RNS Number : 2809X
Great Southern Copper PLC
25 August 2022

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED, ("MAR") AND IS DISCLOSED IN ACCORDANCE WITH THE COMPANY'S OBLIGATIONS UNDER ARTICLE 17 OF MAR. ON PUBLICATION OF THIS ANNOUNCEMENT, THIS INFORMATION IS CONSIDERED TO BE IN THE PUBLIC DOMAIN.

25 August 2022

**Great Southern Copper plc**

**("Great Southern Copper ", the "Group" or the "Company")**

**Full Year Results**

**Publication of Annual Report and Notice of AGM**

Great Southern Copper plc (LSE: GSCU), the company focused on copper-gold exploration in Chile, announces its results for the year ended 31 March 2022.

## Highlights

- Raised c£3.5 million through successful IPO on the London Stock Exchange in December 2021
- Ground-Based Magnetic Survey completed at San Lorenzo project in Chile, to facilitate the definition and modelling of various drill targets
- Trench sampling results confirmed the potential for large scale Multi-Target Porphyry style Cu-Au mineralisation at San Lorenzo

*Post Period:*

- On 6 April, commenced exploration campaign at Especularita, targeting porphyry-epithermal style Cu-Au mineralisation
- On 23 May 2022 received ground magnetic data that identified multiple shallow and buried targets for follow-up exploration at the San Lorenzo project.
- On 11 July 2022 commenced reconnaissance diamond drilling at San Lorenzo, which targeted four individual prospect zones.

**Sam Garrett, Chief Executive Officer of Great Southern Copper, said:** "We are pleased to report our first set of full year results following our successful admission to the London Stock Exchange in December 2021. Since the listing, we have made good progress across our projects, advancing our exploration programmes at the San Lorenzo and Especularita projects in Chile.

"There are strong, long-term drivers for copper, where the demand for a secure, stable, supply will be critical to the decarbonisation of the global economy. As well as advancing our exploration assets we are also working diligently to identify and secure other potential projects that would strengthen our portfolio and generate value for shareholders."

## Annual Report and Accounts and Notice of Annual General Meeting ("AGM")

The Company will shortly be publishing its Annual Report and Accounts including a Notice of AGM. These will be made available on the Company's website at https://gscplc.com. The Notice of AGM and form of proxy, along with the Company's Annual Report and Accounts for the year ended 31 March 2022 will be posted to shareholders today. The AGM is to be held at Salisbury House, London Wall, London EC2M 5PS on Tuesday 27 September 2022 at 11:30 a.m.

**Enquiries:**

| | |
|---|---|
| **Great Southern Copper plc** | |
| Sam Garrett, Chief Executive Officer | +44 (0)20 3488 7510 |
| | |
| **SI Capital Limited** | |
| Nick Emerson | +44 (0)14 8341 3500 |
| | |
| **Gracechurch Group** | |
| Harry Chathli, Alexis Gore, Tan Siddique | +44 (0)20 3488 7510 |

**About Great Southern Copper**

Great Southern Copper is a mineral exploration company focused on copper-gold deposits in Chile. The Company has the option to acquire rights to 100% of two projects that are prospective for large porphyry style copper-gold deposits in the underexplored coastal belt of Chile, a globally significant mining jurisdiction and the world's largest copper producer.

The two projects comprise the San Lorenzo Project, northeast of the coastal town of La Serena in northern Chile, and the Especularita Project located approximately 170km to the south of the San Lorenzo project. The two early-stage Cu-Au projects are within the same metallogenic belt as major coastal producing operations including Teck's Andacollo copper and gold mine. Significant historical small-scale and artisanal workings for both copper and gold are readily evident in both exploration project areas.

Great Southern Copper is strategically positioned to support the global market for copper, a key metal in the clean energy transition around the world. The Company is planning an exploration and evaluation two-year work programme for the copper-gold projects, targeting principally large tonnage, low to medium grade porphyry style Cu-Au deposits.

**Chairman's Statement**

As Chairman of Great Southern Copper plc, a mineral exploration company focused on the discovery of copper-gold resources in the coastal metallogenic belt of Chile, I am delighted to be able to introduce our first set of results as a public company for the year ended 31 March 2022.

In December 2021, Great Southern Copper plc was successfully admitted to listing on the Official List (Standard Segment) of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange, at the same time raising some £3.5 million. On behalf of the Board, I would like to welcome our new shareholders to the Company and also to thank our existing shareholders for their continued support. I also wish to thank the Board, our management and advisers for their dedicated work in taking the Company public.

The Company is focussing its exploration efforts in Chile, where it holds the rights to two projects. Chile is the world's largest producer and exporter of copper and has long been recognised as a jurisdiction for world class deposits. With a long history of mining and metal processing, the country boasts one of strongest economies in South America. Not only does it enjoy a long-standing mining culture, but the country also benefits from an experienced and educated mining workforce, first-class infrastructure and a robust legal framework, which includes provisions for foreign companies to own 100% of mining assets. In recent years, the country has moved to redesign its constitution, and recently elected a new president. The Company is closely following the ongoing debates within the constitutional convention in relation to various matters affecting the industry, such as mining, property and water rights, labour practices and the protection of indigenous territories.

In the years leading up to our listing, the business strategically targeted Chile and specifically its coastal metallogenic belt, for high quality, large-scale, early-stage copper exploration assets, and where we have now acquired options over the two current projects, Especularita and San Lorenzo. The Board believes these provide the Company with significant advantages compared to many of its peers including low entry cost, a coastal

location with excellent infrastructure, large concession positions in areas of significant historical mining, limited exploration activity and the potential to earn 100% of the projects with no overhanging payments or royalty conditions.

Since listing, the Company has engaged in mapping, trenching and ground magnetics at its flagship San Lorenzo copper-gold project. We are fortunate to have an excellent team in-country and our thanks go to them for their hard work and dedication, especially for the positive progress made despite the global Covid-19 pandemic and related travel restrictions. The work at San Lorenzo is targeting large-scale porphyry style copper-gold deposits and the Company has recently commenced its first drilling campaign.

Towards the end of the year, exploration also commenced at our second project, Especularita. Reconnaissance mapping and sampling are also targeting large-scale porphyry style copper-gold deposits associated with a large zone of high sulphidation litho-cap alteration. Our team at Especularita believes that the project is ideally located at the centre of a district-scale mineralisation system that includes porphyry-epithermal copper-gold mineralisation as well as distal base-metal skarn deposits.

Together with other members of the Board, I was fortunate enough to visit Chile in March this year and we were all impressed by the quality of the projects and the opportunity they provide to the Company. It is exciting to now be actively working at our two large scale exploration projects and we look forward to updating our shareholders as we progress.

The economic outlook for copper and gold looks very strong, particularly for copper, where supply shortages are foreshadowed as a result of the global transition to green energy technologies.

We have recently commenced our first reconnaissance drilling programme at San Lorenzo. This will deliver important information that will be used to upgrade the geological model for the project, design detailed geophysics surveys and provide vectoring for subsequent project-scale drilling. Our management team is also working to identify and secure a third copper project, which will provide the Company with a strong pipeline of exploration assets and the potential to deliver growth opportunities for the Company well into the future.

Charles Bond
Chairman
25 August 2022

**Operations Report**

The Company is exploring two projects in northern Chile: the San Lorenzo Project for porphyry style copper-gold deposits and the Especularita Project for porphyry - epithermal type copper-gold deposits.

Both projects are strategically located within the coastal metallurgical belt, which affords the company significant infrastructure advantages over explorers that operate in the high-altitude Andean belt, including easier access to roads, power, towns and ports. Both projects are along trend from major deposits and exhibit significant evidence of historical artisanal mining. However, the areas are relatively under-explored by comparison with the Andean regions.

The Company has the option to earn 100% of both projects with no attached royalty conditions or overhanging payment requirements.

During the year, the Company successfully admitted to listing on the Official List (Standard Segment) of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange, raising gross proceeds of circa £3.5 million. The raising provided Great Southern Copper with significant working capital to advance its exploration programmes at both projects into 2023.

The impact of Covid-19 on field operations and the listing process has been significant. However, despite intermittent lock-downs, the Company has managed to maintain an operational team on site throughout most of the pandemic period. In March 2022, the projects were visited by members of the Board; this represented the first trip to site by management in over two years.

Exploration activities at the projects for the period to 31 March 2022 are set out below:

**San Lorenzo Project**

Work at San Lorenzo included trench mapping and sampling plus ground magnetics surveys, as well as enhancing and managing the project's concession footprint.

Thirteen trenches for a total of 2,585m of excavation were completed in two Phases (I and II) with mapping and sampling of the trenches also completed. Copper-gold mineralisation at San Lorenzo appears to be associated with an extensive zone of calc-potassic alteration expressed as sheeted fractures of actinolite-Kspar-magnetite-Fe-oxide overprinting the host biotite granodiorite. The granodiorite is intruded by swarms and clusters of narrow

monzonitic dykes and finger porphyries, which may have some impact on the fracture-hosted alteration, mapped over a very large area of more than15 $km^2$.

