Panoramic Resources Limited

ABN: 47 095 792 288

ASX Code: PAN

Interim Financial Report for the half-year ended 31 December 2022

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

Current Reporting Period: Half Year Ended 31 December 2022

Previous Reporting Period: Half Year Ended 31 December 2021

Panoramic Resources Limited

Appendix 4D – Interim Financial Report
For the half-year ended 31 December 2022

Results for announcement to the market (Interim Financial Report)

	31-Dec 2022 $'000	31-Dec 2021 $'000	Change $'000	Change %
Revenue from ordinary activities	107,525	21,633	85,892	397%
(Loss) / Profit after tax from ordinary activities	(11,806)	1,202	(13,008)	1082%
(Loss) / Profit after tax attributable to members	(11,806)	1,202	(13,008)	1082%

Dividends

No dividend has been declared or paid to shareholders by the Company for the half year ended 31 December 2022.

Net Tangible Assets Per Share

	31-Dec-2022	31-Dec-2021
Net tangible asset backing ($ per share)	0.06	0.07
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

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

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

Commentary on the result for the period

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

Revenue and other income for ordinary activities

The Company's Savannah Nickel Project located in the East Kimberley of Western Australia is in the ramp-up phase of production after recommencing operations in the prior financial year.

The Savannah Nickel Project generated concentrate and shipping revenue for the half year totalling $107.53 million (2022: $21.63 million) from sales to the Company's offtake partner Sino Nickel Pty Ltd and Jinchuan Group Co. Ltd. During the half year, 39,936dmt of concentrate was sold and shipped comprising contained metal totalling 2,925t of nickel, 1,668t of copper and 204t of cobalt.

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

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 half year ended 31 December 2022, which accompanies this Financial Report.

The Group recorded a loss after tax for the half year ended 31 December 2022 of $11,806,000 (Dec 2021: profit after tax of $1,202,000).

Emphasis of matter

This Interim Financial Report is based on accounts which have been reviewed by the consolidated entity's Independent Auditor and which contain an Independent Auditor's Review that is subject to an emphasis of matter about the consolidated entity's ability to continue as a going concern. Note 2(b) of the "Notes to the Interim Financial Report" 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

Except for the matters noted above and subject to the requirements being applicable to the Company, all the disclosure requirements pursuant to ASX Listing Rule 4.2A.3 are contained within Panoramic Resources Limited's Interim Financial Report for the half-year ended 31 December 2022 which accompanies this Appendix 4D Announcement.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Panoramic Resources Limited during the interim reporting half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

www.panoramicresources.com

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

The financial statements were authorised for issue by the Directors on 21 February 2023.

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

ABN 47 095 792 288

Directors

Nicholas Cernotta	Independent Non-Executive Chair
Victor Rajasooriar	Managing Director and Chief Executive Officer
Peter Sullivan	Non-Executive Director
Rebecca Hayward	Independent Non-Executive Director
Gillian Swaby	Independent Non-Executive Director

Company Secretary

Susan Park	Company Secretary

Registered Office and Principal Place of Business

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Web: www.panoramicresources.com

Share registry

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Level 11, 172 St Georges Terrace
Perth WA 6000
Tel – (Australia): 1300 555 159
Tel – (Overseas): +61 3 9415 4062

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000
Australia

Home Exchange

Australian Securities Exchange
Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Code

Panoramic Resources Limited shares are listed on the Australian Stock Exchange (ASX).
The Company's ASX Code is: PAN

The Directors present their report on the consolidated entity (referred to as the Group) consisting of the parent entity, Panoramic Resources Limited (Panoramic or the Company), and the entities it controlled at the end of, or during, the half year ended 31 December 2022 (the reporting period) and the Auditor's review report thereon.

Directors

The names and details of the Company's Directors in office during the half-year and until the date of this report are set out below.

