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PANTORO LIMITED
ABN 30 003 207 467

HALF-YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2021

CORPORATE DIRECTORY

Board of Directors

Wayne Zekulich - Non-Executive Chairman
Paul Cmrlec - Managing Director
Scott Huffadine - Operations Director
Kyle Edwards - Non-Executive Director
Fiona Van Maanen - Non-Executive Director

Company Secretary

David Okeby

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Securities Exchange

Australian Securities Exchange Limited
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Perth WA 6000
Code: **PNR**

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DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Pantoro Limited (Pantoro or PNR or the Company) for the half-year ended 31 December 2021.

DIRECTORS

The directors of the Company at any time during or since the end of the half-year period are:

Wayne Zekulich – Non-Executive Chairman

Paul Cmrllec – Managing Director

Scott Huffadine – Operations Director

Kyle Edwards – Non-Executive Director

Fiona Van Maanen – Non-Executive Director

Unless otherwise indicated all directors were in office from the beginning of the financial period until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

- Consolidated profit after tax - \$477,500 (2020: \$8,303,740)
- Total consolidated revenue - \$41,668,101 (2020: \$44,660,067)
- Total cost of sales - \$37,455,437 (2020: \$34,407,784)
- Cash flows from operating activities - \$17,083,231 (2020: \$18,239,276)
- Cash flows used in investing activities - \$39,178,383 (2020: \$25,764,535)
- Cash flow from financing activities - \$16,900,409 (2020: \$45,663,629)

Corporate

As at 31 December 2021, Pantoro had 1,409,498,698 ordinary shares on issue with approximately \$42.2 million in cash and cash equivalents and 53 ounces of gold at the Perth Mint. The capital structure at the end of the period is set out in the table below:

Ordinary Shares (PNR)	1,409,498,698
Unlisted Options	46,363,636 (various exercise prices and expiry dates)
Unlisted Employee Options	18,980,068 (various exercise prices and expiry dates)
Director Salary Sacrifice Share Rights	795,606
Options converted during the half-year	600,470 ZEPOs and 500,000 PEPOs

600,470 unlisted employee ZEPOs were exercised, 2,928,638 unlisted employee ZEPOs (600,467 of tranche 2 issued 8 November 2019 & 2,328,170 of tranche 1 issued 20 November 2020) lapsed due to performance conditions not achieved and 7,583,056 unlisted employee ZEPOs were granted during the period. 500,000 unlisted employee PEPOs were exercised and 500,000 (issued 8 November 2019, expiring 8 November 2022 with exercise price \$0.205) were forfeited. 795,606 unlisted share rights were issued under the Directors Salary Sacrifice Plan.

On 23 September 2021, Pantoro executed a \$30 million corporate finance facility with Global Credit Investments (GCI). The facility has an agreed margin of 7% on the outstanding loan balance and a term of 3 years, amortising over the last 18 months of the loan. The facility was fully drawn down on 11 October 2021. As part of this facility Pantoro issued to GCI 36,363,636 unlisted options with an exercise price of \$0.275 and term of 3 years.

Norseman Gold Project (PNR 50%)

The Norseman Gold Project is Pantoro's main growth asset, with a Definitive Feasibility Study (DFS) for construction of a new processing plant and recommencement of operations completed in October 2020. The project boasts a large Mineral Resource base of approximately 4.5 million ounces of gold, with only 28% of the resource considered for inclusion in the Phase 1 DFS in the six proposed mining areas considered for Phase 1 operations. Other Mineral Resource areas are intended to be advanced during the coming years with advancement prioritised according to potential scale, grade, and capital requirements for development.

After a protracted permitting process, approval for construction of a new 1 million tonne per annum processing plant was received in October 2021. Construction of the new processing plant commenced during the same month.

Works on site have progressed well and remain on track for commencement of gold production during Q3, 2022. All site construction requirements are well advanced in accordance with the project schedule to date. Initial mine works, both for underground and open pit operations are expected to commence during April 2022.