The trenching was designed primarily to deliver geological and structural information relating to the nature of sheeting fracturing, in particular fracture densities. Geochemical sampling of the trenches indicates that while the rock is strongly oxidised and leached, there is evidence of Cu-Au-Ag anomalism associated with the alteration.

Four of the trenches were tested with an orientation soil geochemistry survey, to determine if soil sampling would be a suitable exploration tool at San Lorenzo. Results of this survey are being finalised.

A follow-up Phase III trenching programme was also initiated with nine trenches (2,507 m) completed to the end of March 2022. Mapping and sampling of these trenches is ongoing and together the results have been used to design and target the first phase of reconnaissance exploration at San Lorenzo, where drilling commenced in June this year.

A 341.6-line km ground magnetic survey was completed at San Lorenzo covering an area of 63.4 $km^2$. The survey was designed to map the geological magnetic variability across the project to enhance the Company's understanding of the geological and structural controls at San Lorenzo. Independent interpretation of the magnetic data completed since year end identified 13 near-surface anomalies potentially indicative of either zones of higher vein density or small intrusions. A further three kilometre-scale magnetic bodies are delineated within the southwest portion of the survey area and may represent buried intrusives that lie marginal to a larger zone of weaker magnetised rock interpreted to possibly represent a large buried monzonite body. The interpreted monzonite could be the source of narrow dykes and plugs of locally mineralised monzonite mapped at surface and thus represents a potentially significant target for deeper copper-gold mineralisation.

**Especularita Project**

Work at the Especularita project has principally involved enhancing and managing the project's concession footprint.

Reconnaissance groundwork exploration also commenced, including regional mapping and sampling across the project. Especularita represents the core of an extensive district-scale mineralisation system and this initial work was designed to determine what exploration tools and methods should be best deployed across the project area in the coming 12-18 months to identify mineralisation types and project-scale exploration targets.

Sam Garrett
Chief Executive Officer
25 August 2022

**Extract from the Strategic Report**

The Directors present their Strategic Report for the year ended 31 March 2022.

**Principal Activity**

Great Southern Copper PLC ("the Company") was incorporated on 4 March 2020. The Company is domiciled in the United Kingdom at Suite 425, Salisbury House, London Wall, London EC2M 5PS, UK.

On 27 July 2021 the Company acquired 100% of the issued share capital of Pacific Trends Resources SpA Chile('PTRC').

The Company was admitted to listing on the Official List (Standard Segment) of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 21 December 2021.

The principal activity of the Company and its subsidiary is the exploration for copper and precious metals in Chile.

**Strategy and Business Model**

The primary objective of the Company is to generate value for Shareholders, which the Company will initially seek to achieve through the exploration and evaluation of PTRC's copper-gold projects and, potentially through further acquisitions and investments.

The Company's optioned assets (held via PTRC) comprise the San Lorenzo Cu-Au project north east of the coastal town of La Serena in northern Chile and the Especularita Cu-Au project located approximately 170km to the south of the San Lorenzo project. Both projects are situated in the Coastal Cordillera of Chile with good access to water and infrastructure.

Significant historical small scale artisanal workings for both copper and gold are readily evident in both project areas. However, exploration on the projects has not yet matured to the stage where a mineral resource estimate can be determined.

Chile has a stable and prosperous economy, is the largest copper miner and producer in the world and is one of South America's most promising investment destinations. With such an impressive mineral endowment, it is not surprising that all the world's major mining companies operate in Chile.

**Business Review**

Details of the Company's strategy, results and prospects are set out in the Chairman's Statement and in the Operations Report.

On 21 December 2021, the Company was admitted to listing and trading, issuing 86,365,000 ordinary shares at 5p per share and 148,327,850 associated warrants, raising gross proceeds of £3,518,250. Of these warrants, all bar 1,407,300 broker warrants (issued at 5p for a term of 3 years) were issued at a price of 10p and have a two-year life.

On the 31 March 2022 the Company had cash of £2,751,676 and no debt.

Through PTRC, the Company is pursuing copper-gold mineral exploration at its two projects in Chile and it seeking to identify and secure a third copper project.

**Principal Risks and Uncertainties**

The Directors have identified the following principal risks in regards to the Company's future. The relative importance of these risks is likely to evolve over time as the Company executes its strategy in Chile and as the external economic and market environment changes.

**Strategic Risk**

The Company's strategy may not deliver the results anticipated by the shareholders. The Directors regularly monitor the strategy of the Company, and the progress with regards to implementing the strategy and will modify the strategy as required based on internal and external developments and exploration results. The strategy is monitored at the Company's regular Board meetings.

**Concentration Risk**

The Company's activities are currently geographically concentrated in Chile, where it has two exploration projects held by PTRC via options over exploration and exploitation licences.

The initial exploration will take place on the San Lorenzo project, which covers an area of 257 sq km. Further early-stage exploration is also planned for the Especularita project, which covers an area of 138 sq km.
Having rights to two projects with large surface areas, provides some mitigation against concentration risk. However, the Directors understand the importance of regularly reviewing the Company's strategy and assessing other opportunities both in Chile and beyond, in order to mitigate concentration risk.

**Exploration Risk**

The planned exploration at the San Lorenzo and Especularita projects in Chile may not result in success.

Whilst the Directors endeavour to apply their skills to assess the projects, exploration is costly, highly speculative and often unproductive. Failure to discover mineral resources or reserves, to maintain existing mineral rights or to extract from any such potential ore reserves in sufficient amounts and in a timely manner could materially and adversely affect the Company's results of operations, cash flows, financial condition and prospects. In addition, the Company may not be able to recover the funds used in any exploration programme to identify new opportunities.

Exploration and mining operations are vulnerable to natural disasters, including earthquakes, drought, floods, fire, tropical storms and the physical effects of climate change, all of which are outside the Company's control. Chile is seismically active and prone to frequent earthquakes and occasional tsunamis. Operating difficulties such as unexpected geological variations and rock and ground conditions that could result in significant failure, could also affect the costs and viability of its operations for indeterminate periods. In addition, damage to or breakdown of a physical asset, including as a result of fire, explosion or natural catastrophe, can result in a loss of assets and subsequent financial losses. Insurance can provide protection from some, but not all, of the costs that may arise from unforeseen events.

**Insurance Risk**

Although the Company maintains suitable insurance, it may not cover every potential risk associated with its operations. Adequate cover at reasonable rates is not always obtainable. In addition, the Company's insurance may not fully cover its liability or the consequences of any business interruptions such as equipment failure or labour dispute. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

**Government Regulation**

The licences and operations of the Company are in jurisdictions outside of the UK and there will, therefore, be a number of risks that the Company will be unable to control.

Whilst the Company will make every effort to ensure that it has robust commercial agreements in place, there is a risk that the Company may be adversely affected by political factors such as taxes and charges, suspension of

licences and changes to the laws governing mineral exploration and extraction activities.

The adoption of a mining royalty tax in Chile may adversely affect the Company's operations in the future.

The Chilean government has announced a tax reform bill that will introduce a new royalty system payable by copper mining companies. The bill contains a variable royalty rate, dependent on the quantity of copper sold and will apply to companies producing more than 50,000 metric tonnes of fine copper per annum. The Company will continue to monitor these regulations and any other proposed changes and specifically the impact they could have on any potential future operations of the Company.

**Permitting**

The Company's rights to the San Lorenzo and Especularita projects comprise an option agreement over the exploration and exploitation concessions at these projects. The option agreement and all of the concessions are in good standing.

Exploration concessions in Chile last for 2 years, commencing on their constitution by judicial ruling, and are subject to the payment of annual fees to the Chilean Treasury. If the annual fees of an exploration concession are not paid in a timely manner, the claim can be restored to good standing by paying double the annual fee the following year. At the end of the two-year period the exploration concession may i) be renewed for an additional two years in which case at least 50% of the surface area of the exploration concession must be relinquished, or ii) be converted, totally or partially, into an exploitation concession.

Exploitation concessions are valid in perpetuity so long as annual fees are paid to the Chilean government. The process to incorporate an exploitation concession is based on the principle that grants preference to the first petitioner before the local court. The holder of an exploration concession in good standing has the preferential right to incorporate an exploitation concession within the boundaries of its exploration concession. Notwithstanding, anyone can request the incorporation of a concession within the limits of the exploration concession of a different owner, in which case the holder has to file a claim opposing the aforementioned constitution, within the term of 30 days, counted since the publication of the application made by the interested third party.

