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PANTORO LIMITED
ABN 30 003 207 467

HALF-YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2022

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 2022.

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 Cmrlec – 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 loss after tax - \$44,967,692 (2021: \$477,500 profit)
- Total consolidated revenue - \$45,375,059 (2021: \$41,668,101)
- Total cost of sales - \$67,393,796 (2021: \$37,455,437)
- Cash flows used in operating activities - \$3,602,559 (2021: \$17,083,231 from)
- Cash flows used in investing activities - \$46,753,970 (2021: \$39,178,383)
- Cash flow from financing activities - \$21,761,615 (2021: \$16,900,409)

Corporate

As at 31 December 2022, Pantoro had 1,778,820,572 ordinary shares on issue with approximately \$23.4 million in cash and cash equivalents and 16 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)	1,778,820,572
Unlisted Options	36,363,636 (\$0.275 exercise price expiring 30/9/2024)
Unlisted Employee Options	12,484,616 (various exercise prices and expiry dates)
Director Salary Sacrifice Share Rights	142,944
Options converted during the half-year	1,102,730 ZEPOs

During the period, 1,102,730 unlisted employee ZEPOs were exercised, 1,294,282 unlisted employee ZEPOs (tranche 2 issued 20 November 2020) lapsed due to performance conditions not achieved and 4,901,560 unlisted employee ZEPOs were granted. 7,000,000 unlisted director PEPOs lapsed unexercised (issued 4 July 2019, expiring 4 July 2022 with 3,500,000 at an exercise price \$0.24 and 3,500,000 at an exercise price \$0.25). 1,500,000 unlisted employee PEPOs lapsed unexercised (issued 8 November 2019 expiring 8 November 2022 with exercise price \$0.205). 114,271 unlisted share rights were exercised (issued 19 November 2021 under the Directors Salary Sacrifice Plan) and 75,530 unlisted share rights were cancelled.

On 20 October 2022, the Company announced a capital raise by way of a placement at an issue price of \$0.145 per share to institutional and sophisticated investors to be completed in two tranches. On 31 October 2022, the Company completed tranche 1 of the placement raising \$8,408,696 (before costs) and issued 57,991,004 ordinary shares. On 5 December 2022 after receiving shareholder approval at the annual general meeting, the Company completed tranche 2 of the placement raising \$20,091,304 (before costs) and issued 138,560,720 ordinary shares.

On 11 November 2022, the Company announced a Share Purchase Plan (SPP) to allow existing shareholders to participate in the capital raise on the same terms and pricing as the placement announced on 20 October 2022. On 5 December 2022, the Company completed the SPP raising funds of \$871,000 and issuing 6,006,976 ordinary shares.

Norseman Gold Project (PNR 50%)

The Norseman Gold Project construction was completed during the period with first production from the new 1Mtpa gold plant recorded in October 2022. Production during the period, which was entirely in the commissioning and early operational phases was 7,543oz (100%).

Project ramp-up has been slower than expected during the early stages of operations, primarily due to labour shortages impacting both Pantoro and its primary contractors. Market conditions for professional and skilled labour remain tight within the industry generally, however personnel numbers on site are approaching budgeted levels.

Mining is ongoing in the Green Lantern and Scotia open pit mines and the OK underground mine. It is expected that the Scotia open pit cut back will result in access to significant high grade ore early in the June quarter of FY 2023, which should substantially improve gold production from the operation from that period onwards.

The OK underground mine has now accessed several ore levels, and the egress rise from surface has been completed with the first production stoping expected to commence during the March quarter of FY 2023. The life of mine primary ventilation rise from surface commenced late in December 2022, and is expected to be completed early in the June quarter of FY 2023.

The Norseman gold project is expected to reach name plate production rates by the end of the current financial year, with approximately 110,000 ounces of gold production planned for FY 2024.

Exploration and resource development drilling during the period was limited, with operations focused on ramp-up to name plate capacity, and substantial grade control drilling undertaken both in the open pits and underground mines. Despite the grade control focus, exploration drilling was undertaken in the Butterfly south area of the main field with impressive results across multiple lodes (refer to ASX release on 17 October 2022 titled "Southern Mainfield Drilling Highlights UG Mining Potential").