The very tight labour market which remains the largest project risk for Norseman, and in Western Australia generally has resulted from a combination of the impacts of Covid-19 and the high level of activity in the mining construction sector generally. The ongoing closure of Western Australia's borders has been reported as a major contributing factor in sourcing of qualified trades personnel. While the project remains on schedule at the present time, Pantoro is maintaining a close watch on the effects of the tight labour market.

In conjunction with project development activities, Pantoro has continued to aggressively drill prospects during the period, with a primary focus on the Scotia Mining Centre which continues to provide impressive results and growth. Pantoro released a maiden Mineral Resource and Ore Reserve for the Green Lantern discovery at Scotia on 13 September 2021 in a release titled "Green Lantern maiden Mineral Resource and Ore Reserve". The release detailed an addition of 310,000 ounces of gold to the Mineral Resource and 110,000 ounces of gold to the Ore Reserve adding 18% to the reserve life of the project. Drilling has continued with up to six drill rigs at Scotia throughout the period, and another Mineral Resource and Ore Reserve update is planned in the first half of CY 2022.

In addition to results from the Scotia Mining Centre, Pantoro reported impressive results from first pass drilling at the historic Mainfield deposit on 13 July 2022 in a release titled "Mainfield Returns Numerous High Grade Results". The Mainfield is expected to become the focus of drilling as extensional exploration at the Scotia Mining centre is completed.

Pantoro announced a lithium joint venture with Mineral Resources Limited on 14 December 2021 in a release titled "Lithium Development Partnership with Mineral Resources Ltd". Under the terms of the deal, Mineral Resources is responsible for the management and all expenditure for the project up until first production of saleable lithium concentrates. The agreement has potential to be highly accretive for Pantoro and allows Pantoro to realise value from lithium deposits on the tenements without the need to dedicate resources to the Lithium projects for the foreseeable future. Full terms of the agreement are set out in the 14 December ASX release. Mineral Resources is a recognised leader in the Western Australia hard rock lithium sector and has the technical and financial capacity to develop the project.

Halls Creek Project (PNR 100%)

Halls Creek is now in its seventh year of operations and has continued to provide valuable cashflow for Pantoro during the first half of the financial year.

The period saw the completion of primary ore mining at Nicolsons mine, with only remnant ore left to be extracted. The focus of operations continues to be the Wagtail underground mine which has progressed to the 1990mRL, approximately 300 metres below surface. In addition, and internal access has been developed from the Wagtail North decline to the Wagtail South orebody. The Wagtail south area is expected to commence ore development during the first half of CY 2022, adding an additional working area to the mine.

Production during the period was 16,886 ounces at an AISC of \$1,642/oz, meeting company guidance. The company remains unhedged and as a result Halls Creek production has been fully leveraged to the current high gold price environment.

The discovery of a large body of Platinum Group Element mineralisation during the period has generated significant interest in the broader market. Drilling to date has identified thick mineralisation from surface over widths of up to 100 metres. Results from approximately 1.5 kilometres of strike to date were advised in releases to the ASX on 15 November 2021 and 6 September 2021 titled "Drilling Confirms Large Scale Lamboo PGE Deposit" and "Wide Drill Hits Confirm Major PGE System at Halls Creek" respectively. Subsequent drilling undertaken in during December 2021 confirmed the presence of significant

mineralisation some 3 kilometres north of previous drilling results confirming the potential for mineralisation along the +20km of the ultramafic basal contact which hosts the deposit.

The impact of COVID-19 has been significant at Halls Creek since November 2021. A large proportion of the workforce at Halls Creek resides in the Northern Territory, and closure of the borders has resulted in labour shortages, particularly within the underground mining workforce. In combination with the industry wide shortage of specialist underground operators issues related to Covid19 have materially affected development and production output from the mine in recent times. Pantoro continues to take additional measures to achieve planned manning levels at the mine.

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AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 22.

Signed in accordance with a resolution of the Board of Directors.

