Panoramic Resources Limited

ABN: 47 095 792 288

Financial Report for the financial year ended 30 June 2021

This Financial Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period: Financial Year Ending 30 June 2021

Previous Reporting Period: Financial Year Ending 30 June 2020

Panoramic Resources Limited
Appendix 4E
For the financial year ended 30 June 2021

Results for announcement to the market (Final Report)

	2021 $'000	2020 $'000	Change $'000	Change %
Revenue for ordinary activities	-	69,097	(69,097)	100
Profit / (Loss) after tax from ordinary activities	295	(87,888)	88,183	100
Profit / (Loss) after tax attributable to members	295	(87,366)	87,661	100

Dividends

No final dividend to shareholders has been declared by the Company for the financial year ended 30 June 2021.

For the full financial year ended 30 June 2021, no dividends were declared and paid to shareholders.

Net Tangible Assets Per Share

	30 June 2021	30 June 2020
Net tangible asset backing ($ per share)	0.08	0.08
Number of ordinary shares on issue used in the calculation of net tangible assets per share (number)	2,050,914,004	2,050,914,004

Net tangible assets exclude right-of-use assets of $4,195,000 as at 30 June 2021 arising from the adoption of *AASB 16 Leases* at 1 July 2019. The associated lease liabilities are included, 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 divested 80% control of Panton Sill Pty Ltd on 17 December 2020 and the remaining 20% on 16 June 2021.

Detail of controlled entity

The Company completed the divestment of a 80% equity interest in Panton Sill Pty Ltd, a subsidiary company that holds the Panton PGM Project and associated tenements to Great Northern Palladium Pty Ltd on 17 December 2020. On 16 June 2021 the remaining 20% equity interest was divested to Great Northern Palladium Pty Ltd following the exercise of a right to acquire. The contribution of Panton Sill Pty Ltd to the date of deconsolidation increased the consolidated entity's net profit after tax from ordinary activities during the period by $8,142 (2020: net loss of $155,709).

Commentary on the result for the period

Factors contributing to the above variances and the results for the financial year are as follows:

<u>Revenue and other income for ordinary activities</u>

Operations at the Savannah Nickel Project remained suspended during the year on care and maintenance. As a result, there were no concentrate sales during the year (2020: $69,097,000). Other income totalled $10,677,000 (2020: $11,248,000) which included a gain on the sale of the subsidiary Panton Sill Pty Ltd $7,659,000, gain on the sale of shares in listed investments Horizon Gold Limited and GME Resources Limited $870,000, Job Keeper income $1,279,000, interest and other income of $869,000.

<u>Profit / (Loss) after tax from ordinary activities and Profit / (Loss) after tax attributable to members</u>

Factors contributing to the result for the financial year are detailed and discussed in the "Operating and Financial Review" section of the Directors' Report for the financial year ended 30 June 2021, which accompany this Final Report.

The activities of the Group during the year were focused on maintenance and capital works at the Savannah Nickel Project that were undertaken to progress the de-risking of the project for a restart. These activities included the successful completion of raise-bore works for the FAR#3 ventilation shaft, underground level development within the Savannah North orebody, paste fill infrastructure (on surface and underground), and surface electrical and ventilation works.

As a result of the decision to restart operations at the Savannah Nickel Project in the first half of FY2022, the completion of capital works on site during the year and the improved commodity price outlook, an impairment reversal of $14,187,000 was recorded against the assets of the nickel cash generating unit. Refer to note 10 for further details.

Emphasis of matter

This Final Report is based on accounts which have been audited by the consolidated entity's Independent Auditor and which contain an Independent Auditor's Report that is subject to an emphasis of matter about the consolidated entity's ability to continue as a going concern. Note 1(b) of the "Notes to the Consolidated Financial Statements" describes the conditions that indicate the existence of material uncertainty that may cast doubt on the consolidated entity's ability to realise its assets and discharge its liabilities in the normal course of business.

Other information required by Listing Rule 4.3A

All the disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within Panoramic Resources Limited's Consolidated Financial Statements for the year ended 30 June 2021 which accompany this Final Report.

Panoramic Resources Limited
ABN 47 095 792 288

Consolidated Financial Statements
For the financial year ended 30 June 2021

Contents

Directors' Report

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

Nicholas L Cernotta (Independent Non-Executive Chair)
BEng (Mining)
Appointed 2 May 2018, Independent Non-Executive Chair from 25 May 2020

Nicholas (Nick) is a mining engineer with over 35 years' experience in the mining industry, spanning various commodities and operations in Australia and Overseas. Nick has held senior executive roles with extensive operational experience in both the public and private sectors of the mineral resources industry, including as Director of Operations at Fortescue Metals Group Ltd, Chief Operating Officer at MacMahon Contracting and Director of Operations at Barrick Gold.

During the past three years, Nick has also served as a director of the following listed companies:

- Pilbara Minerals Limited (Non-Executive Director from 6 February 2017)*
- New Century Resources Limited (Non-Executive Director from 28 March 2019)*
- Northern Star Resources Limited (Non-Executive Director from 1 July 2019)*

** Denotes current directorship*

Victor Rajasooriar (Managing Director)
B.Eng (Mining) AusIMM, MAICD
Appointed 11 November 2019

Victor is a mining engineer with more than 25 years' operational and technical experience in multiple disciplines across both underground and open pit operations. Victor was Managing Director and CEO of Echo Resources Limited prior to its takeover by Northern Star Resources Limited in September 2019. Prior to joining Echo, Victor held the role of Chief Operating Officer for leading underground mining contractor, Barminco Underground Contractors. In that role, Victor had responsibility for the tendering and execution of contracts and for overseeing the achievement of strict safety, cost and production targets. He was also the Managing Director of Breakaway Resources Limited and held senior operational positions for a range of mining companies including Newmont, Grange Resources and Bass Metals.

During the past three years, Victor has also served as a director of the following listed companies:

- Echo Resources Limited (Managing Director from October 2018 to September 2019)
- Horizon Gold Limited (Non-Executive Chair from 20 November 2019 to 9 April 2020)

Peter R Sullivan (Non-Executive Director)
BE, MBA
Appointed 1 October 2015

Peter is an engineer with an MBA and has been involved in the management and strategic development of resource companies and projects for more than 30 years. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships.

During the past three years, Peter has also served as a director of the following listed companies:

- GME Resources Limited (Managing Director from 24 June 1996 to 1 October 2004, Non-Executive Director from 1 October 2004 and Non-Executive Chairman from 2017)*
- Copper Mountain Mining Corporation (Non-Executive Director from 30 October 2020)*
- Zeta Resources Limited (Non-Executive Chairman from 7 June 2013)*
- Horizon Gold Limited (Non-Executive Chair from 7 July 2020)*
- Resolute Mining Limited (Managing Director from 14 February 2001 to 30 June 2015 and Non-Executive Director from 30 June 2015 to 27 May 2021)
- Bligh Resources Limited (Non-Executive Director from 13 July 2017 to 14 August 2019)

** Denotes current directorship*

Directors (continued)

Rebecca J Hayward (Independent Non-Executive Director)
LLB
Appointed 21 June 2018

Rebecca is an experienced infrastructure and resources lawyer, with a strong background in mining, energy and large scale infrastructure transactions. Rebecca currently manages the legal, contracts and procurement function for the Projects division of Fortescue Metals Group. Rebecca was a Senior Associate at Clayton Utz in the Melbourne Construction and Major Projects team, where she had a lead role in a number of large infrastructure projects for both the private and public sectors.

During the past three years, Rebecca has not served as a director of any other listed company.

Gillian Swaby (Independent Non-Executive Director)
BBus, FAICD, FGIA, AAusIMM
Appointed 8 October 2019

Gillian is an experienced mining executive with over 30 years' experience in the resources sector and a broad skillset across a range of corporate, finance and governance areas having held senior roles including Chief Financial Officer, Company Secretary, Director and corporate advisor. She worked at Paladin Energy Limited between 1993 and 2005, including 10 years as an executive director, at a time when that uranium company was growing rapidly through mine development, operation, acquisition and exploration in multiple African countries.

During the past three years, Gillian has served as a director of the following listed companies:
- Deep Yellow Limited (Executive Director from 29 June 2017)*
- Comet Ridge Limited (Non-Executive Director from 9 January 2004)*
- Firefinch Limited (formerly Birimian Limited) (Non-Executive Director from 26 April 2017, until 13 November 2018)

** Denotes current directorship*

Company Secretary

Susan Park
BCom; ACA; F Fin; FGIA; FCG; GAICD
Appointed 9 April 2020

Ms Park has 24 years' experience in the corporate finance industry and extensive experience in Company Secretarial and Non-Executive Director roles with ASX, AIM and TSX listed companies. She is founder and Managing Director of boutique consulting firm Park Advisory which specialises in the provision of corporate governance and company secretarial advice to ASX listed companies and has held senior executive roles at Ernst & Young and PricewaterhouseCoopers in their Corporate Finance divisions and at BankWest in their Strategy and Ventures division.

Meetings of Directors

The number of meetings of directors (including committee meetings of directors) held during the year ended 30 June 2021, and the number of meetings attended by each director are as follows:

	Board Meetings		**Audit and Governance Committee**		**Remuneration Committee**		**Risk and Sustainability Committee**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
N. Cernotta	11	11	-	-	2	2	3	3
V. Rajasooriar	11	11	-	-	-	-	3	3
P. Sullivan	11	11	6	6	2	2	-	-
R. Hayward	11	11	6	6	-	-	3	3
G. Swaby	11	11	6	6	2	2	-	-

Committee Membership

As at the date of this report, the Company has an Audit and Governance Committee, a Remuneration Committee and a Risk and Sustainability Committee. The full Board acts as the Nomination Committee.

Members acting on the sub-committees of the Board at the date of this Directors' Report are:

Audit and Governance Committee	Remuneration Committee	Risk and Sustainability Committee
G. Swaby (Chair)	P. Sullivan (Chair)	R. Hayward (Chair)
R. Hayward	N. Cernotta	N. Cernotta
P. Sullivan	G. Swaby	V. Rajasooriar

The company secretary acts as the secretary on each of the committees of the Board.

Directors' Interests

The relevant interest of each director in the share capital as notified by the directors to the Australian Securities Exchange (ASX) in accordance with S205G(1) of the Corporations Act 2001, as at the date of this Directors' Report is as follows:

	Ordinary Shares		Performance rights over ordinary shares
Name of Director	Direct	Indirect	
N Cernotta	-	107,500	-
V Rajasooriar	-	1,791,666	7,416,488[(1)]
P Sullivan	-	-	-
R Hayward	107,500	-	-
G Swaby		107,500	-

[(i)] Does not include an award of rights to Mr Rajasooriar (Managing Director) post 30 June 2021 totalling 3,992,813 that is subject toshareholder approval at the Company's upcoming 2021 annual general meeting of shareholders.

Securities

Options
At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	*Exercise price*	*Expiry date*
28,520,525	$0.16	30 June 2023

No options have been granted during the financial year or subsequent to the reporting date and to the date of signing this report.

Performance Rights
On 11 September 2020 the Company issued 5,316,748 performance rights to employees. These performance rights are subject to performance conditions and expire on 30 June 2025. On the 30 September 2020, performance rights (included in the above issue) totalling 3,235,844 were forfeited and cancelled following the resignation of Mr Michael Ball.

On 21 October 2020 the Company issued 1,936,910 performance rights to the Chief Financial Officer Mr Grant Dyker. These performance rights are subject to performance conditions over the period to 30 June 2023 and expire on 30 June 2025.

On 17 November 2020, following shareholder approval, the Company issued 7,416,488 performance rights to the Managing Director and CEO Mr Victor Rajasooriar. These performance rights are subject to performance conditions over the period to 30 June 2023 and expire on 30 June 2025.

No shares were issued on exercise of performance rights during the year. A reconciliation of performance rights outstanding at the date of this report appears below.

Operating and Financial Review (continued)

	Number of rights
Rights outstanding at 30 June 2020	-
Rights issued during the year	14,670,146
Rights vested during the year	-
Rights lapsed during the year	-
Rights forfeited during the year	(3,235,844)
Rights issued post year end[(i)]	7,563,220
Rights forfeited post year end	(1,164,033)
Rights outstanding at the date of this report	17,833,489

[(i)] Includes an award of rights to Mr Rajasooriar (Managing Director) totalling 3,992,813 that is subject to shareholder approval at the Company's upcoming 2021 annual general meeting of shareholders. These LTI awards will be subject to testing including the Company's performance against total shareholder return measures. The awards have a three-year performance period ending on 30 June 2024.

Dividends

No final dividend has been declared for the financial year ended 30 June 2021 (2020: nil).

Principal Activities

The principal activities of the consolidated entity during the course of the financial year comprised care and maintenance activities at the Savannah Nickel Project together with capital infrastructure works within the underground mine and on surface, aimed at de-risking the Project in preparation for a restart of operations during the second half of CY2021.

Business Divisions

Previously, the Group had identified the following four operating segments:

(1) Nickel - the Savannah Nickel Project;
(2) Gold - 51% equity interest in Horizon Gold Limited (divested 29 June 2020);
(3) Platinum Group Metals (PGM) - the Panton PGM Project (80% equity interest divested 17 December 2020, remaining 20% divested 16 June 2021); and
(4) Exploration - greenfield exploration activities.

For the year ended 30 June 2021, the Company has reduced the number of business divisions to one segment comprising Nickel. This change aligns with the Company's stated goal of focusing on the Group's core assets being Nickel and is supported by the divestment of equity interests in Horizon Gold Limited and Panton Sill Pty Ltd. As at 30 June 2021, the Company had no ownership interest in Horizon Gold Limited and Panton Sill Pty Ltd. Exploration is no longer viewed as a separate segment as all activities are focused on the tenements surroundingthe Savannah Nickel Project.

Operating and Financial Review

Operating Results for the Year

The Group recorded a profit after tax for the financial year ending 30 June 2021 of $295,000 (2020: after tax loss of $87,888,000).

Operating and Financial Review (continued)

Financial Performance

The Group's performance during the financial year ended 30 June 2021 and for the four previous financial years, are set out in the table below. The financial results shown below were all prepared under the Australian Accounting Standards.

Year Ended 30 June	2021	2020	2019	2018	2017
Revenue and other income ($'000)	10,677	80,345	27,885	1,714	9,666
Cost of sales of goods ($'000)	-	(87,000)	(20,900)	-	(8,473)
Royalties ($'000)	-	(3,402)	(1,904)	-	(490)
Exploration and evaluation ($'000)	(945)	(484)	(671)	(487)	(493)
Care and maintenance expenses ($'000)	(11,442)	(619)	(847)	(5,474)	(7,539)
Fair value change of financial assets ($'000)	(121)	(190)	(1,511)	-	-
Corporate and marketing costs ($'000)	(5,656)	(7,695)	(4,929)	(4,022)	(5,365)
Other (expenses)/income ($'000)	(956)	(15,864)	2,273	114	(4)
EBITDA (before impairment) ($'000)	**(8,443)**	**(34,909)**	**(604)**	**(8,155)**	**(12,698)**
Depreciation and amortisation ($'000)	(5,028)	(18,656)	(7,039)	(430)	(760)
Net reversal/(impairment) of assets ($'000)	14,187	(27,063)	18,255	(38,511)	9,178
Finance costs ($'000)	(422)	(7,260)	(1,383)	(943)	(490)
Profit/(Loss) before tax ($'000)	**295**	**(87,888)**	**9,229**	**(48,039)**	**(4,770)**
Income tax (expense)/benefit ($'000)	-	-	-	-	-
Net Profit/(Loss) after tax ($'000)	**295**	**(87,888)**	**9,229**	**(48,039)**	**(4,770)**
(Loss)/earnings per share (cents)	0.0	(8.8)	1.4	(9.1)	(1.0)
Dividends per share (cents)	-	-	-	-	-
Dividends pay out ratio (%)	-	-	-	-	-
Market capitalisation ($'000)	307,637	166,124	163,307	304,788	94,285
Closing share price ($ per share)	0.15	0.081	0.295	0.620	0.220
Return on equity (%)	0.1	(31.2)	4.6	(26.8)	(2.8)

Note (1): Comparative information has not been restated for the impact of *AASB 9 Financial Instruments, AASB 15 Revenue from contracts with customers (adopted in 2019)* and *AASB 16 Leases (adopted in 2020)*.
Note (2): EBITDA (before impairment) is non-IFRS information and has not been audited by the Company's auditor, Ernst & Young (EY). The table above shows how it is reconciled to the Consolidated Income Statement. EBITDA (before impairment) has been included for the purpose of reconciling earnings without impairment.

Revenue and Other Income

Operations at the Savannah Nickel Project remained suspended during the year on care and maintenance. As a result, there were no concentrate sales during the year (2020: $69,097,000). Other income totalled $10,677,000 (2020: $11,248,000) which included a gain on the sale of the subsidiary Panton Sill Pty Ltd $7,659,000, gain on the sale of shares in listed investments Horizon Gold Limited and GME Resources Limited $870,000, Job Keeper income $1,279,000, interest and other income of $869,000.

Cost of Production

No direct production costs were incurred during the year (2020: 82,547,000) as operations at the Savannah Nickel Project remained suspended on care and maintenance.

Care and Maintenance Costs

Costs associated with care and maintenance activities during the year totalled $11,442,000 (2020: $619,000). Capital works were undertaken during the year to progress the de-risking of the project for a restart. The capitalised cost of these activities totalled $13.611 million (2020: nil) and included the successful completion of raise bore works for the FAR#3 ventilation shaft, underground level development within the Savannah North orebody, paste fill infrastructure (on surface and underground), and surface electrical and ventilation works.

Operating and Financial Review (continued)

Corporate and Marketing Costs

Corporate and marketing costs of $6,014,000 (2020: $7,695,000) were lower than the previous reporting period. The prior year included costs for the restructure and recapitalisation of the Groups funding position and employee termination costs associated with the suspension of operations at the Savannah Nickel Project.

Exploration Costs

Exploration costs in the period totalled $996,000 (2020: $1,720,000). This expenditure was incurred on areas of interest where reserves have not yet been established.

Impairment

In the prior financial year end 30 June 2020, a net impairment loss of $27.063 million was recorded. This comprised an impairment of $32.948 million which was recorded against the nickel cash generating unit as a result of the suspension of operations at the Savannah Nickel Mine, netted off against an impairment reversal relating to the disposal of the Thunder Bay North PGM Project totalling $5.332 million.

On 6 April 2021, the Company announced to the ASX that a decision to re-start operations at the Savannah Nickel Project in the second half of CY2021 had been made. The decision was underpinned by a combination of improving commodity and foreign exchange pricing and the completion of de-risking capital project works on site. The decision to restart operations at the Savannah Nickel Project was considered to be a reversal indicator for impairment losses recognised in prior periods and, as such, a formal estimate of the recoverable amount of the nickel cash generating unit (CGU) was performed. The financial assessment inclusive of updated commodity and foreign exchange prices together with appropriate sensitivity analysis indicated that the carrying values of the nickel CGU's assets were supported by the valuation (within a sensitivity range) and no further impairment adjustment (loss / reversal) was required in the current financial year. Refer to note 10 for further details on impairment.

Review of Financial Condition

Balance Sheet

Net Working Capital - current assets less current liabilities

In the prior financial year, the Group undertook a recapitalisation of its funding position which resulted in the repayment of its debt facilities and the strengthening of its balance sheet. At that time, sufficient funding was secured to allow the Savannah Nickel Project to remain on care and maintenance for an extended period of time. Operations were suspended in April 2020 and the Group since then has not generated operating cash flows from the project.

