RNS Number : 7777H
Great Southern Copper PLC
31 July 2023

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31 July 2023

# Great Southern Copper plc
## ("Great Southern Copper ", the "Group" or the "Company")

### Full Year Results and Publication of Annual Report

Great Southern Copper plc (LSE: GSCU), the company focused on copper-gold exploration in Chile, announces its results for the year ended 31 March 2023.

## HIGHLIGHTS

### Especularita Project

- Commenced exploration campaign at Especularita, targeting porphyry-epithermal style copper-gold ("Cu-Au") mineralisation, and identified targets for prospect-scale exploration
- Announced final assay results from the trial rock float sampling programme at the Victoria prospect, demonstrating potential for high-grade Cu-Au deposits
- Exploration concession area increased with 5,704 hectares ("ha") added at Especularita

*Especularita post period*

- On 3 April, announced results from mapping and sampling at the Victoria prospect, showing assay grades in rock chips of up to 6.9% Cu and 1.85g/t Au
- On 11 July, announced high-grade Cu-Au rock chip samples up to 5.97% Cu and 13.7g/t Au from the Teresita prospect
- On 18 July, announced high-grade copper assay results from rock chip samples up to 3.39% Cu from Abundante prospect
- Scout drilling programmes planned for the Teresita and Victoria prospects

### San Lorenzo Project

- Announced ground magnetic data that identified multiple shallow and buried targets for follow-up exploration
- Completed reconnaissance diamond drilling, which targeted four individual prospect zones
- Scout drilling results at the Cerro Chinchillon prospect confirm the discovery of a large intrusive-related copper-gold mineralised system
- Exploration concession area increased, with 2,193 ha added at San Lorenzo

**Corporate**

- On 15 May, secured £1m in funding to finance on-going exploration programmes in Chile through a placing and subscription and a convertible loan facility

- On 13 July, appointed Martin Page as Chief Financial Officer and member of the board

**Sam Garrett, Chief Executive Officer of Great Southern Copper, said:** "This has been a strong year for GSC as we have made significant progress across both our projects in Chile. The discovery of an intrusive-related copper-gold system at San Lorenzo, as well as high-grade copper-gold prospects at Especularita, has established a strong platform for the Company to build from in the future.

"The Green transition has underscored the importance of key strategic minerals such as copper, and this continuing trend is expected to bolster demand, particularly in light of the supply shortages foreshadowing this transition. Our exploration work over the past year has highlighted the significant potential of our projects, and the Board looks forward to advancing with exploration campaigns to further understand the numerous promising targets identified at our two projects."

## Annual Report and Accounts

The Company will shortly be publishing its Annual Report and Accounts. It will be made available on the Company's website at https://gscplc.com and posted to shareholders.

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**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 scale 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 exploration projects are within the same coastal metallogenic belt as other major deposits including Teck's Andacollo copper and gold mine and Pucobre's El Espino project. 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 actively engaged in a two-year exploration and evaluation work programme targeting both large tonnage, low to medium grade Cu-Au deposits as well as low tonnage high-grade Cu-Au deposits.

Further information on the Company is available on the Company's website: https://gscplc.com

**Chairman's Statement**

As Chairman of Great Southern Copper plc, ('the Company' and 'GSC'), I am delighted to be able to introduce our second set of results as a public company for the year ended 31 March 2023.

In December 2021, Great Southern Copper plc, a mineral exploration company focused on the discovery of copper-gold resources in the coastal metallogenic belt of Chile, successfully listed on the Official List (Standard Segment) of the London Stock Exchange, at the same time raising some £3.5 million. Since that time the Company has been actively involved in Chile, where it holds the rights to two exploration projects.

Chile is the world's largest producer and exporter of copper and is 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 strong 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 in 2022 elected a new president mandated to effect change. Although recent moves to enable State participation in Chile's new lithium strategy have made international headlines, similar changes that were proposed last year to copper mining rights were not approved by the country's constitutional assembly. However, Chile's new royalty proposals, which will increase Government take from producing miners, are now very close to finalisation, but they have been modified with the aim of ensuring that Chile remains internationally competitive and can continue to attract foreign investment in its mining industry.

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-gold exploration assets, where options over the two projects, San Lorenzo and Especularita, were secured. 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.

In the last year, the Company has engaged in scout diamond drilling programmes across four prospect areas in the San Lorenzo copper-gold project, resulting in the discovery of a potentially significant intrusive-related copper-gold system. We are fortunate to have an excellent team in-country and our thanks go to them for their hard work and dedication. The Company also increased its concession holding at San Lorenzo during the year and reconnaissance work programmes are now being planned to allow the Company to explore the greater area.

Reconnaissance exploration at the Especularita project during the reporting period has been successful in identifying three copper-gold prospects that the Company has been actively working up to drill-ready stage. High-grade epithermal and skarn type copper and gold has been identified in surface samples at the Victoria, Teresita and Aurelia prospects and the Company plans to have these prospects ready for drill testing within the next reporting period. In addition, regional sampling of streams across the project is currently ongoing and is designed to deliver additional new prospects into the exploration pipe-line at Especularita. 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. The Company's tenement holding at Especularita has also been significantly increased with the addition of new strategically located concessions.

Despite global economic headwinds effecting the industry this year, the overall economic outlook for both copper and gold continues to look very strong, particularly for copper, where supply shortages are foreshadowed as a result of the global transition to green energy technologies. This is reflected in the copper price which has increased over 60% in the last 3 years. (Source: www.lme.co/en/metals/non-ferrous).

The discovery of an intrusive-related copper-gold system at San Lorenzo, as well as the discovery of high-grade copper-gold epithermal systems at Especularita, has established a strong platform from which the Company will progress its exploration activity over the coming years. Our management team is also working to identify and secure a third project, which will further enhance the Company's exploration assets and the potential to deliver growth opportunities for the Company and our stakeholders well into the future.

I wish to thank the Board, our management, and particularly our team in Chile, for their dedicated work in advancing the Company's exploration efforts and at the same time ensuring that the values, beliefs and standards of the Company are upheld and promoted.

Charles Bond
28 July 2023

**Operations Report**

The Company is exploring two projects in northern Chile for large-scale copper-gold deposits, namely: the San Lorenzo Project and the Especularita Project.

Both projects are strategically located within the coastal metallogenic belt which affords the Company significant infrastructure advantages over explorers who operate in the high-altitude Andean belt, including 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 attaching royalty conditions or overhanging payment requirements.

To assist with the exploration activity across both projects the Company has expanded its all-Chilean exploration team with the addition of a highly experienced Chief Geologist as well as two graduate geologists.

Exploration activities at the projects for the period to 31 March 2023 are set out below.

**San Lorenzo Project**

Previous exploration work at the Chinchillon prospect area of San Lorenzo has determined that large-scale copper-gold mineralisation occurs within a granodiorite, which in turn is intruded by dykes, sills and stocks of monzonite and overprinted by an extensive calc-potassic alteration event. The overprinting calc-potassic alteration is typically defined by swarms of sheeted fractures of quartz-actinolite-magnetite-K feldspar-Fe-oxide with rare evidence of copper oxides[1]. Contact margins of the monzonite intrusive bodies also exhibit strong evidence of copper-gold mineralisation typically associated with unidirectional solidification textures (or UST).

