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results

Panoramic Resources Limited

Interim financial report

For the half-year ended 31 December 2021

ABN: 47 095 792 288

This Interim Financial Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Appendix 4D – Interim Financial Report

for the half-year ended 31 December 2021

Results for announcement to the market

	31 Dec 2021	31 Dec 2020	Change	
	$'000	$'000	$'000	%
Revenue from ordinary activities	21,633	-	21,112	100%
Net profit after tax from ordinary activities	1,202	7	1,195	99%
Net profit after tax attributable to members	1,202	7	1,195	99%

Dividends

No dividend has been paid or declared at the end of the reporting period.

Net tangible assets per share

	31 Dec 2021 $ per share	31 Dec 2020 $ per share
Net tangible asset backing (per share)	0.07	0.08

Net tangible assets exclude right-of-use assets of $33,091,000 as at 31 December 2021 ($5,152,000 as at 31 December 2020). The associated lease liabilities are included, thereby reducing net tangible assets.

Entities over which control has been gained or lost during the period

(i) The Company did not gain control of any entity during the period; and
(ii) The Company did not lose control of any entity during the period.

Commentary on the results for the period

Factors contributing to the results for the period are as follows:

<u>Revenue from ordinary activities</u>
The Savannah Nickel Project generated $21,633,000 of sales income during the half-year as a result of the re-commencement of the Savannah Nickel Project with the first bulk Savannah nickel/copper/cobalt concentrate shipment to China in December 2021. The Savannah Nickel Project did not produce or sell concentrate in the prior corresponding period ending 31 December 2020 due to being in care and maintenance during this period.

<u>Profit/(Loss) after tax from ordinary activities and Profit/(Loss) after tax attributable to members</u>
Factors contributing to the results for the period are discussed in the "Review of Operations" section of the Directors' Report which accompanies this Interim Financial Report.

Emphasis of matter

This Interim Financial Report is based on accounts which have been reviewed by the consolidated entity's Independent Auditor and which contain an Independent Review Report that is subject to an emphasis of matter about the consolidated entity's ability to continue as a going concern. Note 2(c) of the "Notes to the Consolidated Financial Statements" described the conditions that indicate the existence of material uncertainty that may cast doubt on the consolidated entity's ability to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business.

Other information required by Listing Rule 4.2A

Except for the matters noted above and subject to the requirements being applicable to the Company, all the disclosure requirements pursuant to ASX Listing Rule 4.2A.3 are contained within Panoramic Resources Limited's Interim Financial Report for the half-year ended 31 December 2021 which accompanies this Appendix 4D Announcement.

Panoramic Resources Limited

Interim financial report

For the half-year ended 31 December 2021

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Panoramic Resources Limited during the interim reporting half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website:

www.panoramicresources.com

This interim financial report is presented in Australian Dollars and covers the consolidated entity consisting of Panoramic Resources Limited and its subsidiaries.

Panoramic Resources Limited is a Company limited by shares, incorporated and domiciled in Australia.

Panoramic Resources Limited's registered office is:

Level 9, 553 Hay Street
Perth WA 6000

The financial statements were authorised for issue by the directors on 24 February 2022.

The directors have the power to amend and reissue the financial statements.

Directors' Report

The Directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Panoramic Resources Limited during the whole of the financial half-year up to the date of this report, unless otherwise stated:

Nicholas L Cernotta	Independent Non-Executive Chair
Victor Rajasooriar	Managing Director
Peter R Sullivan	Non-Executive Director
Rebecca J Hayward	Independent Non-Executive Director
Gillian Swaby	Independent Non-Executive Director

Operating and Financial Review

Operating Result for the Half-year

The Consolidated entity recorded a profit after tax for the financial period ended 31 December 2021 of $1,202,000 (2020: profit after tax of $7,000).

The results, in comparison to the previous corresponding half-year, reflect:

- Increase in revenue of $21,633,000 (2020: nil) resulting from the first sale of concentrate to the Company's offtake partner Sino Nickel PTY LTD and Jinchuan Group Co. LTD;
- Increase in cost of goods sold due to the re-commencement of operations at the Savannah Nickel mine totalled $17,761,000 (2020: revenue and cost of goods sold both nil) as a result Care and Maintenance expenditure for the half-year was nil (2020: $6,444,000); and
- 97% reduction in other income as the financial result at 31 December 2020 included the gain on sale of Panton Sill Pty Ltd, a former subsidiary of the Group, and JobKeeper receipts.

