30 June 2022: 2.4%).

The Group's hedging policy allows foreign exchange forward contracts to be entered into with a maximum exposure of 70% of forecast Australian and Canadian dollar denominated royalty revenue expected to be received during a period not exceeding 12 months from contract date to settlement. There are no outstanding forward contracts at 30 June 2023 (30 June 2022: outstanding contracts valued at $129,000).

Price risk
The royalty and metal stream portfolio exposes the Group to other price risks through fluctuations in commodity prices, particularly the prices of coking coal, cobalt, vanadium, copper, iron ore, gold and uranium. As the Directors obtain independent commodity price forecasts, the generation of which takes into account fluctuations in prices, limited analysis of the impact of fluctuations on the valuations of the royalties has been undertaken – refer to note 7.

In addition to the commodity price risk, the Group is exposed to share price risk in respect of its mining and exploration interests (note 11) which include listed and unlisted equity securities, together with its investment in LIORC which is classified as a royalty financial instrument (note 9). No specific hedging activities are undertaken in relation to these interests and the voting rights arising from these equity instruments are utilised in the Group's favour.

Fair value hierarchy

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The following tables present the Group's assets and liabilities that are measured at fair value at 30 June 2023:

Group	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets					
Coal royalties (Kestrel)	(a)	-	-	60,748	60,748
Royalty financial instruments	(b)	24,203	-	19,833	44,036
Mining and exploration interests - quoted	(c)	1,074	-	-	1,074
Mining and exploration interests - unquoted	(d)	-	2,592	-	2,592
Contingent consideration – receivable	(e)	-	-	12,131	12,131
Cash at bank and in hand	(f)	6,294	-	-	6,294
Liabilities					
Contingent consideration - payable	(g)	-	-	(10,569)	(10,569)
Net fair value		31,571	2,592	82,143	116,306

The following tables present the Group's assets and liabilities that are measured at fair value at 30 June 2022:

Group	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets					
Coal royalties (Kestrel)	(a)	-	-	120,730	120,730
Royalty financial instruments	(b)	22,697	-	28,056	50,753
Mining and exploration interests - quoted	(c)	914	-	-	914
Mining and exploration interests - unquoted	(d)	-	2,504	-	2,504
Contingent Consideration - receivable	(e)	-	-	6,744	6,744
Cash at bank and in hand	(f)	20,976	-	-	20,976
Liabilities					
Contingent consideration - payable	(g)	-	-	(2,419)	(2,419)
Derivative financial instruments	(h)	-	(129)	-	(129)
Net fair value		44,587	2,375	153,111	200,073

The following tables present the Group's assets and liabilities that are measured at fair value at 31 December 2022:

Group	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets					
Coal royalties (Kestrel)	(a)	-	-	106,669	106,669
Royalty financial instruments	(b)	25,590	-	18,290	43,880
Mining and exploration interests - quoted	(c)	988	-	-	988
Mining and exploration interests - unquoted	(d)	-	2,495	-	2,495
Contingent consideration – receivable	(e)	-	-	12,650	12,650
Cash at bank and in hand	(f)	5,850	-	-	5,850
Liabilities					
Contingent consideration - payable	(g)	-	-	(10,058)	(10,058)
Financial derivative instruments	(h)	-	(32)	-	(32)
Net fair value		32,428	2,463	127,551	162,442

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purposes of measuring fair value of royalty financial instruments gives more prominence to the probability of production by applying a risk weighting to the discounted net present value outcome in order to fully reflect the risk that the operation never comes into production, rather than factoring this risk into the discount rate applied to the future cash flow.

(a) Coal royalties (investment property)

The Group's coal royalties derive from its ownership of certain sub-stratum land in Queensland, Australia. In accordance with IAS 40, this land is revalued at each reporting date on the basis of future expected income discounted at 10.5% (30 June 2022: 10% and 31 December 2022: 10.5%) by an independent valuation consultant. See note 7 for further details. All unobservable inputs are obtained from third parties.

(b) Royalty financial instruments

The Group's royalty financial instruments comprise of the investment in LIORC and the McClean Lake streaming agreement, together with the NSR and GRR royalties over EVBC, Dugbe 1 and Piauí as detailed in note 9.