Name	Period of Directorship
Mr Nicholas Cernotta *Independent Non-Executive Chair*	Appointed 2 May 2018, Chair from 25 May 2020
Mr Victor Rajasooriar *Managing Director & Chief Executive Officer*	Appointed 11 November 2019
Mr Peter Sullivan *Non-Executive Director*	Appointed 1 October 2015
Ms Rebecca Hayward *Independent Non-Executive Director*	Appointed 21 June 2018
Ms Gillian Swaby *Independent Non-Executive Director*	Appointed 8 October 2019

Operational and Financial Review

The Group's performance during the half-year ended 31 December 2022 is set out in the following sections. The financial results shown below were prepared under the Australian Accounting Standards.

Financial Performance

The Group recorded a loss after tax for the half-year ended 31 December 2022 of $11,806,000 (Dec 2021: profit after tax of $1,202,000). The results for the half-year reflect the continuation of the ramp-up in production at the Savannah Nickel Project following the project's re-start in July 2021 and subsequent achievement of commercial production in April 2022. As at 31 December 2022, production from the Savannah Nickel Project had not yet reached design levels.

Revenue and other income

Revenue includes concentrate sales and other income. Revenue for the half-year totalled $107.53 million (Dec 2021: $21.63 million) which is an increase of $85.89 million when compared to the prior half-year. The increase in revenue is due to the ramp-up in concentrate production and the resulting completion of five concentrate shipments / sales (Dec 2021: one shipment) in the half year. Revenue was also supported by higher commodity metal prices and lower foreign exchange rates that were realised in the current half-year.

Review of Operations - Savannah Nickel Project

The Savannah Nickel Project located in the East Kimberly of Western Australia continued to progress the ramp-up of mine production towards design levels, in the six-month period to 31 December 2022. Month-on-month productivity gains were achieved from the underground mine with mined ore production increasing from 50,828t in July 2022 to 72,270t in December 2022. With improving ore delivery to the processing plant monthly concentrate production also increased over the half-year. Design production levels from mining operations are forecast to be achieved in the June 2023 quarter for the first time since re-starting the project.

Overview

Key production achievements for the six months to 31 December 2022 are summarised in the following table:

Key Production Statistics – 6 months	Tonnes	Grade (% Ni)	Contained Nickel (t)	Contained Copper (t)	Contained Cobalt (t)
Mined ore	329,284	1.07	3,538	1,758	218
Milled ore	331,084	1.07	3,551	1,761	221
Concentrate produced (dmt)	38,285	7.46	2,856	1,647	192
Concentrate sales (dmt)	39,936	7.32	2,925	1,668	204

Operational and Financial Review (continued)

Five concentrate shipments were achieved in the six months to 31 December 2022 totalling 39,936dmt of concentrate containing 2,925t of nickel metal. Concentrate and shipping revenue (inclusive of all metals Ni, Cu and Co) totalled US$65.53 million (A$97.97 million).

Total site expenditure for the half-year net of by-product credits (metals: Cu and Co) was $83.5 million.

Savannah site operating C1 expenditure (cash basis net of by-product credits) was $58.6 million, which results in a C1 cash cost per pound of payable nickel of A$11.86/lb.

Costs were impacted during the half-year by the ongoing effects of elevated pricing for diesel, freight (land and sea) and labour. Price escalation has also impacted the cost of some major consumable items in the processing area of the operation.

In December, as planned, higher costs were incurred for mine ventilation and cooling following the commencement of the wet season. Contractor mining fleet availability was lower than planned in the December 2022 quarter which impacted mine productivity.

Unit costs also reflect the continuation of ramp-up activities towards design production volumes within the underground mine and processing plant.

Expenditure on sustaining capital inclusive of plant and equipment and mine development totalled $9.3 million, which results in a AISC unit cost per pound of payable nickel of $13.75/lb. Mine development since the re-start has been accelerated so as to progress the development front well beyond the short/medium term mining requirements in Savannah North. The Company instructed the mining contractor to demobilise from site one jumbo development machine in December 2022, as the required development advance had been achieved.