As the COVID-19 pandemic continues to impact Australia and the world, the Group's focus remains on keeping its people well, and maintaining safe and reliable operations. The Group has been proactive in its response to the COVID-19 pandemic and has implemented a range of protective and preventative measures. The border controls in Western Australia as a result of COVID-19 have impacted labour accessibility for the Savannah Nickel Project. In response to this, the Company has modified its short term mine plan activities, see further comments below.

Review of Operations

Savannah Nickel Project

Underground development and ore production commenced at the Savannah Nickel Project in July 2021 which was ahead of the August 2021 planned commencement that was announced to the Australian Stock Exchange (ASX) on 6 April 2021. Mining activities are being undertaken by leading underground mining contractor Barminco, a subsidiary of Perenti Global Limited (ASX:PRN), with which the Company has executed a four-year contract worth approximately $280 million.

In August 2021, the Company executed a three-year $34 million contract with leading mineral processing and engineering specialists Primero Group Pty Ltd (Primero), a subsidiary of NRW Holdings Limited (ASX:NWH). Primero is responsible for the restart, operation and maintenance of the existing ore processing plant and non-processing infrastructure at the Savannah Mine. Primero completed the requisite preparatory works on the processing plant throughout September and October which resulted in the plant being commissioned three weeks ahead of schedule. The first nickel-copper-cobalt concentrate was produced in October 2021 (ASX announcement 20 October 2021).

A total of 178,486 tonnes of ore was mined during the half-year. The ore was sourced from both Savannah remnants ore reserve and Savannah North. Underground mining continued to advance in the December quarter despite labour accessibility challenges, with momentum being sustained since mining commenced in July 2021. The first Savannah North stope was mined during the December quarter comprising 15,550t ore @ 1.22% Ni, 0.51% Cu and 0.09% Co.

During the half-year the mining schedule was modified to reflect labour accessibility issues stemming from border controls in Western Australia. The focus of the site team has been to maintain development rates with lower than planned ore production from stopes. The impact of this change on processing has been mitigated by the ore stockpiling strategy implemented since the restart of underground mining in July 2021. The substantial surface ore stockpile bult up over the July to October 2021 period was drawn down during the December quarter, supplemented by fresh ore from underground. Ore stockpiled on surface at the end of the half-year was estimated to be 60,400t.

There were 123,682 tonnes milled in the period producing 11,115 dry metric tonnes (dmt) of concentrate containing 779t of nickel, 559t of copper and 53t of cobalt. Treatment plant performance is progressing in accordance with the project's production ramp-up plan, with ore grade reconciliation in line with expectations. Cambridge Gulf Limited (CGL) was awarded the road haulage contract to cart concentrate from the mine at Savannah to the port of Wyndham where the Company maintains a purpose-built storage shed and loading facility. CGL commenced operations at the end of October.

On 26 December 2021, the Company completed loading the first concentrate ship comprising a total cargo of 10,865 wet metric tonnes (wmt) (10,029dmt) of nickel-copper-cobalt concentrate. There were no other shipments in the half-year ended 31 December 2021.

The following table summarises the production results for the half-year ended 31 December 2021.

Table 1** – **Savannah Nickel Project Operating Statistics

Area	Details	Units	3 Months Ending 31 Dec 2021	3 Months Ending 30 Sep 2021	Half-Year Ended 31 Dec 2021
Mining	Ore mined	dmt	76,416	102,070	**178,486**
	Ni grade	%	1.03	1.01	**1.02**
	Ni metal contained	dmt	788	1,035	**1,823**
	Cu grade	%	0.57	0.59	**0.58**
	Co grade	%	0.07	0.06	**0.06**
Milling	Ore milled	dmt	123,682	-	**123,682**
	Ni grade	%	0.99	-	**0.99**
	Cu grade	%	0.55	-	**0.55**
	Co grade	%	0.06	-	**0.06**
	Ni Recovery	%	63.6	-	**63.6**
	Cu Recovery	%	82.2	-	**82.2**
	Co Recovery	%	71.4	-	**71.4**
Concentrate Production	Concentrate	dmt	11,115	-	**11,115**
	Ni grade	%	7.01	-	**7.01**
	Ni metal contained	dmt	779	-	**779**
	Cu grade	%	5.03	-	**5.03**
	Cu metal contained	dmt	559	-	**559**
	Co grade	%	0.48	-	**0.48**
	Co metal contained	dmt	53	-	**53**
Concentrate Shipments	Concentrate	dmt	10,029	-	**10,029**
	Ni grade	%	7.02	-	**7.02**
	Ni metal contained	dmt	704	-	**704**
	Cu grade	%	5.05	-	**5.05**
	Cu metal contained	dmt	506	-	**506**
	Co grade	%	0.48	-	**0.48**
	Co metal contained	dmt	48	-	**48**

First Concentrate Payment

In accordance with the offtake agreement with Jinchuan, a provisional invoice was submitted following the departure of the first concentrate ship on 26 December 2021. The payment of US$14.8 million (A$20.7 million) was received on 7 January 2022 and is inclusive of the sale of all three metals contained in the concentrate.