Exploration and exploitation concessions do not necessarily imply a right to mine, except on a small scale, but they give the owner the right to mine subject to the granting of permits and, consequently, apply for the afore mentioned permits, such as the environmental qualification resolution for projects with an extraction capacity over 5,000 tonnes per month.

There is no guarantee that any of the granted exploration concessions, or any exploration concessions granted in the future, will be renewed. Additionally, there is no guarantee that the exploitation concessions granted or to be granted will be effectively maintained, by means of the payment of the annual licence fees or by means of compliance with new regulations that may apply to the granting and maintenance of exploitation concessions in the future. If these exploration and exploitation concessions are not renewed or maintained, or if new exploration and exploitation concessions are applied for and not granted, this could have a material adverse effect on the Group's business, prospects, financial conditions and results of operations

Whilst the Group is satisfied that it has taken reasonable measures to ensure an unencumbered right to explore its claims areas in Chile, its concessions may be subject to undetected defects. If a defect does exist, it is possible that the Group may lose all or part of its interest in one or more of the concessions to which the defect relates and its exploration and exploitation rights over the areas related to such concessions and prospects of commercial production may accordingly be adversely affected.

Whilst the Group has no reason to believe that the existence and extent of any of its interest in one or more of the Mining Concessions are in doubt, title to the mineral resources could be subject to potential litigation by third parties claiming an interest in them.

The failure to comply with all applicable laws and regulations, including failure to pay the corresponding claim fees in relation to any potential litigation may invalidate title to mineral rights to which the Group has an interest in.

Exploration concessions which the Group has the right to acquire through option agreements need to be duly registered in the Chilean Mining Registrar in order for those option agreements to be enforceable. If the Group fails to register any option agreement in the Chilean Mining Registrar, then the Group may be unable to enforce the benefit of the option agreement and the Group's title to the exploration concession could be subject to potential litigation by third parties claiming an interest in them. Further, if previous option agreements may be registered in the Chilean Mining Registrar against an exploration concession, these will need to be removed by the Company to ensure that no previous holders of an option agreement can stake a claim to the exploration concession. The Group has submitted all option agreements not currently registered in the Chilean Mining Registrar to the registrar for registration and the Group has no reason to believe that any of the option agreements will not be registered. Further the Group has no reason to believe that any option agreements previously registered against any exploration concession are still valid.

**Environmental and Other Regulatory Requirements**

Currently the environment impact is limited to the activities associated with exploration and is therefore minimal. To date, these activities have been limited to cutting roads to gain access to the area, excavating trenches to expose the rock beneath the soil cover, excavating small drill platforms to allow a drilling rig to be positioned, drilling exploratory boreholes to recover rock samples and surface rock chip and soil sampling. All exploration work is being carried out in compliance with the local environmental laws and in accordance with international best practice.

The development of any project into a mining operation will have a considerable impact on the local landscape and communities. There may at some point be opposition to mining by some parties and this may impact the ability of the Company to progress these projects towards production.

Currently the Company believes that its projects are in compliance with all relevant environmental and health and safety laws and regulations, although there can be no guarantee that new laws or regulations, or amendments to current laws or regulations will not be introduced and they may have a material impact on the Company and its projects. The Company will continue to maintain the highest standards and aim to comply with all appropriate laws and regulations. The Company will also continue to engage with local communities and non-governmental and Governmental bodies to ensure any impacts of current and future activities are minimised and managed appropriately.

**Financing**

Successful exploration or exploitation of any mineral resources requires significant capital investment. The primary sources of financing available to the Company is the issue of additional equity capital in the Company or through bringing in partners to help fund exploration and development costs. The ability of the Company to raise further funds will be dependent on its exploration success and strategy and on conditions in financial and commodity markets. The Company may not be successful in the procurement of the required funds and may therefore have to adjust its exploration strategy accordingly.

**Copper Price**

The natural resources sector is subject to commodity price fluctuations which may adversely impact the results of operations, financial conditions and prospects of the Company.

**Foreign Currency and Exchange Rate**

The Company may be exposed to ongoing currency risk. Proceeds of fundraises will be in Sterling, the Company's financial statements are stated in Sterling, and certain ongoing management costs will be denominated in Sterling, although the price of its goods and services and its potential products (and thus its potential revenues) will be determined by world commodities markets which are expressed in US Dollar, and its operational costs will largely be incurred in Chilean Peso (CLP). As a result, fluctuations in the exchange rates of these currencies may adversely affect the Company's exploration budgets, operating results, cash flows or financial condition to a material extent.

**Market Conditions**

The Company cannot predict the extent of periods of slow or negative economic growth and any resultant weakening of consumer and business confidence that may lead to difficulties in raising capital and lower the level of demand for many products across a wide variety of industries, including those industries for which commodities in the natural resources sector are an important raw material. Accordingly, the Company's estimate of the results of operations, financial condition and prospects of the Company, and of any future acquisition targets, will be uncertain and may be adversely impacted by unfavourable general global, regional and national macroeconomic conditions.

**Covid 19**

The outbreak of coronavirus disease (COVID-19) has impacted global economic markets. The Company's share price may by adversely affected in the short to medium term by the economic uncertainty caused by COVID-19.

In Chile, an initial lockdown was imposed in March 2020 preventing access to sites and delaying field activities. Restrictions were relaxed sufficiently in May 2020 to allow geologists to resume field activities and they have been in the field since. Management was able to visit the sites in March 2021 as restrictions on travel were relaxed further.

The Company has implemented strict COVID protocols which has allowed safe access for all individuals. The Company will continue to monitor the ongoing COVID-19 situation in Chile and throughout the world and take appropriate measures to ensure the safety of its personnel whilst continuing field work.

Any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations (including access to the Company's projects and working conditions of the Company's personnel) and are likely to be beyond the control of the Company.

**Personnel**

The success and development of the Company is dependent on its ability to recruit and retain high quality personnel and the loss of key individuals could have a material impact on the Company. It has entered into contractual agreements to secure the services of its executive team and various contractors but the retention of these services cannot be guaranteed.

The risks can be mitigated by incentivising staff and with good management and succession planning.

The Company has sought to put in place a team that has the technical and financial expertise to effectively pursue the Company's strategy. Currently, that team comprises the Chief Executive Officer and the Chief Financial Officer supported by non-executive directors that provide legal, commercial, capital markets and financing skills. In Chile, the subsidiary Company has a small exploration team supported by an exploration

manager and a country manager. The Company also has a Technical Advisor, highly experienced in the exploration of copper porphyry deposits, who is there to provide technical guidance and advice where required.

**Social, Community and Human Rights**

It is the Company's intention that it operates to the benefit of all stakeholders. In this regard, it will ensure that its Chilean subsidiary Company:

- Adopts fair, non-discriminatory employment practices;
- Ensures safe working practices for its employees;
- Positively engages with local communities and is sensitive to any concerns that they may have regarding land usage, water resources, cultural sites/artefacts etc.; and
- Treats local suppliers fairly

Whilst the projects are still at an early stage of exploration, the Company recognises that for any mine to be developed at the project sites, it must be able to demonstrate a clear positive benefit to all stakeholders that respects social, community and human rights.

**Key Performance Indicators (KPIs)**

Given that GSC is a mineral exploration company at an early stage in its development that has no turnover and is dependent on raising funds in the equity market to finance its activities, many of the quantifiable KPIs that companies in other industries may present are not applicable here. Nevertheless, management is monitoring key performance indicators, or the process associated with:

- Company expenses and the cash balance to ensure that the Company can meet its expected obligations as they fall due and to inform the required timing of the next fund raising;
- Progress with the exploration programme and the status and commitments with regards to the exploration licences; and
- Ensuring that PTRC meets its environmental and social obligations in Chile.

The Company is of the opinion that, for an early-stage mineral exploration company, the audited accounts, the Chairman's Statement and the Operations Report are the best means of assessing the performance of the Company during the year.

**Section 172(1) Statement - Promotion of the Company for the Benefit of the Members as a Whole.**

The Directors believe they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (as required by s172 of the Companies Act 2006), and in doing so have had regard (amongst other matters) to the following factors:

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

The application of the s172 requirements can be demonstrated by the actions and key decisions of the Company during the year including:

- The Company's business model is to use the specialist skills and experience of the management team to implement an exploration programme that will seek to discover a large-scale copper porphyry deposit. If the Company is successful in this objective, the value of the Company will increase significantly to the benefit of all members.

  In pursuit of this objective, the Company has:

  - Acquired Pacific Trends Resources Chile SPA in July 2021, a Company that has option rights over exploration and exploitation licences covering two areas in Chile that management believes are prospective for copper porphyry projects;
  - Successfully raised approximately £3.5m in December 2021 to provide the funds to undertake exploration for copper at these two project areas; and
  - Listed the Company's shares on the Standard Section of the Financial Conduct Authority in December 2021 in order to provide better access to the equity market for when the Company needs to raise additional funds.