During the year ended 30 June 2021 the Group has incurred care and maintenance expenditure and undertaken several capital works programs to prepare the project for a restart in the second half CY2021. This expenditure has been partially offset by the receipt of income from the disposal of Panton Sill Pty Ltd, Thunder Bay sale proceeds instalments and the sale of shares in listed investments. As a result of the net outflow of cash from the Group, the working capital position has reduced by $14,153,000. The Group's working capital position is $21,682,000 (2020: $35,835,000).

Net Tax Balances

At balance date, the consolidated entity had an unrecognised deferred tax asset value of $67,042,000 (2020: $74,445,000). Until such time as the Savannah Nickel Project is generating sustainable taxable income, this asset is not being recognised in the consolidated statement of financial position.

Net Assets/Equity

The net asset position of the consolidated entity increased 0.36% to $166,682,000 (2020: $166,085,000), primarily due to the expenditures on care and maintenance activities at the Savannah Nickel Project, expensing of exploration and corporate office costs.

Capital Structure

The debt to equity ratio (borrowings on contributed equity) at 30 June 2021 was 2% (2020: 2%).

Review of Financial Condition (continued)

Business and Financial Risks

Exposure to movements in nickel, copper, cobalt and diesel (input) prices and the Australian dollar exchange rate to the United States dollar (A$:US$) are significant business and financial risks in the Nickel Division. As a price-taker, the consolidated entity has no ability to control the global spot prices it receives for the sales of nickel concentrate and nickel ore. Any negative commodity price movement directly impacts the business by reducing the sales revenue the consolidated entity receives in United States dollars. Similarly, the conversion of sales revenue received in United States dollars into Australian dollars exposes the consolidated entity to movements in the foreign exchange rate between the Australian dollar and the United States dollar. If the Australian dollar is strong relative to the United States dollar at the time of conversion, the consolidated entity will receive less Australian dollar revenue.

On 6 April 2021 the Company announced to the ASX a decision had been made to re-start operations at the Savannah Nickel Project in the second half of CY2021. The commodity prices mentioned above, and the A$:US$ exchange rate has had a significant bearing on this decision and timing of the restart of operations at the Savannah Nickel Project.

In the prior financial year, the Group was significantly affected by the impact of Covid-19, with the impact of Covid-19 being a significant factor in the decision to suspend operations at the Savannah Nickel Project on 15 April 2020. The Project is located in the Kimberley region which has previously been subjected to heightened travel restrictions under the Biosecurity Act (2015). In response to Covid-19 the Company developed a specific Covid-19 management plan and implemented a range of measures to minimise the risk of potential transmission of Covid-19 to the Company’s employees and the communities in which it operates. The Company is closely monitoring Covid-19 related developments including the potential for stricter travel restrictions in the Kimberley or broader regions in which the Company’s workforce and suppliers live and operate in. As a result of the suspension of operations at the Savannah Nickel Project in the prior financial year, onsite presence reduced to a minimum to allow the necessary care and maintenance activities and pre-production capital works to be carried out. The company has put in place contractual measures to provide flexibility and minimise the potential cost of the impact of any further restrictions or changes to existing restrictions.

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. The potential impact of Covid-19 has been a significant factor that was considered in the decision to restart the operations at Savannah. The timing of the restart and possibility for unforeseen delays due to Covid-19 also has the potential to impact the carrying value of the Company’s assets or certain liabilities such as rehabilitation and restoration costs. Further disclosures around the potential impact of Covid-19 are contained in the Review of Operations and in the notes to the financial statements.

Commodity and US$ Foreign Currency Hedging

To limit the exposure to commodity price risk and foreign exchange currency risk between the Australian dollar and United States dollar, the consolidated entity utilises commodity and United States dollar foreign exchange derivatives.

All commodity and United States dollar foreign exchange derivatives were closed out in the 30 June 2020 financial year. During the year there were no derivative transactions.

Risk Management

Other business risks can have an impact on the profitability of the consolidated entity. The recognition, management and control of these risks are key elements of the Group enterprise-wide risk management framework, as detailed in the Corporate Governance Statement.

Review of Operations

The activities of the Group during the year included capital works that were undertaken to progress the de-risking of the Savannah Nickel Project for a restart and included the successful completion of raise-bore works for the FAR#3 ventilation shaft, underground level development within the Savannah North orebody, paste fill infrastructure (on surface and underground), and surface electrical and ventilation works.

The Group recorded a profit from continuing operations after income tax for the full-year ended 30 June 2021 of $0.295 million (2020: loss after tax of $87.89 million).

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

- a 100% decrease in sales revenue. The operation did not produce or sell concentrate in the period as the Project is on care and maintenance. As a result, concentrate sales income for the full-year is recorded as nil, whereas the corresponding prior year achieved $69.1 million in sales.
- Cost of goods sold and gross margin on sale of goods have a recorded value for the year of nil (prior corresponding full-year, gross margin was a loss of $39.58 million). This result reflects the suspension of operations at the Project.
- During the financial year the Group sold a 100% equity interest in Panton Sill Pty Ltd (PGM project), recording a profit on sale of $7.66 million.

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 Savannah Nickel Project, through its COVID-19 management plan, is continuing to operate unaffected by the pandemic, however, a number of changes have been made at the operations such that persons employed at the site have reduced exposure to potential sources of COVID-19, are able to abide by social distancing requirements and improve hygiene standards. To date, the impact of border and travel restrictions on the Group's ability to employ and move employees and contractors into and out of the project has been minimal.

Savannah Nickel Project – Operating Activities

On 15 April 2020, the Company announced to the ASX a decision to suspend operations at the Savannah Nickel Project. A number of factors contributed to this decision including the reduced operating performance of the mine, lower prevailing commodity prices and the impact of Covid-19 related restrictions.

The Savannah Nickel Project was subject to travel restrictions that commenced late March 2020 and ended in June 2020. These restrictions were imposed as part of the government's measures to manage the impact of Covid-19 on the indigenous communities in the Kimberley. There were no further travel restrictions imposed during the financial year ended 30 June 2021. This allowed the Company to continue with existing onsite care and maintenance activities and undertake capital and ancillary works with the aim of de-risking the project for a restart in the second half of CY2021. These capital works commenced in August 2020.

Review of Operations (continued)

The following table summarises the production results.

Area	Details	Units	Financial Year Ended 30 June 2021	Financial Year Ended 30 June 2020
Mining	Ore mined	dmt	-	**372,842**
	Ni grade	%	-	**1.05**
	Ni metal contained	dmt	-	**2,446**
	Cu grade	%	-	**0.60**
	Co grade	%	-	**0.05**
Milling	Ore milled	dmt	-	**388,759**
	Ni grade	%	-	**1.05**
	Cu grade	%	-	**0.61**
	Co grade	%	-	**0.05**
	Ni Recovery	%	-	**83.7**
	Cu Recovery	%	-	**93.7**
	Co Recovery	%	-	**88.3**
Concentrate Production	Concentrate	dmt	-	**45,883**
	Ni grade	%	-	**7.45**
	Ni metal contained	dmt	-	**3,417**
	Cu grade	%	-	**4.82**
	Cu metal contained	dmt	-	**2,215**
	Co grade	%	-	**0.39**
	Co metal contained	dmt	-	**176**
Concentrate Shipments[1]	Concentrate	dmt	-	**50,535**
	Ni grade	%	-	**7.15**
	Ni metal contained	dmt	-	**3,613**
	Cu grade	%	-	**4.23**
	Cu metal contained	dmt	-	**2,137**
	Co grade	%	-	**0.38**
	Co metal contained	dmt	-	**190**

[1] Mining and processing activities finished around 15 April 2020. The final concentrate shipment for 1,687 tonnes departed Wyndham Port in June 2020.

On 31 July 2020, the Company released to the ASX an updated Savannah ore reserve and mine plan. Based on a mining inventory (inclusive of some Inferred Resources located near Ore Reserves) of 10.4Mt @ 1.22% Ni, 0.54% Cu and 0.08% Co for 127kt Ni, 56kt Cu and 8.5kt Co contained metal, the new mine plan has a mine life of approximately 13 years, with the majority of ore sourced from the Savannah North orebody. This results in average annual production for years 1 to 12 of 8,810t Ni, 4,579t Cu and 659t Co in concentrate. The project economics presented in this announcement indicate an attractive, near-term nickel sulphide mine restart opportunity. The Savannah Ore Reserve (including Savannah North) at the time of this announcement was 8.3Mt @ 1.23% Ni, 0.59% Cu and 0.08% Co for 102kt Ni, 48.5kt Cu and 7kt Co contained metal.

Underground development works recommenced in August 2020, with mining contractor Barminco mobilising to site. The key priority for the contractor was to complete a 468m horizontal development drive to intersect the Savannah North FAR #3 ventilation raise. This development work was successfully completed on 1 October 2020, allowing Barminco to undertake and complete other incline, decline and development work, primarily aimed at opening up additional working levels in Savannah North. Barminco completed the assigned tasks, opening up four mining levels in Savannah North ahead of schedule. They demobilised from site late December 2020. The completion of the FAR #3 ventilation works together with the on-surface fan infrastructure will provide the required ventilation to support future full-scale mining operations within the Savannah North ore body.

<u>Review of Operations (continued)</u>

The raise boring contractor, RUC Mining, mobilised to site in late September 2020 and commenced work in mid-October back-reaming the FAR #3 ventilation rise. A total of 354m of back reaming at a diameter of 3.85m was successfully completed three months ahead of schedule. This work finished on 30 November 2020 with the contractor demobilising from site in December 2020.

In January 2021, capital works commenced on the following projects that are a continuation of the de-risking strategy that prepares the project for a restart of operations.

- Drilling of paste lines into Savannah North and installation of pipes;
- Surface power reticulation upgrade; and
- Surface return air raise fan refurbishment, civil construction and installation.

As at 30 June 2021, the surface power reticulation upgrade had been completed, with work on the other projects scheduled to be completed by the end of August 2021.

On 6 April 2021 the Company announced to the ASX a decision had been made to re-start operations at the Savannah Nickel Project in the second half of CY2021. The announcement referred to the following positive developments which underpinned the decision.

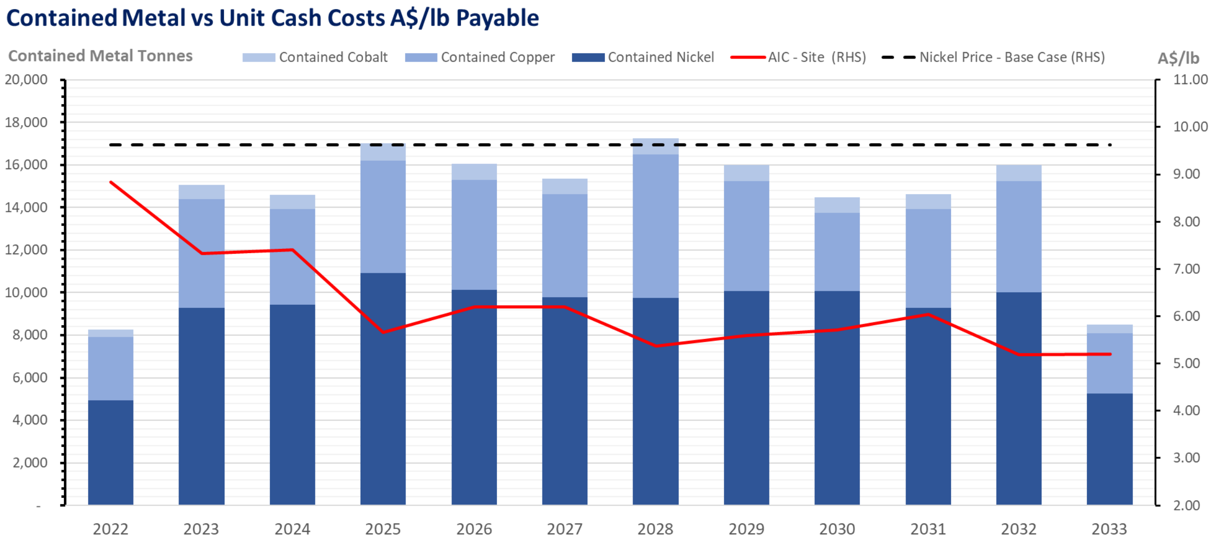
- Improved commodity and foreign exchange pricing and sentiment.
- Updated financial model confirming attractive financial outcomes over an optimised twelve-year mine life.
- Completion of capital works that de-risk the restart of operations, primarily the raise bore works associated with FAR #3.
- Additional underground development to open up four new mining levels at Savannah North.
- Updated process schedule based on additional metallurgical test work.
- Evaluation of owner-operate and contractor-operated mining and processing models, which resulted in:
    - Letter of Intent signed with underground mining contractor Barminco Limited for mining services.
    - Letter of Intent signed with Primero Group Pty Ltd to operate the processing plant.
- US$45 million debt facility secured with Trafigura Pte Ltd.
- New offtake terms secured for the period February 2023 to February 2028 with Trafigura Pte Ltd.

On 6 April 2021, the results from an updated financial model that supported the Savannah restart were announced to the ASX. The update included latest consensus commodity price and exchange rate assumptions, cost inflation allowances that reflect current industry pricing conditions, the adoption of a contractor processing strategy and the completion of some early capital works. The commodity price forecasts used in the model included a nickel price of A$9.63/lb, a copper price of A$5.25/lb, a cobalt price of A$30.40/lb and an AUD:USD exchange rate of 0.76. The outcome of this model update demonstrated attractive financial returns. The Company believes potential upside exists in the commodity price assumptions based on the expected impact on nickel and copper markets of the growing electrification of vehicles and uptake of renewable energy in the medium-term.

The following table and graph provide a summary of the key physical and financial metrics from the updated life of mine model.

Review of Operations (continued)

Key Metrics		April 2021 (Consensus Case)	April 2021 (Base Case)	April 2021 (Base Case + 20 % Ni Price)
Ore mined & treated	kt	10,628	10,628	10,628
Ni grade	%	1.23	1.23	1.23
Cu grade	%	0.54	0.54	0.54
Co grade	%	0.08	0.08	0.08
Mine Revenue (Ni + Cu + Co)	A$M	2,386	2,369	2,753
Mine Costs (total capital and operating)	A$M	1,717	1,718	1,735
Upfront capital costs	A$M	41	41	41
Average AIC (payable Ni, net of byproduct credits)	A$/lb	6.73	6.36	6.37
Life of Mine (LOM)	years	12	12	12
Average nickel production (contained in concentrate)	t	9,072	9,072	9,072
Average copper production (contained in concentrate)	t	4,683	4,683	4,683
Average cobalt production (contained in concentrate)	t	676	676	676
Nickel price	USD/t	16,976	16,055	19,266
Copper price	USD/t	7,629	8,750	8,750
Cobalt price	USD/t	45,947	50,692	50,692
FX: AUD:USD	AUD:USD	0.76	0.76	0.76



A separate financial model has been prepared for the purpose of assessing impairment at 30 June 2021. This model has used financial inputs that vary to those used in the table above. These inputs include changes to commodity and foreign exchange pricing, taxation, exploration expenditure and debt funding. Refer to note 10 for further information.

On 3 April 2021, the Company entered into a secured loan agreement of up to US$45.0 million from Trafigura Pte Ltd. The facility has two secured tranches comprising a US$30M five-year Prepayment Loan Facility (PLF) and a US$15M Revolving Credit Loan Facility (RCF). The PLF has a five-year term from drawdown with interest-only repayments required in the first 12 months. Debt repayments begin in the second year and are sculpted to align with project cash flows.

The RCF has 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$15M at the end of the facility term.

Review of Operations (continued)

The proceeds from the facility can be used for project-related expenditure and corporate purposes. Ongoing covenants are typical for a facility of this nature. Both facilities use the 3-month LIBOR as a base interest rate plus a favourable interest margin. There is no mandatory hedging requirement with either tranche. Both facilities are secured by the Savannah project assets (including mining and exploration leases), the assets of the other applicable operating subsidiary PAN Transport Pty Ltd and the shareholding held by Panoramic Resources Ltd in Savannah Nickel Mines Pty Ltd. Ongoing covenants are light and typical for a facility of this nature. Both tranches permit early repayment without penalty.

All conditions precedent to first draw down were satisfied on 2 July 2021 and all registrations with respect to security were completed in June 2021. The Company anticipates drawing the PLF in the September 2021 quarter.

On 3 April 2021, the Company entered into a new five-year nickel and copper concentrate offtake agreement for the period February 2023 to February 2028 with Trafigura Group Pte Ltd (Trafigura), which aligns with the expiry of the existing offtake agreement with Jinchuan Group Co. Ltd / Sino Nickel Pty Ltd. The Trafigura offtake agreement was concluded following a competitive tender process and reflects terms and payabilities which are in line with, or more favourable than, the existing offtake agreement. This agreement is subject to and conditional upon the drawing of the first tranche of debt (US$30 million) from Trafigura.

On 6 April 2021 mining contractor Barminco, a subsidiary of the Perenti Group (ASX:PRN), was awarded a four-year underground mining contract under a binding Letter of Intent. Initial mobilisation to site occurred in June 2021. Underground mining activities commenced in July 2021 one month ahead of the announced scheduled commencement. Ore will initially be sourced from both the Savannah and the Savannah North deposits. By October 2021, it is anticipated that more than 50% of underground ore is scheduled to be consistently sourced from Savannah North, rising to more than 60% by mid-CY2022 and continuing to increase as the Savannah remnants are depleted. The contract will be serviced by new underground mining equipment including the use of teleremote mining equipment which is expected to deliver both safety and productivity benefits. Based on Barminco's previous working knowledge at Savannah, opportunities to increase ore production and reduce dilution have also been identified. A formal contract with Barminco was signed on 8 July 2021.

The Company signed a non-binding Letter of Intent on 6 April 2021, with specialist mineral processing engineering group, Primero Group Pty Ltd (which is owned by NRW Holdings (ASX:NRW)). The non-binding Letter of Intent envisaged a three-year agreement, and relates to all processing and maintenance work at theSavannah processing plant, which has been maintained in excellent condition during the suspension.

A number of opportunities for improved recoveries through enhanced operating practices and minor capital projects have been identified. The non-binding Letter of Intent with Primero has been structured to incentivise achieving higher than budget recoveries. Ore processing is forecast to restart in November 2021, allowing ore stockpiles (from mining) to build for around three months (100,000t) to de-risk the supply of ore to the plant during the commissioning phase. First concentrate shipment from the Wyndham Port is targeted for December 2021. A formal contract with Primero was signed on 30 July 2021.

Savannah Nickel Project – Exploration Activities

In September 2020, a surface exploration drilling program commenced, with a combination of deep surface diamond drilling and electromagnetic surveying being used to explore for nickel sulphide mineralisation at a number of prospective targets in close proximity to the Savannah Mine Complex. These targets include the Northern Ultramafic Granulite, Oxide and Stoney Creek intrusions. The aim of this surface-based exploration program was to complete preliminary nickel prospectively assessments and initial stratigraphic drilling of these targets. On 22 October 2020 the Company announced this exploration program had been completed. The Northern Ultramafic Granulite program resulted in a new interpretation of the Down Hole Electromagnetic (DHEM) anomaly which requires further drill testing. At Oxide, no significant magmatic nickel sulphide mineralisation was intersected by the drill hole. The results from Stoney Creek did not intersect any significant magmatic nickel sulphide mineralisation however follow up DHEM is required to complete the initial assessment. The Company intends undertaking this follow up work in FY2022.

Review of Operations (continued)

In October 2020, additional drilling to test a potential extension to the West of the Savannah North Upper Zone orebody commenced from underground. The program was targeting an electromagnetic conductor. This work was completed in December 2020, however the target was not properly tested as the drilling deviated below the target. Remobilised mineralisation was encountered in this hole (refer to ASX announcement 28 January 2021). The large DHEM target has not been effectively tested and follow up work will be assessed by the Company with a further program to be undertaken when new in-mine drill positions have been established in FY2022. The Company intends to commence an expanded in-mine exploration drilling program in the September 2021 quarter (refer to ASX announcement 28 July 2021).