Hedging

The Company executed a USD forward hedge contract with Macquarie Bank in December for 400t of nickel metal to protect a portion of the cash flow from the first shipment of concentrate. The hedge volume is 57% of the contained metal in the shipment and on a payable basis leaves the Company with a modest unhedged position with full exposure to movements in the nickel price. The hedge achieved a price of US$19,871/t for settlement in February 2022. The intent of this hedge is to manage metal pricing risk and cash flow during the period from provisional invoice / cash receipt through to final invoice. The other metals within the sold concentrate comprising copper and cobalt are unhedged.

At the end of the half-year there were no other hedges in place.

Savannah Nickel Project - Exploration Activities

During the half-year a grade control drilling program was completed at Savannah North. The program involved 67 drill holes for a total of 2,946 drill metres with 1,848 samples collected and submitted for assay. The grade control drill results confirm the strong and continuous nature of the mineralisation in the upper zone of Savannah North. The results increase confidence in undertaking mine development and stoping activities in the planned development levels of the Savannah North mine.

There were no other significant regional activities undertaken during the half-year as the primary focus was on the recommencement of mining operations at Savannah.

Regional surface drilling is planned for the end of March 2022 being the culmination of the Kimberley wet season. Drilling is planned to follow up modelled EM conductors at both the Northern Ultramafic Granulite and the Stoney Creek Intrusions.

On 22 July 2021, the Company published (on the ASX) a 2021 Mineral Resource and Ore Reserve Statement. There were no material changes to the stated resource and reserve in comparison to the previously released statement.

Corporate Activities

The Company is limited by shares and is domiciled and incorporated in Australia.

Significant events of the consolidated entity during the half-year of a corporate nature were as follows:

Debt Funding

On 29 September 2021, the Company advised the ASX that it had received US$30.0 million in funding from the first tranche of the secured loan facility with Trafigura Group Pte LTD (Trafigura). The draw-down followed the completion of all conditions precedent in early July 2021 (ASX announcement 2 July 2021) under the US$45.0 million secured loan facility. The loan facility comprises two tranches.

The first tranche is a five-year Prepayment Loan Facility (PLF) totalling US$30.0 million which was fully drawn in late September. The second tranche is a US$15.0 million Revolving Credit Loan Facility (RCF) which remains undrawn and is available to the Company.

The PLF has a five-year term through to 31 July 2026. Debt service under this tranche is interest only during the period to 31 July 2022, thereafter loan repayments commence based on a fixed schedule. These scheduled repayments are sculpted to align with project cash flows.

The RCF is available for the period through to 31 December 2022. The Company can draw-down the RCF at its election and repay this facility at any time without penalty. The loan facility incurs interest based on the three-month LIBOR as a base interest rate, plus a favourable margin.

There are no conditions subsequent under the loan facility and there is no requirement for mandatory commodity price hedging.

As a result of the draw-down, the five-year nickel-copper-cobalt concentrate offtake agreement for the period February 2023 to February 2028 with Trafigura is now unconditional. This agreement commences on the expiry of the existing offtake agreement with Jinchuan.

Subsequent Events

A second concentrate shipment was completed on 15 February 2022 comprising a cargo of 9,409wmt of concentrate totalling US$14.7 million (A$20.7 million being a provisional estimate @ 100% payable metal).

Other than as disclosed above, no matter or circumstance has occurred subsequent to half-year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Interim Dividend

No dividend was paid during the period and no interim dividend has been declared for the half-year ended 31 December 2021 (31 December 2020: nil).

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group during the half-year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where applicable and unless otherwise stated) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. The Company is an entity to which the legislative instrument applies.

Signed in accordance with a resolution of directors.

Victor Rajasooriar
Managing Director

Perth, 24 February 2022

Directors' Declaration

31 December 2021

In accordance with a resolution of the directors of Panoramic Resources Limited, I state that:
In the opinion of the directors:

a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the financial position as at 31 December 2021 and the performance for the half-year ended on that date of the consolidated entity; and
   (ii) complying with Accounting Standard AASB134: Interim Financial Reporting and the Corporations Regulations 2001; and

b) subject to the achievement of matters set out in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Victor Rajasooriar
Managing Director

Perth, 24 February 2022

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Auditor's Independence Declaration to the Directors of Panoramic Resources Limited

As lead auditor for the review of the half-year financial report of Panoramic Resources Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Panoramic Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
24 February 2022