Initial drilling results from the Norseman Lithium JV with Mineral Resources were announced on 9 September 2022 in a release titled "Initial Results from Norseman Lithium JV". The first pass drilling generated encouraging results up to 9m @ 1.26% Li₂O.

Subsequent to the end of the period, Pantoro announced its intended merger with Tulla Resources PLC (ASX:TUL), the current 50% owner and JV partner of the Norseman Gold Project. Pantoro looks forward to consolidating the Norseman Gold Project to a 100% ownership position during CY 2023.

Halls Creek Project (PNR 100%)

Halls Creek has now been in operation for 8 years since Pantoro developed the project in February 2015. The mine has been the cornerstone for the company's development during that time. Subsequent to the end of the reporting period, Pantoro announced the intention to mine developed stocks and transition the mine to care and maintenance during the balance of FY 2023. The transition of the mine to care and maintenance is the result of combined labour shortages and inflation experienced throughout the industry, and completion of primary ore zones within Nicolsons mine. Significant high grade Mineral Resources and Ore Reserves remain at the mine and Pantoro will consider both divestment and future production options as market conditions improve. The Company is currently undertaking negotiations for potential divestment.

Production during the period was 14,180 ounces at an AISC of \$2,343/oz with the lower production and higher costs reflective of the labour shortages and inflationary environment discussed above.

Additional results were returned from the Lamboo PGE project during the period. Drilling confirmed the presence of mineralisation throughout the system, with most of the 20km of strike confirmed by initial drilling. Releases to the ASX on 10 August 2022 and 2 November 2022 set out results from high grade zones within the system and confirm the presence of base metal sulphide mineralisation. Pantoro intends to undertake metallurgical testwork on both oxide and fresh mineralised drill intersections as the next phase of the project's development. Testwork is expected to commence once operations at Norseman have stabilised at planned levels.

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 23.

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

P.M. Cmrlec

Paul Cmrlec
Managing Director

13 March 2023

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	31 Dec 22 \$	31 Dec 21 \$
Revenue	5	45,375,059	41,668,101
Cost of sales	6(a)	<u>(67,393,796)</u>	<u>(37,455,437)</u>
Gross (loss)/profit		(22,018,737)	4,212,664
Other income		655,812	72,804
Administration and other expenses	6(b)	(1,892,687)	(2,143,482)
Finance costs		(4,013,087)	(1,171,180)
Care and maintenance costs		-	(401,302)
Impairment loss on non-financial assets	18	(17,467,000)	-
Exploration and evaluation expenditure written off		(42,228)	(19,874)
Share of loss of an associate	12	<u>(189,765)</u>	<u>(72,130)</u>
(Loss)/profit before income tax		(44,967,692)	477,500
Income tax expense	7	-	-
(Loss)/profit after income tax		(44,967,692)	477,500
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive (loss)/profit for the year, net of tax		<u>(44,967,692)</u>	<u>477,500</u>
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic (loss)/profit per share (cents per share)		(2.78)	0.03
Diluted (loss)/profit per share (cents per share)		(2.78)	0.03

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 Dec 22 \$	30 Jun 22 \$
CURRENT ASSETS			
Cash and cash equivalents		23,445,971	52,040,884
Trade and other receivables		5,198,930	2,230,926
Finance lease receivables		2,871,314	1,084,321
Inventories	8	6,382,027	6,009,767
Prepayments		1,223,542	1,340,868
Total current assets		39,121,784	62,706,766
NON-CURRENT ASSETS			
Finance lease receivables		12,670,363	6,100,521
Property, plant and equipment	9	68,518,553	74,808,197
Exploration and evaluation expenditure	10	95,716,602	96,872,418
Mine properties and development costs	11	65,044,279	51,426,983
Investment in an associate	12	2,530,199	2,719,964
Total non-current assets		244,479,996	231,928,083
TOTAL ASSETS		283,601,780	294,634,849
CURRENT LIABILITIES			
Trade and other payables		23,961,030	23,056,367
Provisions		2,385,747	2,210,231
Interest-bearing loans and borrowings	13	22,271,251	18,639,979
Total current liabilities		48,618,028	43,906,577
NON-CURRENT LIABILITIES			
Provisions		19,065,513	19,973,501
Interest-bearing loans and borrowings	13	40,185,263	37,858,436
Total non-current liabilities		59,250,776	57,831,937
TOTAL LIABILITIES		107,868,804	101,738,514
NET ASSETS		175,732,976	192,896,335
EQUITY			
Issued capital	15	372,167,474	344,731,334
Reserves		12,286,403	11,918,210
Accumulated losses		(208,720,901)	(163,753,209)
TOTAL EQUITY		175,732,976	192,896,335