At the reporting date, the fair value of the Group's investment in LIORC has been determined by reference to the quoted bid price of the instrument. As LIORC has a quoted share price in an active market, it has been categorised as level 1 in the fair value hierarchy.

The Group's remaining royalty financial instruments are valued based on the net present value of pre-tax cash flows discounted at a rate between 10.00% and 31.50% at reporting date. The discount rate of each royalty arrangement is derived using a capital asset pricing model specific to the underlying project, making reference to the risk-free rate of return expected on an investment with the same time horizon as the expected mine life, together with the country risk associated with the location of the operation.

For those royalty financial instruments not in production, the outcome of this net present value calculation is then risk weighted to reflect management's current assessment of the overall likelihood and timing of each project coming into production and royalty income arising. This assessment is impacted by news flow relating to the underlying operation in the period, in conjunction with management's assessment of the economic viability of the project based on commodity price projections.

The table below outlines the discount rate and risk weighting applied in the valuation of the Group's royalty financial instruments:

		30 June 2023		31 December 2022		30 June 2022	
	Classification	Discount Rate	Risk Weighting	Discount Rate	Risk Weighting	Discount Rate	Risk Weighting
EVBC	Fair Value through Profit or Loss	13.00%	0%	13.00%	0%	12%	100%
Dugbe 1	Fair Value through Profit or Loss	31.50%	32.50%	31.50%	32.50%	26.5%	42.5%
McLean Lake	Fair Value through Profit or Loss	10.00%	60%	10.00%	60%	10%	50%
Piaui	Fair Value through Profit or Loss	18.50%	55% - 100%	18.50%	55% - 100%	17%	45%-100%

The Group has reviewed the impact on the carrying value of its royalty financial instruments and does not consider a +/- 1% change in the discount rate or a +/- 10% change in the underlying commodity prices to have a material impact.

(c) Mining and exploration interests – quoted

All the quoted mining and exploration interests have been issued by publicly traded companies in well-established security markets. Fair values for these securities have been determined by reference to their quoted bid prices at the reporting date.

(d) Mining and exploration interests – unquoted

All the unquoted mining and exploration interests are initially recognised using cost as the best approximation of fair value. The Group notes any trading activity in the unquoted instruments and will value its holding accordingly. At present, the Group holds these investments with a view to generating future royalties and there is no present intention to sell. The vast majority of these are investments which the Group anticipates a realistic possibility of a future listing.

(e) Contingent Consideration - receivable

Contingent consideration – receivable, relates to the West Musgrave royalty intangible purchased on 19 July 2022 and the sale of the Narrabri royalty intangible completed on 31 December 2021 (note 10).

Under the West Musgrave royalty, the Group is entitled to a A$10m payment on commercial production being achieved at West Musgrave, which is distinct from and separate to the net smelter return royalty and is accounted for as a financial asset and is carried at fair value based on the net present value of the discounted future cash flows estimated based on the expected start of commercial production. The financial asset in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in profit or loss.

In relation to the disposal of Narrabri, the Group may receive additional consideration following state and federal government approvals in Australia of the Narrabri South extension for the period from completion date until 31 December 2026, together with price and volume linked consideration. The contingent consideration has been classified as a financial asset that is carried at fair value based on the net present value of the discounted future cash flows estimated based on the probability of the Narrabri South extension being approved and the forward-looking thermal coal prices and expected production volumes. The financial asset in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in profit or loss over the period to 31 December 2026 during which the additional consideration may be received.

(f) Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Contingent consideration – payable

Contingent consideration – payable, relates to the acquisition of the West Musgrave royalty intangible in on 19 July 2022 (note 10) and Voisey's Bay metal stream completed on 11 March 2021 (note 8).

In relation to the acquisition of the West Musgrave royalty intangible the Group may become liable for additional consideration payments for the period from commencement of production to 30 June 2027, determined by reference to minimum production thresholds and nickel prices. This contingent consideration has been classified as a financial liability that is carried at fair value based on the net present value of the discounted future cash outflows estimated based on forward looking nickel prices and expected production volumes. The financial liability in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in carrying value of royalty intangible and amortised at straight line over the life of the mine.