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Independent auditor's review report to the members of Panoramic Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited (the Company) and its subsidiaries (collectively the Group) which comprises the consolidated balance sheet as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Panoramic Resourced Limited (the Company) and its subsidiaries (collectively the Group) is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as 31 December 2021 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(c) Going concern basis in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
24 February 2022

	Notes	Consolidated Half-year 31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue from contracts with customers	3	21,633	-
Cost of goods sold	5	(17,761)	-
Gross profit		**3,872**	**-**
Other income	4	260	8,947
Care and maintenance expenses		-	(6,444)
Corporate and other expenses	5	(3,114)	(2,226)
Exploration and evaluation expenditure		(178)	(385)
Unrealised loss on commodity forward contracts		(521)	-
Change in fair value of financial assets at fair value through profit or loss		-	299
Net gain on disposal of property, plant and equipment		1,811	17
Finance costs		(928)	(201)
Profit before income tax		**1,202**	**7**
Income tax expense		-	-
Profit for the half-year		**1,202**	**7**
Profit for the half-year is attributable to:			
Owners of Panoramic Resources Limited		1,202	7
		1,202	7
		Cents	Cents
Profit per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic profit per share		0.0	0.0
Diluted profit per share		0.0	0.0

The above consolidated income statement should be read in conjunction with the accompanying notes.

	Notes	Consolidated Half-Year 31 Dec 2021 $'000	31 Dec 2020 $'000
Profit for the half-year		**1,202**	**7**
Other comprehensive profit/(loss) for the half-year, net of tax		-	-
Total comprehensive profit for the half-year		**1,202**	**7**
Total comprehensive profit for the half-year is attributable to:			
Owners of Panoramic Resources Limited		1,202	7
		1,202	**7**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated Half-Year	
		31 Dec 2021 $'000	30 Jun 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	11,018	24,237
Trade and other receivables	7	24,993	1,942
Inventories	8	8,425	557
Prepayments		1,236	1,494
Total current assets		45,672	28,230
Non-current assets			
Receivables	7	1,597	1,536
Financial assets at fair value through profit or loss		13	12
Property, plant and equipment	9	27,123	25,711
Exploration and evaluation	10	5,551	5,551
Development and mineral properties	10	173,955	136,076
Right-of-use assets		33,091	4,195
Prepayments		4	-
Other financial assets		221	221
Total non-current assets		241,555	173,303
Total assets		287,227	201,533
LIABILITIES			
Current liabilities			
Trade and other payables	11	16,702	4,388
Borrowings	12	3,101	-
Lease liabilities	13	9,412	1,445
Derivative Financial Instruments		521	-
Provisions	14	1,423	714
Total current liabilities		31,159	6,547
Non-current liabilities			
Borrowings	12	38,286	-
Lease liabilities	13	26,073	4,738
Provisions	14	23,533	23,566
Total non-current liabilities		87,892	28,304
Total liabilities		119,051	34,851
Net assets		**168,176**	**166,682**
EQUITY			
Contributed equity		353,550	353,550
Reserves		22,768	22,476
Accumulated losses		(208,142)	(209,345)
Total equity		**168,176**	**166,682**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Option and share based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	**353,550**	**22,172**	**(209,637)**	**166,085**
Profit for the year	-	-	7	7
Performance rights issued	-	112	-	112
Total comprehensive income for the half-year	-	112	7	119
Balance at 31 December 2020	**353,550**	**22,284**	**(209,630)**	**166,204**

	Contributed equity $'000	Option and share based payment reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	**353,550**	**22,476**	**(209,342)**	**166,682**
Profit for the year	-	-	1,202	1,202
Performance rights issued	-	292	-	292
Total comprehensive income for the half-year	-	292	1,202	1,494
Balance at 31 December 2021	**353,550**	**22,768**	**(208,140)**	**168,176**

The above consolidated of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated Half-Year 31 Dec 2021 $'000	Consolidated Half-Year 31 Dec 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		260	2,512
Payments to suppliers and employees (inclusive of goods and services tax)		(15,180)	(11,759)
JobKeeper receipts		-	1,033
Other revenue		-	609
Other interest paid		(143)	(1)
Net cash outflow from operating activities		(15,063)	(7,606)
Cash flows from investing activities			
Proceeds from sale of subsidiary (net of cost)		-	15,433
Payment of development costs		(34,109)	(8,605)
Payments for property, plant and equipment		(3,642)	(3)
Proceeds from sale of property, plant and equipment		2,568	2
Interest received		110	90
Net cash (outflow)/inflow to investing activities		(35,073)	6,917
Cash flows from financing activities			
Proceeds from borrowings		41,113	-
Repayment of borrowings		-	-
Payments for leased assets		(3,610)	(554)
Capitalised borrowing costs		(586)	-
Net cash inflow/(outflow) from financing activities		36,917	(554)
Net decrease in cash and cash equivalents		(13,219)	(1,243)
Cash and cash equivalents at the beginning of the half-year		24,237	30,893
Effects of exchange rate changes on cash and cash equivalents		-	(59)
Cash and cash equivalents at end of half-year	6	**11,018**	**29,591**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The interim condensed consolidated financial statements of Panoramic Resources Limited ("Panoramic" or the "Company") for the six months ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 22 February 2022, subject to final review.