Work at San Lorenzo this year included interpretation of a ground magnetic survey (completed the previous year[2])[3] as well as scout drilling at four prospect sites within the calc-potassic alteration zone[4]. Managing and maintaining the project's concession portfolio is on-going and includes the addition of new concessions to the project[5].

During the reporting period, a scout diamond drilling programme comprising 13 holes for a total of 2,958m was completed across 4 prospect areas within the Chinchillon prospect at San Lorenzo. The programme was designed with the aim to[6];

- Target the oxide sheeted fracture-vein systems at depth to determine if the fracture-vein sets host copper sulphides at depth below the base of oxidation,
- Target monzonite and UST to evaluate the fertility of the monzonites to potentially produce a Cu-Au deposit,
- Determine the controls on mineralisation, and
- Identify what exploration tools and methods might be best employed to vector towards economic deposits.

The results of the drilling have successfully confirmed that the sheeted fracture system hosts copper sulphide mineralisation and that copper (and gold+molybdenum) grades are dependent upon both fracture density and sulphide speciation within the individual fractures. Assay results indicate that the background copper content for unaltered-unmineralised granodiorite is very low (<10-100ppm Cu). However, where the granodiorite is overprinted by sheeted fracture alteration, the copper content increases significantly to >300-1000ppm Cu. Drill holes SLD005-009 targeting the fracture-hosted altered granodiorite all intersected anomalous Cu+Au-Mo on fractures with hole SLD005 recording a best intercept of 94m of 480ppm Cu from 274m (SLD005)[6].

Maximum assays for individual samples (2m sample intervals) for hole SLD005 were 0.21% Cu and 0.11g/t Au. Additional highest assay results for the other holes over 0.5-2m sample intervals include; 0.68% Cu (SLD006), 869ppm Cu and 1.13g/t Au (SLD007), 0.19% Cu and 0.5g/t Au (SLD008) and 0.37% Cu and 1.78g/t Au (SLD009)[6]. Whilst these results are not economic, they are significant in demonstrating that the Chinchillon system is fertile and that a significant volume of copper (and gold) has been added to the granodiorite presumably from a large deeper source body, such as the monzonite. The company will now use this information to target its next phase of exploration drilling.

Monzonitic dykes, sills and stocks are prevalent invading throughout the calc-potassic altered granodiorite at Chinchillon. The monzonites are characterised by UST magmatic textures (unidirectional solidification textures) which are strongly indicative of a fertile mineralisation system formed at a low erosional cupola level. Two monzonite intrusives were targeted with scout drilling at the Las Hermanas and Cerro Blanco prospects. Assay results indicate that the monzonite intrusives are highly elevated (up to 2 orders of magnitude) in copper (>300-1000ppm Cu), relative to the enclosing granodiorite (<50-100ppm Cu), and as such they represent a potential progenitor for the Cu+Au mineralising system at Chinchillon[6]. Best Cu-Au drill intercepts for holes targeting the monzonite-UST mineralisation include[6];

- SLD010: 5.5m of 0.27% Cu, 0.54g/t Au from 70.7m, including 0.5m of 1.65% Cu, 3.63g/t Au from 70.5m
- SLD013: 4.0m of 0.2% Cu, 0.1g/t Au from 5m, and 1.0m of 0.37g/t Au from 9m

Analysis of trace element ratios ($Al3O_2/TiO_2$, Sr/Y and V/Sc ratios) from drill core assay data for the monzonite dykes also suggests that the monzonite geochemistry falls within the ranges for fertile Cu and Cu-Au producing intrusives[7].

The results of the scout drilling programme confirm that GSC has discovered a large intrusive-related copper-gold system at Chinchillon. The drilling results are still being fully evaluated.

The San Lorenzo project is strategically located within the Coastal metallogenic belt that is host to both porphyry and IOCG type copper-gold deposits. The location benefits from excellent infrastructure due to its low altitude and recent discovery successes in the belt by Hot Chili (ASX:HCH) and Tribeca Resources (TSX:TRBC) emphasise the exploration potential of the district. With this in mind GSC has acted to increase its concession-holding over the year and now holds approximately 28,645 ha (286 $km^2$) of mining and exploration concessions both granted and in the process of being granted[5].

**Especularita Project**

The Especularita project comprises an extensive district-scale porphyry-epithermal-skarn mineralisation system located within the Coastal metallogenic belt and is host to significant small-scale mines and artisanal workings for copper and gold. The centre of the mineralised system is identified as a topographically distinct zone of advanced argillic altered volcanics referred to locally as the La Colorada lithocap. Initial work by GSC and its predecessor at Especularita was focussed on reconnaissance exploration as well as maximising the Company's land position in the district[1].

Reconnaissance-scale mapping and sampling across the project during the previous reporting period and into this reporting period, has led to the discovery of outcropping high-grade copper-gold mineralisation (up to 7.22% Cu and 13.1g/t Au)[8] in 3 prospect locations, namely; the Teresita, Victoria and Aurelia prospects. In addition, porphyry style stockwork vein alteration has been identified in several locations within and marginal to the La Colorada advanced argillic altered lithocap[7]. Further exploration is planned to elevated these porphyry areas to prospect-scale targets.

The Teresita and Victoria prospects represent epithermal style quartz-carbonate vein-breccia deposits with mineralisation hosted within quartz-dominant zones of the breccias. Copper assay grades in surface samples collected from detailed prospect mapping at Victoria during the reporting period range up 6.9% Cu and 1.85g/t Au[9] gold up to 13.7g/t Au and up to 13.7g/t Au at Teresita[7]. Assay results from preliminary prospect-scale mapping and sampling at the Aurelia prospect are indicative of skarn type mineralisation with samples from historical small-scale mines ranging up to 7.6% Cu and 2.9g/t Au[7]. Scout RC drilling programmes are being planned for both the Teresita and Victoria prospects.

A programme of first-pass stream sediment sampling has also been implemented across the Especularita project area to provide geochemical exploration vectors to new target areas particularly within the lithocap alteration zone[5]. Approximately 500 drainage samples have been collected during the later half of the reporting period and assay results for the survey are pending.

The Especularita project is located within a large mineral district and includes significant historical evidence of artisanal mining and processing as well as active small-scale Cu-Au mines. The project is strategically located within a trend that includes both large porphyry and skarn type copper deposits including Andacollo (Teck) and El Espino (Pucobre). During the reporting period, the Company has worked to increase its concession position within this under-explored district and now holds 18,209 ha (182 km2) of mining and exploration concessions both granted and in the process of being granted[5].