There were no other significant regional exploration activities undertaken during the financial year as the Company's resources were primarily focussed on the restart of mining operations at Savannah. Regional exploration activities will resume in the second half of the 2022 financial year. The Company is currently assessing a number of regional targets including those prospects previously drilled (noted above).

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

Panton PGM Project

In October 2020, the Company entered into a binding agreement to sell an equity interest in Panton Sill Pty Ltd, a subsidiary company that holds the Panton PGM Project and associated tenements in the East Kimberly of Western Australia. The purchaser, Great Northern Palladium Pty Ltd ("Great Northern Palladium"), agreed to acquire an 80% equity interest in Panton for A$12.0 million (inclusive of a $200,000 non-refundable deposit). The sale of the 80% equity interest was completed on 17 December 2020.

The agreement gave Great Northern Palladium a right to purchase the remaining 20% of Panton from the Company for an additional A$3.0 million within a prescribed timeframe. This timeframe comprised either a six month period from the completion of the sale or a nine month period from the completion of the sale should there be a change of control of Panoramic Resources Ltd. If the right expired unexercised, then the Company and Panton will participate in an incorporated joint venture in respect of the project, with the Company participating on a free carry basis until a decision to mine has been made.

On 14 June 2021 Great Northern Palladium exercised its right to acquire the remaining 20% interest in Panton. The transaction was cash settled on 16 June 2021. As at 30 June 2021, the Company had no ownership interest in Panton.

Thunder Bay North PGM Project

On 15 May 2020, the Company completed the sale of all the shares in Panoramic PGMs (Canada) Limited (PAN PGMs) to Clean Air Metals (formerly Regency Gold Corp.) PAN PGMs owned 100% interest in the Thunder Bay North PGM Project situated in Northern Ontario, Canada.

Under the share purchase agreement announced on 6 January 2020, the purchase price comprised total cash consideration of C$9.0 million. A deposit of C$0.25 million was received on execution of the agreement. A further C$4.25 million was received on closing, with C$2.25 million of that held in trust by the Company's Canadian lawyers pending the receipt of a Clearance Certificate as required under the Income Tax Act (Canada).

In addition, further sale consideration (on a deferred basis) totalling C$4.5 million was due to be received by the Company in three equal instalments on the first, second and third anniversaries of the completion of the sale.

The deferred consideration payments are secured by way of a general security agreement over all of the assets of PAN PGMs, including the Thunder Bay North Project, and a first ranking charge over the shares held by Clean Air Metals in PAN PGMs.

On 7 May 2021, the Company received a total of C$3.75 million in deferred proceeds from the sale. This amount comprised the release of C$2.25 million that was held in trust pending the receipt of a Clearance Certificate and C$1.5 million being the first anniversary instalment.

Corporate

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

Significant events of the consolidated entity during the financial period of a corporate nature were as follows:

Significant Changes in the State of Affairs

Savanah Nickel Project - Restart Decision

On 6 April 2021 the Company announced to the ASX a decision had been made to re-start operations at the Savannah Nickel Project in the second half of CY2021. The announcement referred to the following positive developments which underpinned the decision.

- Improved commodity and foreign exchange pricing and sentiment.
- Updated financial model confirming attractive financial outcomes over a twelve-year mine life.
- Completion of capital works that de-risk the restart of operations, primarily the raise bore works associated with FAR #3.
- Completion of underground development works to open up four new mining levels at Savannah North.
- Updated process schedule based on additional metallurgical test work.
- Evaluation of owner-operate and contractor-operated mining and processing models, which resulted in;
    - Letter of Intent signed with underground mining contractor Barminco Limited for mining services.
    - Letter of Intent signed with Primero Group Pty Ltd to operate the processing plant.

On 8 July 2021, a four-year Underground Mining Services contract was executed with Barminco Limited.

On 30 July 2021, a three-year Operating and Maintenance agreement was executed with Primero Group Pty Ltd.

Debt Funding

On 6 April 2020 the Company announced it had secured a financing facility from Trafigura Pte Ltd totalling US$45 million comprising two tranches. The first tranche is a term loan facility for five years totalling US$30 million. The second tranche is a revolving credit facility for US$15 million repayable if drawn in eighteen months from 1 July 2021. See review of operations and note 21 for further details. This funding in combination with existing cash on hand at 30June 2021 together with anticipated concentrate sales revenue (targeted for December 2021) position the Company to be fully funded to recommence operations at the Savannah Nickel Project.

Offtake Funding

On 3 April 2021, the Company entered into a new five-year nickel and copper concentrate offtake agreement for the period February 2023 to February 2028 with Trafigura Pte Ltd, which aligns with the expiry of the existing offtake agreement with Jinchuan Group Co. Ltd / Sino Nickel Pty Ltd. This agreement is subject to and conditional upon the drawing of the first tranche of debt (US$30 million) from Trafigura Pte Ltd.

Exploration

The Group is now sufficiently funded to allow the recommencement of both in-mine and regional exploration. As referred in the Review of Operations, exploration programs are being planned for both drilling and geophysical activities which are due to commence in the first half of FY 2022.

Matters Subsequent to the End of the Financial Year

The following events occurred after the end of the financial year.

On 2 July 2021, all conditions precedent were satisfied for the US$45 million secured loan facility with Trafigura Pte Ltd including the registration of security interests.

On 8 July 2021 the four-year underground mining contract with Barminco was executed. The contract value is approximately $280 million. Underground mining activities also commenced at the Savanah Nickel Project.

Matters Subsequent to the End of the Financial Year (continued)

On 30 July 2021 the three-year Operating and Maintenance Agreement was executed with Primero Group Pty Ltd. The contract value is approximately $34 million. Primero commenced initial mobilisation to the Savannah site in August 2020.

In the interval between the end of the financial year and the date of this report, other than as disclosed above or previously in the Review of Operations, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Business Strategies and Prospects

The Company's primary goal is to explore for, develop and mine its resources profitably and return value to shareholders through capital growth and dividends. The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house.

The likely developments in the next 12 months will be the ongoing focus to restart, commission and ramp up production activities at the Savannah Nickel Project. Current plans are targeting 100,000 tonnes of mined ore available for the commencement of processing in November 2021, first shipment of concentrate in December 2021 and ore run rates from underground mine production (tonnes basis) fully ramped up by June 2022.

Shares Under Options

At the date of signing, there were 28,520,525 unissued ordinary shares of the Company under Option (2020: 28,520,525). Refer to note 36(a).

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify the auditors, Ernst & Young (EY), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payments have been made to indemnify Ernst & Young (EY) during or since the financial year.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify the directors and senior executives against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company, except where the liability arises out of certain wrongful acts for which the Company has not agreed to provide indemnity. The agreement stipulates that the Company will meet the full amount of any such liabilities including costs and expenses.

During the financial year, the Company has accrued and/or paid premiums in respect of contracts insuring all the directors and officers against legal costs incurred in defending proceedings. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending legal proceedings, both civil and criminal and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The terms of the insurance contract are confidential and do not permit the disclosure of insured amounts, the premium cost for the policies or any other condition.

2021 Remuneration Report (Audited)

This 2021 remuneration report outlines the remuneration arrangements in place for the directors and executives of the Company and the Group in accordance with the Corporations Act 2001 and its Regulations (the Act). The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

For the purposes of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Managing Director and the individuals listed under Named Executives below.

(a) Directors and Key Management Personnel Disclosed in this Report

(i) Directors

Nicholas Cernotta	Chair (Non-Executive)
Victor Rajasooriar	Managing Director
Peter Sullivan	Director (Non-Executive)
Rebecca Hayward	Director (Non-Executive)
Gillian Swaby	Director (Non-Executive)

(ii) Named Executives

Grant Dyker[(i)]	Chief Financial Officer
Michael Ball[(ii)]	Chief Financial Officer

[(i)] Grant Dyker was appointed Chief Financial Officer on 5 October 2020.
[(ii)] Michael Ball resigned from his position as Chief Financial Officer on 30 September 2020.

(b) Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre executives;
- link executive rewards to shareholder value and company profits;
- structure a significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance hurdles; and
- establish appropriate and demanding performance hurdles in relation to 'at risk' executive remuneration.

(c) Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Managing Director and the senior executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing and committed senior executive team.

(d) Remuneration Structure

In accordance with best practice corporate governance, the remuneration structure of the non-executive directors, and senior management, is separate and distinct.

<u>2021 Remuneration Report (Audited) (continued)</u>

(e) Use of remuneration consultants

Where appropriate, the Remuneration Committee and the Board seek advice from independent remuneration consultants to ensure the remuneration paid to the non-executive directors and senior management is appropriate and in line with the market. As defined under the *Corporations Amendment (Improving Accountabilityon Director and Executive Remuneration),* the Remuneration Committee received remuneration advice from BDO Remuneration and Reward Services Pty Ltd ("BDO") in the first two months of the 2020/21 financial year, on aspects of the design of the FY2021 Long Term Incentive ("LTI") scheme for the Group's KMP. For this remuneration advice, BDO was paid a fee of $5,650 (ex GST). The Remuneration Committee also engaged Guerdon Associates in July 2021 to provide further remuneration advice with respect to the executive remuneration framework and the design of the FY2023 LTI scheme for the Group's KMP. For this remuneration advice, Guerdon Associates were paid a fee of $19,435 (ex GST).

Following the receipt of the advice and recommendations from these advisors and the ensuing discussions with the Remuneration Committee, the final design and approval of the executive remuneration framework including the LTI scheme for both financial years ended 30 June 2021 and 30 June 2022 was made solely by the Company's Non-Executive Directors, therefore the Board is satisfied that there was no undue input or influence by any member of the KMP.

(f) Non-Executive Director Remuneration

(i) Fixed Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. This fee is inclusive for each Board committee on which a director is a member.

Since the date of last review of non-executive director fees on 1 September 2019, subject to the comments below, the Non-Executive Chair's annual remuneration was $140,000 per annum and other non-executive director's annual remuneration was $90,000 per annum. In addition, each Chair of a Board Sub-Committee is paid an annual fee of $10,000.

Effective 1 May 2020 as a result of the suspension of operations at the Savannah Nickel Mine non-executive director fees were reduced by 25%. On 1 August 2020, with the commencement of capital development activities at the Savannah Nickel Mine, non-executive director fees were returned to pre-suspension levels.

A review of non-executive director fees was undertaken following the end of the financial year. With effect from 1 July 2021 the Non-Executive Chair's remuneration will increase to $145,000 (an increase of $5,000 from the previous year) and each Chair of a Board Sub-Committee will be paid an annual fee of $15,000 an increase of $5,000 from the previous year. All other Director fees remain unchanged.

The fees paid to non-executive directors for the period ending 30 June 2021 are detailed in Table 1 on pages 24 and 25 of this report. Fees for the non-executive directors were determined within an aggregate directors' fee pool limit of $600,000 which was last approved by shareholders on 20 November 2007.

2021 Remuneration Report (Audited) (continued)

(ii) Variable Remuneration

The Company does not reward non-executive directors with variable (or 'at risk') remuneration. Any shares in the Company that are held by non-executive directors at the date of this report are separately purchased and held by each director and have not been issued by the Company as part of the director's remuneration package.

(g) Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- reward executives for Company and individual performance against pre-determined targets;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and the performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and composition of executive remuneration, the Remuneration Committee takes into consideration the operational and economic circumstances the Company is facing and likely to face in the medium term together with the current market levels of remuneration for comparable executive roles.

It is the Remuneration Committee's policy that employment contracts are entered into with the Managing Director and other KMP. Details of these KMP contracts are provided on pages 23 to 24.

Remuneration consists of the following key elements:

- Fixed Remuneration (base salary, superannuation and non-monetary benefits); and
- Variable Remuneration - Short Term Incentive ("STI") and Long Term Incentive ("LTI").

The proportion of fixed remuneration and variable remuneration ('at risk' short term and long term incentives), is established for each senior executive by the Remuneration Committee. Table 1 on page 24 and 25 details the variable component (%) of the Group's KMP.

(i) Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed by the Remuneration Committee on a regular basis and the process consists of a review of Company-wide, business unit and individual performance,the Company's operational and economic circumstances, relevant comparative remuneration in the market and internal and, when appropriate, external advice on policies and practices. As noted above, the Remuneration Committee has access to external advice, independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

2021 Remuneration Report (Audited) (continued)

Effective 1 May 2020, as a result of the suspension of operations at the Savanna Nickel Mine, KMP and other senior management salaries were reduced by 20%. On 1 August 2020, with the commencement of capital development activities at the Savannah Nickel Mine, KMP and senior management salaries were returned to pre-suspension levels.

The fixed remuneration component of the Group's KMP is detailed in Table 1 on page 24 and 25.

(ii) Variable Remuneration - Short-term Incentive (STI)

Objective

The objective of the STI scheme is to encourage and provide an incentive to executives and senior managers to achieve, on a consistent basis, a number of annually set, pre-determined weighted Company and Individual Key Performance Indicators (KPIs).

Structure

The Remuneration Committee may, at its sole discretion, set the KPIs for the Executive Directors or other Executive Officers. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the Company. Performance objectives, which may be financial or non-financial, or a combination of both, are determined by the Board. No short-term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

In the STI scheme, each participant is entitled to receive a cash bonus calculated on a certain percentage, depending on the participant's level of seniority, of their Total Fixed Remuneration (TFR) provided one or more of the KPIs is achieved.

All KMP are eligible to participate in the STI plan with awards capped at 100% of the target opportunity. The target opportunity for KMP is 60% of total fixed remuneration for the Managing Director and 50% for other KMP. A summary of the KPI targets which were assessed on an annual basis for FY2021 and their respective weightings is as follows:

KPI	Weighting	Measure
1. Safety & Environment	20%	The Safety Performance KPI is based on the rate of total recordable injuries improvement against previous year's safety performance. No significant environmental incidents leading to prosecution and / or fine.
2. Capital Works	40%	Execute planned capital works and exploration activities within budget. Ventilation rise FAR#3 to be successfully completed during the financial year ended 30 June 2021.
3. Personal Performance	40%	KPI measures include: - Leadership through vision and values. - Identify, communicate and execute strategic corporate initiatives. - Establish a leadership team to transition the business in line with the agreed business strategy. - Implement and optimise IT / financial systems in preparation for a restart of operations. - Establish and implement a project financing strategy that supports the funding requirements for a restart of operations.

2021 Remuneration Report (Audited) (continued)

Based on an assessment undertaken by the Remuneration Committee, STI awards for FY2021 to KMPs were as follows:

Name	Position	Maximum STI opportunity	Achieved STI	Awarded STI
Victor Rajasooriar	Managing Director & CEO	60% of TFR	96%	$331,200
Grant Dyker[(i)]	Chief Financial Officer	50% of TFR	100%	$123,188
Michael Ball[(ii)]	Chief Financial Officer	50% of TFR	0%	Nil

[(i)] Grant Dyker was appointed Chief Financial Officer on 5 October 2020. Eligible STI target amounts have been reduced on a pro-rata basis for the period of time employed (being less than 12 months).
[(ii)] Michael Ball resigned from his position as Chief Financial Officer on 30 September 2020. No STI award was made as the STI assessment period was not completed.

The achieved STI was in respect of the full year ended 30 June 2021 where the KPI metrics were met. The STI outcome is generally determined after the completion of the performance period (a financial year). The above amounts were expensed in the FY2021 and will be paid in the September 2021 quarter.

No STI was paid or awarded in the prior FY2020.

The Board retains the discretion to waive or amend any vesting or performance criteria applying to the scheme, or to make discretionary payments outside of the scheme in limited circumstances where it is considered warranted.

(iii) Variable Remuneration - Long Term Incentive (LTI)

Objective

The objective of a LTI program is to reward and incentivise executives in a manner which aligns this element of remuneration with the creation of long term sustainable shareholder value and to provide greater incentive to the participant focus on the Company's longer term goals.

The Company's LTI Plan was revised by the Remuneration Committee with the assistance of remuneration consultants BDO and named the "Incentive Options & Performance Rights Plan" ("2018 ES Plan"). The 2018 ES Plan was subsequently approved for a three-year period by the Company's shareholders at the 2018 Annual General Meeting on 21 November 2018.

Structure

Under the 2018 ES Plan, eligible participants are able to be granted Options and/or Performance Rights(collectively defined as "Awards"). Notwithstanding that the 2018 ES Plan includes the offer and granting of Options, in its discretion, the Remuneration Committee has determined that the grant of performance rights is the preferred LTI reward vehicle.

A performance right is a right to be issued or transferred an ordinary share at a future point, subject to the satisfaction of pre-determined vesting Conditions. No exercise price is payable and eligibility to a grant of performance rights under the 2018 ES Plan is at the Board's discretion. If approved by the Board, a participant under the 2018 ES Plan may be paid, as an alternative, a cash amount equal to the market value of a share as at the date the performance right is exercised instead of being issued or transferred a Share.

The LTI dollar value that each KMP and senior managers will be entitled to receive in performance rights (or options if applicable) is set at a fixed percentage of their annual TFR (base salary plus statutory superannuation and benefits) and varies according to the participant's level of seniority and ability to influence performance. The number of performance rights to shares to be granted is determined by dividing the LTI dollar value by the volume weighted average price of the Company's shares over the last 20 trading days of the month of June preceding the start of the vesting period.

2021 Remuneration Report (Audited) (continued)

Grants of performance rights made under the 2018 ES Plan are subject to the satisfaction of a time-based service criteria and pre-determined vesting criteria over a three-year vesting period. These vesting conditions are established in advance of grant by the Remuneration Committee. Performance and service criteria may be varied from year to year by the Remuneration Committee as appropriate to ensure that the criteria align with the Company's strategies.

The Board retains the discretion (except to the extent otherwise provided by an offer to apply for awards), by written notice to a Participant, to resolve to waive or amend any vesting criteria applying to an award in whole or in part.

In accordance with the Listing Rules and the Corporations Act, grants of awards (performance rights or options if applicable) under the 2018 ES Plan to the Company's Managing Director will be subject to approval by the Company's shareholders. Approval by shareholders would also be necessary for any grant of Awards under the 2018 ES Plan to the non-executive directors. There are no such grants proposed to non-executive directors.

The fair value of the performance rights granted are determined using Monte Carlo simulation, a review of historical share price volatility and correlation of the share price of the Company to its Peer Group. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date.

During the year the Company issued 12,589,242 Performance Rights to KMP in respect of the LTI component of their FY2021 remuneration. There were no LTI awards granted to the named executives and senior managers under the 2018 ES Plan during the FY2020. The table below shows the number of performance rights granted to KMPs during the FY2021.

Name	Maximum LTI Opportunity	Number of Performance Rights granted during FY2021	Fair Value of Performance Rights
Victor Rajasooriar(i)	100% of total fixed remuneration	7,416,488	$0.11
Grant Dyker(ii)	75% of total fixed remuneration	1,936,910	$0.07
Michael Ball(iii)	75% of total fixed remuneration	3,235,844	$0.06

(i) The performance rights issued to Mr Rajasooriar were approved by shareholders on 17 November 2020.
(ii) Mr Dyker was appointed Chief Financial Officer on 5 October 2020. The eligible LTI target amount has been reduced on a pro-rata basis for the period of time employed (being less than 12 months).
(iii) Performance rights were issued to Mr Ball on 9 September 2020. Following his resignation on 30 September 2020 these rights were forfeited.

The table below outlines the movements in performance rights during the 2021 financial year and the balance held by each KMP at 30 June 2021.