Panoramic Resources Limited is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

2. Basis of Preparation and Accounting Policies

a) Basis of preparation

The condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* .

This condensed consolidated interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

b) Changes in accounting policies and disclosures

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The Group has elected to early adopt the AASB 2020-3 amendment to accounting standard “AASB 116 Property, Plant and Equipment (AASB 116)” with respect to the accounting treatment for pre-commercial production revenue and costs.

Commercial Production

The determination of when a mine and processing facility (“Mine”) is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as “commercial production”) is a matter of significant judgement. Management considers several factors in determining when a Mine has reached levels of operating capacity intended by management, these include:

- When the mine is substantially complete i.e. constructed, installed and/or refurbished and ready for its intended use;
- The mine has the ability to sustain ongoing production at a steady or increasing level;
- The mine has reached a level of pre-determined production being a substantial percentage of design capacity;
- Mineral recoveries are at or near the expected production level; and
- A reasonable period of testing of the mine, plant and equipment has been completed.

The amendments to AASB 116 require pre-commercial production revenue to be accounted for through profit and loss with cost of sales expenditure recognised in accordance with “AASB 102, Inventories (AASB 102)”.

2. Basis of Preparation and Accounting Policies (continued)

b) Changes in accounting policies and disclosures (continued)

Cost of sales should fairly reflect an intended or expected cost of production for the volume produced and or sold. The determination of cost of sales and therefore the amounts to be capitalised to mine properties is a judgment that required the company to make an assessment of the operational expenditure incurred for the period. The capitalisation of amounts to mine properties was determined using a combination of the following criteria.

- Expenditure incurred prior to the commencement of production is capitalised.
- Transaction analysis for non-recurring one off start up expenditure that specifically supports the commencement of production is capitalised.
- Costs arising due to inefficiency and reduced productivity / performance is capitalised.

Once in commercial production, the capitalisation of certain mine development and construction costs ceases, and amortisation of the mine property commences. Subsequent costs are either regarded as forming part of the cost of inventory or are expensed. Any costs relating to mining asset additions or improvements, or mineable reserve development, are assessed to determine whether capitalisation is appropriate.

As at 31 December 2021, the Savannah Nickel Project had not achieved commercial production.

c) Going concern basis

The Group had cash outflows from operating and investing activities of $50.14 million (2020 $0.69 million outflow) for the half-year ended 31 December 2021. At 31 December 2021, the Group had cash on hand (including restricted cash) of $11.02 million.

These financial statements have been prepared on a going concern basis which assumes the Group will be able to meet its liabilities as they fall due for the foreseeable future.

On 3 April 2021 the Company announced it had secured a financing facility from Trafigura Pte Ltd totalling US$45.0 million comprising two tranches. The first tranche is a term loan facility for five years totalling US$30.0 million. The second tranche is a revolving credit facility for US$15.0 million repayable if drawn in eighteen months from 1 July 2021. The facility reached financial close on 2 July 2021. The first tranche was drawn on 24 September 2021 totalling A$41.1 million (US$30.0 million). The combination of funding from Trafigura and cash on hand at 30 June 2021 allowed the Company to progress re-start plans for the Savannah Nickel Project in the six months to 31 December 2021. At the date of this report, the second facility tranche totalling US$15.0 million was undrawn and is available to the Company.

Underground mining operations commenced in July 2021 with ore treatment starting in October 2021. First concentrate was produced in October 2021 and the first concentrate sale was achieved on 26th December 2021 totalling actual invoice amount of US$14.7 million (A$20.7 million being a provisional sale amount for 100% of the payable metal in the shipment). Subsequent shipments have been scheduled and confirmed for mid-February and late March 2022. The February ship sailed on 15 February with a total concentrate cargo of 9,409wmt for US$14.7 million (A$20.7 million being a provisional estimate @ 100% payable metal). Each subsequent shipment is anticipated to achieve a cargo of between 7,000wmt to 10,000wmt of concentrate. The Company is planning a further two shipments in the period to 30 June 2022.