In relation to the acquisition of Voisey's Bay metal stream for the period from completion date until 30 June 2025, the Group may become liable for additional consideration payments determined by reference to minimum production thresholds and cobalt prices. This contingent consideration has been classified as a financial liability that is carried at fair value based on the net present value of the discounted future cash outflows estimated based on forward looking cobalt prices and expected production volumes. The financial liability in relation to the contingent consideration will be remeasured at each reporting date, with movements recognised in carrying value of metal stream and depreciated on a unit-of-production basis over the total expected deliveries to be received.

(h) Derivative financial instruments

The derivative financial instruments consist of foreign exchange forward contracts entered into to hedge the Group's Australian and Canadian dollar royalty related income. At reporting date, the foreign exchange forward contracts are valued based on the net present value of the discounted future cash flows estimated based on forward exchange rates and contract forward rates, discounted at rates that reflect the credit risk of various counterparties.

Fair value measurements in Level 3

The Group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data.

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2023.

	Royalty financial instruments	Coal royalties (Kestrel)	Contingent consideration - receivable	Contingent consideration - acquisitions	Total
	$'000	$'000	$'000	$'000	$'000
At 1 January 2023	18,291	106,668	12,650	(10,058)	127,551
Revaluation gains or losses recognised in:					
Income statement	3,011	(43,820)	506	-	(40,303)
Royalty Intangible and Metal Stream				(798)	(798)
Royalties due or received from royalty financial instruments	(1,170)	-	-	-	(1,170)
Reclassified to current receivables/payables	-	-	(669)	-	(669)
Foreign currency translation	(299)	(2,101)	(356)	287	(2,469)
At 30 June 2023	19,833	60,748	12,131	(10,569)	82,143

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2022.

	Royalty financial instruments	Coal royalties (Kestrel)	Contingent consideration - receivable	Contingent consideration - acquisitions	Total
	$'000	$'000	$'000	$'000	$'000
At 1 January 2022	23,297	84,465	4,018	(1,534)	110,246
Revaluation gains or losses recognised in:					
Income statement	7,002	42,327	3,713	(3,193)	49,849
Royalties due or received from royalty financial instruments	(1,326)	-	-	-	(1,326)
Reclassified to current receivables/payables	-	-	(629)	2,373	1,744
Effective interest	-	-	-	(65)	(65)
Foreign currency translation	(917)	(6,062)	(358)	-	(7,337)
At 30 June 2022	28,056	120,730	6,744	(2,419)	153,111

The following table presents the changes in Level 3 instruments for the year ended 31 December 2022.

	Royalty financial instruments $'000	Coal royalties (Kestrel) $'000	Contingent consideration - receivable $'000	Contingent consideration - acquisitions $'000	Total $'000
At 1 January 2022	23,297	84,465	4,018	(1,534)	110,246
Fair value on initial recognition	-	-	5,544	(9,311)	(3,767)
Contingent consideration - paid/(received)	-	-	(629)	2,373	1,744
Effective interest	-	-	-	(169)	(169)
Revaluation gains or losses recognised in:					
Income statement	(1,373)	27,833	4,083	-	26,952
Royalty Intangible and Metal Stream	-	-		(1,497)	1,783
Royalties due or received from royalty financial instruments	(2,782)	-	-	-	(2,782)
Foreign currency translation	(852)	(5,629)	(366)	80	(6,456)
At 31 December 2022	18,290	106,669	12,650	(10,058)	127,551

There have been no transfers into or out of Level 3 in any of the reporting periods.

The Group measures its entitlement to the royalty income and any optionality embedded within the royalty instruments using discounted cash flow models. In determining the discount rate to be applied, management considers the country and sovereign risk associated with the projects, together with the time horizon to the commencement of production and the success or failure of projects of a similar nature.

20 Portfolio contribution

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including the definitions, please refer to page 4.

Portfolio contribution represents the funds received or receivable from the Group's underlying royalty and stream related assets. A number of the Group's royalty financing arrangements result in a significant amount of cash flow being reported as principal repayments, which are not included in the income statement. In addition, following the adoption of IFRS 9, royalty receipts from those royalty financial instruments classified as FVTPL such as EVBC, are no longer recognised in the income statement. The Group considers total portfolio contribution as a means of assessing the overall performance of the Group's underlying royalty and metal stream related assets.