- As the Company has built out the management and exploration team to pursue the strategy outlined, the Directors have been conscious of the need to establish a good team work ethic where team members work well together and communicate openly with each other. In pursuit of this objective, members of the board and the CEO visited the projects in Chile in March 2022, meeting and socialised with all members of the exploration team and taking the opportunity to explain the Company's strategy and how that strategy will be pursued.

  Recognising the importance of retaining and incentivising key employees, the Directors have awarded them share options.

- In the past year, the Company has acted fairly, in good faith and without problems with all of the service providers that helped it through the listing process.

  At this stage of the Company's development, it has no customers.

- The Directors are very aware of the need to carefully manage environmental and social matters in Chile in order to ensure that it has a social licence to explore and, if successful, to ultimately mine at the project sites. The Company is still at an early stage in the exploration programme but in the past year it has prepared an Environmental, Social and Corporate Governance ("ESG") policy to govern how members of the team manage these matters and to ensure that the Company operates to the highest standards.

- The Company's values of business conduct are described in the Corporate Governance Statement. In the past year, management has worked on defining the culture and framework that will support high business standards within the Company through the preparation of policy documents.

- Retaining investor support is important to the Company and, therefore, the Directors intend to keep shareholders fully and equally informed. In the past year and specifically in the four months since the Company's shares were listed, the Company has kept shareholders informed of progress via news releases, web podcasts, the Company's website and through direct contact. Moving forward, management will also attend mining conferences where they will be available to meet shareholders.

**Dividends**

No dividends are planned (2021: £nil).

**Subsequent Events**

The Board is not aware of any Post Balance Sheet Events which are required to be disclosed.

**Going Concern**

In common with many other mineral exploration companies, the Group has raised finance for its exploration. Further finance will need to be raised as and when justified by progress at any of its projects. Success in raising funds in December 2021 is no guarantee that it will be able to do so in the future.

As at 31 March 2022, the Group's cash at bank amounted to £2,751,676; at the date of signing this report, the balance amounted to £2,136,236.

The Board has reviewed the Group's cash flow forecast up to 31 August 2023. Taking into account its current resources and its operational objectives, the Board is satisfied that the cash reserves are sufficient to finance both planned project expenditure and overheads. The Board continues to closely monitor both its cash and operating costs and has taken into account the resources available to it as at the date of signing this report. The Board has also considered the likelihood of probable success of future fundraising activities that may be necessary. Accordingly, the Board continues to adopt the going concern basis for the preparation of these financial statements.

**Extracted from directors' responsibilities statement pursuant to the Disclosure and Transparency Rules**

Each of the Directors confirm that, to the best of their knowledge and belief:

- The financial statements prepared in accordance with UK-adopted International Accounting Standards and in conformity with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Group and parent company; and
- The Annual Report and financial statements, including the Operations Report, includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors and signed on behalf of the Board by:

Charles Bond
Chairman
25 August 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
Year ended 31 March 2022

| | Note | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|---|
| **Continuing operations** | | | |
| Administrative expenses | *6* | (1,037,076) | (34,541) |
| **Operating loss** | | (1,037,076) | (34,541) |
| **Operating loss and loss before taxation** | | (1,037,076) | (34,541) |
| Taxation | 9 | - | - |
| **Loss for the year attributable to the owners of the Company** | | (1,037,076) | (34,541) |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange rate differences on translation of foreign operations | | (24,178) | - |
| **Total comprehensive loss attributable to the owners of the Company** | | (1,061,254) | (34,541) |
| **Earnings per share - basic and diluted** | 10 | (0.938) | (3.934) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
As at 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 1,489,379 | - |
| **Total non-current assets** | | 1,489,379 | - |
| **Current assets** | | | |
| Trade and other receivables | 13 | 333,292 | - |
| Cash and cash equivalents | 14 | 2,751,676 | 50,000 |
| **Total current assets** | | 3,084,968 | 50,000 |
| **Total assets** | | 4,574,347 | 50,000 |
| **Liabilities** | | | |

| | | | |
|---|---|---|---|
| **Current Liabilities** | | | |
| Trade and other payables | 15 | *(223,063)* | *(34,541)* |
| **Total liabilities** | | *(223,063)* | *(34,541)* |
| **Net current assets** | | 2,861,905 | 15,459 |
| **Net assets** | | 4,351,284 | 15,459 |
| **Equity** | | | |
| Share capital | 17 | 2,124,761 | 50,000 |
| Share premium | 19 | 3,175,962 | - |
| Share based payment reserve | 18 | 140,160 | - |
| Shares to be issued | 19 | 6,196 | - |
| Foreign currency translation reserve | 19 | (24,178) | - |
| Retained earnings | 19 | (1,071,617) | (34,541) |
| **Total equity attributable to the owners of the Company** | | 4,351,284 | 15,459 |

## COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments | 12 | 2,641,245 | - |
| **Total non-current assets** | | 2,641,245 | - |
| **Current assets** | | | |
| Trade and other receivables | 13 | 261,842 | 50,000 |
| Cash and cash equivalents | 14 | 2,325,365 | - |
| **Total current assets** | | 2,587,207 | *50,000* |
| **Total assets** | | 5,228,452 | *50,000* |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | (195,763) | (34,541) |
| **Total liabilities** | | (195,763) | (34,541) |
| **Net current assets** | | 2,391,444 | 15,459 |
| **Net assets** | | 5,032,689 | 15,459 |
| **Equity** | | | |
| Share capital | 17 | 2,124,761 | 50,000 |
| Share premium | 19 | 3,175,962 | - |
| Share based payments reserve | 18 | 140,160 | - |
| Shares to be issued | 19 | 6,196 | |
| Retained earnings | 19 | (414,390) | (34,541) |
| **Total equity** | | 5,032,689 | 15,459 |

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 by choosing not to present its individual Statement of Comprehensive Income and related notes that form part of these approved financial statements. The Company's loss for the period from operations is £379,849 (2021 - £34,541)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

| | Share capital £ | Share premium £ | Shares to be issued £ | Share based payments £ | Foreign currency translation reserve | Retained earnings £ | Total Equity £ |
|---|---|---|---|---|---|---|---|
| **As at 4 March 2020** | - | - | - | - | - | - | - |
| Loss for the period | - | - | - | - | - | (34,541) | (34,541) |
| Total comprehensive expense for the period | - | - | - | - | - | (34,541) | (34,541) |
| *Transactions with shareholders:* | | | | | | | |
| Issue of share capital | 50,000 | - | - | - | - | - | 50,000 |
| **As at 31 March 2021** | **50,000** | **-** | **-** | **-** | **-** | **(34,541)** | **15,459** |
| Loss for the year | - | - | - | - | - | (1,037,076) | (1,037,076) |
| Exchange rate differences on translation of foreign operations | - | - | - | - | (24,178) | - | (24,178) |
| Total comprehensive expense for the year | - | - | - | - | (24,178) | (1,037,076) | (1,061,254) |
| *Transactions with shareholders:* | | | | | | | |
| Issue of share capital, net of issue costs (Note 17) | 2,074,761 | 3,175,962 | - | - | - | - | 5,250,723 |
| Shares to be issued | - | - | 6,196 | - | - | - | 6,196 |
| Share based payments | - | - | - | 140,160 | - | - | 140,160 |
| **As at 31 March 2022** | **2,124,761** | **3,175,962** | **6,196** | **140,160** | **(24,178)** | **(1,071,617)** | **4,351,284** |

## COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

| | Share capital £ | Share premium £ | Shares to be issued £ | Share Based payments £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|---|---|
| **As at 4 March 2020** | - | - | - | - | - | - |
| Loss for the period | - | - | - | - | (34,541) | (34,541) |
| Total comprehensive expense for the year | - | - | - | - | (34,541) | (34,541) |
| *Transactions with shareholders:* | | | | | | |
| Issue of shares | 50,000 | - | - | - | - | 50,000 |
| **As at 31 March 2021** | **50,000** | **-** | **-** | **-** | **(34,541)** | **15,459** |
| Loss for the year | - | - | - | - | (379,849) | (379,849) |
| Total comprehensive expense for the year | - | - | - | - | (379,849) | (379,849) |
| *Transactions with shareholders:* | | | | | | |
| Issue of shares, net of issue costs (Note 17) | 2,074,761 | 3,175,962 | - | - | - | 5,250,723 |
| Shares to be issued | - | - | 6,196 | - | - | 6,196 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Share based payments | - | - | - | 140,160 | - | 140,160 |
| **As at 31 March 2022** | **2,124,761** | **3,175,962** | **6,196** | **140,160** | **(414,390)** | **5,032,689** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

| | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| **Cash flows from operating activities** | | - |
| Loss for the year | (1,037,076) | (34,541) |
| **Adjustments for:** | | |
| Share based payments | 83,796 | - |
| **Working capital adjustments** | | |
| Increase in trade and other receivables | (155,381) | - |
| Increase in trade and other payables | (24,213) | 34,541 |
| **Net cash outflow from operations** | (1,132,877) | - |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of subsidiary undertaking | (10,450) | - |
| Net cash acquired with subsidiary undertaking | 2,735 | - |
| Purchase of intangible assets | (191,753) | - |
| **Net cash used in investing activities** | (199,468) | - |
| | | |
| **Cash flows from financing activities** | | |
| Issue of ordinary share capital, net of issue costs | 4,020,976 | 50,000 |
| **Net cash generated from financing activities** | 4,020,976 | 50,000 |
| | | |
| **Net increase in cash and cash equivalents** | 2,688,631 | 50,000 |
| Exchange gains on cash and cash equivalents | 13,045 | - |
| **Cash and cash equivalents brought forward** | 50,000 | - |
| **Cash and cash equivalents carried forward** | 2,751,676 | 50,000 |