The impact of Covid-19, including any restrictions on travel and the movement of supplies to Savannah has the potential to impact the activities of the Company by reducing productivities and/or increasing the cost of performing the Company's activities. Covid-19 may also impact the Company's ability to transport and ship concentrate efficiency which could result in a reduction to revenue.

2. Basis of Preparation and Accounting Policies (continued)

c) Going concern basis (continued)

The Directors consider the going concern basis of preparation to be appropriate based on the cash flow forecasts. The Group is expected to start generating positive cashflow from the Savannah Nickel Project in the second half of FY2022. The achievement of cash flow forecasts is dependent upon the Group achieving forecast targets for concentrate revenue, mining operations and processing activities that are in accordance with management's plans and forecast commodity pricing (nickel, copper and cobalt) and foreign exchange assumptions to enable the cash flow forecast to be achieved. Critical to achieving forecast cash flows is the Group's ability to achieve forecast concentrate production in accordance with Board approved forecasts. Should this not occur it is likely that the Group will require additional capital to fund ongoing operations at the Savannah Nickel Project. The Directors are satisfied there is a reasonable basis that the Group will be able to secure additional funds as required and thus it is appropriate to prepare the financial statements on a going concern basis. In the event that the Company is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Company not be able to continue as a going concern.

3. Revenue

The Group derives the following types of revenue:

	Consolidated Half-Year	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Nickel concentrate sales	20,658	-
Other revenue		
Quotation period price adjustments – relating to current year shipments	975	-
	21,633	-

For the half-year ended 31 December 2021, the Company had $21.633 million in revenue derived from the sale of goods to one external customer located in China (2020: nil).

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expected to be entitled in exchange for those goods or services. Based on contractual terms, revenue from the sale of nickel concentrate was recognised when control passes to the customer, which occurred at a point in time when the nickel concentrate was physically transferred onto a vessel.

4. Other Income

	Consolidated Half-Year 31 Dec 2021 $'000	Consolidated Half-Year 31 Dec 2020 $'000
Net gain on sale of subsidiary	-	7,721
JobKeeper	-	1,054
Gain on remeasurement of rehabilitation liability	-	65
Interest income	110	188
Net foreign exchange loss	(191)	(532)
Other income	341	451
	260	8,947

5. Expenses

	Consolidated Half-Year 31 Dec 2021 $'000	Consolidated Half-Year 31 Dec 2020 $'000
(a) Cost of sales:		
Cash costs of production	21,213	-
Shipping costs	2,070	-
Royalties	1,036	-
Inventory product movement	(6,558)	-
	17,761	-
(b) Corporate and Other expenses		
Corporate and administration	1,706	909
Employee remuneration and benefits expensed	1,151	1,141
Depreciation – property, plant and equipment not used in production	257	176
	3,114	2,226

6. Current assets - Cash and cash equivalents

	Consolidated Half-Year 31 Dec 2021 $'000	30 Jun 2021 $'000
Cash at bank and in hand	10,948	15,160
Short term deposits	70	9,077
	11,018	24,237

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits comprise deposits at call of between 30 and 90 days depending on the immediate cash requirements of the Group, and other deposits for periods exceeding 90 days that can be readily converted into cash at market cash rates, without incurring any significant penalties from the financial institutions. Short-term deposits earn interest at the respective short-term deposit rates.

Short-term deposits are held with various financial institutions with short-term credit ratings of A-1+ (SAP). As these instruments have maturities of less than twelve months, the group has assessed the credit risk on these financial assets using lifetime expected credit losses. In this regard, the Group has concluded that the probability of default on the deposits is relatively low. Accordingly, no impairment allowance has been recognised for expected credit losses on the term deposits.

7. Trade and other receivables

	Consolidated Half-Year 31 Dec 2021 $'000	30 Jun 2021 $'000
Current assets		
Trade receivables – at fair value through profit and loss	21,493	-
Other receivables - at amortised cost	3,500	1,942
	24,993	1,942
Non-current assets		
Other receivables - at amortised cost	1,597	1,536
	1,597	1,536

At 31 December 2021, the Group had unreceived revenue of $21.5 million (2020: $nil) included in trade receivables from nickel concentrate sales. The trade receivable being subject to commodity price and currency fluctuations is carried at its fair value.

Subsequent to the half-year end on the 7 January 2022, the provisional invoice amount totalling $20.7 million was collected in full.

Current other receivables include the unpaid portion of the Thunder Bay North (PGM Project) sales proceeds due within the next twelve months ($1.5 million).