Sam Garrett
Chief Executive Officer

28 July 2023

**References:**


1. Prospectus for Great Southern Copper PLC (06 Dec 2021),
2. RNS 8499X (22 Jan 2022): Ground-based magnetic survey completed at San Lorenzo project,
3. RNS 4007M (23 May 2022): Ground magnetics survey identifies multiple targets at San Lorenzo,
4. RNS 9264R (11 Jul 2022): Diamond drilling commences at San Lorenzo Cu-Au project, Chile,
5. RNS 3666Q (20 Feb 2023): Exploration update at Especularita and San Lorenzo,
6. RNS 4946T (20 Mar 2023): Results for scout drilling programme,
7. RNS 1155A (22 May 2023): Corporate presentation
8. RNS 2146H (22 Nov 2022): Early exploration at Especularita identifies Cu-Au targets and completion of drilling at San Lorenzo
9. RNS 0445V (03 April 2023): Rock chip assay grades up to 6.9% Cu and 1.85g/t Au in outcrop from Victoria prospect


**Extract from Strategic Report**
The Directors present their Strategic Report on the Group and Company for the year ended 31 March 2023.

**Strategy and Business Review**
The Company's strategy is to create value for shareholders by using the expertise of its management team to successfully explore for copper-gold (Cu-Au) deposits in Chile and, potentially, to identify and acquire other mineral exploration projects.

The Company's exploration projects in Chile 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 infrastructure.

The prospectivity of both projects is confirmed by both significant historical small scale artisanal workings for copper and gold and the exploration work completed to date. In the past year, the Company has undertaken geological mapping, trenching and scout drilling at San Lorenzo. At Especularita, the Company has carried out geological mapping, stream sediment sampling, rock chip and float sampling. Exploration is still at an early stage at both projects and has not yet matured to the stage where a mineral resource estimate has been defined. Nevertheless, drilling at San Lorenzo has confirmed the discovery of a large intrusive-related Cu-Au mineralised system and, at Especularita, results have identified mineralised vein breccia targets for follow-up work.

In December 2021, £3.5 million was raised to fund the Company's two-year exploration programme at San Lorenzo and Especularita. In the past financial year, £2,136,136 was spent according to the budget leaving a cash balance of £653,940 as at 31 March 2023.

The outlook for copper is positive, given the lack of investment in new copper discoveries over the last decade, which has lowered copper production at a time when it needs to ramp up significantly to

enable the transition to clean energy. For copper exploration, Chile is a prime destination. It is the largest copper producer in the world and one of South America's most promising investment destinations. It is a stable and prosperous country with such impressive mineral endowment, that all the world's major mining companies operate there.

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

**Subsequent Events**

On 15 May 2023, the Company entered into an agreement with Foreign Dimensions Pty Limited ("FD") whereby FD agreed to provide the Company with an unsecured interest free convertible loan facility in the aggregate sum of £501,000. The loan is to be made in two tranches:

- £250,000 on 31 August 2023; and
- £251,000 on 11 September 2023.

Automatic conversion of the loan into Ordinary Shares ("Conversion Shares") in the Company at a price of 1.2p per share, and the grant of an equivalent number of warrants exercisable at 2.4p, is subject to certain conditions, in particular publication of a prospectus approved by the FCA in relation to, and authority being granted by the Company's shareholders for, the allotment and issue of the Conversion Shares and the grant of the warrants.

In the event that such authority is not granted, any advance already made is repayable by the Company one year after the date of such advance.

On 19 May 2023, by way of a private placing, the Company issued a further 41,749,998 Ordinary Shares at a price 1.2p per share, raising £501,000 before costs, each with the right to a warrant attached, also to be granted conditional on satisfaction of the conditions above, and exercisable at 2.4p.

On the same date, the Company made loans of £10,000 each to two of the Directors, Stuart Greene and Nick Briers to enable them each to subscribe for shares in the abovementioned placing. These loans, which are interest free, are being repaid from their after tax salaries. It is envisaged that both loans will be repaid before 30 November 2023.

The Company has announced the appointment of Martin Page as Finance Director. Mr Page will take up his appointment on 1 August 2023.

**Principal Risks**

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 Company's progress 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. As a result of this concentration, the Company may be disproportionately exposed to the impact of local delays or interruptions to development of, and future production from, these locations caused by significant changes to governmental regulation, interruption to transportation together with capacity constraints, curtailment of future production, natural disasters, adverse weather conditions, civil unrest, labour disputes or other events which impact this area.

**Exploration Risk**

The Company's projects are regarded as 'early-stage exploration', are highly speculative in nature, and may not result in success. There is no guarantee that further mineralisation or recoverable economic resources will be found.

Whilst the Directors endeavour to apply their skills to assess the projects, exploration is costly, highly speculative and often unsuccessful. For instance, factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the environmental and other conditions in the areas where the potential resources are located, may increase costs and make it uneconomical to advance or develop the Company's projects. Failure to discover new mineral resources or maintain existing mineral rights could materially and adversely affect the Company's results of operations, cash flows, financial conditions and prospects.

**Government Regulation**

The concessions and operations of the Company are located in jurisdictions outside of the UK and there are, therefore, a number of risks that the Company is unable to control.

Whilst the Company makes 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 current Chilean government's legislative programme includes a proposal to change the taxation of mining activities in Chile. A draft bill that would modify the mining royalty regime is under discussion in Congress. The proposed royalty has a hybrid nature and combines an ad valorem component that would be applied to annual sales of copper and a variable element linked to the mining operating margin. The royalty tax would apply to mining companies producing over 12,000 tonnes of fine copper per year.

Despite the fact that the Company's operations are currently limited to exploration activities, the enactment of the aforementioned bill could considerably increase mining taxes, potentially affecting the viability of future exploitation projects in Chile, as well as those of the Company, which could become uneconomic. The Company will continue to monitor the proposed changes and the potential adoption of a Mining Royalty Tax, which may adversely affect potential future operations of the Company.

Modifications to the Chilean mining code expected to be introduced in 2023 but now postponed to January 2024, include extending the duration of an exploration concession from two to four years but eliminating the possibility of requesting an extension to an exploration concession given the increased duration. The Company will continue to monitor the various modifications to the mining code that are being discussed by Congress and their potential impact on the Company, including the impact on the concessions to which the Company has rights at the time the new laws come into force.

**Permitting**

The Company's rights to the San Lorenzo and Especularita projects are defined by option agreements that its subsidiary, PTRC, has over the exploration and exploitation concessions at these projects. The option agreements and all of the concessions are in good standing.

Exploration concessions in Chile last for 2 years, counted since their constitution by judicial ruling, and are subject to the payment of annual fees to the Chilean Treasury. If these fees are not paid in a timely manner, the claim can only 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 a mining 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 mining 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 30 days, counted from the date of 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. However, they give the owner the right to mine subject to the granting of permits.

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 can be effectively maintained by payment of the appropriate annual licence fees or by means of compliance with any new regulation that may control 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 Company's business, prospects, financial conditions and results of operations.