Significant non-cash transactions from investing activities are as follows:

| | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Equity consideration for business combination | 1,211,111 | **-** |
| Broker warrants | 56,364 | **-** |
| Remuneration settled through issue of shares | 6,196 | **-** |

## COMPANY STATEMENT OF CASH FLOWS

Year ended 31 March 2022

| | Year ended 31 March | Period ended 31 March |
|---|---|---|

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| **Net cash flows from operating activities** | | |
| Loss for the year | (379,849) | (34,541) |
| | | |
| **Adjustments for:** | | |
| Share based payments | 83,796 | - |
| | | |
| **Working capital adjustments** | | |
| Increase in long term receivables | (1,419,683) | - |
| Increase in trade and other receivables | (186,841) | - |
| Increase in trade and other payables | 167,417 | 34,541 |
| **Net cash used in operations** | (1,735,161) | - |
| | | |
| **Cash flows from investing activities** | | |
| Payments to acquire investments | (10,450) | - |
| **Net cash from investing activities** | (10,450) | - |
| | | |
| **Cash flows from financing activities** | | |
| Issue of ordinary share capital | 4,020,976 | 50,000 |
| **Net cash generated from financing activities** | 4,020,976 | 50,000 |
| | | |
| **Net increase in cash and cash equivalents** | 2,275,365 | 50,000 |
| **Cash and cash equivalents brought forward** | 50,000 | - |
| **Cash and cash equivalents carried forward** | 2,325,365 | 50,000 |

Significant non-cash transactions from investing activities are as follows:

| | Year ended 31 March 2022<br>£ | Period ended 31 March 2021<br>£ |
|---|---|---|
| Equity consideration for business combination | 1,211,111 | - |
| Broker warrants | 56,364 | - |
| Remuneration settled through issue of shares | 6,196 | - |

**NOTES TO THE FINANCIAL STATEMENTS**
Year ended 31 March 2022

**1. GENERAL INFORMATION**

Great Southern Copper plc ('the Company') and its subsidiaries (together 'the Group') principal activity is currently focused upon the exploration for copper and gold in Chile. Further detail is covered in the Chairman's Statement and also in the Operations Report.

The Company is a public limited Company, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of its registered office is Salisbury House, London Wall, London, United Kingdom, EC2M 5PS.

**2. BASIS OF PREPARATION**

The consolidated Group financial sstatements and Company financial statements have been prepared in accordance with United Kingdom ("UK") adopted International Accounting Standards ('IFRS') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated Group financial statements and Company financial statements are presented in Sterling and rounded to the nearest whole pound unless otherwise indicated. The financial statements are prepared on the historical cost basis, except for certain financial instruments and share-based payments that have been measured at fair value.

GOING CONCERN BASIS

In common with many other mineral exploration companies, the Group has raised finance for its exploration. Further finance will need to be raised as and when justified by progress at any of its projects. Success in raising funds in December 2021 is no guarantee that it will be able to do so in the future.

As at 31 March 2022, the Group's cash at bank amounted to £2,751,676; at the date of signing this Report, the balance amounted to £2,136,236.

The Board has reviewed the Group's cash flow forecast up to 31 December 2023, taking into account its current resources and its operational objectives. The Board is satisfied that the cash reserves are sufficient to finance both planned project expenditure and overheads. The Board continues to monitor closely both its cash and operating costs and has taken into account the resources available to it as at the date of signing this Report. The Board has also considered the likelihood of probable success of future fundraising activities that may be necessary. Accordingly, the Board continues to adopt the going concern basis for the preparation of these financial statements.

## 3. ACCOUNTING POLICIES

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets, liabilities, income and expenses of the Company and entity controlled by the Company (its subsidiary) made up to the Company's accounting reference date. Control is achieved when the Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## 3. ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date that the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of a subsidiary to bring the accounting policies used into line with the Group's accounting policies. All intra Group assets and liabilities, equity, income, expenses and cash flows, relating to transactions between the members of the Group, are eliminated on consolidation.

The results of overseas subsidiaries are translated at the monthly average rates of exchange during the period and their statements of financial position at the rates ruling at the reporting date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings or deferred consideration, to the extent that they hedge the Group's investment in such subsidiaries, are reported in the statement of comprehensive income. The financial statements of the subsidiary are drawn up to 31 December, with management information utilised to take this out to 31 March in line with the reporting period of the Group.

CURRENCIES

PRESENTATIONAL CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the ultimate parent undertaking operates which is Sterling (£). The functional currency of the only subsidiary of the group is the United States Dollar ($).

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

REVENUE RECOGNITION

Revenue is recognised in the individual company financial statements in respect of management fees charged to the subsidiary company. Revenue is recognised in respect of the period that the service has been completed.

INTANGIBLE ASSETS - EXPLORATION AND EVALUATION EXPENDITURE

Mineral exploration and evaluation expenditure relates to costs incurred in the exploration and evaluation of potential mineral resources and includes exploration and mineral licences, researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies.

**3. ACCOUNTING POLICIES (continued)**

INTANGIBLE ASSETS - EXPLORATION AND EVALUATION EXPENDITURE (continued)

Exploration and evaluation expenditure for each area of interest, other than that acquired from another entity, is charged to profit or loss as incurred except when the expenditure is expected to be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalised. Purchased exploration and evaluation assets are recognised at their fair value at acquisition. As the capitalised exploration and evaluation expenditure asset is not available for use, it is not depreciated.

Exploration and evaluation assets have an indefinite useful life and are assessed for impairment annually or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. IFRS 6 permits impairments of exploration and evaluation expenditure to be reversed should the conditions which led to the impairment improve. The Group continually monitors the position of the projects capitalised and impaired.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss.

INCOME TAX

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

CURRENT INCOME TAX

Current tax is based upon taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted or substantively enacted by the reporting date.

DEFERRED TAX

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited to profit or loss, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the liability method. Deferred tax liabilities and assets are not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

**3. ACCOUNTING POLICIES (continued)**

DEFERRED TAX (continued)

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

PAYROLL EXPENSE AND RELATED CONTRIBUTIONS

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

PENSION COSTS

The Group operates a defined contribution pension scheme for employees. The annual contributions payable are charged to profit or loss.

SHARE-BASED COMPENSATION

The Group issues share-based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity. The Group has measured share based payments using the Black Scholes and Monte Carlo option (Note 18) models.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in profit or loss, with a corresponding adjustment to equity reserves.

The fair values of share options are determined using the Monte Carlo and Black Scholes models, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are
derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate ('EIR'). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**3. ACCOUNTING POLICIES (continued)**

IMPAIRMENT OF FINANCIAL INSTRUMENTS (continued)

IFRS 9.5.5.1 ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is

no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

TRADE AND OTHER RECEIVABLES

Trade and other receivables, and amounts owed by Group undertakings, are classified at amortised cost and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) less provisions for impairment. These assets are held to collect contractual cash flows being solely the payments of the principal amount and interest. Provisions for impairment of trade receivables are recognised for expected lifetime credit losses using the simplified approach. Impairment reviews of other receivables, including those due from related parties, use the general approach whereby twelve month expected losses are provided for and lifetime credit losses are only recognised where there has been a significant increase in credit risk, by monitoring the creditworthiness of the other party.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held at amortised cost and consist of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Further details are given in Note 14.

TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. This method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**3. ACCOUNTING POLICIES (continued)**

EQUITY INSTRUMENTS

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

ACCOUNTING DEVELOPMENTS

New standards, amendments and interpretations adopted in the preparation of the financial statements.