Portfolio contribution is royalty and stream related revenue (note 2), less metal stream cost of sales, plus royalties received or receivable from royalty financial instruments carried at FVTPL (note 9) and principal repayment received under the Denison financing agreement (note 12) as follows:

	Six months ended	
	30 June 2023 $'000	30 June 2022 $'000
Royalty and stream related revenue (note 2)	42,735	93,171
Royalties due or received from royalty financial instruments (note 9)	1,170	1,326
Repayments under commodity related financing agreements (note 12)	1,312	1,443
Mineral streams cost of sales	(725)	(3,160)
	44,492	92,780

Metal streams costs of sales represent the cost of cobalt purchases under the Voisey's Bay stream agreement, marketing costs and insurance. The cost of cobalt purchases is 18% of an industry cobalt reference price until the original upfront amount paid for the stream, by its original holder, of US$300m is reduced to nil (through accumulating credit from 82% of the cobalt reference price), increasing to 22% thereafter.

21 Related party transactions

The Group received £20,459 from Audley Capital Advisors LLP, a company of which Mr J.A. Treger, former Chief Executive Officer, is both a director and shareholder, for the subletting of office space during the period ended 30 June 2022. Transactions with Audley Capital Advisors have ceased since Mr J.A. Treger's resignation on 31 March 2022.

22 Share-based payments

On 21 February 2022, the Company utilised 19,974 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Share Ownership Plan. On 25 February 2022, the Company utilised a further 433,333 ordinary shares of 2p each from treasury, following the exercise of options awarded to employees under the Company's Unapproved Share Option Plan.

On 26 February 2023, the Company utilised 47,244 ordinary shares of 2p each from treasury, to settle awards to employees under the Deferred Share Bonus Plan that had vested.

23 Events occurring after period end

Incoa financing agreement amendment
On 26 July 2023, the Group together with Orion Mineral Royalty Fund LP – Series 1 and Orion Mineral Royalty Fund LP – Overflow Series 1 (collectively "Orion"), amended the financing agreement with Incoa Performance Minerals LLC and certain of its affiliates ("Incoa") originally entered into on 2 March 2020, which will fund the construction of Incoa's calcium carbonate mine and associated infrastructure in the Dominican Republic as well as a processing facility located in Mobile, Alabama, in the United States of America.

Under the amended agreement, in return for quarterly payments of approximately 1.23% of Incoa's gross revenue royalty, the Group will provide $20m in funding once the operation is in production and generating cash flow. This additional capital will enable Incoa to bring its ground calcium carbonate products to market.

The Group's obligation to advance the $20m in funding under the financing agreement is subject to a number of conditions, including Incoa's successful construction and operation of the project by 31 January 2025. Should the conditions precedent not be satisfied by the 30 April 2025, the Group's obligation to advance funding under the financing agreement will be terminated. Until the conditions precedent to funding have been satisfied a liability will not be recognised on the balance sheet.

Royalty portfolio acquisition
On 3 August 2023 the Group completed the acquisition of a 0.25% Net Smelter Return royalty over all metal production from the open pit of the Vizcachitas copper project in Chile, owned by Los Andes Copper Ltd for a total cash consideration of $20 million.

Four Mile litigation
In relation to the Group's dispute with the owner of the Four Mile mine, as detailed in note 15, on 10 August 2023 the appeal hearing initiated by Quasar took place. At the date of this report the judgement has not yet been received.

24 Availability of financial statements

This statement will be sent to shareholders and will be available at the Group's registered office at Kent House, 3rd Floor North, 14-17 Market Place, London W1W 8AJ.

Responsibility statement

The Directors are responsible for preparing the Interim Results for the six months ended 30 June 2023 in accordance with applicable law, regulations and accounting standards. In preparing the condensed interim Financial Statements, the Directors are responsible for ensuring that they give a true and fair view of the state of affairs of the Group at the end of the period and the profit or loss of the Group for that period, as required by DTR 4.2.4R.

The Directors confirm that the condensed interim Financial Statements have been prepared in accordance with United Kingdom adopted IAS 34 'Interim Financial Reporting' and that the Interim Results includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed interim Financial Statements, and a description of principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions for the first six months of the year and any material changes in the related party transactions described in the last annual report.