Whilst the Company is satisfied that it has taken reasonable measures to ensure an unencumbered right to explore its projects in Chile, the relevant concessions may be subject to undetected defects. If a defect does exist, it is possible that PTRC 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.

Exploration concessions, which PTRC has the right to acquire through option agreements, need to be duly registered in the Chilean Mining Registrar in order for them to be enforceable. If PTRC fails to register any option agreement in the Chilean Mining Registrar, then it may be unable to enforce the benefit of them and PTRC's title to the exploration concession could be subject to potential litigation by third parties claiming an interest in them. PTRC has submitted all option agreements not currently registered in the Chilean Mining Registrar for registration and has no reason to believe that any of the option agreements will not be registered.

**Environmental and Other Regulatory Requirements**
Currently the Group's environment impact is limited to the activities associated with exploration and is therefore minimal. 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.

Although the Company believes that its projects are currently in compliance with all relevant environmental and health and safety laws and regulations, 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**
The Company is in the exploration stage of its development and will only become revenue producing once successful exploration has been achieved and an operating mine developed. Consequently, the Company will be dependent on either equity funding or bringing in partners to finance its operations. The Company may not be successful in the procurement of the required funds and may therefore have to adjust its exploration strategy accordingly.

**Commodity Prices**
The market prices of copper and gold, like many commodities, are volatile and are affected by numerous factors which are beyond the Company's control. Sustained downward movements in copper and gold prices could render less economic, or uneconomic, the mineral projects that the Company is exploring and could negatively impact the availability of equity finance to the Company for it to continue to fund its exploration activities.

**Foreign Currency and Exchange Rates**
The Company may be exposed to ongoing currency risk, however no forex sensitivities have been included as they are deemed to be immaterial. Proceeds of fundraises are expected to be mostly in Sterling; the Company's financial statements are stated in Sterling and certain ongoing management costs will be denominated in Sterling. Its operational costs are largely 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. This might result in 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 conditions 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.

**Dependence on Key Personnel**

The Company's success depends to a significant extent on the quality of its management. The Company's business may be disrupted, additional cost may be incurred or its future may be jeopardised by a loss of, or failure to retain, sufficient numbers and quality of management staff or senior personnel.

To mitigate this risk, measures are in place and are under review to reward and retain key individuals and to protect the Company from the impact of staff turnover.

**Social, Community and Human Rights**

It is the Company's intention to operate for the benefit of all stakeholders. In this regard, it will ensure that PTRC:

- Adopts fair, non-discriminatory employment practices;
- Ensures safe working practices for all employees;
- Positively engages with local communities and is sensitive to any concerns that they may have regarding land usage, water resources, biodiversity, cultural sites and artefacts; and
- Will treat 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 to all stakeholders, a clear positive benefit that respects social, community and human rights.

**Key Performance Indicators (KPIs)**

Given that the Company is at an early stage in its development, 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;
- The progress of the exploration programme and the status and commitments with regards to the exploration concessions; and
- Ensuring that PTRC meets its environmental and social obligations in Chile.

The Directors are 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**

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:

- In pursuit of the Company's strategy of creating value for shareholders via the exploration for copper mineral deposits in Chile, the Company has, in the past year:
  - carried out exploration and identified copper mineralisation at its two projects in Chile;
  - confirmed the discovery of a large intrusive-related copper-gold mineralised system at San Lorenzo;
  - identified mineralised vein breccia targets for follow up work; and
  - reviewed a number of new projects that could be brought into the Company as a 'third' project.

- In order to pursue the strategy outlined, the Directors are aware of the importance of developing the skills of its employees and establishing a good team work ethic where team members work well together and communicate openly with each other. In pursuit of this objective, the CEO visited the projects in Chile on four occasions during the year, working with team members and, together with the Company's experienced exploration manager, imparting the benefit of their expertise to more junior team members.

- In the past year, the Company has acted fairly, in good faith and without problems with all of the service providers.

- 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 has prepared a 'Sustainability' statement which appears on the Company's website and has commenced work on 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. Additionally, the culture of the Company is illustrated by the following statements that appear on the Company's website:
  - We will be guided by our company values to act with integrity at all times both within the workplace and within the community more broadly; and
  - We will communicate transparently and honestly with all stakeholders

- Retaining investor support is important to the Company and, therefore, the Directors intend to keep shareholders fully and equally informed. In the past year, the Company has kept shareholders informed of progress via news releases, web podcasts, the Company's website, attending a mining conference and through direct contact. Moving forward, management will continue to attend mining conferences where they will be available to meet shareholders in person.

**Extract from the Directors' report**

The Directors have pleasure in submitting their report together with the audited financial statements for Great Southern Copper plc (the 'Company' and together with its subsidiary, the 'Group') for the year ended 31 March 2023.

**Principal Activities**

The Group is currently focussed upon the exploration for copper and gold in Chile. Further detail is covered in the Chairman's Statement and also in the Operations Report.

**Dividends**

No dividends are planned (2022: £nil).

**Subsequent Events**

Further details on subsequent events can be found in note 23 and in the strategic report on page 21 of the Annual Report.

**Going Concern**
In common with many other mineral exploration companies, the Group has raised equity and debt finance for its exploration activities. The Board recognises that further finance will need to be raised as and when required to progress its exploration projects and add shareholder value. The Board also acknowledges that previous success in raising funds does not necessarily provide any guarantee that the Group will be able to do so in the future.

As at 31 March 2023, the Group's cash at bank amounted to £653,940; at the date of signing this report, the balance amounted to £534,460.

The Board has reviewed the Group's cash flow forecast up to 31 July 2024 and are aware that additional funds will likely need to be sourced in order to continue to advance its exploration activities and continue as a going concern for a period of at least 12 months from the approval of these financial statements. The auditors have acknowledged this going concern uncertainty in their unqualified audit report.

The Directors are confident that they will be able to secure the necessary funding in order to enable the Group to continue to advance its projects. The Group recently signed a £501,000 unsecured, convertible interest free loan agreement with the Company's major shareholder, Foreign Dimensions Pty Limited (refer to the 'Subsequent Events' note in the Strategic Report for details). The Board continues to closely monitor its cash position, allocate funds in line with its detailed budget and maintain a strict control over non-project spend. The Directors remain confident in the Company's ability to raise additional funds as required, from existing and/or new investors and therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

**Extracted from Directors' responsibility statement pursuant to Disclosure and Transparency Rules**
Each of the Directors, confirms that to the best of his 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
28 July 2022