Name	Balance at 1 July 2020	Granted in FY2021	Vested	Lapsed	Other	Balance at 30 June 2021
Victor Rajasooriar	-	7,416,488	-	-	-	7,416,488
Grant Dyker	-	1,936,910	-	-	-	1,936,910
Michael Ball	-	3,235,844	-	3,235,844	-	-
Total	**-**	**12,589,242**	**-**	**3,235,844**	**-**	**9,353,398**

On vesting, each right automatically converts to one ordinary share. If the employee ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the Board.

The following table details the terms and conditions of the grant and the assumptions used in estimating fair value for performance rights issued to KMP during the 2021 financial year.

2021 Remuneration Report (Audited) (continued)

Item	M Ball	G Dyker	V Rajasooriar
Grant date	11 September 2020	21 October 2020	17 November 2020
Number of ATSR rights	808,961	484,228	1,854,122
Number of RTSR rights	2,426,883	1,452,683	5,562,366
Value of underlying securityat grant date	$0.081	$0.100	$0.095
Fair value per ATSR Right	$0.059	$0.070	$0.111
Total ATSR Expense for the period	-	$8,109	$52,008
Fair value per RTSR Right	$0.057	$0.072	$0.107
Total RTSR Expense for the period	-	$25,023	$150,403
Dividend yield	0%	0%	0%
Risk free rate	0.47%	0.30%	0.175%
Volatility	80%	80%	80%
Performance period (years)	3.0	3.0	3.0
Commencement of measurement period	1 July 2020	1 July 2020	1 July 2020
Test date	30 June 2023	30 June 2023	30 June 2023
Remaining performanceperiod (years)	2.0	2.0	2.0
Maximum expense amount to be recognisedin future period	Nil	$101,198	$574,942

The performance rights granted to Mr Rajasooriar and Mr Dyker are subject to certain operational and market performance conditions being met and will vest at the measurement date. The performance measures adopted align with the Company's objectives of restarting the Savannah Nickel project and achieving a successful ramp up of that operation. The number of performance rights that vest will be subject to the Company's performance against total shareholder return and Company performance vesting conditions. The performance rights granted to Mr Ball were forfeited in September 2020 following his resignation from the Company.

Tranche	Amount	Weighting	Performance Conditions
Victor Rajasooriar	1,854,122	25% of the Performance Rights	ATSR performance. Performance rights vest on a pro-rata scale from 25% to 100% for ATSR performance between 5% and 15%. (measured over the 3 year period to 30 June 2023)
	5,562,366	75% of the Performance Rights	RTSR performance relative to a defined peer group. Performance rights vest on a stepwise basis from 25% to 100% for RTSR performance between 50th and 75th percentile. (measured over the 3 year period to 30 June 2023)
Grant Dyker	484,228	25% of the Performance Rights	ATSR performance. Performance rights vest on a pro-rata scale from 25% to 100% for ATSR performance between 5% and 15%. (measured over the 3 year period to 30 June 2023)
	1,452,682	75% of the Performance Rights	RTSR performance relative to a defined peer group. Performance rights vest on a stepwise basis from 25% to 100% for RTSR performance between 50th and 75th percentile. (measured over the 3 year period to 30 June 2023)

ATSR: Absolute Total Shareholder Return measures the return received by shareholders from holding shares over the performance period. Rights vest upon achievement of pre-specified 20-day volume weighted average price targets. The number of rights that vest is determined pro-rata based on the level of performance achieved.

RTSR: Relative Total Shareholder Return measures the TSR performance of the Company over the performance period relative to the TSR of each of the companies in the defined peer group. Rights, vest upon achievement of pre-specified 20-day volume weighted average price targets as measured against a specified peer group of like companies over the Performance Period. 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.

2021 Remuneration Report (Audited) (continued)

The peer group comprises Aeris Resources Ltd, Aurelia Metals Ltd, Blackstone Minerals Ltd, Copper Mountain Mining Corp, Core Lithium, Liontown resources, Metals X Ltd, Mincor Resources Ltd, Neometals, New Century Resources Ltd, Poseidon Nickel Ltd, Red River Resources Ltd, Sandfire Resources Ltd, and Western Areas Ltd.

In the period from the end of the financial year to the date of signing this Directors' Report, the Company has granted new performance rights totalling 7,563,220 to the named executives and senior managers under the 2018 ES Plan. Mr Rajasooriar was awarded (subject to shareholder approval at the Company's upcoming 2021 annual general meeting of shareholders) 3,992,813 performance rights, Mr Dyker was awarded 1,866,640 performance rights and senior managers were awarded 1,703,766 performance rights. These LTI awards will be subject to testing including the Company's performance against ATSR and RTSR. The awards have a three-year performance period ending on 30 June 2024.

No Hedging Contracts on LTI Grants

The Company does not permit executives or senior managers to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package. This policy is strictly enforced by the Managing Director under the Company's Share Trading Policy detailed in the Corporate Governance Statement.

(h) Employment contracts

(i) Non-Executive Directors

All non-executive directors are contracted under the following terms:

- A non-executive director may resign from their position and thus terminate their contract on written notice.
- The director's appointment is subject to the provisions of the Company's Constitution regarding retirement by rotation and re-election and will cease at the end of any meeting at which the director is not re-elected as a director by the shareholders of the Company.

Non-Executive Director	Annual Directors Fees
Nicholas Cernotta	$140,000
Peter Sullivan	$100,000[1]
Rebecca Hayward	$100,000[1]
Gillian Swaby	$100,000[1]

[1] *Includes $10,000 annual fee for Chairing of Board Sub-Committee.*

(ii) Managing Director

The key terms of the Managing Director's contract are as follows:

- Total fixed remuneration (TFR) of $600,000 per annum inclusive of benefits and statutory superannuation.
- Short Term Incentives in accordance with the STI Plan Rules that apply from time to time up to 60% of TFR.
- Long Term Incentives ("LTI") in accordance with the rules of the 2018 ES Plan of up to 100% of TFR.
- The Company may terminate a directorship by providing 6 months' written notice or provide payment in lieu ofthe notice period (based on the TFR component of remuneration) if termination is initiated by the Company, except where termination is from serious misconduct.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with such cause occurs, the Managing Director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.
- If at any time during the employment there is a material diminution in the position, the Managing Director will be entitled to an immediate payment of 6 months' severance pay.

2021 Remuneration Report (Audited) (continued)

(iii) Named Executives

The named executives and the commencement date of their contracts are as follows:

Named Executive	Date of Current Employment Contract[1]	Position
Grant Dyker	5 October 2020	Chief Financial Officer
Michael Ball	12 December 2019	Chief Financial Officer (ceased employment on 30 September 2020)

[1] Note that the date of the current employment contract is not necessarily the commencement date of employment

Employment Contracts

Mr Dyker is entitled to a total fixed remuneration (TFR) of $328,500 per annum inclusive of benefits and statutory superannuation. He may also participate from time to time in short term incentives (up to 50% of TFR) and long term incentives (up to 75% of TFR) in accordance with the STI plan rules and 2018 ES Plan. Mr Dyker may resign from his position by providing 3 months' written notice. The Company may terminate the executive employment contract by providing 3 months' notice, except in the case of serious misconduct in which case the contract may be terminated immediately. If at any time during the employment there is a material diminution in the position, he will be entitled to an immediate payment of 6 months' severance pay.

(i) Details of Remuneration

Remuneration of Directors and Executive Officers

The remuneration in Table 1 for each named person, is the total of fixed remuneration (base salary, superannuation and non-monetary benefits) and variable remuneration (short term and long term incentives).

Excluding the cash component of remuneration, the total remuneration shown is the amount expensed by the Company and does not, in every case, represent what each named individual ultimately received in cash.

Table 1: Remuneration of Directors and Executive Officers

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share based payments			
Name	Cash salary and fees(a)	Bonus	Other	Super-annuation(b)	Annual and Long Service Leave(c)	Rights to shares	Termination / Resignation payments	Total	Performance related(d)
	($)	($)	($)	($)	($)	($)	($)	($)	(%)
Non-Executive Directors									
P R Sullivan	97,917	-	-	-	-	-	-	97,917	
N L Cernotta	126,202	-	-	10,881	-	-	-	137,083	
R J Hayward	89,422	-	-	8,495	-	-	-	97,917	
G Swaby	89,422	-	-	8,495	-	-	-	97,917	
Executive Directors									
R V Rajasooriar	526,922	331,200	3,486	25,000	43,821	226,039	-	1,156,468	48%
Executives									
G Dyker *(e)*	216,727	123,188	2,522	19,194	17,008	37,291	-	415,928	39%
M B Ball *(f)*	71,414	-	2,101	17,111	5,817	-	82,125	178,568	-
	1,218,025	**454,388**	**8,109**	**89,176**	**66,645**	**263,330**	**82,125**	**2,181,798**	**33%**

(a) Short term benefits as per Corporations Regulation 2M.3.03(1) Item 6.
(b) Post-employment benefits are provided through superannuation contributions.
(c) Other long-term benefits as per Corporations Regulations 2M.3.03(1) Item 8.
(d) Calculated as bonus (short term benefits) and share based payments divided by total remuneration.
(e) Mr G Dyker joined the Company on 5 October 2020.
(f) Mr M Ball resigned on 30 September 2020.

2021 Remuneration Report (Audited) (continued)

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share based payments			
	Cash salary and fees(a)	Bonus(r)	Other	Super-annuation(b)	Annual and Long Service Leave(c)	Rights to shares	Termination / Resignation payments	Total	Performance related(d)
	($)	($)	($)	($)	($)	($)	($)	($)	(%)
Non-executive directors									
N Cernotta	89,802	-	-	8,531	-	-	-	98,333	-
P Sullivan	115,587	-	-	-	-	-	-	115,587	-
R Hayward	84,573	-	-	8,035	-	-	-	92,608	-
G Swaby *(e)*	62,479	-	-	5,935	-	-	-	68,414	-
B Phillips *(f)*	55,555	-	-	-	-	-	-	55,555	-
Executive directors									
V Rajasooriar (g)	315,542	100,000	4,281	39,476	25,407	-	-	484,707	21%
P Harold *(h)*	201,414	-	2,483	19,134	7,442	-	465,326	695,799	-
Executives									
M Ball *(i)*	153,822	50,000	2,835	19,363	10,401	-	-	236,421	21%
J Hicks	222,864	-	6,782	21,172	458	-	-	251,276	-
T Eton *(j)*	172,926	-	3,929	16,428	17,384	-	-	210,667	-
B Timler *(k)*	178,494	-	3,039	16,957	13,741	-	109,500	321,731	-
B Robinson (*l*)	36,291	-	-	3,448	2,781	-	107,125	149,645	-
T Mason *(m)*	111,409	-	3,076	10,726	-	-	-	125,261	-
R Lampard *(n)*	100,000	-	3,336	9,500	622	-	-	113,458	-
S Park *(o)*	11,950	-	-	-	-	-	-	11,950	-
D Edwards *(p)*	34,235	-	-	3,252	-	-	-	37,487	-
	1,946,993	**150,000**	**29,761**	**181,957**	**78,236**	**-**	**681,951**	**3,068,899**	**5%**

(a) Short term benefits as per Corporations Regulation 2M.3.03(1) Item 6.
(b) Post-employment benefits are provided through superannuation contributions.
(c) Other long-term benefits as per Corporations Regulations 2M.3.03(1) Item 8.
(d) Calculated as bonus (short term benefits) and share based payments divided by total remuneration.
(e) G Swaby was appointed to the Board on 8 October 2019.
(f) B Phillips retired from the Board on 20 November 2019.
(g) V Rajasooriar joined the Company on 11 November 2019.
(h) P Harold ceased employment on 11 November 2019.
(i) M Ball joined the Company on 12 December 2019.
(j) T Eton retired on 28 January 2020.
(k) B Timler resigned on 11 December 2019.
(l) B Robinson resigned on 14 August 2019.
(m) T Mason resigned on 13 December 2019.
(n) R Lampard resigned on 27 December 2019.
(o) S Park was appointed Company Secretary on 9 April 2020. S Park is remunerated through Park Advisory Pty Ltd.
(p) D Edwards was appointed Company Secretary on 23 January 2020 and resigned on 9 April 2020.
(q) Certain Board members participated as sub underwriters in the entitlement offer completed in January 2020 in accordance with the Corporations Act. The directors participated on the same terms as other sub underwriters' of the same class. The sub-underwriting arrangement was not linked to the performance of the Company or the Board member.
(r) A discretionary payment, not linked to the performance of the Company, was approved for Mr Rajasooriar and Mr Ball as a result of their personal and professional contributions to the recapitalisation of the Company in the prior financial year.

(j) Overview of Company performance

The table below sets out information about the Company's earnings and movements in shareholders wealth for the past five years up to and including the current financial year. Comparative information has not been restated for the impact of AASB 9 Financial Instruments, AASB 15 Revenue from contracts with customers adopted in FY19 and AASB 16 Leases adopted in FY20

Year Ended 30 June	2021	2020	2019	2018	2017
Earnings/(Loss) per share (cents)	-	(8.8)	1.4	(9.1)	(1.0)
Dividends per share (cents)	-	-	-	-	-
Dividends pay out ratio (%)	-	-	-	-	-
Closing share price ($ per share)	0.15	0.081	0.295	0.620	0.220
Return on equity (%)	-	(31.2)	4.6	(26.8)	(2.8)

2021 Remuneration Report (Audited) (continued)

(k) Details of share-based compensation and bonuses

(i) Securities granted as part of remuneration

Performance Rights to Shares

Performance rights were issued to KMP totalling 12,589,242 in the financial year ended 30 June 2021 (30 June 2020: nil). No options to shares were granted as compensation to KMP in the financial year ended 30 June 2021 (30 June 2020: nil).

There were no ordinary shares issued to KMP on the exercise of securities during the financial year (2020: Nil).

(ii) Equity instrument disclosures relating to KMP

Securities provided as remuneration

Details of securities provided as remuneration are shown in Table 2.

Security holdings

A total of 9,353,398 securities (performance rights) over ordinary shares in the Company were held by the Managing Director of Panoramic Resources Limited and other KMP of the Group, including their personally related parties at 30 June 2021. No comparative table has been provided as there were no performance right issues or holdings for the previous financial year.

Table 2: Securities holdings of Managing Director and specified executives

2021 Performance Rights	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
	(number)	(number)	(number)	(number)	(number)	(number)	(number)
Managing Director of Panoramic Resources Limited							
V Rajasooriar	-	7,416,488	-	-	7,416,488	-	7,416,488
Other KMP of the Group							
G Dyker	-	1,936,910	-	-	1,936,910	-	1,936,910
M Ball	-	3,235,844	-	(3,235,844)	-	-	-
	-	12,589,242	-	(3,235,844)	9,353,398	-	9,353,398

Shareholdings

The numbers of shares in the Company held during the financial year by each director of Panoramic Resources Limited and other KMP of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as remuneration.

2021 Ordinary Shares	Balance at the start of the year	Received during the year on the exercise of options	Purchases of shares[1]	Other changes during the year[2]	Balance at end of the year
	(number)	(number)	(number)	(number)	(number)
Directors of Panoramic Resources Limited					
N Cernotta	107,500	-	-	-	107,500
V Rajasooriar	1,791,666	-	-	-	1,791,666
P Sullivan	-	-	-	-	-
R Hayward	107,500	-	-	-	107,500
G Swaby	107,500	-	-	-	107,500
Other KMP of the Group					
G Dyker	-	-	-	-	-
M Ball[2]	-	-	-	-	-
	2,114,166	-	-	-	2,114,166

[1] Trades on market or via participation in entitlement issues during the financial year.
[2] Represents the balance held by the director or KMP on cessation of employment with the Company.

2021 Remuneration Report (Audited) (continued)

All equity transactions with KMP other than those arising from the exercise of performance rights to shares have been entered into on terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Securities granted and exercised as part of remuneration
There were no securities granted or exercised as part of remuneration during the financial year ended 30 June 2021 (2020: Nil).

There were no alterations to the terms and conditions of securities granted as remuneration from their grant date until their vesting date.

(l) KMP Transactions

There were no loans to KMP and their related parties at any time during the year ended 30 June 2021. There were no transactions involving key management personnel and their related parties other than compensation and transaction concerning shares and performance rights to shares as discussed in the Remuneration Report.

This marks the end of the 2021 Remuneration Report.

Corporate Governance Statement

The Board of Panoramic Resources Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices and the 2021 Corporate Governance Statement is set out on the Company's website at https://panoramicresources.com/corporate-governance/.

Environmental Regulation and Performance

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its development, mining and exploration activities. The Group's management monitors compliance with the relevant environmental legislation. The directors are not aware of any serious breaches of the legislation during the period covered by this report.

Rounding of Amounts

The amounts contained in this report and in the Financial Report have been rounded to the nearest $1,000 (where rounding is applicable) 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.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young (EY), to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the audit of the Financial Report for the year ended 30 June 2021. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

Non-audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young (EY). The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

EY received or are due to receive the following amounts for the provision of non-audit services:

- Tax compliance and other consulting services of $49,638.

Refer to note 27 for further details regarding non-audit services.

Signed in accordance with a resolution of the directors.

Victor Rajasooriar
Managing Director

Perth, 31 August 2021

Competent Person Statements

The information in this report that relates to exploration activities has been complied or reviewed by Andrew Shaw-Stuart. Mr Shaw-Stuart is a member of the Australian Institute of Geoscientists (AIG) and is a full-time employee of Panoramic Resources Limited. The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of target/deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Shaw-Stuart consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

No New Information or Data

This report contains references to exploration results, Mineral Resource and Ore Reserve estimates, and feasibility study results including production targets, all of which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resource and Ore Reserve estimates, and feasibility study results including production targets, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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

1. In the directors' opinion:

(a) the financial statements and notes set out on pages 37 to 87 are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

(b) subject to the achievement of the matters set out in Note 1(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2021.