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	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 profit 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

	Issued capital	Options reserve	Share- based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
At 1 July 2022	344,731,334	4,613,958	7,304,252	(163,753,209)	192,896,335
Profit for the year	-	-	-	(44,967,692)	(44,967,692)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(44,967,692)	(44,967,692)
Shares issued during the year	29,371,000	-	-	-	29,371,000
Share issue costs	(1,934,860)	-	-	-	(1,934,860)
Share-based payments	-	-	368,193	-	368,193
At 31 December 2022	372,167,474	4,613,958	7,672,445	(208,720,901)	175,732,976

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 Dec 22	31 Dec 21
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	45,375,059	41,668,101
Payments to suppliers and employees	(46,266,859)	(22,959,040)
Payments for rehabilitation	-	(34,111)
Interest and borrowing costs paid	(2,967,626)	(1,664,523)
Interest received	217,680	34,751
Other income	39,188	38,053
Net cash flows from operating activities	<u>(3,602,558)</u>	<u>17,083,231</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for property, plant and equipment	(10,426,301)	(17,635,722)
Payments for exploration and evaluation	(6,668,882)	(7,938,531)
Payments for mine properties and development	(31,305,095)	(8,802,717)
Proceeds from sale of property, plant and equipment	40,818	50,000
Receipts from finance leases	1,605,490	-
Acquisition of investment in an associate	-	(4,301,338)
Payments for acquisition of interest in Norseman	-	(550,075)
Net cash flows used in investing activities	<u>(46,753,970)</u>	<u>(39,178,383)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	29,371,000	-
Proceeds from exercise of options	-	102,500
Transaction costs on issue of shares	(1,934,860)	-
Proceeds from borrowings	-	30,000,000
Payment of principal portion of insurance premium funding	(472,322)	(319,853)
Payment of principal portion of lease liabilities	(5,202,203)	(2,882,238)
Payment for deferred consideration	-	(10,000,000)
Net cash flows from financing activities	<u>21,761,615</u>	<u>16,900,409</u>
Net (decrease)/increase in cash and cash equivalents held	(28,594,913)	(5,194,743)
Cash and cash equivalents at the beginning of the financial period	52,040,884	47,382,063
Cash and cash equivalents at the end of the financial period	<u>23,445,971</u>	<u>42,187,320</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 13 March 2023.

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

The consolidated financial report has been prepared on the going concern basis, which contemplates the continuity of normal business operations and the realisation of assets and discharge of liabilities in the normal course of business.

The Group has made an operating loss of \$45.0 million and has incurred operating and investing cash outflows of \$50.4 million for the six-month period ended 31 December 2022. In addition, the group has a working capital deficiency of \$9.5 million as at 31 December 2022.

The Directors, in the consideration of the appropriateness of the going concern basis for the preparation of the financial statements have prepared a 15-month cash flow forecast through to period ended 31 March 2024, which assumes the successful ongoing ramp up of operations at the Group's Norseman Gold project and the completion of the Group's announced \$75 million capital raising are necessary for the Group to have sufficient cash to continue as a going concern.

Of the announced capital raising, proceeds of \$16 million was received via a tranche 1 placement on 22 February 2023 and the balance of \$59 million is expected to be received by 30 March 2023 via a tranche 2 placement following shareholder approval at a meeting to be held on 24 March 2023. The company has received firm commitments for the announced capital raising.

The Norseman Gold project is expected to reach name plate production rates by the end of the current financial year, with approximately 110,000 ounces of gold production planned for financial year ended 30 June 2024.