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
Year ended 31 March 2023

| | Note | Year ended 31 March 2023 £ | Year ended 31 March 2022 £ |
|---|---|---|---|
| **Continuing operations** | | | |
| Administrative expenses | 6 | (1,298,711) | (1,037,076) |
| **Operating loss** | | (1,298,711) | (1,037,076) |
| **Loss before taxation** | | (1,298,711) | (1,037,076) |
| Taxation | 9 | - | - |
| **Loss for the year attributable to the owners of the Company** | | (1,298,711) | (1,037,076) |

| | | | |
|---|---|---|---|
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange rate differences on translation of foreign operations | | 28,748 | (24,178) |
| **Total comprehensive loss attributable to the owners of the Company** | | (1,269,963) | (1,061,254) |
| | | ***Pence*** | ***Pence*** |
| **Earnings per share - basic and diluted** | *10* | (0.610) | (0.938) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
As at 31 March 2023

| | ***Note*** | **2023 £** | **2022 £** |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | *11* | 2,478,738 | 1,489,379 |
| Property, plant and equipment | *12* | 1,609 | - |
| **Total non-current assets** | | 2,480,347 | 1,489,379 |
| **Current assets** | | | |
| Trade and other receivables | *14* | 189,814 | 333,292 |
| Cash and cash equivalents | *15* | 653,940 | 2,751,676 |
| **Total current assets** | | 843,754 | 3,084,968 |
| **Total assets** | | 3,324,101 | 4,574,347 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | *16* | *(124,733)* | *(223,063)* |
| **Total liabilities** | | *(124,733)* | *(223,063)* |
| **Net current assets** | | 719,021 | 2,861,905 |
| **Net assets** | | 3,199,368 | 4,351,284 |
| **Equity** | | | |
| Share capital | *18* | 2,133,364 | 2,124,761 |
| Share premium | *20* | 3,175,962 | 3,175,962 |
| Share based payment reserve | *19* | 235,903 | 140,160 |
| Shares to be issued | *20* | - | 6,196 |
| Foreign currency translation reserve | *20* | 4,570 | (24,178) |
| Retained earnings | *20* | (2,350,431) | (1,071,617) |
| **Total equity attributable to the owners of the Company** | | 3,199,368 | 4,351,284 |

**COMPANY STATEMENT OF FINANCIAL POSITION**
Year ended 31 March 2023

| | Note | 2023 £ | 2022 £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments | *13* | 3,991,550 | 2,641,245 |
| **Total non-current assets** | | 3,991,550 | 2,641,245 |
| | | | |
| **Current assets** | | | |
| Trade and other receivables | *14* | 132,960 | 261,842 |
| Cash and cash equivalents | *15* | 650,857 | 2,325,365 |
| **Total current assets** | | 783,817 | 2,587,207 |
| **Total assets** | | 4,775,367 | 5,228,452 |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | *16* | (103,541) | (195,763) |
| **Total liabilities** | | (103,541) | (195,763) |
| | | | |
| **Net current assets** | | 680,276 | 2,391,444 |
| | | | |
| **Net assets** | | 4,671,826 | 5,032,689 |
| | | | |
| **Equity** | | | |
| Share capital | *18* | 2,133,364 | 2,124,761 |
| Share premium | *20* | 3,175,962 | 3,175,962 |
| Share based payments reserve | *19* | 235,903 | 140,160 |
| Shares to be issued | *20* | - | 6,196 |
| Retained earnings | *20* | (873,403) | (414,390) |
| **Total equity** | | 4,671,826 | 5,032,689 |

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 £478,910 (2022: £379,849)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 31 March 2023

| | Share capital £ | Share premium £ | Shares to be issued £ | Share based payments £ | Foreign currency translation reserve £ |
|---|---|---|---|---|---|
| **As at 1 April 2021** | **50,000** | **-** | **-** | **-** | **-** |
| | | | | | |
| Loss for the year | - | - | - | - | - |
| Exchange rate differences on translation of foreign operations | - | - | - | - | (24,178) |
| Total comprehensive income for the year | - | - | - | - | (24,178) |
| *Transactions with shareholders:* | | | | | |
| Issue of share capital, net of issue costs | 2,074,761 | 3,175,962 | - | - | - |
| Shares to be issued | - | - | 6,196 | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Share based payments | - | - | - | 140,160 | - |
| **As at 31 March 2022** | **2,124,761** | **3,175,962** | **6,196** | **140,160** | **(24,178)** |
| Loss for the year | - | - | - | - | - |
| Exchange rate differences on translation of foreign operations | - | - | - | - | 28,748 |
| Total comprehensive income for the year | - | - | - | - | 28,748 |
| *Transactions with shareholders:* | | | | | |
| Issue of share capital, net of issue costs (note 18) | 8,603 | - | (6,196) | (22,304) | - |
| Share based payments | - | - | - | 118,047 | - |
| **As at 31 March 2023** | **2,133,364** | **3,175,962** | **-** | **235,903** | **4,570** |

**COMPANY STATEMENT OF CHANGES IN EQUITY**

Year ended 31 March 2023

| | Share capital £ | Share premium £ | Shares to be issued £ | Share Based payments £ |
|---|---|---|---|---|
| **As at 1 April 2021** | **50,000** | **-** | **-** | **-** |
| Loss for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - |
| *Transactions with shareholders:* | | | | |
| Issue of shares, net of issue costs | 2,074,761 | 3,175,962 | - | - |
| Shares to be issued | - | - | 6,196 | - |
| Share based payments | - | - | - | 140,160 |
| **As at 31 March 2022** | **2,124,761** | **3,175,962** | **6,196** | **140,160** |
| Loss for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - |
| *Transactions with shareholders:* | | | | |
| Issue of shares, net of issue costs (note 18) | 8,603 | - | (6,196) | (22,304) |
| Share based payments | - | - | - | 118,047 |
| **As at 31 March 2023** | **2,133,364** | **3,175,962** | **-** | **235,903** |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended 31 March 2023

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

| | 31 March 2023 £ | 31 March 2022 £ |
|---|---|---|
| **Cash flows from operating activities** | | - |
| Loss for the year | (1,298,711) | (1,037,076) |
| **Adjustments for:** | | |
| Share based payments | 118,047 | 83,796 |
| Depreciation | 551 | - |
| **Working capital adjustments** | | |
| Increase in trade and other receivables | 148,353 | (155,383) |
| Increase/(decrease) in trade and other payables | (178,642) | (24,214) |
| **Net cash outflow from operations** | (1,210,402) | (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 | (923,529) | (191,753) |
| Purchase of plant, property and equipment | (2,205) | - |
| **Net cash used in investing activities** | (925,734) | (199,468) |
| | | |
| **Cash flows from financing activities** | | |
| Issue of ordinary share capital, net of issue costs | - | 4,020,976 |
| **Net cash generated from financing activities** | - | 4,020,976 |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | (2,136,136) | 2,688,631 |
| Exchange gains on cash and cash equivalents | 38,400 | 13,045 |
| **Cash and cash equivalents brought forward** | 2,751,676 | 50,000 |
| **Cash and cash equivalents carried forward** | 653,940 | 2,751,676 |

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

| | Year ended 31 March 2023 £ | Year ended 31 March 2022 £ |
|---|---|---|
| Equity consideration for business combination | - | 1,211,111 |
| Share option charge | 88,607 | 83,796 |
| Broker warrants | - | 56,364 |
| Remuneration settled through issue of shares | 29,440 | 6,196 |