The IASB has issued the following standards and amendments, which have been adopted by the Group in either the current or comparative period, none of which have had a material impact on the financial statements.

| **Standard** | **Impact** |
|---|---|
| Amendments to References to the Conceptual Framework in IFRS Standards | The Group adopted the amendments References to the Conceptual Framework for IFRS Standards for the accounting period commencing 4 March 2020. |
| Amendments to IAS 1 and IAS 8: Definition of material | The Group adopted the amendments to IAS 1 and IAS 8 to clarify the definition of material and its application for the accounting period commencing 4 March 2020. |
| IFRS 3: Definition of a business | The Group adopted the amendments to IFRS 3 to clarify the definition of a business and its application for the accounting period commencing 4 March 2020. |

The Group does not expect any standards issued by the IASB, but not yet effective, to have a material impact on the Group.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date and the reported results. Actual results could differ from these estimates. Information about such judgements and estimations is contained in individual accounting policies.

### ACCOUNTING JUDGEMENTS

The key accounting judgements used in the preparation of the financial statements are as follows:

RECOGNITION AND VALUATION OF EXPLORATION ASSETS

Exploration and evaluation assets include mineral rights and exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs. Exploration and evaluation costs are capitalised if management concludes that future economic benefits are likely to be realised and determines that economically viable extraction operation can be established as a result of exploration activities and internal assessment of mineral resources. According to 'IFRS 6 Exploration for and evaluation of mineral resources', the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licences in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised, which requires significant judgement. As of 31 March 2022 total exploration and evaluation costs capitalised amounted to £1,489,379 (2021 - £Nil), all of these assets were acquired in 2021. Refer to Note 11 for more information.

CARRYING VALUE OF INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Management must consider the carrying value of investments in subsidiary companies based on the ongoing performance of said company. The nature of the judgement will impact whether or not there is deemed to be any indicators of impairment, which could materially impact the carrying value of those investments. The key driver of the assessment is linked to the impairment review carried out in respect of exploration assets.

SHARE BASED PAYMENTS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Monte Carlo or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted, see Note 18 for further details.

## 5. OPERATING SEGMENTS

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board. The Board is responsible for allocating resources and assessing performance of operating segments.

The Group has two reportable segments, exploration and corporate, which are the Group's strategic divisions. For each of the strategic divisions the Board reviews internal management reports on a regular basis.

## 5. OPERATING SEGMENTS (continued)

The Group's reportable segments are:

Exploration: the exploration segment is presented as an aggregate of all Chile licences held. Expenditure on exploration activities for each licence is used to measure agreed upon expenditure targets for each licence to ensure the licence clauses are met.

Corporate: the corporate segment includes the holding company costs in respect of managing the group.

Segment result:

| | Year ended | Period ended |
|---|---|---|

| | 31 March 2022 £ | 31 March 2021 £ |
|---|---|---|
| Exploration - Chile | (657,227) | - |
| Corporate - UK | (379,849) | (34,541) |
| **Loss before tax** | **(1,037,076)** | **(34,541)** |
| Taxation | - | - |
| **Loss after tax** | **(1,037,076)** | **(34,541)** |

Segment assets and liabilities:

| **Non current assets** | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Exploration - Chile | 1,489,379 | - |
| Corporate - UK | - | - |
| **Total** | **1,489,379** | **-** |

| **Total assets** | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Exploration - Chile | 1,987,140 | - |
| Corporate - UK | 2,587,207 | 50,000 |
| **Total** | **4,574,347** | **50,000** |

## 5. OPERATING SEGMENTS (continued)

| **Total liabilities** | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Exploration - Chile | (27,300) | - |
| Corporate - UK | (195,763) | (34,151) |
| **Total** | **(223,063)** | **(34,151)** |

## 6. OPERATING EXPENSES

| | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Staff costs (including share based payments) | 272,738 | 3,131 |
| Foreign exchange (gain)/loss | (25,036) | - |
| Auditors' remuneration | 108,500 | 12,000 |
| Travel expenses | 38,409 | - |
| IPO Costs | 222,473 | - |
| Legal, professional & consultancy fees | 230,012 | 19,410 |
| Insurance | 17,326 | - |

| | | |
|---|---|---|
| Other administrative expenses | 172,654 | - |
| **Total** | 1,037,076 | 34,541 |

## 7. AUDITOR'S REMUNERATION

| | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the parent and consolidated annual accounts | 40,000 | 8,000 |
| **Total audit fees** | **40,000** | **8,000** |
| | | |
| Audit-related assurance services | 68,500 | 4,000 |
| **Total non-audit fees** | **68,500** | **4,000** |

## 8. EMPLOYEE NUMBERS AND COSTS

The average monthly number of people employed was:

| | Group | | Company | |
|---|---|---|---|---|
| | Year Ended 31 March 2022 Number | Period Ended 31 March 2021 Number | Year Ended 31 March 2022 Number | Period Ended 31 March 2021 Number |
| Average number of employees: | | | | |
| Directors | 4 | 1 | 4 | 1 |
| Administrative staff | 2 | - | 1 | - |
| **Total** | 6 | 1 | 5 | 1 |

The aggregate remuneration of all employees, including Directors, comprises:

| | Group | | Company | |
|---|---|---|---|---|
| | Year Ended 31 March 2022 £ | Period Ended 31 March 2021 £ | Year Ended 31 March 2022 £ | Period Ended 31 March 2021 £ |
| Wages and salaries | 158,322 | 3,131 | 144,359 | 3,131 |
| Social security costs | 23,622 | - | 22,494 | - |
| Other pension costs | 6,998 | - | 6,998 | - |
| Share based payments | 83,796 | - | 83,796 | - |
| **Total** | 272,738 | 3,131 | 257,647 | 3,131 |

Details of Directors' remuneration and pension entitlements are disclosed in the Remuneration Report on page 16. Please refer to the Directors Remuneration report and related party note (Note 20) for additional disclosure relating to key management personnel.

Social security costs payable in respect of the Directors were £Nil (2021 - £Nil)

The aggregate amount of gains made by Directors on the exercise of share options was £nil (2021 - £nil)

## 9. TAXATION

| | Year ended | Period ended |
|---|---|---|

| | 31 March 2022 £ | 31 March 2021 £ |
|---|---|---|
| **Current tax** | | |
| Current period - UK corporation tax | - | - |
| Adjustments in respect of prior periods | - | - |
| Foreign current tax expense | - | - |
| **Total current tax** | - | - |

| | | |
|---|---|---|
| **Deferred tax** | | |
| Origination and reversal of temporary differences | - | - |
| Adjustments in respect of prior periods | - | - |
| Impact of change in tax rate | - | - |
| **Total deferred tax** | - | - |

| | | |
|---|---|---|
| **Total tax charge** | - | - |

Corporation tax is calculated at 19% (2021 - 19%) of the estimated assessable profit for the year. In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023 and this rate was substantively enacted on 24 May 2021. Deferred tax balances at the year-end have been measured at 25% (2021 - 19%).

The tax charge for the year can be reconciled to the loss per the income statement as follows:

| | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| **Loss before tax** | (1,037,076) | (34,541) |
| Tax charge at 19.0 % (2021 - 19.0 %) | (197,044) | (6,563) |
| | | |
| Expenses not deductible for tax | 138,115 | - |
| Remeasurement of deferred tax for changes in tax rates | (14,822) | - |
| Difference in overseas tax rates | (39,434) | |
| Movement in deferred tax not recognised | 113,185 | 6,563 |
| **Total tax expense** | - | - |

Deferred tax in relation to carried forward losses is not recognised as they are not deemed to be recoverable.

## 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group, including performance-based options which the Group considers to have been earned

The calculations of earnings per share are based upon the following:

| | Year ended 31 March 2022 £ | Period ended 31 March 2021 £ |
|---|---|---|
| Loss for the year | (1,037,076) | (34,541) |
| | **Number** | **Number** |

| | | |
|---|---|---|
| Weighted average number of shares in issue | 110,584,402 | 877,845 |
| Weighted average number of shares - basic | 110,584,402 | 877,845 |
| Share options | 49,981,998 | - |
| Weighted average number of shares - diluted | 160,556,400 | 877,845 |
| | **Pence** | **Pence** |
| Earnings per share - basic | (0.938) | (3.934) |
| Earnings per share - diluted | (0.938) | (3.934) |

In the comparative period earnings per share was calculated using the number of shares after the re-designation, rather than the actual number in issue at 31 March 2021.

In accordance with IAS 33, basic and diluted earnings per share are identical for the group as the effect of the exercise of the share options would be to decrease the loss per share.

## 11. INTANGIBLE ASSETS

| **Group** | **Exploration assets** |
|---|---|
| **Cost** | **£** |
| As at 4 March 2020 | - |
| Additions | - |
| As at 1 April 2021 | - |
| Business combinations | 1,229,076 |
| Additions | 191,753 |
| Exchange difference | 68,550 |
| As at 31 March 2022 | 1,489,379 |
| | |
| **Accumulated Amortisation** | |
| As at 4 March 2020 | - |
| Charge for the period | - |
| As at 1 April 2021 | - |
| Charge for the year | - |
| As at 31 March 2022 | - |
| | |
| **Carrying Amount:** | |
| As at 31 March 2022 | 1,489,379 |
| As at 31 March 2021 | - |

Exploration projects in Chile are at an early stage of development and there are no JORC (Joint Ore Reserves Committee) or non-JORC compliant resource estimates available to enable value in use calculations to be prepared.