Non-current other receivables include the unpaid portion of the Thunder Bay North (PGM Project) sales proceeds not due within the next twelve months

8. Inventories

	Consolidated Half-Year 31 Dec 2021 $'000	30 Jun 2021 $'000
Current Assets		
Nickel ore stocks on hand	5,109	-
Concentrate stocks on hand	1,449	-
Spares for production	1,867	557
	8,425	557

a) Assigning costs to inventories

Inventories are valued at the lower of cost (determined based on weighted average cost) and net realisable value.

Costs incurred in bringing inventory to its present location and condition are accounted for as follows:

- Ore stocks (if applicable) – costs of direct mining and a proportion of site overheads; and
- Concentrates and work in progress (if applicable) – cost of direct mining, processing, transport and labour and a proportion of site overheads.

Net realisable value (if applicable) is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost of parts and consumables is accounted for using average cost.

Consumable stores include diesel, reagents, and other consumable items. These items are carried at cost.

Concentrate inventory movement during the half-year ended 31 December 2021 amounted to an expense of $14.66 million (31 December 2020: $nil) and is disclosed as part of cost of sales in note 5.

9. Non-current assets - Property, plant and equipment

Consolidated Entity	Plant and Equipment $'000	Land and Buildings $'000	Construction in progress $'000	Total $'000
Net book value at 30 June 2021	18,108	6,327	1,276	25,711
Additions	-	-	5,169	5,169
Depreciation charge	(104)	-	-	(104)
Transfer to other asset classes	558	(730)	(3,077)	(3,249)
Disposals	(404)	-	-	(404)
Closing net book value at 31 December 2021	18,158	5,597	3,368	27,123

At 31 December 2021, a review of the carrying value of the Savannah Nickel Project CGU was undertaken to determine if indicators of impairment or reversal were present. The recoverable amount of the CGU was determined using a combination of a discounted cash flow ("DCF") calculation at 31 December 2021 with cash flow projections based on financial budgets covering the life of the project, incorporating current market assumptions approved by the Company's directors and independent valuations from external valuers.

Transfers include depreciation charges raised and transferred to Mine Development as part of the pre-commercial production accounting standards.

The review did not identify any indicators of impairment or any indicators requiring the adjustment of the historical impairment charge recorded at 30 June 2021.

10. Non-current assets - Exploration and evaluation, development, and mineral properties

Consolidated Entity	Mine Development $'000	Exploration and Evaluation $'000	Total $'000
Net book value at 30 June 2021	136,076	5,551	141,627
Additions	38,116	-	38,116
Amortisation charge	-	-	-
Remeasurement of rehabilitation provision	(237)	-	(237)
Closing net book value at 31 December 2021	173,955	5,551	179,506

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or the sale of the respective mining areas. Current year additions include capitalisation of pre-commercial production costs.

11. Trade and other payables

	Consolidated Half-Year	
	31 Dec 2021 $'000	30 Jun 2021 $'000
Current liabilities		
Trade payables	3,707	1,700
Accrued Expenses	12,995	2,688
	16,702	4,388

Trade payables and accrued expenses represent liabilities for goods and services provided to the group prior to the end of the financial period which are unpaid. Current trade payables and other payables are unsecured and are usually paid with 30 days of recognition.

Trade payables are non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

12. Borrowings

	Consolidated Half-Year	
	31 Dec 2021 $'000	30 Jun 2021 $'000
Current liabilities		
External loan	3,101	-
	3,101	-
Non-current liabilities		
External loan	38,286	-
	38,286	-

12. Borrowings (continued)

On the 24 September 2021, the Company drew down US$30.0 million from its secured loan facility with Trafigura Pte Ltd. The facility has two secured tranches comprising a US$30.0 million five-year Prepayment Loan Facility (PLF) and a US$15.0 million Revolving Credit Loan Facility (RCF). The PCF has a five-year term from drawdown with interest only repayments required in the first 12 months. Debt repayments begin in August 2022 and are sculpted to align with project cash flows.

The RCF had an 18-month term from 1 July 2021 and has the option (at the Company's election) to be repayable by way of a final bullet repayment of US$15.0 million at the end of the facility term being 31 December 2022 (RCF Tranche only). The RCF was undrawn at 31 December 2021.

Both facilities are subject to the same interest rate which comprises the three-month LIBOR plus a favourable interest margin. The facilities have no ongoing commitment fees. There are no requirements to undertake commodity hedging. At the Company's election, the facility can be repaid in full (ahead of schedule) without penalty.

The security pledged to Trafigura for the two facility limits comprise a fixed and floating charge over all the assets and undertakings of Savannah Nickel Mines Pty Ltd (Savannah) and Pan Transport Pty Ltd together with a mining mortgage over six key project tenements. Panoramic Resources Ltd (Panoramic) has provided a security pledge over both the shares it holds in Savannah and the intercompany loan receivable due from Savannah. A corporate guarantee has also been provided by Panoramic to Trafigura.