## COMPANY STATEMENT OF CASH FLOWS

Year ended 31 March 2023

| | Year ended 31 March 2023 £ | Year ended 31 March 2022 £ |
|---|---|---|
| **Net cash flows from operating activities** | | |
| Loss for the year | (478,910) | (379,849) |
| | | |
| **Adjustments for:** | | |
| Share based payments | 118,047 | 83,796 |
| | | |
| **Working capital adjustments** | | |
| Increase in long term receivables | (1,350,305) | (1,419,683) |
| Decrease/(increase) in trade and other receivables | 128,882 | (186,841) |
| (Decrease)/increase in trade and other payables | (92,222) | 167,417 |
| **Net cash used in operations** | (1,674,508) | (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 |
| **Net cash generated from financing activities** | - | 4,020,976 |
| | | |
| **Net (Decrease)/increase in cash and cash equivalents** | (1,674,508) | 2,275,365 |
| **Cash and cash equivalents brought forward** | 2,325,365 | 50,000 |
| **Cash and cash equivalents carried forward** | 650,857 | 2,325,365 |

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

| | Year ended 31 March 2023 £ | Year ended 31 March 2022 £ |
|---|---|---|
| Equity consideration for business combination | - | 1,211,111 |
| Share option charge | 88,607 | 83,796 |
| Broker warrants | - | 56,364 |
| Remuneration settled through issue of shares | 29,440 | 6,196 |

## 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 statements 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 equity and debt finance for its exploration activities. The Board recognises that further finance will need to be raised as and when required to progress its exploration projects and add shareholder value. The Board also acknowledges that previous success in raising funds does not necessarily provide any guarantee that the Group will be able to do so in the future.

As at 31 March 2023, the Group's cash at bank amounted to £653,940; at the date of signing this report, the balance amounted to £534,460.

The Board has reviewed the Group's cash flow forecast up to 31 July 2024 and are aware that additional funds will likely need to be sourced in order to continue to advance its exploration activities and continue as a going concern for a period of at least 12 months from the approval of these financial statements. The auditors have acknowledged this going concern uncertainty in their unqualified audit report.

The Directors are confident that they will be able to secure the necessary funding in order to enable the Group to continue to advance its projects. The Group recently signed a £501,000 unsecured, convertible interest free loan agreement with the Company's major shareholder, Foreign Dimensions Pty Limited (refer to the 'Subsequent Events' note in the Strategic Report for details). The Board continues to closely monitor its cash position, allocate funds in line with its detailed budget and maintain a strict control over non-project spend. The Directors remain confident in the Company's ability to raise additional funds as required, from existing and/or new investors and therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing 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.

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.

**3. Accounting Policies (continued)**

***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.

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 when facts and circumstances may suggest an impairment 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.

**3. Accounting Policies (continued)**

***Deferred Tax***

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.

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 19) 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.

**3. Accounting Policies (continued)**

***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

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.

***Property Plant and Equipment***

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses. Cost comprises purchase cost together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied.

| | |
|---|---|
| Computer equipment | 3 years straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

***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.

**3. Accounting Policies (continued)**

***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 15.

***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.

***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** |
|---|---|
| Initial Application of IFRS 17 and IFRS 9 - Comparative Information | The Group adopted the amendments References to the Conceptual Framework for IFRS Standards for the accounting period commencing 1 April 2022. |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction | The Group adopted the amendments References to the Conceptual Framework for IFRS Standards for the accounting period commencing 1 April 2022. |

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 Estimates and Judgements**

The key accounting estimates and 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 2023 total exploration and evaluation costs capitalised amounted to £2,478,738 (2022 - £1,489,379). 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 19 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:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Exploration - Chile | (819,801) | (657,227) |
| Corporate - UK | (478,910) | (379,849) |
| **Loss before tax** | (1,298,711) | (1,037,076) |
| Taxation | - | - |
| **Loss after tax** | (1,298,711) | (1,037,076) |

Segment assets and liabilities:

| **Non current assets** | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Exploration - Chile | 2,480,347 | 1,489,379 |
| Corporate - UK | - | - |
| **Total** | 2,480,347 | 1,489,379 |

| **Total assets** | 2023 | 2022 |
|---|---|---|

| | £ | £ |
|---|---|---|
| Exploration - Chile | 2,540,284 | 1,987,140 |
| Corporate - UK | 783,817 | 2,587,207 |
| **Total** | 3,324,101 | 4,574,347 |

| **Total liabilities** | **2023** | **2022** |
|---|---|---|
| | **£** | **£** |
| Exploration - Chile | (21,192) | (27,300) |
| Corporate - UK | (103,541) | (195,763) |
| **Total** | (124,733) | (223,063) |

## 6. Operating Expenses

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Staff costs (including share based payments) | 494,261 | 272,738 |
| Foreign exchange (gain)/loss | (26,730) | (25,036) |
| Auditor's remuneration | 62,500 | 108,500 |
| Travel expenses | 46,421 | 38,409 |
| IPO Costs | - | 222,473 |
| Legal, professional & consultancy fees | 231,366 | 230,012 |
| Insurance | 32,045 | 17,326 |
| Subcontracted labour | 202,132 | 28,831 |
| Other administrative expenses | 256,716 | 143,823 |
| **Total** | 1,298,711 | 1,037,076 |

As per the accounting policy disclosed in note 3 the Group has made the policy choice to only capitalise specific identifiable exploration costs as an intangible asset. Related administration and contractor costs (including staff and labour costs) are expensed as incurred.

## 7. Auditor's Remuneration

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Fees payable to the Company's auditor for the audit of the parent and consolidated annual accounts | 60,000 | 40,000 |
| **Total audit fees** | 60,000 | 40,000 |
| | | |
| Audit-related assurance services | 2,500 | 68,500 |
| **Total non-audit fees** | 2,500 | 68,500 |

## 8. Employee Numbers and Costs

The average monthly number of people employed was:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Number | Number | Number | Number |
| Average number of employees: | | | | |
| Directors | 4 | 4 | 4 | 4 |
| Administrative staff | 5 | 2 | 1 | 1 |
| **Total** | 9 | 6 | 5 | 5 |

## 8. Employee Numbers and Costs (continued)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |

| | | | | |
|---|---|---|---|---|
| Wages and salaries | 341,076 | 158,322 | 242,972 | 144,359 |
| Social security costs | 21,755 | 23,622 | 13,998 | 22,494 |
| Other pension costs | 13,382 | 6,998 | 13,282 | 6,998 |
| Share based payments | 118,047 | 83,796 | 118,047 | 83,796 |
| **Total** | 494,260 | 272,738 | 388,299 | 257,647 |

Details of Directors' remuneration and pension entitlements are disclosed in the Remuneration Report on page 15 of the Annual Report. Please refer to the Directors Remuneration report and related party note (note 21) for additional disclosure relating to key management personnel.

The aggregate amount of gains made by Directors on the exercise of share options was £Nil (2022: £Nil).

## 9. Taxation

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **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** | - | - |

The standard rate of tax applied to reported profit on ordinary activities is 19% (2022: 19%). The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023.