3. In the opinion of the directors, as at the date of this declaration, subject to the achievement of the matters set out in Note 1(b), there are reasonable grounds to believe that the members of the Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Victor Rajasooriar
Managing Director

Perth, 31 August 2021

Building a better
working world

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

As lead auditor for the audit of the financial report of Panoramic Resources Limited for the financial year ended 30 June 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 audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Philip Teale
Partner
31 August 2021

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Panoramic Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2021, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report. 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 opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment reversal of non-current assets

Why significant	How our audit addressed the key audit matter
Following an impairment and impairment reversal trigger assessment at 30 June 2021, the Group concluded that an impairment reversal trigger had occurred in respect of the Savannah Nickel Mine Cash Generating Unit ("Savanah CGU"). Accordingly, the Group evaluated the recoverable amount of the Savannah CGU at 30 June 2021 by reference to its fair value less costs to dispose. Based on this assessment, an impairment reversal of $14.187 million was recognised (refer to note 10). We considered this to be a key audit matter because of the: ▶ Significance of the carrying value of property, plant and equipment and mine property assets in comparison to total assets at 30 June 2021 ▶ Significant judgement involved in determining if there was an indicator that an impairment loss recognised in prior periods may need to be reversed in full or in part or whether further impairment was required ▶ Significant judgment and estimates involved in the determination of the recoverable amount of the Savannah CGU including assumptions relating to future commodity prices, foreign currency exchange rates, operating and capital costs, future production volumes and an appropriate discount rate to reflect the risk associated with the forecast cash flows having regard to the current status of the project.	We assessed the reasonableness of the Group's impairment reversal assessment process and the resultant recoverable value for the Savannah CGU. Our audit procedures included the following: ▶ Evaluated the Group's assessment as to the presence of indicators of an impairment reversal ▶ Evaluated the assumptions and methodologies used by the Group, in particular, those relating to forecast cash flows and inputs used to formulate them. This included assessing, with involvement from our valuation specialists, the foreign currency exchange rates and commodity prices with reference to broker consensus forecasts ▶ Evaluated the work of the Group's internal and external experts with respect to the capital and operating expenditure assumptions including whether these expenditure assumptions were consistent with historical performance, information in Board reports and releases to the market. We also examined the competence, qualifications and objectivity of the experts ▶ Assessed the work of the Group's experts with respect to the reserve assumptions used in the cash flow forecasts. This included understanding the reserve estimation process. We also examined the competence, qualifications and objectivity of the Group's experts, and assessed whether key reserve economic assumptions were consistent with those used elsewhere in the financial report

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Why significant	How our audit addressed the key audit matter
	► With involvement from our valuation specialists, we tested the mathematical accuracy of the Group's discounted cash flow impairment reversal model, including whether the discount rate used was reasonable ► Assessed the impact of a range of sensitivities to the assumptions underpinning the Group's impairment reversal assessment ► Evaluated the adequacy of the Group's disclosures relating to the impairment reversal assessment.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Panoramic Resources Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
31 August 2021

FINANCIAL REPORT

	Notes	2021 $'000	2020 $'000
Revenue	3	-	69,097
Cost of sales of goods	5	-	(108,678)
Gross loss		-	(39,581)
Other income	4	10,677	11,248
Care and maintenance expenses		(16,111)	(619)
Corporate and marketing costs		(6,014)	(7,695)
Exploration expenditure written-off		(945)	-
Fair value losses on derivatives	5	-	(10,148)
Change in fair value of financial assets at fair value through profit or loss		(121)	(190)
Impairment reversal/(loss)	10	14,187	(27,063)
Other expenses	5	(956)	(6,579)
Finance costs	5	(422)	(7,261)
Profit/(loss) before income tax		295	(87,888)
Income tax expense	6	-	-
Profit/(loss) for the year		295	(87,888)
Profit/(loss) for the year is attributable to:			
Owners of Panoramic Resources Limited		295	(87,366)
Non-controlling interests		-	(522)
		295	(87,888)

		Cents	Cents
Earnings/(Loss) per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share	35	0.0	(8.8)
Diluted earnings/(loss) per share	35	0.0	(8.8)

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

	Notes	2021 $'000	2020 $'000
Profit/(loss) for the year		295	(87,888)
Other comprehensive income			
Items that may reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		-	(9,872)
Transfer of fair value of cash flow hedges to profit and loss, net of tax		-	10,148
Transfer of foreign currency translation reserve relating to disposal group		-	(1,200)
Other comprehensive loss for the year, net of tax		-	(924)
Total comprehensive income/(loss) for the year		295	(88,812)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Panoramic Resources Limited		295	(88,290)
Non-controlling interests		-	(522)
		295	(88,812)

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

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	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	24,237	31,164
Trade and other receivables	8	1,942	11,426
Inventories	9	557	-
Prepayments		1,494	872
Total current assets		28,230	43,462
Non-current assets			
Receivables	12	1,536	2,787
Financial assets at fair value through profit or loss	17	12	767
Property, plant and equipment	13	25,711	51,178
Exploration and evaluation	16	5,551	12,535
Development properties	16	136,052	86,673
Mineral properties	16	24	22
Right-of-use assets	14	4,195	5,958
Other financial assets	17	221	251
Total non-current assets		173,303	160,171
Total assets		201,533	203,633
LIABILITIES			
Current liabilities			
Trade and other payables	18	4,388	3,396
Borrowings	19	1,445	1,827
Provisions	20	714	2,404
Total current liabilities		6,547	7,627
Non-current liabilities			
Borrowings	21	4,738	5,423
Provisions	23	23,566	24,498
Total non-current liabilities		28,304	29,921
Total liabilities		34,851	37,548
Net assets		166,682	166,085
EQUITY			
Contributed equity	24	353,550	353,550
Reserves	25(a)	22,476	22,172
Accumulated losses		(209,345)	(209,637)
Non-controlling interests		-	-
Total equity		166,682	166,085

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

	Notes	Contributed equity $'000	Equity relating to disposal group $'000	Cash flow hedge reserve $'000	Option and share-based payment reserve $'000	Equity Reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2019		**210,109**	**1,200**	**(276)**	**21,716**	**(446)**	**(121,823)**	**5,642**	**116,122**
Other comprehensive income	24	-	-	276	-	-	-	-	276
Loss for the year		-	-	-	-	-	(87,366)	(522)	(87,888)
Total comprehensive loss for the year		**-**	**-**	**276**	**-**	**-**	**(87,366)**	**(522)**	**(87,612)**
Contributions of equity, net of transaction costs and tax	23	143,441	-	-	-	-	-	-	143,441
Non-controlling interest eliminated on disposal of subsidiary	31	-	-	-	-	-	-	(5,120)	(5,120)
Options issued	24	-	-	-	456	-	-	-	456
Transfer of reserve relating to disposal group		-	(1,200)	-	-	-	-	-	(1,200)
Transfer of reserve to retained earnings	24	-	-	-	-	446	(446)	-	-
		143,441	-	-	456	446	(446)	(5,120)	138,775
Balance at 30 June 2020		**353,550**	**-**	**-**	**22,172**	**-**	**(209,637)**	**-**	**166,085**

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

	Notes	Contributed equity $'000	Equity relating to disposal group $'000	Cash flow hedge reserve $'000	Option and share-based payment reserve $'000	Equity Reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2020		**353,550**	**-**	**-**	**22,172**	**-**	**(209,637)**	**-**	**166,085**
Profit for the year		-	-	-	-	-	295	-	295
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**295**	**-**	**295**
Performance rights issued	36	-	-	-	304	-	-	-	304
Balance at 30 June 2021		**353,550**	-	**-**	**22,476**	**-**	**(209,342)**	**-**	**166,682**

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

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		2,556	68,201
Payments to suppliers and employees (inclusive of goods and services tax)		(23,150)	(100,040)
Other revenue		3,337	4,412
Interest paid		(167)	(6,225)
Net cash used in operating activities	34	(17,424)	(33,652)
Cash flows from investing activities			
Payments for property, plant and equipment		(460)	(19,041)
Payment of development costs		(11,397)	(23,831)
Exploration and evaluation expenditure		(1,025)	(1,913)
Disposal of cash from sale of subsidiaries		-	(160)
Proceeds from sale of subsidiary (net of cost)	4	22,384	8,252
Return of proceeds from cash backed performance bonds		-	(70)
Proceeds from sale of property, plant and equipment		22	822
Proceeds from sale of financial assets at fair value through profit or loss		1,815	-
Interest received		162	168
Net cash from/(used) in investing activities		11,501	(35,773)
Cash flows from financing activities			
Proceeds from issues of shares (net of share issue costs)		-	143,441
Proceeds from borrowings		-	18,500
Repayment of borrowings		-	(69,138)
Payments for leased assets	21(a)	(1,004)	(4,947)
Net cash (outflow)/inflow from financing activities		(1,004)	87,856
Net (decrease)/increase in cash and cash equivalents		(6,927)	18,431
Cash and cash equivalents at the beginning of the financial year		31,164	12,733
Cash and cash equivalents at end of year	7	24,237	31,164

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

1 Summary of significant accounting policies

The consolidated Financial Report of Panoramic Resources Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 31 August 2021.

Panoramic Resources Limited (the Parent or the Company) is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The Group's registered office is Level 9, 553 Hay Street, Perth WA 6000.

The principal activities of the Group during the financial year consisted of onsite care and maintenance and capital mine infrastructure works at the Savannah Nickel Project. Exploration and evaluation activities were also undertaken on tenements at the Savannah project.

(a) Basis of preparation

The Financial Report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, and certain financial assets, which have been measured at fair value. The financial report complies with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board.

(b) Going concern basis

The Group had cash outflows from operating and investing activities of $5.92 million for the year ended 30 June 2021 (2020: $69.43 million). At 30 June 2021, the Group had cash on hand of $26.45 million (2020: $31.16 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. The Savannah Nickel Project continued to be on care and maintenance during the financial year. The Group undertook additional evaluation work on the economics of a restart of the Savannah Nickel Project, producing an updated financial model in April 2021 that demonstrates that the Project is economic at current nickel prices. On 6 April 2021 the Company announced to the ASX a decision had been made to re-start operations at the Savannah Nickel Project in the second half of CY2021. The announcement referred to the following positive developments which underpinned the decision.

- Improved commodity and foreign exchange pricing and sentiment.
- Updated financial model confirming attractive financial outcomes over an optimised twelve-year mine life.
- Completion of capital works that de-risk the restart of operations, primarily the raise bore works associated with FAR #3.
- Completion of underground development works to open up four new mining levels at Savannah North.
- Updated process schedule based on additional metallurgical test work.
- Evaluation of owner-operate and contractor-operated mining and processing models, which resulted in:
    - Letter of Intent signed with underground mining contractor Barminco for mining services.
    - Letter of Intent signed with Primero Group Pty Ltd to operate the processing plant.

On 3 April 2021 the Company announced it had secured a financing facility from Trafigura Pte Ltd totalling US$45 million comprising two tranches. The first tranche is a term loan facility for five years totalling US$30 million. The second tranche is a revolving credit facility for US15 million repayable if drawn in eighteen months from 1 July 2021. This funding in combination with existing cash on hand at 30 June 2021 together with anticipated concentrate sales revenue (targeted for December 2021) position the Company to be fully funded to recommence operations at the Savannah Nickel Project.

On 3 April 2021, the Company entered into a new five-year nickel and copper concentrate offtake agreement for the period February 2023 to February 2028 with Trafigura Group Pte Ltd (Trafigura), which aligns with the expiry of the existing offtake agreement with Jinchuan Group Co. Ltd / Sino Nickel Pty Ltd. This agreement is subject to and conditional upon the drawing of the first tranche of debt (US$30 million) from Trafigura.

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. The potential impact of Covid-19 has been a significant factor that was considered in the decision to restart the operations at Savannah. The timing of the restart and possibility for unforeseen delays due toCovid-19 also has the potential to impact the carrying value of the Company's assets or certain liabilities such as rehabilitation and restoration costs. Further disclosures around the potential impact of Covid-19 are contained in the Review of Operations and in the notes to the financial statements.

1 Summary of significant accounting policies (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 revenue from the Savannah Nickel Project in the first 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 the restart of 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.

(c) Changes in accounting policies and disclosures

Since 1 July 2020, the Group has adopted all Accounting Standards and Interpretations effective from 1 July 2020. Accounting policies adopted by the group are consistent with those of the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2020, but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed. There is no material impact of any new and amended accounting standards issued but not yet effective.

(d) Significant accounting judgments, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgments, and estimations which have the most significant effect on the amounts recognised in the financial statements.

Key judgments

(i) Revenue

For sales sold under Cost, Insurance and Freight ("CIF") Incoterms, the Group is responsible for providing freight/shipping services. Whilst the Group does not actually provide nor operate the vessels, the Group has determined that it is the principal in these arrangements because it has concluded it controls the specified services before they are provided to the customer. The terms of the Group's contract with the service provider give the Group the ability to direct the service provider to provide the specified services on the Group's behalf.

The Group has also concluded that revenue for freight/shipping services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the freight/shipping services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group determined that the output method is the best method for measuring progress of the freight/shipping services because there is a direct relationship between the Group's effort and the transfer of services to the customer. The Group recognises revenue on the basis of the time elapsed relative to the total expected time to complete the service.

(ii) Determining the beginning of production

Judgment is required to determine when capitalisation of development costs cease, with amortisation of the associated mine assets commencing upon the start of commercial production. This is based on the specific circumstances of the project and takes into consideration when the specific asset is substantially complete and becomes 'available for use' as intended by management. This includes consideration of the following factors:

• completion of reasonable testing of the mine plant and equipment;
• mineral recoveries, availability and throughput levels at or near expected levels;
• the ability to produce nickel concentrate in saleable quantity and form; and
• the achievement of continuous production.

On 15 April 2020 operations at the Savannah Nickel Mine were suspended resulting in the halting of production. Since then, on-site care and maintenance activities have been undertaken together with capital works that de-risk and prepare the mine for a restart of operations. The Company announced on 6 April 2021 a decision to restart the mine in the first half of FY2022.

1 Summary of significant accounting policies (continued)

(d) Significant accounting judgments, estimates and assumptions (continued)

(iii) Lease term for contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations.

(iv) Incremental borrowing rate for lease liabilities

In measuring the present value of the lease liability, the standard requires that the lessee's incremental borrowing rate is used if the rate implicit in the lease cannot be readily determined. Panoramic uses a consistent approach reflecting the Group's borrowing rate and the duration of the lease term, which requires the use of judgment.

(v) Determination of mineral resources and ore reserves

The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of a Competent Person(s) as defined in the JORC Code. The amounts presented are based on the mineral resources and ore reserves determined under the 2012 edition of the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Significant judgment is required in assessing the available reserves. Factors that must be considered in determining reserves and resources are the Company's history of converting resources to reserves and the relevant time frame, market conditions and likely future developments.

Changes in the forecast prices of commodities, foreign currency exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated. Such changes in reserves could impact future depreciation and amortisation rates, asset carrying values and the provision for decommissioning and restoration.

Key estimates

(vi) Impairment of capitalised exploration and evaluation expenditure

The Group assesses impairment of all exploration and evaluation assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it is likely to be able to successfully recover the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved and probable reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1 Summary of significant accounting policies (continued)

(d) Significant accounting judgments, estimates and assumptions (continued)

(vii) Impairment of property, plant and equipment, capitalised mine development expenditure and mine properties expenditure

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If indications of impairment exist, the recoverable amount of the asset is determined. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash-generating unit ("CGU") and 'fair value less costs to dispose ("FVLCD").

In determining value in use, future cash flows were based on:

- estimates of the quantities of ore reserves and mineral resources for which there is a sufficient degree of confidence of economic extraction;
- estimates of future production levels based on current operating capacity;
- spot commodity prices at balance date;
- estimates of future cash costs of production; and
- estimates of the impact of COVID-19 on the expected timing of restart of operations and on costs.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Property, plant and equipment that suffered an impairment is tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. Refer to note 13 for further information.

(viii) Provision for decommissioning and rehabilitation

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain, and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques, discount rates and cost inflation applied, the timing that activities are expected to be undertaken and experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in mineral inventory or to production rates. To the extent cost of decommissioning and restoration increase or decrease by 10%, there would be a +/- $2.5 million impact on the provision.

The carrying amount of the provision for decommissioning and rehabilitation as at 30 June 2021 was $23.556 million (2020: $24.498 million). The Group estimates that the costs will be incurred towards the end of the respective mine lives (being 12 years to FY2034) and calculates the provision using the discounted cash flow method based on expected costs to be incurred to rehabilitate the disturbed area. These costs have been discounted at the Government bond rate for a comparable period which is 1.58% (2020: 1.06%).

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

1 Summary of significant accounting policies (continued)

(e) Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:
- de-recognises the assets (including goodwill) and liabilities of the subsidiary;
- de-recognises the carrying amount of any non-controlling interests;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(f) Revenue

(i) Revenue from contracts with customers

The Group was engaged in the business of producing nickel concentrate. Revenue from contracts with customers was recognised when control of the goods or services was transferred to the customer at an amount that reflected the consideration to which the Group expected to be entitled in exchange for those goods or services. The Group has concluded that it was the principal in its revenue contracts because it typically controlled the goods or services before transferring them to the customer.

For metal-in-concentrate sales under CIF international commercial terms, the performance obligations were the delivery of the concentrate and the provision of shipping services. Based on the 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.

The Group's sales of nickel concentrate allowed for price adjustments based on the market price at the end of the relevant Quotational Period ("QP") stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for nickel concentrate was based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occurred based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be up to two months.

Revenue from the sale of nickel concentrate was measured at the amount to which the Group expected to be entitled being the forward price at the date the revenue was recognised, net of treatment and refining charges, and a corresponding trade receivable was recognised.

1 Summary of significant accounting policies (continued)

(f) Revenue (continued)

For the provisional pricing arrangements, any future changes that occurred over the QP were embedded within the provisionally priced trade receivable. Given the exposure to the commodity price, these provisionally priced trade receivables failed the cash flow characteristics test and were classified and measured at fair value through profit or loss from initial recognition and until the date of settlement. Subsequent changes in fair value of the receivable were recognised in the profit or loss each period and presented separately from revenue from contracts with customers as part of 'fair value gains/losses on provisionally priced trade receivables. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for nickel as well as taking into account relevant other fair value considerations, including interest rate and credit risk adjustments.

Revenue was initially recognised based on the most recently determined estimate of nickel concentrate using the expected value approach based on initial internal assay and weight results. The Group has determined that it was highly unlikely that a significant reversal of the amount of revenue recognised will occur due to variations in assay and weight results. Subsequent changes in the fair value based on the customer's final assay and weight results were recognised in revenue at the end of the QP.

For CIF arrangements, the transaction price (as determined above) was allocated to the nickel concentrate and shipping services using the relative stand alone selling price method. The consideration was received from the customer at, or around, the date of shipment under a provisional invoice. Therefore, some of the upfront consideration that related to the shipping services yet to be provided was deferred. This was generally not material at the balance sheet date. Shipping revenue was recognised over time using an output method (being days of shipping/transportation elapsed) to measure progress towards complete satisfaction of the service as this best represented the Group's performance. This was on the basis that the customer simultaneously received and consumed the benefits provided by the Group as the services were being provided. The costs associated with these freight/shipping services were also recognised over the same period oftime as incurred.

(ii) Interest income and dividends

Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(g) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale, which is generally taken to be more than twelve months. In these circumstances, borrowing costs are capitalised to the costs of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate to the extent that they relate to the qualifying asset. The weighted average capitalisation rate applied during the year was 6.02% (2020: 9.34%).

Exploration and evaluation expenditure carried forward relating to areas of interest which have not reached a stage permitting reliable assessment of economic benefits are not qualifying assets.

1 Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the statement of cash flows, cash includes cash on hand and at banks and on short term deposits with an original maturity not exceeding three months.

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

Inventories are valued at the lower of cost (determined based on the 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 - cost of direct mining and a proportion of site overheads; and
- concentrates and work in progress - cost of direct mining, processing, transport and labour and a proportion of site overheads.

Net realisable value 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.

(ii) Spares for production

Inventories of consumable supplies and spare parts expected to be used in production are valued at the weighted average cost. Obsolete or damaged inventories of such items are valued at net realisable value.

(j) Derivative financial instruments and hedging

The Group used derivatives such as United States Dollar nickel and copper forward sales contracts, United States Dollar nickel options, United States denominated currency options and United States denominated forward currency sales contracts to manage its risks associated with foreign currencies and commodity price fluctuations. These derivative financial instruments were stated at fair value.

Derivatives were not held for speculative purposes.

Derivatives were initially recognised at fair value on the date a derivative contract was entered into and were subsequently remeasured to their fair value at each reporting date. The resulting gain or loss was recognised in profit or loss immediately unless the derivative was designated and effective as a cash flow hedging instrument, in which event, the timing of the recognition in profit or loss depended on the nature of the hedge relationship.

A hedge of the foreign currency risk and commodity price risk of a firm commitment was accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designated and documented the hedge relationship to which the Group wished to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation included identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges were expected to be highly effective in achieving offsetting changes in the fair value or cash flows and were assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

1 Summary of significant accounting policies (continued)

(j) Derivative financial instruments and hedging (continued)

The hedges that met the strict criteria for cash flow hedge accounting were accounted for as follows:

Cash flow hedges

Cash flow hedges were hedges of the Group's exposure to variability in cash flows that was attributable to a particular risk associated with a highly probable forecast transaction and that could affect profit and loss. The effective portion of changes in the fair value of derivatives that were designated and qualified as cash flow hedges were deferred in equity. The gain or loss relating to the ineffective portion was recognised immediately in the income statement.