P.M. Cmrlec

Paul Cmrlec
Managing Director

9 March 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31 Dec 21 \$	31 Dec 20 \$
Revenue	5	41,668,101	44,660,067
Cost of sales	6(a)	<u>(37,455,437)</u>	<u>(34,407,784)</u>
Gross profit		4,212,664	10,252,283
Other income		72,804	215,173
Administration and other expenses	6(b)	(2,143,482)	(1,102,628)
Finance costs		(1,171,180)	(554,679)
Care and maintenance costs		(401,302)	(411,741)
Exploration and evaluation expenditure written off		(19,874)	(94,668)
Share of loss of an associate	12	<u>(72,130)</u>	<u>-</u>
Profit before income tax		477,500	8,303,740
Income tax expense	7	<u>-</u>	<u>-</u>
Profit after income tax		477,500	8,303,740
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>-</u>	<u>(551)</u>
Other comprehensive loss for the year, net of tax		<u>-</u>	<u>(551)</u>
Total comprehensive profit for the year, net of tax		<u>477,500</u>	<u>8,303,189</u>
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit per share (cents per share)		0.03	0.62
Diluted profit per share (cents per share)		0.03	0.61

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 Dec 21 \$	30 Jun 21 \$
CURRENT ASSETS			
Cash and cash equivalents		42,187,320	47,382,063
Trade and other receivables		1,845,654	1,292,052
Inventories	8	5,004,015	4,699,940
Prepayments		756,739	865,590
Total current assets		<u>49,793,728</u>	<u>54,239,645</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	55,244,611	42,660,297
Exploration and evaluation expenditure	10	92,783,397	84,889,989
Mine properties and development costs	11	39,635,316	39,588,657
Investment in an associate	12	4,229,208	-
Total non-current assets		<u>191,892,532</u>	<u>167,138,943</u>
TOTAL ASSETS		<u>241,686,260</u>	<u>221,378,588</u>
CURRENT LIABILITIES			
Trade and other payables		16,336,715	13,719,206
Provisions		1,625,313	1,587,912
Interest-bearing loans and borrowings	13	6,063,239	6,262,822
Deferred consideration	14	-	10,000,000
Total current liabilities		<u>24,025,267</u>	<u>31,569,940</u>
NON-CURRENT LIABILITIES			
Provisions		20,760,720	20,516,732
Interest-bearing loans and borrowings	13	38,022,776	13,560,147
Total non-current liabilities		<u>58,783,496</u>	<u>34,076,879</u>
TOTAL LIABILITIES		<u>82,808,763</u>	<u>65,646,819</u>
NET ASSETS		<u>158,877,497</u>	<u>155,731,769</u>
EQUITY			
Issued capital	15	299,911,487	299,808,987
Reserves		11,499,453	8,933,725
Accumulated losses		<u>(152,533,443)</u>	<u>(153,010,943)</u>
TOTAL EQUITY		<u>158,877,497</u>	<u>155,731,769</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Issued capital	Options reserve	Share-based payments reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$	\$
At 1 July 2020	246,503,884	4,513,958	3,954,966	(165,014,869)	(442,211)	89,515,728
Profit for the year	-	-	-	8,303,740	-	8,303,740
Other comprehensive income, net of tax	-	-	-	-	(551)	(551)
Total comprehensive profit for the year	-	-	-	8,303,740	(551)	8,303,189
Shares issued during the year	55,500,000	-	-	-	-	55,500,000
Option subscription	-	100,000	-	-	-	100,000
Share issue costs	(2,194,897)	-	-	-	-	(2,194,897)
Share-based payments	-	-	167,952	-	-	167,952
At 31 December 2020	299,808,987	4,613,958	4,122,918	(156,711,129)	(442,762)	151,391,972

	Issued capital	Options reserve	Share-based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
At 1 July 2021	299,808,987	4,613,958	4,319,767	(153,010,943)	155,731,769
Profit for the year	-	-	-	477,500	477,500
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	477,500	477,500
Exercise of options	102,500	-	-	-	102,500
Share-based payments	-	-	2,565,728	-	2,565,728
At 31 December 2021	299,911,487	4,613,958	6,885,495	(152,533,443)	158,877,497