Growth expenditure and in-mine exploration costs were $15.6 million which results in an AIC unit cost per pound of payable nickel of $16.91/lb. Drilling, development and capital works were progressed on the newly discovered Savannah Extension (below the historical workings) during the December 2022 quarter. Mine planning and associated capital works will continue through to June 2023 in order to progress this area into production.

The following table summarises unit cost performance for the six-months to 31 December 2022:

Unit costs	Units	Sept Qtr 2022	Dec Qtr 2022	FY2023 YTD
C1	A$/lb	11.92	11.81	11.86
AISC	A$/lb	13.80	13.71	13.75
AIC	A$/lb	17.89	16.06	16.91

Underground Mining

A total of 329,285 tonnes of ore was mined during the half-year comprising grades of 1.07% Ni, 0.53% Cu and 0.07% Co. This result is a 46% increase (tonnes basis) on the previous six-month period to 30 June 2022. Ore was sourced from both Savannah North (62% or 205,670t) and Savannah remnants (38% or 123,614t) during the half-year. Ore production in the month of December 2022 totalled 72,270t being the highest monthly volume achieved since the re-start.

Total material movement (ore and waste) for the half-year was 451,381t.

By the end of December 2022, four active stoping levels had been established within the underground mine. The ramp-up to design production rates will see the number of concurrent active levels increase to five, over the period to June 2023.

Paste fill production and delivery continues in line with planned requirements with 75,200m^3 of paste poured during the six-month period to December 2022.

During the December quarter, the mining contractor experienced lower than planned fleet availability (trucks 78% vs 85%, loaders 70% vs 80%). The underperformance was largely due to premature component failures and lack of available onsite spares. As a result, the mining schedule was modified in the quarter to target easily accessible areas of the mine, which will result in the re-scheduling and deferral of some higher-grade stopes from the second half of FY2023 to FY2024. Higher equipment availability was achieved in December 2022 following the implementation of an improvement plan.

Lateral development (opex and capex) in the half-year to 31 December 2022 totalled 2,446m with 54% of the metres being achieved in the September quarter. A reduced development rate is scheduled for the next 12 months with no negative impacts on future ore production from the mine.

Operational and Financial Review (continued)

Development and capital works were undertaken in the newly defined Savannah Extension area (below the historical workings), which included remediation works to rectify a partially failed vent rise (failure occurred in FY2016 due to mining activities). Steps have been taken to recover the ventilation rise and development is expected to resume in the March quarter.

The following table summarises mine production performance for the six-months to 31 December 2022:

Physical	Units	Sep Qtr 2022	Dec Qtr 2022	FY2023 YTD
Jumbo development	m	1,304	1,142	2,446
Ore mined	dmt	151,045	178,239	329,284
Ni grade	%	1.08	1.07	1.07
Ni Metal contained	dmt	1,636	1,902	3,538
Cu grade	%	0.57	0.51	0.53
Co grade	%	0.06	0.07	0.07

Processing

Ore milled for the half-year totalled 331,084t at grades of 1.07% Ni, 0.53% Cu and 0.07% Co.

Concentrate produced totalled 38,285dmt grading 7.46% Ni, 4.30% Cu and 0.50% Co. Contained metal in concentrate totalled 2,856t of nickel, 1,647t of copper and 192t of cobalt. All concentrate produced during the half-year was in compliance with the required offtake specifications and limits.

Nickel and cobalt recoveries improved during the half-year achieving Ni 80.82% Cu 93.23% and Co 88.06% in the December 2022 quarter.

Manning levels within processing and maintenance improved during the half-year with our main contractor Primero becoming less reliant on sub-contractors. This improved stability in the workforce has resulted in more consistent and reliable running of the plant. Plant availability and utilisation improved over the half-year to December 2022. A five-day shutdown was undertaken in November 2022 for planned maintenance. The shutdown was completed on time achieving the completion of the planned work.