Amounts deferred in equity were recycled in the income statement in the periods when the hedged item was recognised in the income statement.

Hedge accounting was discontinued when the hedging instrument was expired or sold, terminated, or exercised, or no longer qualified for hedge accounting. At that time, any cumulative gain or loss deferred in equity remained in equity and was recognised when the forecast transaction was ultimately recognised in the income statement. When a forecast transaction was no longer expected to occur, the cumulative gain or loss that was deferred in equity was recognised immediately in the income statement.

The Group tested each of the designated cash flow hedges for effectiveness at the inception of the hedge and then again at each reporting date, both prospectively and retrospectively, using the dollar offset method. This was done by comparing the changes in present value of the cash flows arising from the hedged forecast sales at the forward rates, compared to changes in the fair values of those forward contracts. Measurement of the cash flow changes was based on the respective forward curves over the hedge horizon.

At each balance sheet date, the Group measured ineffectiveness using the ratio offset method. For cash flow hedges if the risk was over-hedged, the ineffective portion was taken immediately to income/expense in the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments did not qualify for hedge accounting. Changes in the fair value of any derivative instruments that did not qualify for hedge accounting were recognised immediately in the income statement.

(k) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

1 Summary of significant accounting policies (continued)

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided for using the full liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets and liabilities are reassessed at each balance sheet date and reduced to the extent that it is no longer probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Tax consolidation legislation

The Company and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Panoramic Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

1 Summary of significant accounting policies (continued)

(l) Income tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Company.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(m) Other taxes

Revenue, expenses and assets are recognised net of the amount of goods and services taxation ("GST") except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and where the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of plant and equipment constructed for and by the consolidated entity, where applicable, includes the cost of materials and direct labour. The proportion of overheads and other incidental costs directly attributable to its construction are also capitalised to the cost of plant and equipment.

Costs incurred on plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives. Costs incurred on plant and equipment that do not meet the criteria for capitalisation are expensed as incurred.

(i) Depreciation and amortisation

Depreciation and amortisation are calculated on a straight line basis or units of production over the estimated useful lives of the asset. The estimated useful lives used for each class of asset are as follows:

Office equipment	3 - 4 years
Office furniture and fittings	5 years
Process plant and buildings	Lesser of life of mine and life of asset

(ii) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

1 Summary of significant accounting policies (continued)

(n) Property, plant and equipment (continued)

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of plant and equipment is the greater of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Property, plant and equipment that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(iii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Exploration, evaluation, development, mine properties and rehabilitation expenditure

(i) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Acquisition costs are carried forward at cost where rights to tenure of the area of interest is current and it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or; exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration and Evaluation expenditure subsequent to acquisition on an area of Interest which has not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves is capitalised as incurred

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated and a decision to develop has been made, any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

<u>Impairment</u>

The carrying value of capitalised exploration expenditure is assessed for impairment at the cash-generating unit level whenever circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

(ii) Mine development expenditure

Mine development expenditure represents the costs incurred in preparing mines for production and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these are amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

<u>Impairment</u>

The carrying value of capitalised mine development is assessed for impairment whenever circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

1 Summary of significant accounting policies (continued)

(o) Exploration, evaluation, development, mine properties and rehabilitation expenditure (continued)

(iii) Mineral properties expenditure

Mineral properties expenditure represents the costs incurred in the acquisition of a mining lease, and represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired mining lease at the date of acquisition. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Impairment

The carrying value of capitalised mine properties expenditure is assessed for impairment whenever circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

(iv) Provision for decommissioning and rehabilitation

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected costs of any approved decommissioning or rehabilitation programs, discounted to their net present values, are provided for in the period in which the associated obligations arise. The costs are capitalised when they relate to the development of an asset, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. Over time, the liability is increased for changes in net present values based on pre-tax discount rates appropriate to the risks inherent in the liabilities. Discount rates are risk adjusted to the extent the risks are not adjusted in the cash flow. The unwinding of the discounts are included in financing costs. Expected decommissioning and rehabilitation costs are based on the discounted values of the estimated future costs of detailedplans prepared for each site. Where there are changes in the expected decommissioning and rehabilitation costs, the values of the provisions and any related assets are adjusted and the effect is recognised in the income statement on a prospective basis over the remaining life of the operations.

(p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would be determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1 Summary of significant accounting policies (continued)

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and through the amortisation process.

(s) Provisions

Provisions are recognised when the economic entity has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

The effect of the time value of money is material and provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate,the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(t) Employee benefits

(i) Short term benefits

Liabilities for short term benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date of corporate bond rates with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

<u>Equity-settled transactions</u>

The Group provides benefits to employees (including executive directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions").

1 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Monte-Carlo simulation model or binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of Panoramic Resources Limited if applicable.

The cost of equity-settled transactions is recognised, together with the corresponding increase in reserve, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. There is a corresponding entry to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

If the terms of an equity-settled award are subsequently modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(iv) Bonus plans

When applicable, the Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the performance and service criteria, where relevant, and the likelihood that the criteria will be met. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(u) Contributed equity

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are deducted from equity and not expensed as an acquisition related cost.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(w) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

1 Summary of significant accounting policies (continued)

(w) Business combinations (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 *Financial Instruments* either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(x) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(y) Financial assets

Initial recognition and measurement:

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under the Group's accounting policy for revenue from contracts with customers (see note 1(f)).

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment referred to as the SPPI test is performed at an instrument level.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- financial assets at fair value through profit or loss.

1 Summary of significant accounting policies (continued)

(y) Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include cash and cash equivalents, short term deposits and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows which do not pass the SPPI test are classified and measured at fair value through profit or loss, irrespective of the business model. Debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in profit or loss.

This category also includes trade receivables subject to provisional pricing (QP adjustment), and listed equity investments.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

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

For receivables other than those subject to provisional pricing, and due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix for these receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL when there has not been a significant increase in credit risk since origination. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date.

1 Summary of significant accounting policies (continued)

(y) Financial assets (continued)

When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

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

(z) Lease liabilities

(i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (where the entity does not have a purchase option at the end of the lease term). Right-of-use assets are subject to impairment. The Group's right-of-use assets include the onsite power station at the Savanah Nickel Project, storage and ship loading facilities at the Wyndham port and the rental of the corporate office space in Perth.

(ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities 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.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group's lease liabilities include on-road haulage prime movers at the Savannah Nickel Project and IT equipment.

(iii) Short term leases and leases of low value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

(iv) Depreciation
Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset. The estimated useful lives used for each class of asset are as follows:

- Plant and equipment under lease - Lesser of the lease term and useful life (which range between 3 - 8 years)

2 Segment information

(a) Reporting segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Previously, the Group had identified the following four operating segments:

(1) Nickel - the Savannah Nickel Project;
(2) Gold - 51% equity interest in Horizon Gold Limited (divested 29 June 2020);
(3) Platinum Group Metals (PGM) - the Panton PGM Project (80% equity interest divested 17 December 2020 and remaining 20% equity interest divested 14 June 2021); and
(4) Exploration - greenfield exploration activities.

For the current year, the Company has reduced the number of business divisions to one segment comprising Nickel. This change aligns with the Company's stated goal of focusing on the Group's core assets being Nickel and is supported by the divestment of equity interests in Horizon Gold Limited and Panton Sill Pty Ltd. Exploration is no longer viewed as a separate segment as all activities are focused on supporting the Savannah Nickel Project.

All Group assets are within the Nickel segment located in the East Kimberley region of Western Australia as at 30 June 2021 and 30 June 2020.

The reportable segment is represented by the primary statements forming these financial statements.

3 Revenue

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Sale of nickel concentrate	-	69,097

4 Other income

	2021 $'000	2020 $'000
Net gain on sale of subsidiary	7,659	3,812
Debt forgiveness	-	3,719
Net gain on sale of investment	870	-
Quotational period (QP) price adjustments relating to current period	-	1,678
Quotational period (QP) price adjustments relating to prior period	139	737
Interest income calculated using the effective interest rate method	403	171
Foreign exchange loss	(127)	(97)
Sundry income	1,733	1,228
	10,677	11,248

During the financial year the Group sold a 100% equity interest in Panton Sill Pty Ltd (PGM project), recording a profit on sale of $7.66 million. The sale comprised the disposal of an 80% interest on 17 December 2020 for a cash consideration of $12.0 million before costs. Great Northern Palladium exercised its option to acquire the remaining 20% equity interest from the Company on 16 June 2021 for a cash consideration of $3.0 million before costs.

Foreign exchange loss includes the revaluation of a Canadian dollar receivable due from Clean Air Metals. The receivable forms part of the deferred consideration from the sale of Thunder Bay North PGM project that was settled on 15 May 2020. Sale proceeds (in part) are to be received by the Company in three equal instalments on the first, second and third anniversaries of the completion of the sale.

During the year, the Company received Job Keeper income from the Australian Government totalling $1.279 million. This amount has been included in Sundry Income.

During the year the Company sold its remaining shareholding in listed companies Horizon Gold Limited and GME Resources Ltd. Consideration received from the sale of these investments totalled $1.8 million.

5 Expenses

	2021 $'000	2020 $'000
Loss/(profit) before income tax includes the following specific expenses:		
Cost of sales of goods		
Cost of goods sold	-	82,545
Shipping costs	-	4,455
Royalties	-	3,402
Depreciation - property, plant and equipment	-	9,240
Amortisation - deferred development costs	-	9,034
Amortisation - mineral properties	-	2
	-	108,678
Care and Maintenance costs		
Depreciation – property, plant and equipment	4,669	-
Property, plant and equipment written off	648	-
Site maintenance costs	10,794	619
	16,111	619

	2021 $'000	2020 $'000
Finance costs		
Finance charges	-	5,276
Interest paid on leases	167	1,154
Accretion interest on rehabilitation provision	201	375
Other financing costs	54	456
	422	7,261
Derivative financial instruments		
Fair value losses on derivatives instruments which are not in an effective hedge relationship or recycled through profit and loss (note 11)	-	10,148
Other		
Net realisable value of write down spares	-	6,618
Depreciation - property, plant and equipment not used in production	371	382
Other expenses	607	484
Net foreign exchange loss	-	203
Net gain on disposal of property, plant and equipment	(22)	(1,108)
	956	6,579
Breakdown of total employee benefits		
Employee remuneration and benefits expensed	6,571	31,974
Termination benefits on restructure	139	1,248
	6,710	33,222

6 Income tax

(a) Numerical reconciliation of income tax benefit to prima facie tax

	2021 $'000	2020 $'000
Profit/(Loss) from continuing operations before income tax benefit	295	(87,888)
Tax expense/(benefit) at the Australian tax rate of 30% (2020: 30%)	88	(26,366)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	4	3
Share-based payment	91	137
Disposal of subsidiary	1,941	(5,549)
Other	2	(108)
(Benefits arising from previously unrecognised deferred tax assets)/Deductible temporary differences not recognised	(2,126)	31,883
Income tax expense/(benefit)	-	-

(b) Tax losses

Unused tax losses for which no deferred tax asset hasbeen recognised		
Capital losses	-	6,708
Income tax losses transferred to Panoramic Resources Limited upon purchase of subsidiary on tax consolidation	23,639	23,639
Income tax losses of Panoramic Resources Limited	197,345	207,861
Potential tax benefit @ 30%	66,295	71,462

7 Current assets - Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	15,160	10,179
Short term deposits	9,077	20,985
	24,237	31,164

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2021 $'000	2020 $'000
Cash at bank and in hand and deposits at call	24,237	31,164

(b) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 0.37% (2020: 0.64%).

7 Current assets - Cash and cash equivalents (continued)

(c) Short term deposits

Short term deposits are made for varying periods typically between one day and three months depending on the immediate cash requirements of the Group and earn interest at short term rates. If short term deposits have original maturity greater than three months, principal amounts must be able to be redeemed in full prior to scheduled maturity with no significant interest penalty otherwise the amounts will be classified as other financial non-current assets. The weighted average interest rate achieved for the year was 0.91% (2020: 1.01%).

Deposits are held with various financial institutions with short term credit ratings of A-1+ (S&P). 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.

(d) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

8 Current assets - Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables - at fair value	-	2,417
Other receivables - at amortised cost	1,942	9,009
	1,942	11,426

(a) Trade receivables

Trade receivables were non-interest bearing and are generally on 30 to 90 day terms. Under the current offtake agreement, on presentation of ship loading documents and the provisional invoice, the customer settled 100% of the provisional sales invoice value within approximately 7 days and the final sales invoice value was settled in approximately 5 days upon presentation of the final invoice. Sales were invoiced and received in US dollars (US$).

As at 30 June 2021 all trade receivables with respect to nickel concentrate sales had been collected and all adjustments with respect to QP pricing had been settled within the financial year (2020: 1,687 tonnes of nickel concentrate were subject to QP pricing and settlement remeasured to an average forward nickel price of US$6.40 per pound). There are no copper and cobalt exposures at 30 June 2021 (2020: nil). The amount of fair value changes recognised in the income statement during the year ended 30 June 2021 (on account of prior year concentrate sales) was $0.139 million (2020: $0.308 million).

All receivables are current and not past due.

(b) Other receivables

Sundry debtors are non-interest bearing and have repayment terms between 30 and 90 days. There is an insignificant probability of default as sundry debtors are short term, have no history of default and customers have passed the Group's internal credit assessment.

Other receivables (current and non-current) include deferred sale proceeds arising from the sale of a wholly owned subsidiary in the prior year. The Company completed the sale of 100% owned Canadian entity, Panoramic PGMs (Canada) Limited, the owner of the Thunder Bay North PGM Project, to Clean Air Metals Inc on 15 May 2020. Under the terms of the sale agreement, the purchase price comprised total cash consideration of $9.0 million Canadian dollars, of which $4.5 million Canadian dollars comprised deferred consideration. The deferred consideration is receivable in three equal instalments on the first, second and third anniversaries of the completion of the sale. On 6th May 2021 the first instalment of the deferred consideration was received. At 30 June 2021, the deferred consideration receivable balance totalled C$3.0 million. The consideration receivable is measured using the effective interest rate method. Clean Air Metals and PAN PGM's have granted first ranking charges over the shares in PAN PGM's and the Project to secure the deferred consideration payments.

(c) Foreign currency exchange rate and interest rate risk

The balance of trade receivables is exposed to movements in AUD:USD exchange rates and commodity prices during the quotational period.

Information on foreign currency exchange and interest rate risk is provided in note 38.

(d) Fair value and credit risk

Information on fair value and credit risk is provided in note 38.

9 Current assets - Inventories

	2021 $'000	2020 $'000
Spares for production		
- at lower of cost or net realisable value	557	-
	557	-

No provision was recorded at 30 June 2021 to write down inventories to their recoverable value (2020: $6.619 million).

Spares for production include diesel and other consumable items. Inventory recognised as an expense during the period totalled $3.7 million (2020: $40.5 million).

10 Impairment

An impairment reversal of $14.187 million was recorded in the current period (2020: net impairment loss of $27.063 million which comprises an impairment of the nickel cash generating unit of $32.948 million and an impairment reversal relating to the disposal of the Thunder Bay North PGM Project totalling $5.885 million). The impairment reversal is attributable to the nickel cash generating unit, refer to the following section for details.

Nickel cash generating unit

On 6 April 2021, the Company announced to the ASX a decision had been made to re-start operations at the Savannah Nickel Project in the second half of CY2021. The announcement referred to the following positive developments which underpinned the decision.

- Improved commodity and foreign exchange pricing and sentiment.
- Updated financial model confirming attractive financial outcomes over an optimised twelve-year mine life.
- Completion of capital works that de-risk the restart of operations, primarily the raise bore works associated with FAR #3.
- Additional underground development to open up four new mining levels at Savannah North.
- Updated process schedule based on additional metallurgical test work.
- Evaluation of owner-operate and contractor-operated mining and processing models, which resulted in:
    - Letter of Intent signed with underground mining contractor Barminco for mining services.
    - Letter of Intent signed with Primero Group Pty Ltd to operate the processing plant.
- US$45 million debt facility secured with Trafigura Pte Ltd.
- New offtake terms secured for the period February 2023 to February with Trafigura Pte Ltd.

The decision to restart operations at the Savannah Nickel Project and the improved commodity prices were considered to be impairment reversal indicators for impairment losses recognised in prior periods, and as such, a formal estimate of the recoverable amount of the Nickel cash generating unit (CGU) was performed.

In assessing whether an impairment reversal is required, the carrying amount of the CGU is compared with its estimated recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, the FVLCD for the CGU was estimated based on discounted future cash flows (expressed in real terms) expected to be generated from the continued use of the CGU using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, and the latest life of mine plans. The cash flows were discounted using a real post tax discount rate that reflected market assessments of the time value of money and the risks specific to the CGU. Price sensitivities were considered in the assessment which included both consensus, high and low value inputs into the financial model. A valuation range was developed which then formed the basis for the accounting treatment.

The determination of FVLCD for the CGU is considered to be a Level 3 fair value measurement as it is derived from valuation techniques that involve inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

The FVLCD valuation exceeded the $146.811 million carrying amount (before impairment reversal) of the Nickel CGU's assets and as such an impairment reversal of $14.187 million was recorded in the current year. The reversal has been allocated against property, plant and equipment, development properties and mineral properties on a proportional allocation basis with reference to the treatment of the prior year impairment loss (refer to notes 13, 14 and 16 for further information.)

10 Impairment (continued)

(a) Nickel cash generating unit (continued)

(i) Key assumptions

The determination of FVLCD is most sensitive to the following key assumptions:

- production volumes;
- commodity prices and exchange rates;
- capital and operating costs; and
- discount rates.

Production Volumes
In calculating FVLCD, production volumes and grades were derived from the latest mineral resource estimate and ore reserve estimates and represent the estimated recoverable mining inventory incorporated into a detailed mine design and life of mine plan as part of the long-term planning process. The production volume incorporated into the cash flow model was 10.6 million tonnes ore at an average grade of 1.23% per tonne (%/t) nickel, 0.54%/t copper and 0.08%/t cobalt for an approximate 12-year mine life.

Production volumes are dependent on a number of variables, such as the underlying resource and reserve estimation, estimates of mining dilution and recoveries, geotechnical assumptions, assessments of ventilation requirements, the production profile, mining productivity, estimates of the costs of extraction and processing, metallurgical recoveries, the contractual duration of mining rights, refining and offtake terms, and the selling price of the commodities extracted.

These assumptions are then assessed to ensure they are consistent with what a market participant would estimate.

Commodity Prices and Exchange Rate
Forecast commodity prices and exchange rates (US Dollar to Australian Dollar) are based on management's estimates and are derived from forward price curves and long terms views of global supply and demand, interest and inflation rates, building on past experience of the industry and consistent with external sources. Estimated long term nickel and copper prices and USD:AUD exchange rates used in the estimation of future revenues were as follows:

Economic Assumptions	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026 On**
Nickel (USD per tonne)	16,013	15,423	15,287	15,357	16,314
Copper (USD per tonne)	8,436	7,871	7,474	6,962	7,165
USD to AUD exchange rate	0.77	0.76	0.75	0.76	0.75

Capital and Operating Costs
Capital and operating costs have been derived from a recent mining study prepared by specialist consultants with input where required by Management and referencing historical data where relevant. Costs have been benchmarked against industry experience and current contracts for the supply of goods and services where applicable.

Estimates have been incorporated into the discounted cash flow analysis for corporate costs and corporate taxation that a purchaser would incur.