At the date of signing this report, the Directors are satisfied there is a reasonable basis that the Group will be able to achieve the matters set out above, and thus it is appropriate to prepare the financial statements on a going concern basis.

In the event the Group is unable to achieve the matters set out above, a material uncertainty would exist that may cast significant doubt on whether the Group 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 adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 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 2022 annual financial statements except for the impact of new or amended standards and interpretations effective 1 July 2022. 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

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

	2022	2021
Revenue from contracts with customers	\$	\$
Sale of gold at spot	45,151,134	41,458,429
Sale of silver	223,925	209,672
Total revenue from contracts with customers	45,375,059	41,668,101

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Expenses

	2022	2021
	\$	\$
(a) Cost of sales		
Salaries, wages expense and other employee benefits	(10,042,497)	(7,435,144)
Superannuation	(907,355)	(604,493)
Short term lease expenses	(116,876)	(50,975)
Other production costs net of inventory movements	(34,881,101)	(15,097,298)
Royalties	(888,198)	(889,258)
(Write down)/reversal in value of inventories to estimated net realisable value	(2,776,794)	9,154
Depreciation and amortisation expense		
Plant and equipment	(2,568,677)	(1,621,958)
Buildings	(186,954)	(58,327)
Mine properties and development costs	(10,930,651)	(8,777,246)
Right of use assets	(4,094,693)	(2,929,892)
Total cost of sales	<u>(67,393,796)</u>	<u>(37,455,437)</u>
(b) Other expenses		
	2022	2021
	\$	\$
Administration expenses		
Salaries, wages expense and other employee benefits	(570,932)	(513,161)
Superannuation	(51,632)	(41,818)
Directors' fees and other benefits	(157,499)	(166,869)
Share-based payments	(368,193)	(234,819)
Consulting expenses	(293,329)	(547,118)
Travel and accommodation expenses	(23,292)	-
Administration costs	(410,794)	(399,632)
Depreciation expense		
Depreciation of non-current assets:		
Property, plant and equipment	(19,867)	(15,566)
Right of use assets	(42,823)	(46,074)
Total administration expenses	<u>(1,938,361)</u>	<u>(1,965,057)</u>
Other expenses		
Net (loss)/profit on disposal of property, plant and equipment	6,248	(116,520)
Non-production rehabilitation	-	(61,905)
Gain on right-of-use lease terminations	39,426	-
	<u>45,674</u>	<u>(178,425)</u>
Total other expenses	<u>(1,892,687)</u>	<u>(2,143,482)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Income tax

No income tax benefit was recognised on the loss incurred during the period as the requirements for recognition of deferred tax assets under the applicable accounting standard have not been satisfied as at 31 December 2022.

8. Inventories

	Dec 22	Jun 22
	\$	\$
Ore stocks at net realisable value	362,102	1,826,030
Gold in circuit at net realisable value	2,865,090	1,614,966
Stores and spares at cost	3,344,549	2,668,955
Provision for obsolete stores and spares	(189,714)	(100,184)
	<u>6,382,027</u>	<u>6,009,767</u>

9. Property, plant and equipment

During the half-year ended 31 December 2022, the Group paid \$10,426,301 (2021: \$17,635,722) in relation to property, plant and equipment acquisitions. The majority of this spend is associated with the completion of construction of the Norseman Gold Project (50% Pantoro). During the period, an impairment amount of \$3,816,423 (2021: nil) was recognised against the property, plant and equipment of the Halls Creek Project (refer to note 18).

10. Exploration and evaluation expenditure

During the half-year ended 31 December 2022, the Group paid \$6,668,882 (2021: \$7,938,531) in relation to exploration and evaluation expenditure. Of this, \$4,148,156 related to the Norseman Gold Project with the balance relating to the Nicolsons Gold Project.

During the 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 \$42,228 (2021: \$19,874) was written off to the profit and loss. These areas primarily related to the Halls Creek project.

During the period, an impairment amount of \$5,353,493 (2021: nil) was recognised against the exploration and evaluation expenditure of the Halls Creek Project (refer to note 18).