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

Following their assessment, the Directors concluded that no impairment charge was necessary for the year ended 31 March 2022.

The Company had no intangible assets at 31 March 2022 or 31 March 2021.

## 12. INVESTMENTS

**Company**

| | Amounts owed by subsidiary £ | Shares in group undertakings £ | Total £ |
|---|---|---|---|
| At 1 April 2021 | | - | - |
| Additions | 1,419,684 | 1,221,561 | 2,641,245 |
| Carrying value at end of the year | 1,419,684 | 1,221,561 | 2,641,245 |

At 31 March 2022 the Company owned the following subsidiary:

| | Registered Office | Holding | Proportion of Voting Rights and Shares Held | Nature of Business |
|---|---|---|---|---|
| Pacific Trends Resources Chile SpA | 1 | Ordinary Shares | 100% | Mining and exploration |

1. Avenue El Bosque Central No. 92, 7th floor, Borough of Las Condes, Metropolitan Region

The credit risk of related parties is estimated based on the expected recoverable amount, taking into account the creditworthiness of the other party. Any expected credit loss is calculated based on the general approach as set out in IFRS 9. The Directors have determined that there has not been an increased credit risk within the year and no impairment charge has been recognised against these balances.

Amounts owed by group undertakings are interest free and are due on demand.

**Acquisitions**

On 27 July 2021 the Company entered into an acquisition agreement under which the Company acquired the entire share capital of Pacific Trends Resources Chile SpA ("PTRC") from Pacific Trends Resources Pty Limited, the majority shareholder of the Company, for AUS$2,090,000, by the issue of the 121,111,100 new ordinary shares of £0.01 each, the issue of 60,555,555 warrants and a cash payment of £10,450. The principal activity of PTRC is the exploration and development, subject to proven economic discovery, of copper-gold projects in Chile, which aligns with the strategic objectives of the Company. Transaction costs of £nil have been expensed under administrative expenses in the statement of comprehensive income.



The net assets of PTRC at the acquisition date have been considered with no fair value adjustments made, with the following acquired:

| | £ |
|---|---|
| **Non-current assets** | |
| Intangible assets | 1,229,076 |
| Deferred tax asset | 26,799 |
| **Current assets** | |
| Cash | 2,735 |
| Trade and other receivables | 98,870 |
| Current tax recoverable | 53,068 |
| **Total assets** | 1,410,548 |
| **Current liabilities** | |
| Trade and other payables | |

| | |
|---|---|
| | (188,987) |
| **Total liabilities** | (188,987) |
| **Net assets** | 1,221,561 |

Details of the allocation of the purchase price is as follows:

| | |
|---|---|
| **Consideration** | |
| Issue of shares | 1,211,111 |
| Cash payment | 10,450 |
| **Net assets** | 1,221,561 |

As a result of the consideration being equal to the fair value of assets acquired there is no goodwill created on consolidation.

The contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

| | **£** |
|---|---|
| Revenue | - |
| Loss before taxation | (657,227) |

## 13. TRADE AND OTHER RECEIVABLES

| | **Group** | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Other receivables | 159,337 | - |
| Prepayments and accrued income | 173,955 | - |
| | 333,292 | - |

| | **Company** | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Other receivables | 157,548 | - |
| Prepayments and accrued income | 104,296 | - |
| | 261,842 | - |

Other receivables consist of amounts owed in respect of shares subscribed for as part of the IPO, as well as amounts due in respect of VAT.

## 14. CASH AND CASH EQUIVALENTS

| | **Group** | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Cash at bank | 2,751,676 | 50,000 |

| | **Company** | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |

| | | |
|---|---|---|
| Cash at bank | 2,325,365 | 50,000 |

Cash at bank amounting to £2,078,502 is held on trust by PTR Holdings Limited, a registered Company in Australia, which is a related party by virtue of common control. The cash was held in a bank account under the name of PTR Holdings Limited and was governed by a treasury agreement, specifying that the cash belonged to the Group and would be used to settle Group expenses. On the basis that the movement of cash was controlled by the Group it has been included within these financial statements as cash and cash equivalents of the Group. All cash held was transferred to a Group bank account on 1 April 2022.

## 15. TRADE AND OTHER PAYABLES

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Other payables | 107,277 | 34,541 |
| Accruals | 115,646 | - |
| Other taxes and social security | 140 | - |
| | 223,063 | 34,541 |

Other payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are typically settled on 30 to 60 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value. Trade and other payables are denominated in Sterling. Great Southern Copper plc has financial risk management policies in place to ensure that all payables are paid within the credit time frame and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

| | Company | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Other creditors | 80,117 | 34,541 |
| Accruals | 115,646 | - |
| | 195,763 | 34,451 |

## 16. FINANCIAL INSTRUMENTS

PRINCIPAL FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

FINANCIAL ASSETS

The Group held the following financial assets at amortised cost:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Cash and cash equivalents | *2,751,676* | *50,000* |
| Other receivables (excluding VAT and prepayment) | *81,564* | - |
| | 2,833,239 | 50,000 |

**16. FINANCIAL INSTRUMENTS (continued)**

FINANCIAL LIABILITIES

The Group held the following financial liabilities, classified as other financial liabilities at amortised cost:

| | Group | |
|---|---|---|
| | **2022 £** | **2021 £** |
| Other payables and accruals | 222,923 | 34,541 |
| | 222,923 | 34,541 |

FINANCIAL ASSETS

The Company held the following financial assets at amortised cost:

| | Company | |
|---|---|---|
| | **2022 £** | **2021 £** |
| Cash and cash equivalents | 2,325,365 | 50,000 |
| Other receivables (excluding VAT and prepayments) | 79,774 | - |
| | 2,405,139 | 50,000 |

FINANCIAL LIABILITIES

The Company held the following financial liabilities, classified as other financial liabilities at amortised cost:

| | Company | |
|---|---|---|
| | **2022 £** | **2021 £** |
| Other payables and accruals | 195,763 | 34,541 |
| | 195,763 | 34,541 |

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses upon the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key members of staff.

**16. FINANCIAL INSTRUMENTS (continued)**

MARKET RISK

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

FOREIGN CURRENCY RISK MANAGEMENT

Currency risk is the risk that the financial results of the Group will be adversely affected by changes in exchange rates to which the Group is exposed. The Group undertakes certain transactions denominated in foreign currencies. The majority of the Company's expenditures are denominated in Pound Sterling, while its exploration expenses are incurred in US Dollars, accordingly, the result for the year are adversely impacted by depreciation of the Pound Sterling against the US$ while the Group's assets are positively impacted by appreciation of the US$ against the Pound. Currency risk is monitored on a regular basis.

The following is a note of the assets and liabilities denominated at each period end in US Dollars:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Other receivables | 2,348 | - |
| Cash and cash equivalents | 582,899 | - |
| Other payables | (34,891) | - |
| | 550,356 | - |

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity and cash and cash equivalents based upon expected cash flow.

CREDIT RISK

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. Credit risk arises from cash and deposits kept with banks, advances paid and other receivables. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, other receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

**16. FINANCIAL INSTRUMENTS (continued)**

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to enable the Group to continue its exploration and evaluation activities, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

At 31 March 2022 the Group had borrowings of £Nil (2021 - £Nil) and defines capital based on the total equity of the Group. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

FAIR VALUE ESTIMATION

The carrying value of other receivables and payables are assumed to approximate to their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible.

The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described earlier in this note.

MATURITY OF FINANCIAL ASSETS AND LIABILITIES

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year.

**17. SHARE CAPITAL**

NUMBER OF SHARES IN ISSUE

| | | 2022 |
|---|---|---|
| Issued and fully paid: | Number | £ |
| Ordinary shares of £0.01 | 212,476,100 | 2,124,761 |
| Total shares | 212,476,100 | 2,124,761 |

| | | 2021 |
|---|---|---|
| Issued and fully paid: | Number | £ |
| Ordinary shares of £1 | 50,000 | 50,000 |

| | | |
|---|---|---|
| Total shares | 50,000 | 50,000 |

RIGHTS OF SHARE CAPITAL

Ordinary shares carry rights to dividends and other distributions from the Company, as well as carrying voting rights.

On 20 April 2021, the Company sub divided its ordinary shares from 50,000 shares with a nominal value of £1 to 5,000,000 shares with a nominal value of £0.01.

On the 27 July 2021 the Company issued 121,111,100 shares following the acquisition of Pacific Trends Resources Chile SpA. The shares were issued at nominal value of £0.01.