Discount Rates
In determining FVLCD, a real post-tax discount rate of 7.5% was applied to the post tax cash flows expressed in real terms. The discount rate is derived from an estimate of the post-tax market rate based on a market participant's weighted average cost of capital. The WACC takes into account an estimation of the mix of debt and equity funding and associated costs of each funding source. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on an estimate of the funding debt cost that the Group would be able to secure, with reference to past costs. Risk is incorporated by applying beta factors.

10 Impairment (continued)

(a) Nickel cash generating unit (continued)

Timing of Restart Decision
The discounted cash flow analysis assumes that operations at the Savannah Nickel Project will proceed to a restart in the first half of the 2022 financial year. The decision to restart operations at Savannah is dependent on a rangeof factors including commodity prices and exchange rates, travel and other restrictions in place related to Covid, the completion of pre-production development works and the ability to secure the necessary funding required on terms that the Company considers reasonable.

(ii) Sensitivities

The FVLCD is most sensitive to the following assumptions, with sensitivity based on management's assessments of reasonably possible changes to inputs over the period of the discounted cash flow analysis.

	High[1]	Low[1]	Impact High[1] $000's	Impact Low[1] $000's
Commodity Price	+10%	-10%	124,005	(135,166)
Exchange Rate	+10%	-10%	129,537	(106,503)
Operating and Capital Costs	-5%	+5%	75,031	(75,614)
Discount Rate	-2%	+2%	32,979	(27,260)

[1] High indicates a higher valuation and lower (or nil) impairment and low indicates a lower valuation with a greater impairment. Impact indicates the change to the FVLDC.

(iii) Prior year nickel CGU impairment loss

On 15 April 2020, as a result of the combination of significant operational uncertainty, disruption and cost escalation caused by COVID-19 restrictions, a slower ramp up than planned and depressed commodity prices the Company elected to suspend operations at the Savannah Nickel Mine.

The suspension of operations was deemed to be an indicator of impairment, and as such, a formal estimate of the recoverable amount of the Nickel cash generating unit (CGU) was performed at 30 June 2020.

The recoverable amount of the Savannah Nickel Project CGU was determined based on a combination of a discounted cash flow (DCF) calculation at 30 June 2020 using 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. The fair value methodology adopted was categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources/reserve and the valuation multiples. The assessed FVLCD valuation was below the carrying amount of the Nickel CGU's assets of $166.710 million and as such an impairment loss of $32.948 million was recorded in the prior year. The impairment was recognised in the consolidated income statement and was allocated against property, plant and equipment, development properties and mineral properties in the balance sheet.

11 Derivative financial instruments

As at 30 June 2021 the Company did not have any derivative financial instruments in place.

On 31 March 2020, the Company closed out the nickel, copper and AUD:USD foreign exchange contracts resulting in the crystallisation of a loss of approximately $10.148 million. As operations at the Savannah Nickel Mine were suspended the loss was recycled from reserves to the profit and loss. As at 30 June 2020 the Company did not have any derivative financial instruments in place.

12 Non-current assets - Receivables

	2021 $'000	2020 $'000
Other receivables	1,536	2,787

Other receivables consist of the unpaid portion of the sales proceeds in relation to the sale of the Thunder Bay North (TBN) PGM Project not due within the next twelve months. Refer to note 8 for the current portions of these receivables.

13 Non-current assets - Property, plant and equipment

	Plant and Equipment $'000	**Construction in progress $'000**	**Total $'000**
Year ended 30 June 2021:			
Net book amount at 30 June 2020	30,125	21,053	51,178
Additions	-	14,834	14,834
Depreciation charge	(2,924)	-	(2,924)
Impairment reversal	2,317	53	2,370
Transfer to other asset class	(5,083)	(34,016)	(39,099)
Disposals	-	(648)	(648)
Closing net book amount	**24,435**	**1,276**	**25,711**
At 30 June 2021:			
Gross carrying amount - at cost	151,466	1,276	152,742
Accumulated depreciation and impairment	(127,031)	-	(127,031)
Net book amount	**24,435**	**1,276**	**25,711**

13 Non-current assets - Property, plant and equipment (continued)

	Plant and equipment $'000	Leased plant and equipment $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2020:				
Net book amount at 30 June 2019	42,318	7,102	9,584	59,004
Reclassification to right-of-use asset on adoption of AASB 16 at 1 July 2019	-	(7,102)	-	(7,102)
Net book value at 1 July 2019	**42,318**	**-**	**9,584**	**51,902**
Additions	310	-	19,081	19,391
Depreciation charge	(3,884)	-	-	(3,884)
Impairment loss	(6,923)	-	(4,842)	(11,765)
Transfer from/(to) other asset class	2,770	-	(2,770)	-
Disposals	(4,466)	-	-	(4,466)
Closing net book amount	**30,125**	**-**	**21,053**	**51,178**
At 30 June 2020:				
Gross carrying amount - at cost	166,858	-	21,053	187,911
Accumulated depreciation and impairment	(136,733)	-	-	(136,733)
Net book amount	**30,125**	**-**	**21,053**	**51,178**

Refer to note 10 for discussion of impairment.

14 Non-current assets – Right of use assets

Right-of-use assets	Land and buildings $000	Plant and equipment $000	Total $000
As at 1 July 2020	**1,062**	**4,896**	**5,958**
Adjustments	12	-	12
Disposal	(64)	-	(64)
Depreciation expense	(361)	(1,743)	(2,104)
Impairment reversal (note 10)	49	347	393
Derecognised	-	-	-
As at 30 June 2021	**695**	**3,500**	**4,195**
As at 1 July 2019 on adoption of AASB 16	**1,570**	**15,782**	**17,352**
Additions	-	26,482	26,482
Depreciation expense	(395)	(5,343)	(5,738)
Impairment loss (note 10)	(113)	(1,127)	(1,240)
Derecognised	-	(30,898)	(30,898)
As at 30 June 2020	**1,062**	**4,896**	**5,958**

The Group recognised rent expense from short term leases of $109,000 for the financial year ended 30 June 2021.

(a) Non-current assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. At 30 June 2021, the carrying amounts of assets pledged as security for current and non-current lease liabilities were $4.195 million (2020: $5.958 million).

15 Non-current assets - Deferred tax assets

	2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:		
Tax losses	66,295	71,462
Employee benefits	193	153
Provisions	9,403	10,285
Depreciation and amortisation	(1,115)	(1,747)
Sundry temporary differences	996	974
Research and development tax offset	4,136	4,091
Business related costs	1,830	2,223
Foreign exchange	3	48
Other	162	-
Financial assets	35	36
Lease liability	1,560	705
Deferred tax asset not recognised	(67,042)	(74,445)
	16,457	13,785
Set-off of deferred tax liabilities pursuant to set-off provisions (note 22)	(16,457)	(13,785)
Net deferred tax assets	-	-

16 Non-current assets - Exploration and evaluation, development and mine properties

	Mine development expenditure $'000	Exploration and evaluation $'000	Mineral properties $'000	Total $'000
Year ended 30 June 2021				
Opening net book amount	86,673	12,535	22	99,230
Additions	-	996	-	996
Assets disposed	-	(7,035)	-	(7,035)
Depreciation charge	-	-	-	-
Transfer from other asset class	39,101	-	-	39,101
Written off to profit and loss	-	(945)	-	(945)
Reversal of impairment loss	11,421	-	2	11,423
Remeasurement of rehabilitation provision	(1,143)	-	-	(1,143)
Closing net book amount	**136,052**	**5,551**	**24**	**141,627**
At 30 June 2021				
Gross carrying amount - at cost	319,667	5,551	1,795	327,013
Accumulated amortisation and impairment	(183,615)	-	(1,771)	(185,386)
Net book amount	**136,052**	**5,551**	**24**	**141,627**
Year ended 30 June 2020				
Opening net book amount	84,745	27,763	29	112,537
Additions	28,998	1,732	-	30,730
Assets disposed	(779)	(16,960)	-	(17,739)
Depreciation charge	(9,034)	-	(2)	(9,036)
Impairment loss	(19,938)	-	(5)	(19,943)
Remeasurement of rehabilitation provision	2,681	-	-	2,681
Closing net book amount	**86,673**	**12,535**	**22**	**99,230**
At 30 June 2020				
Cost or fair value	273,619	12,535	1,795	287,948
Accumulated depreciation	(186,945)	-	(1,773)	(188,718)
Net book amount	**86,673**	**12,535**	**22**	**99,230**

16 Non-current assets - Exploration and evaluation, development and mine properties (continued)

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.

Refer to note 10 for further details on impairment.

Refer to note 21 for details of assets pledged as security in relation to the Groups' non-current assets.

17 Non-current assets - Financial assets

(a) Financial assets at fair value through profit or loss

	2021 $'000	2020 $'000
Listed securities	12	767
At beginning of year	767	957
Additions	316	-
Adjustments	(1,005)	(41)
Fair value loss recognised in profit or loss	(66)	(149)
At end of year	12	767

(b) Financial assets at amortised cost

	2021 $'000	2020 $'000
Other financial assets	221	251

At 30 June 2021, the Company had bank guarantees with a financial institution with a face value of $0.221 million (2020: $0.251 million) which were supported by cash backed deposits.

18 Current liabilities - Trade and other payables

	2021 $'000	2020 $'000
Trade payables	1,700	1,725
Accrued expenses	2,688	1,671
	4,388	3,396

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.

19 Current liabilities - Borrowings

	2021 $'000	2020 $'000
Secured		
Lease Liabilities (note 21)	1,445	1,827
Total secured current borrowings	1,445	1,827

20 Current liabilities - Provisions

	2021 $'000	2020 $'000
Employee benefits - annual leave	474	1,037
Employee benefits - long service leave	153	231
Restructuring costs	87	1,136
	714	2,404

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service. Where employees have not yet completed the required period of service, their entitlement is recognised as a non-current provision for long service leave.

As a result of the suspension of operations at the Savannah Nickel Project a provision for restructuring costs was raised in prior financial year totalling $1.136 million. The provision was an estimate of the employee termination costs that would result from the restructure of the Group. During the current financial year a total of $1.188 million was paid on account of these costs.

21 Non-current liabilities – Borrowings

	2021 $'000	2020 $'000
Secured		
Lease liabilities	4,738	5,423
Total secured non-current borrowings	4,738	5,423

Bank loans
On the 3 April 2021, the Company entered into a secured loan agreement of up to US$45.0 million from 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 PLF has a five-year term from drawdown with interest-only repayments required in the first 12 months. Debt repayments begin in the second year and are sculpted to align with project cash flows.

The RCF has 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.

The proceeds from the facility can be used for project related expenditure and corporate purposes. Ongoing covenants are typical for a facility of this nature. Both facilities use the 3-month LIBOR as a base interest rate plus a favourable interest margin. There is no mandatory hedging requirement with either tranche. Both facilities are secured by the Savannah project assets (including mining and exploration leases), the assets of the other applicable operating subsidiary PAN Transport Pty Ltd and the shareholding held by Panoramic Resources Ltd in Savannah Nickel Mines Pty Ltd. Ongoing covenants are light and typical for a facility of this nature. Both tranches permit early repayment without penalty. All conditions precedent to first draw down were satisfied on 2 July 2021 and all registrations with respect to security were completed in June 2021. The Company anticipates drawing the PLF in the September 2021 quarter.

21 Non-current liabilities – Borrowings (continued)

Lease liabilities

In the 2021 financial year, lease liabilities had an average term of 5.5 years (2020: 6 years).

Lease liabilities	**Total $000**
As at 30 June 2020	7,251
Additions	-
Interest expense	167
Payments	(1,171)
Adjustments	(64)
As at 30 June 2021	**6,183**
As at 30 June 2019	6,738
On adoption of AASB 16 - 1 July 2019	10,250
As at 1 July 2019 (restated)	16,988
Additions	26,441
Interest expense	1,154
Payments	(6,103)
Derecognised	(31,229)
As at 30 June 2020	**7,251**

Non-interest bearing liabilities include trade and other payables and are generally settled on 30-day terms.

(a) Changes in liabilities arising from financing activities

	Lease liabilities $'000	**Total $'000**
1 July 2020	7,251	7,251
Repayments (Principal and Interest)	(1,004)	(1,004)
Other non-cash movements	(64)	(64)
30 June 2021	**6,183**	**6,183**

	Bank loans $'000	**Related party loans $'000**	**Lease liabilities $'000**	**Total $'000**
30 June 2019	**40,259**	**-**	**6,738**	**46,997**
On adoption of AASB16 - 1 July 2019	-	-	10,250	10,250
Proceeds - drawdowns	10,000	18,500	-	28,500
New Leases	-	-	26,441	26,441
Repayments - principal and Interest	(54,313)	(18,823)	(6,103)	(79,239)
Share-based payment	-	(456)	-	(456)
Disposals	-	-	(31,229)	(31,229)
Other non-cash movements	4,053	779	1,154	5,986
30 June 2020	**-**	**-**	**7,251**	**7,251**

The other non-cash movements include the effect of accrued interest and various other adjustments.

22 Non-current liabilities - Deferred tax liabilities

	2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:		
Inventories	2,862	2,955
Rehabilitation asset	1,482	2,038
Exploration and evaluation, development expenditure and mine properties	10,862	8,790
Accrued income	2	2
Financial assets	1,248	1,470
Financial assets	-	-
	16,457	13,785
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	(16,457)	(13,785)
Net deferred tax liabilities	**-**	**-**

23 Non-current liabilities - Provisions

	2021 $'000	2020 $'000
Employee benefits - long service leave	10	-
Rehabilitation	23,556	24,498
	23,566	24,498

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.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2021 $'000	2020 $'000
Rehabilitation		
Carrying amount at start of year	24,498	31,534
- accretion interest on unwinding of discount	201	449
- (reduction)/additional provision charged	(1,143)	2,681
- reversal on sale of subsidiary	-	(10,166)
Carrying amount at end of year	**23,556**	**24,498**

24 Contributed equity

(a) Share capital

	2021 Shares	2020 Shares	**2021 $'000**	2020 $'000
Ordinary shares				
Ordinary shares - fully paid	2,050,914,004	2,050,914,004	353,550	353,550

24 Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$'000
	Opening balance	553,582,471		210,109
30 September 2019	Entitlement Share Issue	100,653,238	$0.28	28,183
16 December 2019	Entitlement Share Issue	12,981,951	$0.30	3,895
17 January 2020	Entitlement Share Issue	95,912,707	$0.30	28,774
2 June 2020	Placement Share Issue	410,182,572	$0.07	28,713
2 June 2020	Entitlement Share Issue	331,811,671	$0.07	23,227
10 June 2020	Entitlement Share Issue	545,789,394	$0.07	38,205
	Transaction costs, net of tax	-		(7,554)
30 June 2020	**Balance**	**2,050,914,004**		**353,550**

Date	Details	Number of shares	Issue price	$'000
	Opening balance	2,050,914,004	-	353,550
30 June 2021	**Balance**	**2,050,914,004**	-	**353,550**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or provide capital to pursue other investments. The Group is not subject to any externally imposed capital requirements.

25 Reserves

(a) Reserves

	2021 $'000	2020 $'000
Share based payments	22,476	22,172
	22,476	22,172

(b) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees as part of their remuneration. The reserve is also used to record share-based payments provided to third parties as part of the consideration for services provided or for assets acquired.

26 Dividends

(a) Ordinary shares

No final dividend was paid for the year ended 30 June 2021 (30 June 2020: Nil).

(b) Dividends not recognised at the end of the reporting period

No dividend has been declared since the end of the reporting period.

(c) Franking credits

	2021 $'000	2020 $'000
Franking credits available for subsequent reporting periods	10,503	10,503

The tax rate at which paid dividends have been franked is 30% (2020: 30%).

27 Remuneration of auditors

	2021 $	2020 $
Fees paid or payable to Ernst & Young (Australia) for:		
Auditing the statutory financial report for the Group and Review of the half year statutory financial report	122,000	230,000
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm:	-	34,000
Fees for other services:		
Tax compliance and consulting services	49,638	104,173
Subtotal other services	49,638	138,173
Total fees to Ernst & Young (Australia)	171,638	368,173
Fees paid or payable to other overseas member firms of Ernst & Young for:		
Fees for other services:		
Tax consulting	-	32,904
Total fees to Ernst & Young (Australia) and overseas member firms of Ernst & Young	171,638	401,077

Other services provided by the auditor during the current financial year predominately comprised the following:

- the preparation and lodgement of the Group tax return;
- the review and lodgement of the Group fringe benefits tax return;
- provision of taxation advice for the sale of Panton Sill Pty Ltd;
- provision of taxation advice with respect to the US$45 million Trafigura Pte Ltd debt facility;
- taxation advice in relation to the disposal of a foreign subsidiary, Panoramic PGMs (Canada) Limited; and
- other minor advisory and consulting services.

The Audit and Governance Committee closely monitors non-audit services provided by the auditor or affiliate firms to ensure the selection of the service provider and the scope of the services provided are appropriate and do not have the potential to compromise auditor independence.

28 Guarantees and contingencies

(a) Guarantees

At 30 June 2021, the Company had bank guarantees with a financial institution with a face value of $0.221 million (2020: $0.251 million).

Certain entities in the Group have entered into a Deed of Cross Guarantee in relation to certain liabilities and indebtedness.

(b) Contingent assets

The Group had no contingent assets at 30 June 2021.

(c) Contingent liabilities

The Group had no contingent liabilities at 30 June 2021.

29 Commitments

(a) Exploration and mining lease expenditure commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Group will be required to outlay the amounts disclosed in the table below. These amounts are discretionary, however if the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

	2021 $'000	2020 $'000
Mineral tenements expenditure commitments		
Not later than one year	519	764
Later than one year but not later than five years	2,082	3,235
Later than five years	1,176	2,302
	3,777	6,301

30 Related party transactions

(a) Compensation of Directors and key management personnel of the Group

The following persons were Directors or Key management personnel of the Group during the current financial year:

N L Cernotta	Chair (Non-Executive)
V Rajasooriar	Managing Director
P R Sullivan	Director (Non-Executive)
R J Hayward	Director (Non-Executive)
G Swaby	Director (Non-Executive)
G Dyker	Chief Financial Officer (appointed 5 October 2020)
M Ball	Chief Financial Officer (ceased employment 30 September 2020)

The aggregate compensation made to directors and other members of KMP of the Group is set out below:

	2021 $'000	2020 $'000
Short term employee benefits	1,681	2,127
Post employment benefits	89	182
Long term benefits	67	78
Termination benefits	82	682
Share-based payments	263	682
	2,182	3,069

30 Related party transactions (continued)

(a) Compensation of Directors and key management personnel of the Group (continued)

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Directors and KMP. There were no other persons employed by, or contracted to, the Group during the financial year, having responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

(b) Transactions with other related parties who had significant influence over the group

On 30 March 2020, the Company agreed to sell its remaining interest in Horizon Gold Limited (a former wholly owned subsidiary of the Company) to sophisticated and professional investors, including significant shareholder and related party Zeta Resources Limited. Zeta acquired 17,183,580 of the 18,793,580 shares sold to fully dispose of the Company's interests in Horizon. The balance receivable from Zeta of $3.437 million was received in early July 2020. The sale to Zeta was subject to shareholder approval which was obtained on 29 June 2020.

Other than the transactions detailed above, there have been no other transactions with parties related to the consolidated entity in the financial year ended 30 June 2021.