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31 Dec 21	31 Dec 20
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	41,668,101	44,660,067
Payments to suppliers and employees	(22,959,040)	(26,291,647)
Payments for rehabilitation	(34,111)	-
Interest and borrowing costs paid	(1,664,523)	(350,817)
Interest received	34,751	94,624
Other income	38,053	120,549
Proceeds from security deposits	-	6,500
Net cash flows from operating activities	<u>17,083,231</u>	<u>18,239,276</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for property, plant and equipment	(17,635,722)	(1,726,248)
Payments for exploration and evaluation	(7,938,531)	(11,860,643)
Payments for mine properties and development	(8,802,717)	(9,895,829)
Proceeds from sale of property, plant and equipment	50,000	524,000
Payments for investment in an associate	(4,301,338)	-
Payments for acquisition of Interest in Norseman	(550,075)	(2,805,815)
Net cash flows used in investing activities	<u>(39,178,383)</u>	<u>(25,764,535)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	-	55,500,000
Proceeds from exercise of options	102,500	100,000
Transaction costs on issue of shares	-	(2,194,897)
Proceeds from borrowings	30,000,000	-
Payment of principal portion of insurance premium funding	(319,853)	(419,254)
Payment of principal portion of lease liabilities	(2,882,238)	(2,322,220)
Payment for deferred consideration	(10,000,000)	(5,000,000)
Net cash flows from financing activities	<u>16,900,409</u>	<u>45,663,629</u>
Net (decrease)/increase in cash and cash equivalents held	(5,194,743)	38,138,370
Net foreign exchange differences	-	63
Cash and cash equivalents at the beginning of the financial year	<u>47,382,063</u>	<u>22,492,639</u>
Cash and cash equivalents at the end of the financial year	<u><u>42,187,320</u></u>	<u><u>60,631,072</u></u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Pantoro Limited (Pantoro or the Company) is a for-profit entity limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of Pantoro and its controlled entities (the Group) are described in the Directors' Report.

The address of the registered office is Level 2, 46 Ventnor Avenue, West Perth WA 6005.

The consolidated half-year financial statements were authorised for issue in accordance with a resolution of the directors on 9 March 2022.

2. Basis of preparation

The half-year report is comprised of the financial statements of Pantoro (the Parent Company) and its controlled entities. Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Going concern basis

The Group's cashflow forecasts for the 15 month period ending 31 March 2023 indicate that the group will require additional funding over this period to ensure loan facility covenants are satisfied and to meet the current planned operating and capital requirements.

The directors are satisfied there is a reasonable basis that the Group will be able to secure additional funds as required and/or defer planned commitments and thus it is appropriate to prepare the financial statements on a going concern basis. In the event that the Group is unable to obtain sufficient funding and/or defer planned commitments, 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 Group not be able to continue as a going concern.

3. Statement of compliance

This general purpose condensed consolidated financial statements has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all the information required for full annual financial statements, and should be read in conjunction with the annual report of Pantoro for the year ended 30 June 2021 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *ASX Listing Rules*.

The accounting policies are consistent with those disclosed in the 2021 annual financial statements except as disclosed in note 4 and for the impact of new or amended standards and interpretations effective 1 July 2021. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

4. New and amended accounting policies, standards and interpretations adopted

Accounting policies

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "Share of profit of an associate" in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Standard and interpretations

The Group has not adopted any accounting standard, interpretation or amendment that has been issued but is not yet effective. There is no material impact of any new and amended accounting standards issued but not yet effective.