**17. SHARE CAPITAL (continued)**

On 20 December 2021 the Company was admitted to trading on the standard segment of the main market of the London Stock Exchange. As part of the initial public offering ("IPO") the following shares were issued:

- 16,000,000 ordinary shares were issued following the conversion of advanced subscription of monies received £800,000. This transaction resulted in an addition to share capital of £160,000 and share premium of £640,000.
- 70,365,000 ordinary shares were issued as part of the main placing of shares, at a placing price of £0.05 per share. This transaction resulted in an addition to share capital of £703,650 and share premium of £2,814,600.

Costs associated with the IPO of £222,274 were debited against the share premium account. Costs associated with the Broker warrants in relation to the IPO were debited against share premium of £56,364.

**18. SHARE BASED PAYMENTS**

The Group had warrants and share option schemes in place during the year ended 31 March 2022 as follows:

**Warrants**

On 7 December 2021 the Company issued 148,327,850 warrants. The warrants were granted in the following tranches:

1.) 60,555,550 granted to Pacific Trends Resources Pty Ltd following the acquisition of Pacific Trends Resources Chile SpA.
2.) 1,407,300 Broker warrants grated as part of the IPO.
3.) 70,365,000 placing warrants granted as part of the IPO.
4.) 16,000,000 conversion warrants granted to Foreign Dimensions Pty Ltd, the largest individual shareholder.

All warrants with the exception of the Broker Warrants entitle the holder to prescribe for one ordinary share at a price of £0.10 per share. The warrants became exercisable on admission and have a maximum life of two years. If the warrants have not been exercised within that time they will expire. The Broker warrants have an exercise price of £0.05 and a life of three years.

| **Warrants** | **Number of warrants 2022** | **Weighted average exercise price 2022** | **Number of warrants 2021** | **Weighted average exercise price 2021** |
|---|---|---|---|---|
| Outstanding at beginning of the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Granted during the year | 148,327,850 | £0.10 | - | - |
| Lapsed during the year | - | - | - | - |
| **Outstanding at the end of the year** | 148,327,850 | £0.10 | - | - |

Broker warrants fall within the scope of IFRS 2 - Share Based Payments as there is an associated service attached to their issue, whilst the other warrants referred to above do not confer any such service so have not been subject to valuation. The weighted average contract length of the warrants was 2 years (2021 - Nil), whilst the remaining average contractual life was 1 year and 8 months (2021 - Nil).

**18. SHARE BASED PAYMENTS (continued)**

VALUATION

The warrants have been valued at 2% of the capital raised by SI Capital. This totalled £56,364 (2021: £nil) and has been debited to share premium.

**Share options**

On 7 December 2021 the Company issued 11,702,232 options to directors and key personnel employed within the group as follows:

1.) 10,105,554 options were granted to directors and a key employee of Great Southern Copper Plc. These options are split into 2 equal tranches, all carry an exercise price of £0.05 per share and have the following vesting conditions:
   a.) 50% vest in 3 tranches, 1/3 on admission, 1/3 on the first anniversary of admission and 1/3 on the second anniversary of admission.
   b.) 50% vest in 3 tranches, 1/3 when the share price reaches £0.10, 1/3 when the share price reaches £0.15 and 1/3 when the share price reaches £0.20.

The options must be exercised by the third anniversary of admission.

2.) 1,596,678 options were granted to other key personnel, including employees of Pacific Trends Resources Chile SpA. These options all carry an exercise price of £0.01 and vest in 3 tranches, 1/3 on admission, 1/3 on the first anniversary of admission and 1/3 on the second anniversary of admission.

The options must be exercised by 7 December 2026.

| **Share options** | **Number of options 2022** | **Weighted average exercise price 2022** | **Number of options 2021** | **Weighted average exercise price 2021** |
|---|---|---|---|---|
| Outstanding at beginning of the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Granted during the year | 11,702,232 | £0.04 | - | - |
| Lapsed during the year | - | - | - | - |
| **Outstanding at the end of the year** | 11,702,232 | £0.04 | - | - |

The weighted average contract length on the options was 4 years (2021 - Nil). The remaining average contractual life of the options was 3 years 8 months (2021 - Nil).

VALUATION

Given the existence of market based vesting conditions in certain of the options, the valuation exercise has been split into 2 parts with the options including those conditions being valued using a Monte Carlo option pricing model, whilst the other options have been valued using the Black Scholes option pricing model.

**18. SHARE BASED PAYMENTS (continued)**

| Options at 31 March 2022 - Monte Carlo Model | |
|---|---|
| Share price at date of grant | *£0.0455* |
| Fair value at the year end | *£0.02* |
| Exercise price | *£0.05* |
| Time to expiry (years) | *3 years* |
| Risk-free rate (%) - 3 years | *0.46%* |
| Volatility (%) | *70.0%* |
| Dividend yield (%) | *0%* |
| Employee retention rate (%) | *100 %* |

| Options at 31 March 2022 - Black Scholes Model | |
|---|---|
| Share price at date of grant | *£0.0455* |
| Fair value at the year end - £0.01 options | *£0.04* |
| Fair value at the year end - £0.05 options | *£0.02* |
| Exercise price | *£0.05; £0.01* |
| Time to expiry (years) | *3 and 5 years* |
| Risk-free rate (%) - £0.01 options | *0.46%* |
| Risk-free rate (%) - £0.05 options | *0.46%* |
| Volatility (%) | *70.0%* |
| Dividend yield (%) | *0%* |
| Employee retention rate (%) | *100% for employees with £0.01 options, 100% for employees with £0.05 options* |

Volatility is measured using a weekly share price over a period of 5 years prior to the date of grant.

The risk-free rate is derived using a 3 and 5 year gilt rate.

The total share-based payment expense recognised in the year is £83,796.

## 19. RESERVES

SHARE PREMIUM

Consideration received for shares issued above their nominal value net of transaction costs.

SHARE BASED PAYMENTS

The cumulative share-based payment expenses

SHARES TO BE ISSUED

Shares to be issued to a director in lieu of cash remuneration.

FOREIGN CURRENCY TRANSLATION

Cumulative gains and losses in respect of the translation of the results of overseas subsidiaries into the presentational currency of the Group.

RETAINED EARNINGS

Cumulative profit and loss net of distributions to owners.

## 20. RELATED PARTY TRANSACTIONS

REMUNERATION OF KEY PERSONNEL - GROUP

Remuneration of key management personnel, considered to be the Directors and other senior management of the Group is as follows:

| | **Year ended 31 March 2022 £'000** | **Period ended 31 March 2021 £'000** |
|---|---|---|
| Short-term remuneration | 166,853 | - |
| Other pension costs | 6,998 | - |
| Share-based payments | 55,930 | - |
| | 229,781 | - |

TRANSACTIONS AND BALANCES WITH KEY PERSONNEL - GROUP

Balances outstanding to key personnel at year end totalled to £489 (2021 - £Nil).

During the year the majority shareholder provided funding to the group, in advance of the IPO, totalling £821,668 (2021 - £Nil). As part of the IPO £800,000 of this loan was converted into 16,000,000 ordinary shares of the Company. As at 31 March 2022 a balance of £21,668 was owed to the shareholder (2021 - £Nil).

During the year £222,274 (2021 - £Nil) was paid to SI Capital Limited for the services relating to the IPO. In addition to this, SI Capital Limited were issued with broker warrants (see Note 18). The charge in relation to Broker warrants of £56,364 (2021 - £Nil) is included within share premium. At 31 March 2022 amounts owed to the Group

by SI Capital Limited totalled £75,000 (2021 - £Nil). SI Capital Limited are a related party through common key management personnel.

During the year payments were made to third parties in respect of services provided by two of the Directors prior to their appointment. Payments made to Hillstone Resources and SI Capital Limited totalled £20,617 and £21,758 respectively (2021 - £Nil), with no amounts outstanding at either period end.

During the year payments in respect of the services of the Chief Executive were made through Metal Ventures Inc totalling £69,984 (2021 - £Nil), with £16,209 outstanding at year end (2021 - £Nil).

The Directors' disclosures have been included in the Directors Remuneration report.

**21. CONTINGENCIES AND COMMITMENTS**

The option agreements held by the Company in relation to the San Lorenzo and Especularita projects give the Company the discretionary right to acquire the relevant concessions, provided the quotas of US$117,080 and the fees of US$3,010,000 due by March 2024 specified in such agreements have been paid in full. There are no royalty, third party payments, or other obligations in favour of third parties regarding the option payments or the concessions to which they relate.

**22. POST BALANCE SHEET EVENTS**

There are no post balance sheet events that require separate disclosure.

**23. ULTIMATE CONTROLLING PARTY**

In the opinion of the Directors, Colin Bourke is the controlling party as he owns greater than 50% of the voting rights of the shares in issue.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

FR DZGZRKKZGZZM