31 Subsidiaries and transactions with non-controlling interests

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(g):

Name of entity	Country of incorporation	Class of shares	Equity holding 2021 %	Equity holding 2020 %
Savannah Nickel Mines Pty Ltd	Australia	Ordinary	100	100
PAN Transport Pty Ltd	Australia	Ordinary	100	100
Pindan Exploration Company Pty Ltd	Australia	Ordinary	100	100
Panton Sill Pty Ltd	Australia	Ordinary	-	100
Mt Henry Gold Pty Ltd	Australia	Ordinary	100	100
Mt Henry Mine Pty Ltd	Australia	Ordinary	100	100
Magma Metals Pty Limited	Australia	Ordinary	100	100

Refer to note 4 for details in relation to the sale of Panton Sill Pty Ltd which completed during the period.

Refer to note 32 for details on Deed of Cross Guarantee signed between Savannah Nickel Mines Pty Ltd and Panoramic Resources Limited.

(b) Non-controlling interests (NCI)

In December 2016, the Company divested an interest in Horizon Gold Limited by way of an initial public offering (IPO) and listing of the subsidiary, on the Australian Securities Exchange (ASX). On 18 February 2020, the Company sold 20,237,037 shares in Horizon to significant shareholder and related party Zeta Resources Limited. The sale reduced the Company's interest from 51% to approximately 24.6% resulting in a loss of control and deconsolidation of the balance of Horizon from the Group in the prior financial year. On 30 March 2020, the Company agreed to sell its remaining interest in Horizon to sophisticated and professional investors, including Zeta Resources Limited. Zeta acquired 17,183,580 of the 18,793,580 shares sold to fully dispose of the Company's interests in Horizon. The balance receivable from Zeta of $3.437 million was received in early July 2020. The sale to Zeta was subject to shareholder approval which was obtained on 29 June 2020.

There were no transactions involving non-controlling interests during the financial year ended 30 June 2021.

Horizon Gold Limited was fully divested at 30 June 2020 and was deconsolidated from the Group at that balancesheet date.

32 Deed of cross guarantee

Pursuant to ASIC Corporations (wholly owned companies) Instrument 2016/785, relief has been granted to Savannah Nickel Mines Pty Ltd from the Corporations Act 2001 requirements for preparation, audit and lodgement of its financial report.

As a condition of the ASIC Corporations (wholly owned companies) Instrument 2016/785, Panoramic Resources Limited and Savannah Nickel Mines Pty Ltd (the "Closed Group"), entered into a Deed of Cross Guarantee on 29 June 2005. The effect of the deed is that Panoramic Resources Limited has guaranteed to pay any deficiency in the event of winding up of its controlled entity or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entity has also given a similar guarantee in the event that Panoramic Resources Limited is wound up or it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

As at reporting date, the "Closed Group" comprised of Panoramic Resources Limited and Savannah Nickel Mines Pty Ltd.

The entities outside of the Closed Group are dormant. The consolidated results of the Closed Group are therefore reflective of the consolidated financial results for the Panoramic Group.

33 Events occurring after the reporting period

The following events occurred after the end of the financial year.

On 2 July 2021, all conditions precedent were satisfied for the US$45 million secured loan facility with Trafigura including the registration of security interests.

On 8 July 2021 the four-year underground mining contract with Barminco was executed. The contract value is approximately $280 million. Underground mining activities also commenced at the Savanah Nickel Project.

On 30 July 2021 the three-year Operating and Maintenance Agreement was executed with Primero Group Pty Ltd. The contract value is approximately $34 million. Primero commenced initial mobilisation to the Savannah site in August 2020.

In the interval between the end of the financial year and the date of this report, other than as disclosed above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

34 Reconciliation of loss for the year to net cash inflow (outflow) from operating activities

	2021 $'000	2020 $'000
Profit/(Loss) before tax for the year	295	(87,888)
Depreciation and amortisation	5,028	18,436
(Gain)/loss on disposal of plant and machinery	(22)	(1,108)
Property, plant and equipment written off	648	-
Impairment loss	-	32,948
Reversal of impairment of assets	(14,187)	(5,886)
Interest income	(403)	(168)
Unrealised loss on foreign currency exchange	127	203
Exploration and evaluation written off	945	-
Share based payments	304	-
Gain on sale of investments	(870)	190
Gain on sale of subsidiary	(7,659)	(3,812)
Stock obsolescence provision	-	6,619
Finance cost	422	1,325
Change in operating assets and liabilities:		
Decrease in trade debtors and others	1,071	15,512
(Increase)/decrease in prepayments	(622)	481
Decrease in trade creditors	(309)	(18,596)
(Increase)/decrease in inventories	(557)	8,415
Decrease in provisions	(1,635)	(323)
Net cash outflow from operating activities	(17,424)	(33,652)

35 (Loss)/earnings per share

(a) Basic loss per share

	2021 Cents	2020 Cents
From continuing operations attributable to the ordinary equity holders of the Company	0.0	(8.8)
Total basic loss per share attributable to the ordinary equity holders of the Company	0.0	(8.8)

(b) Diluted loss per share

	2021 Cents	2020 Cents
From continuing operations attributable to the ordinary equity holders of the Company	0.0	(8.8)
Total diluted loss per share attributable to the ordinary equity holders of the Company	0.0	(8.8)

35 (Loss)/earnings per share (continued)

(c) Reconciliation of profit/(loss) used in calculating earnings/(loss) per share

	2021 $'000	2020 $'000
Basic earnings/(loss) per share		
Profit/(loss) from continuing operations	295	(87,366)
Earnings/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share	295	(87,366)
Diluted earnings/(loss) per share		
Profit/(loss) from continuing operations	295	(87,366)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings/(loss) per share	295	(87,366)

(d) Weighted average number of shares used as denominator

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	2,050,914,004	998,645,156

The weighted average number of ordinary shares used in the denominator in calculating diluted (loss)/earnings per share is not materially different to that used to calculated basic (loss)/earnings per share.

There are 11,434,302 performance rights on issue at 30 June 2021 (2020: nil). There were 28,520,525 options on issue at 30 June 2021(2020: 28,520,525) which were anti-dilutive and therefore not taken into account when calculating the weighted average number of shares.

36 Share-based payments

(a) Options over Unissued shares

During the financial year no options over unissued shares were issued by the Company (2020: 28,520,525). The table below shows a reconciliation of the movement of options over unissued shares during the period including weighted average exercise price ("WAEP").

	30 June 2021		**30 June 2020**	
	No.	**WAEP**	**No.**	**WAEP**
Options outstanding at the start of the year	28,520,525	$0.16	-	$0.00
Options issued during the year	-	$0.00	28,520,525	$0.16
Options exercised during the year	-	$0.00	-	$0.00
Options outstanding at the end of the year	28,520,525	$0.16	28,520,525	$0.16

The terms of the unissued ordinary options at 30 June 2021 are as follows

Number of options	*Exercise price*	*Expiry date*
28,520,525	$0.16	30 June 2023

No options have been granted subsequent to the reporting date and to the date of signing this report.

36 Share-based payments (continued)

(a) Options over Unissued shares (continued)

On 29 June 2020, the Company's shareholders approved the issue of 28,520,525 options to Zeta Resources Limited. The issue formed part of the consideration to arrange a $8.0 million unsecured subordinated loan from Zeta Resources Limited in the prior financial year. The Options have an expiry of 3 years from date of issue and a strike price of $0.16 per Panoramic share. An expense of $0.456 million was recorded in the prior financial year in relation to the options issued. The options have an expiry of 3 years from date of issue and a strike price of $0.16 per Panoramic share. The options were valued using the Black and Scholes options valuation methodology using an implied volatility of 66.6% and a risk free rate of 0.24%.

(b) Employee Share Plan

The Company's shareholders approved the "Incentive Options & Performance Rights Plan" ("2018 ES Plan") at the 2018 Annual General Meeting on 21 November 2018. Plan was approved for a three-year period.

Under the 2018 ES Plan, eligible participants are able to be granted Options and/or Performance Rights (collectively defined as "Awards"). Notwithstanding that the 2018 ES Plan includes the offer and granting of Options, in its discretion, the Remuneration Committee has determined that the grant of performance rights is the preferred LTI reward vehicle.

During the financial year 14,670,146 performance rights (30 June 2020: nil) were issued to employees (includes the rights issued to Mr Rajasooriar as noted in the section below), pursuant to the terms of the 2018 ES Plan. These performance rights vest on the measurement date and comprise tranches A and B in the table below. Included in the above issue, is 3,235,844 performance rights that were forfeited and cancelled in September 2020 following the resignation of Mr Michael Ball, the former Chief Financial Officer. A further 1,164,033 performance rights, included in the above issue, were forfeited in July 2021 following the retirement of the Company's geology manager Mr John Hicks.

On 17 November 2020, upon approval by the shareholders, the Company issued 7,416,488 performance rights to Mr Victor Rajasooriar (Managing Director & CEO) as per the terms of his Executive Services Agreement and pursuant to the terms of the 2018 ES Plan. These performance rights vest on the measurement date and comprise tranches C and D in the table below.

The performance conditions that the Board has determined will apply to the Performance Rights are summarised below:

Tranche	Amount	Weighting	Performance Conditions
A	1,813,415	25% of the Performance Rights	ATSR performance. Performance rights vest on a pro-rata scale from 25% to 100% for ATSR performance between 5% and 15%. (measured over the 3 year period to 30 June 2023)
B	5,440,244	75% of the Performance Rights	RTSR performance relative to a defined peer group. Performance rights vest on a stepwise basis from 25% to 100% for RTSR performance between 50th and 75th percentile. (measured over the 3 year period to 30 June 2023)
C	1,854,122	25% of the Performance Rights	ATSR performance. Performance rights vest on a pro-rata scale from 25% to 100% for ATSR performance between 5% and 15%. (measured over the 3 year period to 30 June 2023)
D	5,562,366	75% of the Performance Rights	RTSR performance relative to a defined peer group. Performance rights vest on a stepwise basis from 25% to 100% for RTSR performance between 50th and 75th percentile. (measured over the 3 year period to 30 June 2023)

The performance rights included in the above table do not include adjustments for the rights forfeited during the year.

36 Share-based payments (continued)

(b) Employee Share Plan (continued)

The fair value of the performance rights granted were determined using Monte Carlo simulation, a review of historical share price volatility and correlation of the share price of the Company to its Peer Group. The table below details the terms and conditions of the grant and the assumptions used in estimating fair value:

Item			
Grant date	11 September 2020	21 October 2020	17 November 2020
Number of ATSR rights	1,329,187	484,228	1,854,122
Number of RTSR rights	3,987,561	1,452,683	5,562,366
Value of underlying security at grant date	$0.081	$0.100	$0.095
Fair value per ATSR Right	$0.059	$0.070	$0.111
Total ATSR Expense for the period	$9,049	$8,109	$52,008
Fair value per RTSR Right	$0.057	$0.072	$0.107
Total RTSR Expense for the period	$27,560	$25,023	$150,403
Dividend yield	0%	0%	0%
Risk free rate	0.47%	0.30%	0.175%
Volatility	80%	80%	80%
Performance period(years)	3.0	3.0	3.0
Commencement of measurement period	1 July 2020	1 July 2020	1 July 2020
Test date	30 June 2023	30 June 2023	30 June 2023
Remaining performance period (years)	2.0	2.0	2.0
Maximum expense amount to be recognised in future period	$43,292	$101,198	$574,942

The movement in weighted average fair value ("WAFV") is shown in the table below:

	30 June 2020		30 June 2020	
	No.	WAFV	No.	WAFV
Rights outstanding at the start of the year	-	-	-	-
Rights issued during the year	14,670,146	$0.07	-	-
Rights vested during the year	-	-	-	-
Rights lapsed during the year	-	-	-	-
Rights forfeited during the year	(3,235,844)	$0.06	-	-
Rights outstanding at the end of the year	11,434,302	$0.07	-	-

At 30 June 2021, there were no rights that had vested during the year and were unissued at year end. At 30 June 2020 there were no rights on issue.

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 2 years (2020: nil).

(c) Expenses arising from share-based payment transactions with employees

The cost of equity-settled transactions is recognised, together with the corresponding increase in reserve, over the period in which performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the performance right ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:
(i) the extent to which the vesting period has expired; and
(ii) the number of performance rights that, in opinion of the directors of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for performance rights that do not ultimately vest, except for performance rights where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding performance rights is not reflected as additional share dilution in the computation of earnings per share.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were $0.304 million (2020: nil).

37 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts

	2021 $'000	2020 $'000
Balance sheet		
Current assets	23,114	34,785
Non-current assets	144,651	125,174
Total assets	167,764	159,959
Current liabilities	1,998	1,556
Non-current liabilities	4	218
Total liabilities	2,002	1,774
Shareholders' equity		
Contributed equity	353,550	353,550
Reserves	22,476	13,391
Accumulated losses	(210,264)	(208,756)
Capital and reserves attributable to owners of Panoramic Resources Limited	165,763	158,185
Loss for the year	(1,508)	22,320
Total comprehensive (loss)/income	(1,508)	22,320

(b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:
(i) leases of subsidiaries amounting to $6.183 million (2020: $28.107 million); and
(ii) the Group had no drawn bank facilities as at 30 June 2021 (2020: nil).

No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees, as the fair value of the guarantees was immaterial.

There are cross guarantees given by Panoramic Resources Limited and Savannah Nickel Mines Pty Ltd as described in note 32. No deficiencies of assets exist in either of these companies.

No liability was recognised by the parent entity or the Group in relation to the cross guarantees.

(c) Contingent liabilities of the parent entity

The parent entity and Group had contingent liabilities at 30 June 2021 in respect of bank guarantees put in place with a financial institution with a face value of $0.221 million (2020: $0.251 million).

38 Financial risk management

The Group's principal financial instruments comprise receivables, payables, leases, borrowings, cash and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for the identification and control of financial risks rests with the Audit and Governance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for hedging cover of commodity prices, foreign currency and interest rate risk, credit allowances and future cash flow forecast projections.

38 Financial risk management (continued)

(a) Foreign currency exchange rate risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases in a currency other than the entity's functional currency. There were no concentrate sales during the financial year as the Group's Nickel operation remained on care and maintenance. For the year ended 30 June 2020, 100% of the Group's sales were denominated in United States Dollars ("USD"). Most of the costs of the Group are denominated in Australian Dollars ("AUD"). The Group's functional currency is Australian Dollars.

The Group's income statement and balance sheet can be affected significantly by movements in the AUD/USD exchange rate. The Group seeks to mitigate the effects of its net foreign currency exposure by using derivative instruments, principally forward foreign currency exchange rate contracts and put and call options.

It is the Group's policy to, where practical, enter into derivative instruments to hedge foreign currency exposures once the likelihood of such exposures are highly probable, and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged items to maximise hedge effectiveness. The Group will follow its current policy of matching and hedging up to 80% of sales revenues in USD, where practical.

As at 30 June 2021, the Group had the following exposure to foreign currency.

	2021 $'000	2020 $'000
Trade receivables (USD)	-	2,417
Other receivables (CAD)	2,769	6,697
Net exposure	2,769	9,114

Sensitivity

The following sensitivities are based on the foreign currency risk exposures in existence at the balance sheet date.

USD: The +/- 10% (2020: +/- 10%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the AUD to the USD, for the preceding 5 years and management's expectation of future movements. As at 30 June 2021, the Group had no USD currency risk exposures.

CAD: The +/- 10% (2020: +/- 10%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the AUD to the CAD, for the preceding 5 years and management's expectation of future movements.

At 30 June 2021, there was no material exposure to foreign currency exchange rate risk.

Management believes the balance sheet date risk exposures are a representative estimate of the risk inherent in the financial instruments.

(b) Interest rate risk

The Group has put in place a Cash Management Policy to ensure that excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investments. The Group policy is to reduce and manage cash flow interest rate risk by ensuring a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available. The Group has no material exposure at 30 June 2021.

	2021		2020	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Deposits at call	0.2%	24,237	0.7%	31,164
Cash restricted or pledged	0.6%	221	1%	251
		24,458		31,415

38 Financial risk management (continued)

(c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

Disclosure of fair value measurements is by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) valuation techniques for which the lowest level input that is significant to the fair value measurement isdirectly or indirectly observable (level 2), and
(c) valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (level 3).

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities at 30 June 2021 and 30 June 2020.

At 30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through profit or loss:				
- Equity securities	12	-	-	12
Financial assets measured at fair value:				
Total assets	**12**	**-**	**-**	**12**

At 30 June 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through profit or loss:				
- Equity securities	767	-	-	767
- Trade receivables	-	2,417	-	2,417
Financial assets measured at fair value:				
Total assets	**767**	**2,417**	**-**	**3,184**

The fair values of trade receivables classified as financial assets at fair value through profit or loss are determined using market observable inputs sourced from the London Metal Exchange pricing index. These instruments are included in level 2.

38 Financial risk management (continued)

(c) Fair value measurements (continued)

The fair value of derivative financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These techniques include comparing contracted rates to market rates with the same length of maturity to determine the value of forward contracts and use of option pricing models to value put options. These instruments are included in level 2. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

(d) Commodity Price Risk

The Group's exposure to nickel prices was very high as approximately 80-85% of total revenue came from sale of nickel. Nickel was sold on the basis of nickel prices quoted on the London Metal Exchange.

Going forward, as the Group expects to resume nickel sale the profit and loss and balance sheet can be affected significantly by movements in nickel prices on the London Metal Exchange. The Group seeks to mitigate the effect of its nickel prices exposure by using derivative instruments, principally forward sales contracts and put and call options. The limits of hedging are set by the Board.

For the financial year ending 30 June 2021, the Group was not materially exposed to commodity price risk movements as no concentrate sales were made during the year. The Group had no derivative instrument transactions during the year.

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

The Group’s maximum exposure to credit risk at reporting date is in relation to each class of recognised financial assets, other than derivatives. The carrying amounts of these assets are as indicated in the balance sheet.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group‘s maximum credit risk exposure in relation to net settled derivatives is the total mark to market gain, should counterparts not honour their obligations. In the case of gross-settled derivatives, the maximum exposure is the notional value. Gross-settled derivatives are held with financial institutions with sound credit rating. As at 30 June 2021, the Group had no derivative financial instruments.

At 30 June 2020, the Group had a concentration of credit risk in that it depended on one major customer for a significant volume of revenue. As at 30 June 2021, there were no receivables due from the offtake counterparty.

Under the Group's risk management framework, each customer is analysed individually for creditworthiness on an ongoing basis in order to minimise the risk of default. The Group believes that its customers are of sound creditworthiness as evidenced by the compliance with the off-take agreement's payment terms over the life of each project. Refer to notes 7 and 8 for disclosures in relation to expected credit losses on financial assets carried at amortised cost.

38 Financial risk management (continued)

(f) Equity price risk

During the financial year ended 30 June 2021, the Group disposed of all share investments held in listed entities.

In the prior financial year, the Group was exposed to equity securities price risk. The fair value of these investments was based on quoted market prices.

The Group was not exposed to material movement in equity risk exposures during the financial year ended 30 June 2021.

(g) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding when necessary and the ability to close-out market positions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans (when required), leases and committed available credit lines.

The Group regularly monitors rolling forecasts of liquidity on the basis of expected cash flows.

The Group has put in place a Group Cash Management Policy to ensure that excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. This policy is reviewed and approved by the Board on a regular basis. When bank loans are used the Group's policy is to reduce and manage cash flow interest rate risk by ensuring a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2021	$'000	$'000	$'000	$'000	$'000
Trade payables	4,388	-	-	4,388	4,388
Lease liabilities	1,775	3,835	1,711	7,321	6,183
Total	**6,163**	**3,835**	**1,711**	**11,709**	**10,571**

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2020	$'000	$'000	$'000	$'000	$'000
Trade payables	3,396	-	-	3,396	3,396
Lease liabilities	1,328	4,885	2,312	8,525	7,251
Total	**4,724**	**4,885**	**2,312**	**11,921**	**10,647**