Cambridge Gulf Limited provides road haulage services to transport concentrate from the mine at Savannah to the port of Wyndham where the Company maintains a purpose-built storage shed and loading facility. Concentrate hauled for the half-year totalled 43,218wmt. This was achieved safely and without incident.

The following table shows the quarterly physicals achieved during the six-month period to December 2022:

Area	Details	Units	Sept Qtr 2022	Dec Qtr 2022	FY2023 YTD
Milling	Ore milled	dmt	154,196	176,888	331,084
	Ni grade	%	1.08	1.07	1.07
	Cu grade	%	0.56	0.50	0.53
	Co grade	%	0.07	0.07	0.07
	Ni recovery	%	79.98	80.82	80.43
	Cu recovery	%	93.80	93.23	93.51
	Co recovery	%	85.80	88.06	87.02
Concentrate Production	Concentrate	dmt	18,010	20,274	38,285
	Ni grade	%	7.39	7.52	7.46
	Ni Metal contained	dmt	1,332	1,524	2.856
	Cu grade	%	4.54	4.09	4.30
	Cu Metal contained	dmt	817	830	1,647
	Co grade	%	0.48	0.52	0.50
	Co Metal contained	dmt	87	105	192

Operational and Financial Review (continued)

Port Operations and Shipments

Five shipments were completed in the half-year resulting in the sale of concentrate totalling 39,936dmt containing 2,925t of nickel, 1,668t of copper and 204t of cobalt.

At 31 December 2022, unsold concentrate stocks on hand totalled 3,507wmt.

The following table shows the quarterly physicals achieved during the six-month period to December 2022:

Area	Details	Units	Sept Qtr 2022	Dec Qtr 2022	FY2023 YTD
Concentrate Shipments	Concentrate	dmt	16,135	23,810	39,936
	Ni grade	%	7.25	7.37	7.32
	Ni Metal contained	t	1,170	1,755	2,925
	Cu grade	%	4.17	4.18	4.18
	Cu Metal contained	T	672	996	1,668
	Co grade	%	0.47	0.54	0.51
	Co Metal contained	t	77	128	204

Derivatives

The Group actively manages USD nickel price risk for each concentrate shipment by protecting a portion of the nickel cash flow received from provisional invoicing. The Group's policy allows nickel derivative protection (forward contracts) up to 95% of the estimated payable volume in each shipment. This leaves the Company with a modest exposure to movements in the nickel price. The intent of these derivatives is to manage metal pricing risk and cash flow during the period from provisional invoice / cash receipt through to final invoice following the Quotation Period (QP).

In accordance with the Company's policy, USD forward contracts with Macquarie Bank and National Australia Bank were executed during the half-year for 2,022t of nickel metal achieving an average price of US$24,481/t.

As at 31 December 2022 outstanding derivatives total 1,339t and represent 60% of the contained metal in shipments that have not been finalised. The average price achieved for these unsettled derivatives is US$25,575/t.

The following table shows the delivery profile for unsettled derivatives as at 31 December 2022.

Nickel Derivatives		Jan-23	Feb-23	Mar-23	Apr-23
Volume	t	470	440	369	60
Settlement Price	US$/t	22,355	26,354	27,993	30,212

The unrealised mark-to-market loss on these derivatives at 31 December 2022 is A$8.1 million (Dec 2021: A$0.5 million).

At 31 December 2022 a Trade Receivable fair value gain (realised and unrealised) totalling $9.22 million has been recognised on concentrate sales not finalised at the half-year end. These Trade Receivables are subject to the completion of a QP and have an offsetting (up to 95% of the estimated payable nickel volume) derivative contract, as noted above.

Subsequent to 31 December 2022, a further 682t of nickel derivatives have been executed at an average price of US$28,341/t. These derivatives settle in March and April 2023.