## 9. Taxation (continued)

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

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **Loss before tax** | (1,298,711) | (1,037,076) |
| Tax charge at 19.0 % (2022: 19.0%) | (246,755) | (197,044) |
| | | |
| Expenses not deductible for tax | 19,169 | 138,115 |
| Remeasurement of deferred tax for changes in tax rates | (22,502) | (14,822) |
| Adjustments to losses | 564 | - |
| Difference in overseas tax rates | (49,188) | (39,434) |
| Movement in deferred tax not recognised | 298,712 | 113,185 |
| **Total tax expense** | - | - |

Deferred tax in relation to carried forward losses is not recognised as there is deemed to be uncertainty over when they will be recoverable.

The Company has tax losses of £449,169 (2022: £68,296) carried forward. The Group has tax losses of £1,809,391 (2022: £997,083) carried forward.

## 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:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Loss for the year | (1,298,711) | (1,037,076) |
| | **Number** | **Number** |
| Weighted average number of shares in issue | 212,819,244 | 110,584,402 |
| Weighted average number of shares - basic | 212,819,244 | 110,584,402 |
| Share options | 160,030,082 | 49,981,998 |
| Weighted average number of shares - diluted | 372,849,326 | 160,566,400 |
| | **Pence** | **Pence** |
| Earnings per share - basic | (0.610) | (0.938) |
| Earnings per share - diluted | (0.610) | (0.938) |

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 1 April 2021 | - |
| Business combinations | 1,229,076 |
| Additions | 191,753 |
| Exchange difference | 68,550 |
| As at 1 April 2022 | 1,489,379 |
| Additions | 923,529 |
| Exchange difference | 65,830 |
| As at 31 March 2023 | 2,478,738 |
| **Accumulated Amortisation** | |
| As at 1 April 2021 | - |
| Charge for the period | - |
| As at 1 April 2022 | - |
| Charge for the year | - |
| As at 31 March 2023 | - |
| **Carrying Amount:** | |
| As at 31 March 2023 | 2,478,738 |
| As at 31 March 2022 | 1,489,379 |

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 2023 (2022: £Nil).

The Company had no intangible assets at 31 March 2023 or 31 March 2022.

## 12. Property, Plant and Equipment

| Group | Computer equipment |
|---|---|
| **Cost** | **£** |
| As at 1 April 2021 | - |
| Additions | - |
| Exchange difference | - |
| As at 1 April 2022 | - |
| Additions | 2,205 |
| Exchange difference | (59) |
| As at 31 March 2023 | 2,146 |

| **Accumulated Amortisation** | |
|---|---|
| As at 1 April 2021 | - |
| Charge for the period | - |
| As at 1 April 2022 | - |
| Charge for the year | (551) |
| Exchange difference | 14 |
| As at 31 March 2023 | (537) |

| **Carrying Amount:** | |
|---|---|
| As at 31 March 2023 | 1,609 |
| As at 31 March 2022 | - |

The Company had no plant, property and equipment at 31 March 2023 or 31 March 2022.

## 13. Investments

| Company | Amounts owed by subsidiary £ | Shares in group undertakings £ | Total £ |
|---|---|---|---|
| At 1 April 2022 | 1,419,684 | 1,221,561 | 2,641,245 |
| Additions | 1,350,305 | - | 1,350,305 |
| Carrying value at end of the year | 2,769,989 | 1,221,561 | 3,991,550 |

At 31 March 2023 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 |

## 13. Investments (continued)

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. The recoverability of this debt is dependent upon the liquidity of the subsidiary's intangible assets. More details can

be found in note 11.

## 14. Trade and Other Receivables

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Other receivables | 49,528 | 159,337 |
| Prepayments and accrued income | 140,286 | 173,955 |
| | 189,814 | 333,292 |

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Other receivables | 33,997 | 157,548 |
| Prepayments and accrued income | 98,963 | 104,296 |
| | 132,960 | 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.

## 15. Cash and Cash Equivalents

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Cash at bank | 653,940 | 2,751,676 |

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Cash at bank | 650,857 | 2,325,365 |

In the prior year, cash at bank amounting to £2,078,502 was 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. Cash and Cash Equivalents (continued)

Banking facilities utilised by the Group are rated as follows:

- Bendigo and Adelaide Bank — A- (Fitch)
- Revolut — No rating available
- Banco Security — BBB (Fitch)

## 16. Trade and Other Payables

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Other payables | 54,810 | 107,277 |
| Accruals | 69,772 | 115,646 |
| Other taxes and social security | 151 | 140 |
| | 124,733 | 223,063 |

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 | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Other creditors | 33,769 | 80,117 |
| Accruals | 69,772 | 115,646 |
| | 103,541 | 195,763 |

## 17. 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 | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Cash and cash equivalents | *653,940* | *2,751,676* |
| Other receivables (excluding VAT and prepayment) | *41,946* | *81,564* |
| | 695,886 | 2,833,239 |

## 17. Financial Instruments (continued)

***Financial Liabilities***

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

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Other payables and accruals | 124,582 | 222,923 |
| | 124,582 | 222,923 |

***Financial Assets***

The Company held the following financial assets at amortised cost:

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Cash and cash equivalents | 650,857 | 2,325,365 |
| Other receivables (excluding VAT and prepayments) | | 79,774 |
| | 26,416 | |
| | 677,273 | 2,405,139 |

***Financial Liabilities***

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

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Other payables and accruals | 103,541 | 195,763 |
| | 103,541 | 195,763 |

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.

***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. No foreign currency sensitivities have been included as they are deemed to be immaterial. 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.

**17. Financial Instruments (continued)**

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

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Other receivables | 19,209 | 2,348 |
| Cash and cash equivalents | 735,765 | 582,899 |
| Other payables | (26,026) | (34,891) |
| | 728,948 | 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.

***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 2023 the Group had borrowings of £Nil (2022: £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.

**18. Share Capital**

***Number of Shares in Issue***

| Ordinary share capital | Number | 2023 £ |
|---|---|---|
| *Authorised, Issued and fully paid:* | | |
| Ordinary shares of £0.01 as at 1 April 2022 | 212,476,100 | 2,124,761 |
| Issued during the year | 860,311 | 8,603 |
| Ordinary shares of £0.01 as at 31 March 2023 | 213,336,411 | 2,133,364 |

***Rights of Share Capital***

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

On 29 July 2022, the Company issued ordinary shares of 336,365 with a nominal value per share of £0.01 as remuneration for work performed by key management personnel. The amount of remuneration in relation to the share issue amounted to £14,019.

On 7 November 2022, the Company issued ordinary shares of 232,784 with a nominal value per share of £0.01 as remuneration for work performed by key management personnel. The amount of remuneration in relation to the share issue amounted to £7,328.

On 27 February 2023, the Company issued ordinary shares of 291,162 with a nominal value per share of £0.01 as remuneration for work performed by key management personnel. The amount of remuneration in relation to the share issue amounted to £7,154.