5. Revenue

	2021	2020
Revenue from contracts with customers	\$	\$
Sale of gold at spot	41,458,429	44,442,970
Sale of silver	209,672	217,097
Total revenue from contracts with customers	<u>41,668,101</u>	<u>44,660,067</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Expenses

	2021	2020
	\$	\$
(a) Cost of sales		
Salaries, wages expense and other employee benefits	(7,435,144)	(7,582,892)
Superannuation	(604,493)	(619,100)
Short term lease expenses	(50,975)	(114,000)
Other production costs net of inventory movements	(15,097,298)	(13,317,644)
Royalties	(889,258)	(958,682)
Reversal/(write down) in value of inventories to estimated net realisable value	9,154	(124,256)
Depreciation and amortisation expense		
Plant and equipment	(1,621,958)	(1,573,260)
Buildings	(58,327)	(60,749)
Mine properties and development costs	(8,777,246)	(7,676,792)
Right of use assets	(2,929,892)	(2,380,409)
Total cost of sales	<u>(37,455,437)</u>	<u>(34,407,784)</u>
(b) Other expenses		
	2021	2020
	\$	\$
Administration expenses		
Salaries, wages expense and other employee benefits	(513,161)	(468,407)
Superannuation	(41,818)	(38,345)
Directors' fees and other benefits	(166,869)	(137,757)
Share-based payments	(234,819)	(167,952)
Consulting expenses	(547,118)	(181,667)
Travel and accommodation expenses	-	(25,499)
Administration costs	(399,632)	(354,741)
Depreciation expense		
Depreciation of non-current assets:		
Property, plant and equipment	(15,566)	(9,772)
Right of use assets	(46,074)	(31,163)
Total administration expenses	<u>(1,965,057)</u>	<u>(1,415,303)</u>
Other expenses		
Net loss on disposal of property, plant and equipment	(116,520)	312,675
Non-production rehabilitation	(61,905)	-
	<u>(178,425)</u>	<u>312,675</u>
Total other expenses	<u>(2,143,482)</u>	<u>(1,102,628)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Income tax

No income tax expense was recognised during the period as the Company has sufficient unrecognised tax losses in excess of its deferred tax liabilities as at 31 December 2021 to offset the taxable income for the period.

8. Inventories

	Dec 21	Jun 21
	\$	\$
Ore stocks at net realisable value	1,213,509	1,155,963
Gold in circuit at cost	1,666,670	1,568,588
Gold in transit at cost	126,444	101,841
Stores and spares at cost	2,078,104	1,959,478
Provision for obsolete stores and spares	(80,712)	(85,930)
	<u>5,004,015</u>	<u>4,699,940</u>

9. Property, plant and equipment

During the half-year ended 31 December 2021, the Group paid \$17,635,722 (2020: \$1,726,248) in relation to property, plant and equipment acquisitions. The increase in spend is associated with the commencement of construction of the Norseman Gold Project (50% Pantoro).

10. Exploration and evaluation expenditure

During the half-year ended 31 December 2021, the Group paid \$7,938,531 (2020: \$11,860,643) in relation to exploration and evaluation expenditure. Of this, \$5,936,385 related to the Norseman Gold Project with the balance at the Nicolsons Gold Project.

During the current period, a review was undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. As a result, exploration and evaluation expenditure of \$19,874 (2020: \$94,668) was written off to the profit and loss. These areas primarily related to the Halls Creek project.

11. Mine properties and development

During the half-year ended 31 December 2021, the Group paid \$8,802,717 (2020: \$9,895,829) in relation to mine properties and developments costs. As at 31 December 2021 there were no indicators of impairment or impairment reversal.

12. Investment in an associate

The Group has a 19.9% interest and board representation in Maximus Resources Limited (Maximus) an ASX-listed (ASX code: MXR) exploration and mining company focused on the discovery and development of economic deposits in Western Australia. Maximus has several gold and nickel projects across the Spargoville tenements located 25km from Kambalda, Western Australia.

The Group participated in a two-tranche placement to acquire 63,254,972 ordinary shares at a price of \$0.068 per share for a total cost of \$4,301,338. The placement was completed 13 October 2021.