11. Mine properties and development

During the half-year ended 31 December 2022, the Group paid \$31,305,095 (2021: \$8,802,717) in relation to mine properties and developments costs. During the period, an impairment amount of \$8,297,084 (2021: nil) was recognised against the mine properties and developments of the Halls Creek Project (refer to note 18).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Investment in an associate

As at 31 December 2022, the Group had 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. Pantoro subsequently divested its interest in Maximus as set out in note 19.

	Dec 22	Jun 22
	\$	\$
Opening balance	2,719,964	-
Acquisitions during the period	-	4,301,338
Share of losses	-	(221,670)
Impairment loss	(189,765)	(1,359,704)
Closing balance	<u>2,530,199</u>	<u>2,719,964</u>

13. Interest bearing loans and liabilities

	Dec 22	Jun 22
	\$	\$
Current		
Insurance premium funding	354,090	402,767
Lease liabilities ⁽¹⁾	8,014,522	8,237,212
GCI finance facility ⁽²⁾	13,902,639	10,000,000
	<u>22,271,251</u>	<u>18,639,979</u>
Non-current		
Lease liabilities ⁽¹⁾	25,597,558	20,089,595
GCI finance facility ⁽²⁾	14,587,705	17,768,841
	<u>40,185,263</u>	<u>37,858,436</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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Contributed equity

	Dec 22	Jun 22
	\$	\$
Ordinary shares		
Issued and fully paid	<u>372,167,474</u>	<u>344,731,334</u>
Movements in ordinary shares on issue		
	Number	\$
At 1 July 2021	1,408,398,228	299,808,987
Exercise of ZEPOs	600,470	-
Exercise of PEPOs	500,000	102,500
Share issue costs	-	-
At 31 December 2021	1,409,498,698	299,911,487
At 1 July 2022	1,575,044,871	344,731,334
Share placement ⁽¹⁾	196,551,724	28,500,000
Share Purchase Plan ⁽²⁾	6,006,976	871,000
Exercise of ZEPOs ⁽³⁾	1,102,730	-
Exercise of share rights ⁽⁴⁾	114,271	-
Share issue costs	-	(1,934,860)
At 31 December 2022	1,778,820,572	372,167,474

⁽¹⁾ On 31 October 2022 and 5 December 2022, the Company completed a share placement in two tranches of 57,991,004 and 138,560,720 shares respectively, at an issue price of \$0.145 per share. Costs of the issue amounted to \$1,795,965.

⁽²⁾ On 5 December 2022, the Company issued 6,006,976 shares under a share purchase plan at an issue price of \$0.145 per share. Costs of the issue amounted to \$132,738.

⁽³⁾ On 8 July 2022, the Company issued 1,102,730 shares upon the exercise of unlisted employee ZEPOs. Costs of the issue amounted to \$2,032.

⁽⁴⁾ On 5 August 2022, 2 September 2022 and 3 October 2022, the Company issued 21,855, 69,402 and 23,014 shares respectively upon the exercise of unlisted directors share rights. Costs of these issues amounted to \$4,125.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Segment information

The following table presents revenue and profit/(loss) information regarding the Group's operating segments for the half-years ended 31 December 2022 and 31 December 2021.

	Halls Creek Project	Norseman Gold Project	Total
Half-year ended 31 December 2022			
Revenue			
External Customers	36,268,113	9,106,946	45,375,059
Total revenue	36,268,113	9,106,946	45,375,059
Results			
Depreciation and amortisation	(14,259,219)	(3,521,756)	(17,780,975)
Interest expense	(191,885)	(802,023)	(993,908)
Exploration and evaluation expenditure written off	(19,373)	(22,855)	(42,228)
Segment profit/(loss)	(24,878,883)	(15,779,500)	(40,658,383)
	Halls Creek Project	Norseman Gold Project	Total
Half-year ended 31 December 2021			
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

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2022 and 30 June 2022.