## 19. Share Based Payments

The Group had warrants and share option schemes in place during the year ended 31 March 2023 and 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 subscribe 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.

## 19. Share Based Payments (continued)

During the year, the Company became aware that the terms of the 1,407,300 warrants granted to its broker on the 7 December 2021 did not correctly reflect the terms set out on 6 October 2020. As a result, these warrants have been cancelled and regranted. The new warrants granted during the year have an exercise price of £0.05 and a life of three years.

| | Number of warrants 2023 | Weighted average exercise price 2023 | Number of warrants 2022 | Weighted average exercise price 2022 |
|---|---|---|---|---|
| Outstanding at beginning of the year | 148,327,850 | £0.10 | - | - |
| Exercised during the year | - | - | - | - |
| Granted during the year | 1,407,300 | £0.05 | 148,327,850 | £0.10 |
| Cancelled during the year | (1,407,300) | £0.10 | - | - |
| Lapsed during the year | - | - | - | - |

| | | | | |
|---|---|---|---|---|
| **Outstanding at the end of the year** | 148,327,850 | £0.10 | 148,327,850 | £0.10 |
| **Exercisable at the end of the year** | 148,327,850 | | 148,327,850 | |

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 is 2 years, whilst the remaining average contractual life is 8 months (2022: 1 year and 8 months).

***Valuation***
The warrants were originally valued at 2% of the capital raised by SI Capital. This totalled £Nil (2022: £56,364) 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.

**19. Share Based Payments (continued)**

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.

| | Number of options 2023 | Weighted average exercise price 2023 | Number of options 2022 | Weighted average exercise price 2022 |
|---|---|---|---|---|
| Outstanding at beginning of the year | 11,702,232 | £0.04 | - | - |
| 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 | 11,702,232 | £0.04 |
| **Exercisable at the end of the year** | 9,485,747 | | 7,269,262 | |

The weighted average contract length on the options was 4 years (2022: Nil). The remaining average contractual life of the options was 2 years 8 months (2022: 3 years 8 months).

***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.

| Options granted in the year to 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 %* |

**19. Share Based Payments (continued)**

| Options granted in the year to 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 in relations to warrants and options in the year is £88,607 (2022: £83,796).

During the year, there is a share based payment expense relating to directors remuneration of £29,440 (2022: £56,364).

**20. 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 of unvested awards that have not been exercised.

***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.

**21. 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:

| | **2023 £'000** | **2022 £'000** |
|---|---|---|
| Short-term remuneration* | 256,970 | 166,853 |
| Other pension costs | 13,382 | 6,998 |
| Share-based payments | 93,958 | 55,930 |
| | 364,310 | 229,781 |

Reconciliation of short-term remuneration

| | | |
|---|---|---|
| * As above | 256,970 | 166,853 |
| Less: Employer's National Insurance | (13,998) | (3,760) |
| Chief Financial Officer's remuneration | (70,270) | (30,772) |
| Add: Remuneration settled through issue of shares | 29,440 | 6,196 |
| Total per Directors' Remuneration Report in the Annual Report | 202,142 | 138,517 |

***Transactions And Balances With Key Personnel - Group***

Balances outstanding to key personnel at year end totalled to £13,357 (2022: £489).

During the prior year the majority shareholder provided funding to the Group, in advance of the IPO, totalling £821,668. 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 2023 a balance of £14,150 was owed to the shareholder (2022: £21,668).

SI Capital Limited are a related party through common key management personnel. During the prior year £222,274 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 19). The charge in relation to Broker warrants of £Nil (2022: £56,364) is included within share premium. At 31 March 2023 amounts owed to the Group by SI Capital Limited totalled £25,000 (2022: £75,000).

During the year payments were made to third parties in respect of services provided by two of the Directors. Payments made to Hillstone Resources and SI Capital Limited totalled £Nil (2022: £20,617) and £25,000 (2022: £21,758) respectively. During the year £25,000 (2022: £Nil) management fees were charged by SI Capital Limited.

During the year the charge for the services of the Chief Executive were made through Metal Ventures Inc totalling £105,714 (2022: £69,984), with £12,931 outstanding at year end (2022: £16,209).

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

## 22. 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 annual option fees totalling US$125,000 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.

The Company's commitments to meeting and finalising its purchase of the mineral concessions under the Option Agreements, if it chooses to do so, are summarised in the following table:

| Especularita | | San Lorenzo | |
|---|---|---|---|
| **Date** | **Payment** | **Date** | **Payment** |
| 01/03/2024 Final Payment | US$ 1,100,000 | 01/06/2024 | US$ 50,000 |
| Extension of final payment to 01/03/2025 | US$ 100,000 | 01/06/2025 Final Payment | US$ 1,610,000 |
| Extension of final payment to 01/03/2026 | US$ 100,000 | Extension of final payment to 01/06/2026 | US$ 100,000 |
| | | Extension of final payment to 01/06/2027 | US$ 100,000 |

To acquire 100% of the Especularita project a total payment of US$1.5m is required (of which US$400,000 has been paid to date) with the final payment due before 01/03/2024. The Company may defer the final payment for a period of 2 years at a cost of US$100,000 per additional year. To acquire 100% of the San Lorenzo project a total payment of US$2.0m is required (of which US$340,000 has been paid to date), with a quota of US$50,000 due before 01/06/2024 and the final payment due before 01/06/2025. The Company may defer the final payment for a period of 2 years at a cost of US$100,000 per additional year.

## 23. Post Balance Sheet Events

On 15 May 2023, the Company entered into an agreement with Foreign Dimensions Pty Limited ("FD") whereby FD agreed to provide the Company with a convertible unsecured loan facility in the aggregate sum of £501,000. The loan is to be made in two tranches:

- £250,000 on 31 August 2023; and
- £251,000 on 11 September 2023.

Automatic conversion of the loan into Ordinary Shares ("Conversion Shares") in the Company at a price of 1.2p per share, and the grant of an equivalent number of warrants exercisable at 2.4p is subject to certain conditions, in particular publication of a prospectus approved by the FCA in relation to, and authority being granted by the Company's shareholders for, the allotment and issue of the Conversion Shares and the grant of the warrants.

On 19 May 2023, by way of a private placing, the Company issued a further 41,749,998 Ordinary Shares at a price 1.2p per share, raising £501,000 before costs, each with the right to a warrant attached, also to be granted conditional on satisfaction of the conditions above, and exercisable at 2.4p.

**23. Post Balance Sheet Events (continued)**

On the same date, the Company made loans of £10,000 each to two of the Directors, Stuart Greene and Nick Briers to enable them each to subscribe for shares in the abovementioned placing. These loans, which

are interest free, are being repaid from their after tax salaries. It is envisaged that both loans will be repaid before 30 November 2023.

The Company has announced the appointment of Martin Page as Finance Director. Mr Page will take up his appointment on 1 August 2023.

**24. Ultimate Controlling Party**

In the opinion of the Directors, there is considered to be no ultimate controlling party.

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