The Directors are listed in the Group's 2022 Annual Report and Accounts. A list of the current Directors is maintained on the Ecora Resources website: www.ecora-resources.com. The maintenance and integrity of this website is the responsibility of the Directors.

On behalf of the Board

M. Bishop Lafleche
Chief Executive Officer
4 September 2023

INDEPENDENT REVIEW REPORT TO Ecora Resources plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 24.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor

London, United Kingdom
4 September 2023

Cautionary statement on forward-looking statements and related information

Certain statements in this announcement, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Group's expectations and views of future events. Forward-looking statements (which include the phrase 'forward-looking information' within the meaning of Canadian securities legislation) are provided for the purposes of assisting readers in understanding the Group's financial position and results of operations as at and for the periods ended on certain dates, and of presenting information about management's current expectations and plans relating to the future. Readers are cautioned that such forward-looking statements may not be appropriate other than for purposes outlined in this announcement. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, cash flow, requirement for and terms of additional financing, performance, prospects, opportunities, priorities, targets, goals, objectives, strategies, growth and outlook of the Group including the outlook for the markets and economies in which the Group operates, costs and timing of acquiring new royalties and making new investments, mineral reserve and resources estimates, estimates of future production, production costs and revenue, future demand for and prices of precious and base metals and other commodities, for the current fiscal year and subsequent periods.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'plans', 'believes', 'estimates', 'seeks', 'intends', 'targets', 'projects', 'forecasts', or negative versions thereof and other similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: the stability of the global economy; the stability of local governments and legislative background; the relative stability of interest rates; the equity and debt markets continuing to provide access to capital; the continuing of ongoing operations of the properties underlying the Group's portfolio of royalties, streams and investments by the owners or operators of such properties in a manner consistent with past practice; no material adverse impact on the underlying operations of the Group's portfolio of royalties, streams and investments from a global pandemic; the accuracy of public statements and disclosures (including feasibility studies, estimates of reserve, resource, production, grades, mine life and cash cost) made by the owners or operators of such underlying properties; the accuracy of the information provided to the Group by the owners and operators of such underlying properties; no material adverse change in the price of the commodities produced from the properties underlying the Group's portfolio of royalties, streams and investments; no material adverse change in foreign exchange exposure; no adverse development in respect of any significant property in which the Group holds a royalty or other interest, including but not limited to unusual or unexpected geological formations and natural disasters; successful completion of new development projects; planned expansions or additional projects being within the timelines anticipated and at anticipated production levels; and maintenance of mining title.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions, which could cause actual results to differ materially from those anticipated, estimated or intended in the forward-looking statements. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. No statement in this communication is intended to be, nor should it be construed as, a profit forecast or a profit estimate.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate; that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Group's control, affect the operations, performance and results of the Group, its businesses and investments, and could cause actual results to differ materially from those suggested by any forward-looking information. Such risks and uncertainties include, but are not limited to current global financial conditions, royalty, stream and investment portfolio and associated risk, adverse development risk, financial viability and operational effectiveness of owners and operators of the relevant properties underlying the Group's portfolio of royalties, streams and investments; royalties, streams and investments subject to other rights, and contractual terms not being honoured, together with those risks identified in the 'Principal Risks and Uncertainties' section of our most recent Annual Report, which is available on our website. If any such risks actually occur, they could materially adversely affect the Group's business, financial condition or results of operations. Readers are cautioned that the list of factors noted in the section herein entitled 'Risk' is not exhaustive of the factors that may affect the Group's forward-looking statements. Readers are also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

The Group's management relies upon this forward-looking information in its estimates, projections, plans and analysis. Although the forward-looking statements contained in this announcement are based upon what the Group believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements made in this announcement relate only to events or information as of the date on which the statements are made and, except as specifically required by applicable laws, listing rules and other regulations, the Group undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

This announcement also contains forward-looking information contained and derived from publicly available information regarding properties and mining operations owned by third parties. This announcement contains information and statements relating to the Kestrel mine that are based on certain estimates and forecasts that have been provided to the Group by Kestrel Coal Pty Ltd ("KCPL"), the accuracy of which KCPL does not warrant and on which readers may not rely.