The facility has a limited number of financial and reporting covenants that are largely aligned with the ASX disclosure requirements for half-year and full year reporting. At 31 December 2021, the Company was in compliance with these requirements.

13. Lease Liabilities

	Consolidated Half-Year	
	31 Dec 2021 $'000	30 Jun 2021 $'000
Current liabilities		
Lease Liabilities	9,412	1,445
	9,412	1,445
Non-current liabilities		
Lease Liabilities	26,073	4,738
	26,073	4,738

The Group recognises lease liabilities on account of right of use assets. Right of use assets arise from operating contracts the Group has for the provision of equipment and services for underground mining (Barminco), onsite power station at the Savanah Nickel Project, storage and ship loading facilities at the Wyndham port, mobile equipment (loaders & buses), the rental of corporate office space in Perth and IT equipment. The value of right of use assets recorded in non-current assets total $33.1 million.

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

14. Provisions

	Consolidated Half-Year 31 Dec 2021 $'000	30 Jun 2021 $'000
Current Liabilities		
Employee benefits – annual leave	497	474
Employee benefits – long service leave	53	153
Provision - other	873	-
Restructuring costs	-	87
	1,423	714
Non-current Liabilities		
Employee benefits - long service leave	27	10
Rehabilitation	23,506	23,556
	23,533	23,566

The provision for rehabilitation represents the discounted value of the present obligation to restore, dismantle and rehabilitate certain items of property, plant, and equipment and to rehabilitate exploration and mining leases. The discounted value reflects a combination of management's assessment of the nature and extent of the work required, estimates of the future cost of performing the work required, the expected timing of cash flows and the discount rate applied. Changes to one or more of these assumptions is likely to result in a change to the carrying value of the provision and the related asset or a change to profit and loss in accordance with the Group's accounting policy stated in note 1 of the Group's most recent Annual Report.

15. Dividends

No dividend was declared or paid for the half-years ended 31 December 2021 and 31 December 2020.

16. Contingencies

The Group had no contingent liabilities at 31 December 2021 (2020: nil).

17. Commitments

There were no significant changes in commitments since the last annual financial report.

18. Related party transactions

Performance rights issued to key management personnel

During the half-year period, a total of 5,859,453 performance rights were awarded to Victor Rajasooriar (Managing Director) and Grant Dyker (Chief Financial Officer) under the Group's Long Term Incentive Plan. The performance rights were issued for no consideration, with each having nil exercise price and an expiry date of 2 years from vesting.

For both KMP, 75% of their performance rights, known as the Relative Total Shareholder Return ("RTSR") Rights, vest upon achievement of pre-specified 20-day volume weighted average price ("VWAP") targets as measured against a specified peer group of like companies over the Performance Period, this being the period from 1 July 2021 to 30 June 2024. The number of rights that vest is determined based on whether the performance achieved is greater than the fiftieth percentile of the peer group. If below this level, then none of the rights vest. Above this level the number is determined stepwise in line with the relative percentile achieved.

The remaining 25%, known as the Absolute Total Shareholder Return ("ATSR") Rights, vest upon achievement of pre-specified 20-day volume weighted average price ("VWAP") targets. The number of rights that vest is determined pro-rata based on the level of performance achieved

The following table specifies further details of the rights awarded during the period.

	Victor Rajasooriar Managing Director	Grant Dyker Chief Financial Officer
Number of RTSR Rights	2,994,610	1,399,980
Number of ATSR Rights	998,203	466,660
Start of Vesting Period	20/10/2021	2/09/2021
Vesting Date	30/06/2024	30/06/2024
Value per RTSR Right	$0.1526	$0.1535
Total RTSR Expense for the period	$53,085	$24,964
Value per ATSR Right	$0.1421	$0.1432
Total ATSR Expense for the period	$16,478	$7,763

In determining fair value of the performance rights granted during the period ended 31 December 2021 the following assumptions were used:

	Victor Rajasooriar	Grant Dyker
Dividend yield	Nil	Nil
Expected volatility	80%	80%
Risk-free interest rate	0.67%	0.67%
Expected life of rights	2.70 years	2.83 years
Weighted average share price	$0.147	$0.148

19. Events occurring after the reporting period

A second concentrate shipment was completed on 15 February 2022 comprising a cargo of 9,409wmt of concentrate totalling US$14.7 million (A$20.7 million being a provisional estimate @ 100% payable metal).

Other than as disclosed above, no matter or circumstance has occurred subsequent to half-year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.