	Halls Creek Project	Norseman Gold Project	Total
Segment Assets			
As at 31 December 2022	30,952,084	233,953,180	264,905,264
As at 30 June 2022	57,837,687	196,024,980	253,862,667
	Halls Creek Project	Norseman Gold Project	Total
Segment Liabilities			
As at 31 December 2022	(18,374,355)	(59,363,514)	(77,737,869)
As at 30 June 2022	(30,521,004)	(40,454,962)	(70,975,966)

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/(loss)	Dec 22	Dec 21
	\$	\$
Segment profit/(loss)	(40,658,383)	3,178,272
Corporate administration expenses	(1,199,847)	(1,572,089)
Share based payments	(368,193)	(234,819)
Corporate interest income	143,718	32,726
(Loss)/gain on disposal of property, plant and equipment	-	(59,812)
Elimination of foreign currency translation reserve	-	-
Other income	-	-
Corporate interest expense and borrowing costs	(2,695,222)	(794,648)
Share of loss of an associate	(189,765)	(72,130)
Total consolidated profit before tax	<u>(44,967,692)</u>	<u>477,500</u>

Reconciliation of assets	Dec 22	Jun 22
	\$	\$
Segment operating assets	264,905,264	253,862,667
Unallocated cash and receivables	15,776,135	37,601,711
Unallocated plant and equipment	390,182	450,507
Unallocated financial assets	2,530,199	2,719,964
Group operating assets	<u>283,601,780</u>	<u>294,634,849</u>

Reconciliation of liabilities	Dec 22	Jun 22
	\$	\$
Segment operating liabilities	(77,737,869)	(70,975,966)
Trade and other payables	(637,014)	(1,708,580)
Interest-bearing loans and borrowings	(28,898,851)	(28,568,582)
Provision for employee benefits	(595,070)	(485,386)
Other financial liabilities	-	-
Group operating liabilities	<u>(107,868,804)</u>	<u>(101,738,514)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Commitments and contingencies

Commitments

At 31 December 2022, the Group had the following commitments:

- tenement lease expenditure commitments of \$21,002,670 on which mining and exploration operations are located (30 June 2022: \$21,495,280);
- capital expenditure commitments of \$425,787 principally relating to underground escapeway raise bore shaft, mill critical spares and plant and equipment upgrades at the Norseman Gold Project (30 June 2022: \$4,578,237); and
- the Group has entered into a number of key contracts as part of its operations with terms between 3 and 4 years. The minimum expected payments in relation to these contracts which were not required to be recognised as liabilities at 31 December 2022 amount to approximately \$92,734,000 (undiscounted) (30 June 2022: \$93,339,000); and
- future minimum lease commitments for non-cancellable leases not yet commenced of \$675,948.

Contingencies

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Impairment of assets

The Group conducts an internal review of asset values at each reporting date, which is used as a source of information to assess for any indicators of impairment. Factors, such as changes in gold price, production performance and costs are monitored to assess for indicators of performance. If any indication of impairment exists, an estimate of the assets recoverable amount is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating unit CGU).

As at 31 December 2022 impairment indicators and the impairment expense recognised are discussed below.

As a result of the Group's impairment review at 31 December 2022 it was determined that the decision to suspend capital development, at the Halls Creek Project CGU (as announced on the ASX on 4 January 2023), and mine developed ore before placing the mine on care and maintenance, together with consideration of divestment and future production options, required an impairment assessment of the Halls Creek Project CGU. The Group used a discounted cash flow (DCF) analysis under the fair value less cost to dispose approach considering the ongoing operations of the Halls Creek Project CGU up to its assumed care and maintenance date and then the sale of the Halls Creek Project CGU having regard to an indicative sale offer to assess the recoverable value of the Halls Creek Project CGU.

The following key assumptions were used to estimate the recoverable value of the Halls Creek Project CGU:

- Future production based on the short-term operating forecast with actual production and costs being used for January 2023;
- Gold price forecast between \$2,700/oz and \$1,668/oz; and
- Discount rate applied to post tax cashflow projections of 10.0%; and
- A mix of cash and future royalty consideration for the sale.