	Dec 21	Jun 21
	\$	\$
Opening balance	-	-
Acquisitions during the period	4,301,338	-
Share of losses	(72,130)	-
Closing balance	<u>4,229,208</u>	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Interest bearing loans and liabilities

	2021	2021
	\$	\$
Current		
Insurance premium funding	53,309	373,162
Lease liabilities	6,009,930	5,889,660
	<u>6,063,239</u>	<u>6,262,822</u>
Non-current		
Lease liabilities ⁽¹⁾	10,945,868	13,560,147
GCI finance facility ⁽²⁾	27,076,908	-
	<u>38,022,776</u>	<u>13,560,147</u>

⁽¹⁾ Lease liability amounts relate solely to right-of-use leases. If contracts giving rise to these leases were ceased the terminations payments due would be significantly less than the balance.

⁽²⁾ On 23 September 2021, Pantoro executed a \$30 million corporate finance facility with Global Credit Investments (GCI). The facility has an agreed margin of 7% on the outstanding loan balance and a term of 3 years, amortising over the last 18 months of the loan. The facility is subject to minimum liquidity and standard debt service ratios. The facility was fully drawn down on 11 October 2021. The loan is secured over the assets of Pantoro Limited and Halls Creek Mining Pty Ltd. As part of this facility Pantoro issued to GCI 36,363,636 unlisted options on 23 September 2021 with an exercise price of \$0.275 and expiring 30 September 2024. These options represent a non-cash financing activity.

14. Deferred consideration

	Dec 21	Jun 21
	\$	\$
Current		
Acquisition of Norseman Gold Project (50%)	-	10,000,000
	<u>-</u>	<u>10,000,000</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Contributed equity

	Dec 21	Jun 21
	\$	\$
Ordinary shares		
Issued and fully paid	299,911,487	299,808,987
Movements in ordinary shares on issue		
	Number	\$
At 1 July 2020	1,175,943,929	246,503,884
Share placement	208,333,334	50,000,000
Share purchase plan	22,916,967	5,500,000
Exercise of ZEPOs	1,203,998	-
Exercise of options	-	(2,194,897)
At 31 December 2020	1,408,398,228	299,808,987
At 1 July 2021	1,408,398,228	299,808,987
Exercise of ZEPOs ⁽¹⁾	600,470	-
Exercise of PEPOs ⁽²⁾	500,000	102,500
At 31 December 2021	1,409,498,698	299,911,487

⁽¹⁾ On 9 July 2021, the Company issued 600,470 shares upon the exercise of unlisted employee ZEPOs.

⁽²⁾ On 23 November 2021, the Company issued 500,000 shares upon the exercise of unlisted employee PEPOs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Segment information

The following table presents revenue and profit information regarding the Group's operating segments for the half-years ended 31 December 2021 and 31 December 2020.

Half-year ended 31 December 2021	Halls Creek Project	Norseman Gold Project	Total
Revenue			
External Customers	41,636,008	32,093	41,668,101
Total revenue	41,636,008	32,093	41,668,101
Results			
Depreciation and amortisation	(13,162,179)	(626,545)	(13,788,724)
Interest expense	(277,692)	-	(277,692)
Exploration and evaluation expenditure written off	(16,557)	(3,317)	(19,874)
Segment profit/(loss)	4,030,417	(852,145)	3,178,272
Half-year ended 31 December 2020	Halls Creek Project	Norseman Gold Project	Total
Revenue			
External Customers	44,660,067	-	44,660,067
Total revenue	44,660,067	-	44,660,067
Results			
Depreciation and amortisation	(11,691,210)	(411,741)	(12,102,951)
Interest expense	(336,474)	(196,056)	(532,530)
Exploration and evaluation expenditure written off	(92,625)	(2,043)	(94,668)
Segment profit/(loss)	9,665,470	(494,081)	9,171,389

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2021 and 30 June 2021.