The carrying value of the Halls Creek Project CGU before impairment charges was \$32,196,576. Pantoro determined that the recoverable amount of the CGU of \$14,730,160 was less than its carrying value and therefore an impairment of \$17,467,000 was recognised at 31 December 2022. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

The Group considered a number of sensitivities in assessing the recoverable amount as at 31 December 2022. It was estimated that changes in key assumptions, in isolation, would increase or (decrease) the recoverable amount of the Halls Creek Project CGU as at 31 December 2022 as follows:

Key Assumption	Change	Increase (\$'m)	Decrease (\$'m)
Gold Price (AUD/oz)	10%	1.35	(1.35)
Discount Rate	1%	(0.11)	0.12
Sale Consideration	10%	1.67	(1.67)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Subsequent events

On 4 January 2023, the Company released a corporate and operational update. In this update it was advised that the Halls Creek project would suspend capital development and mine developed ore for a 6 month period after which the mine will be placed on care and maintenance.

On 27 January 2023, the Company disposed of its 19.8% shareholding in Maximus Resources Ltd receiving proceeds after costs of \$2,643,425. On the same day Paul Cmrlec resigned as non-executive director of Maximus. Scott Huffadine as alternate to Paul Cmrlec also submitted his resignation.

On 13 February, the Company announced that it had entered into a binding merger implementation deed with Tulla Resources Plc (Tulla) in an all script merger via a scheme of arrangement under the Companies Act 2006 (UK) under which Pantoro will acquire Tulla and consolidate 100% ownership and control of the Norseman Gold Project (NGP). Under the scheme Tulla shareholder are to receive 1,675,199,956 ordinary shares in Pantoro. Following the implementation, the Pantoro board will comprise 7 directors made up of an independent chair and 3 directors nominated by each of Pantoro and Tulla. In the same announcement the Company launched a \$75M institutional placement to sophisticated and professional investors at an issue price of \$0.06 per share to be completed in two tranches and issuing a total of 1,250,000,000 ordinary shares. Tranche 1 will be completed under the Company's existing placement capacity and tranche 2 will require shareholder approval at a General Meeting.

On 15 February 2023, the Company announced it has received firm commitments for an institutional placement to raise \$75M (before costs).

On 20 February 2023, the company released a notice of meeting to be held on 24 March 2023. The meeting will have two items of business being the approval for the issue of 983,176,915 tranche 2 placement ordinary shares and the ratification of the issue of 266,823,085 tranche 1 placement ordinary shares.

On 22 February 2023, the Company announced the issue of 266,823,085 tranche 1 placement ordinary shares at \$0.06 having received proceeds of \$16,009,385 before costs.

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.

20. Dividends

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

21. Related party transactions

On 5 July 2022, 7,000,000 unlisted director PEPOs issued 4 July 2019, with 3,500,000 at an exercise price \$0.24 and 3,500,000 at an exercise price \$0.25, lapsed unexercised.

On 8 July 2022, 1,102,730 ordinary shares were issued to key management personnel (KMP) on the exercising of unlisted employee ZEPOs and 1,294,282 unlisted employee ZEPOs lapsed due to performance conditions not achieved.

On 5 August 2022, 21,855 ordinary shares were issued to a director on the exercising of unlisted share rights. On the same date 29,142 unlisted directors share rights were cancelled.

On 2 September 2022, 69,402 ordinary shares were issued to a director on the exercising of unlisted share rights.

On 3 October 2022, 23,014 ordinary shares were issued to a director on the exercising of unlisted share rights. On the same date 46,388 unlisted directors share rights were cancelled.

On 8 November 2022, 500,000 unlisted employee PEPOs issued to KMP with an exercise price of \$0.205 lapsed unexercised.

On 6 December 2022, 1,789,400 unlisted employee ZEPOs were issued to KMP.

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 2022 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

13 March 2023



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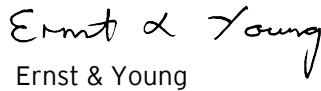
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Auditor's independence declaration to the directors of Pantoro Limited

As lead auditor for the review of the half-year financial report of Pantoro Limited for the half-year ended 31 December 2022, 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


Gavin Buckingham
Partner
13 March 2023

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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 2022, 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 summary 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 2022 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.

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.

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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 2022 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.

Ernst & Young
Ernst & Young

Gavin Buckingham
Gavin Buckingham
Partner
Perth
13 March 2023

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