Segment Assets	Halls Creek Project	Norseman Gold Project	Total
As at 31 December 2021	59,705,311	137,053,794	196,759,105
As at 30 June 2021	65,858,604	115,315,538	181,174,142
Segment Liabilities	Halls Creek Project	Norseman Gold Project	Total
As at 31 December 2021	(33,316,033)	(20,944,776)	(54,260,809)
As at 30 June 2021	(35,140,439)	(28,060,443)	(63,200,882)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Segment information (continued)

Reconciliation of segment results to consolidated results

Finance income and costs are not allocated to individual segments as they are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

Reconciliation of profit	Dec 21	Dec 20
	\$	\$
Segment profit	3,178,272	9,171,389
Corporate administration expenses	(1,572,089)	(1,115,602)
Share based payments	(234,819)	(167,952)
Corporate interest income	32,726	94,624
(Loss)/gain on disposal of property, plant and equipment	(59,812)	335,624
Corporate interest expense and borrowing costs	(794,648)	(14,343)
Share of loss of an associate	(72,130)	-
Total consolidated profit before tax	<u>477,500</u>	<u>8,303,740</u>

Reconciliation of assets	Dec 21	Jun 21
	\$	\$
Segment operating assets	196,759,105	181,174,142
Unallocated cash and receivables	40,166,873	39,817,799
Unallocated plant and equipment	531,074	386,647
Unallocated financial assets	4,229,208	-
Group operating assets	<u>241,686,260</u>	<u>221,378,588</u>

Reconciliation of liabilities	Dec 21	Jun 21
	\$	\$
Segment operating liabilities	(54,260,809)	(63,200,882)
Trade and other payables	(539,996)	(1,697,678)
Interest-bearing loans and borrowings	(27,563,901)	(383,911)
Provision for employee benefits	(444,057)	(364,348)
Group operating liabilities	<u>(82,808,763)</u>	<u>(65,646,819)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Commitments and contingencies

Commitments

At 31 December 2021, the Group had the following commitments:

- tenement lease expenditure commitments of \$24,435,220 on which mining and exploration operations are located (30 June 2021: \$22,090,320); and
- capital expenditure commitments of \$17,218,546 principally relating to the construction of the Norseman Gold Project (30 June 2021: \$26,787,072).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Group.

18. Subsequent events

On 11 February 2022, the Company announced the cancellation by agreement of 287,632 unlisted share rights, issued under the Directors Salary Sacrifice Plan, expiring 19 November 2026.

There are no matters or circumstances which have arisen since the end of the financial period to the date of this report, which have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

19. Dividends

No dividends were provided for or paid during the half-year or up to the date of this report.

20. Related party transactions

On 9 July 2021, 600,470 ordinary shares were issued to key management personnel (KMP) on the exercising of unlisted employee ZEPOs and 2,928,638 unlisted employee ZEPOs lapsed due to performance conditions not achieved.

On 17 November 2021, 3,908,520 unlisted employee ZEPOs were issued to directors and 3,674,536 unlisted employee ZEPOs were issued to KMP.

On 19 November 2021, 795,606 unlisted share rights were issued to directors under the Directors Salary Sacrifice Plan approved at the annual general meeting held 17 November 2021.

On 23 November 2021, 500,000 ordinary shares were issued to KMP on the exercise of unlisted employee PEPOs.

No additional related party transactions have taken place during the financial period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pantoro Limited (the Company), I state that:

In the opinion of the directors:

- a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) subject to the matters stated in Note 2 of the interim financial report, 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


Paul Cmrlec
Managing Director

9 March 2022



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Auditor's independence declaration to the directors of Pantoro Limited

As lead auditor for the review of the half-year financial report of Pantoro 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;
- 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 Pantoro Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Philip Teale
Partner
9 March 2022

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Independent auditor's review report to the members of Pantoro Limited

Conclusion

We have reviewed the accompanying half-year financial report of Pantoro Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other 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 significant 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 the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial 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 of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Directors' responsibilities 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

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A handwritten signature in black ink, appearing to read 'Philip Teale'.

Philip Teale
Partner
Perth
9 March 2022

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