Savannah Nickel Project – in-mine exploration activities

An updated Mineral Resource Estimate (MRE) and Ore Reserve for the Savannah North deposit was completed in the September 2022 quarter (refer to ASX announcement 29 September 2022). As a result, the MRE for the Savannah Nickel Project (in total) is 13.88 million tonnes grading 1.52% Ni, 0.69% Cu and 0.10% Co for a total contained metal in Resource of 211,200t Ni, 95,300t Cu and 13,900t Co. The MRE is current as of 1 July 2022. All MREs for the project are reported to 2012 JORC standards and at a cut-off grade of 0.50% Ni.

The first phase of infill underground resource definition drilling at Savannah was completed during the September 2022 quarter. This phase of the program commenced in June 2022 and tested the Savannah orebody above the 900 Fault. The program was undertaken from the recently developed 1425 level drill drive providing much improved drill angles to evaluate the Savannah orebody in this area. Initial results from the drill program indicated better than modelled mineralisation thicknesses and significant mineralised extensions along strike and down-plunge beyond the limits of the current Savannah resource model.

Drilling below the Savannah orebody 900 fault commenced in the September quarter and will continue into the March 2023 quarter.

Operational and Financial Review (continued)

In the December 2022 quarter, Savannah North grade control drilling was undertaken primarily from the dedicated diamond drill platform on the 1321 level targeting the resource between the 1340 to 1280 levels. Some minor infill drilling was also completed on the 1400 level. Good ground conditions allowed for high meterage rates. A total of 49 drill holes for 6,022m was completed.

Corporate Activities Review

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

Significant events of the consolidated entity during the half-year ended 31 December 2022 of a corporate nature were as follows:

Debt funding

The Company has a secured debt facility with Trafigura Group Pte Ltd (Trafigura) totalling US$45.0 million. The facility comprises two tranches.

The first tranche is a five-year US$30.0 million Prepayment Loan Facility (PLF) that was drawn down in September 2021. Principal repayments commenced in August 2022 in accordance with an agreed minimum monthly repayment schedule. The PLF has a term to 31 July 2026 based on scheduled minimum monthly repayments. PLF debt repayments made to 31 December 2022 total US$2.25 million.

The second tranche is a US$15.0 million Revolving Credit Facility (RCF). The facility was drawn down in full on 24 August 2022. The facility revolves or is repaid (in part or whole) on a three-month interval and can be revolved on a cashless basis at the Company's election. As at 31 December 2022 the RCF was drawn to US$15.0 million. The initial availability period for the RCF was to 24 March 2023. On 19 October 2022 the Company announced to the ASX that Trafigura had agreed to extend the RCF availability period by nine months to 31 December 2023.

The Company's total drawn debt under the facility at 31 December 2022 is US$42.75 million.

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

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 a 100% interest in the Thunder Bay North PGM Project situated in Northern Ontario, Canada. The purchase agreement for this transaction included, in part, sale consideration to be received on a deferred basis totalling C$4.5 million. This 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. On 20 December 2022, Clean Air Metals elected to pay the Company the final deferred instalment totalling C$1.5 million. The final instalment was due to be received in May 2023.

Regional exploration

There was no regional surface drilling conducted during the half-year. Follow-up down hole electromagnetic surveys (DHEM) in holes SMD190 in the Stoney Creek Intrusion and SMD191 and SMD192 in the Northern Ultramafic Granulite Intrusion are planned for 2023. All three holes have been cased in preparation for DHEM and will be surveyed in combination with the underground holes through the Savannah Extension.

The Company is planning exploration of the Norton Intrusion which is located 15km north of Savannah within E80/5238. The Norton Intrusion is situated in the heritage areas of the Baula-Wah and Yurriyangem Taam groups within Violet Valley Aboriginal Reserve 13944. The Company plans to commence exploration over the Norton Intrusion in CY2023 following approval from the respective heritage groups and also ministerial and environmental bodies. The first heritage survey over the Nortons intrusion is planned in the first quarter of CY2023.

The Norton intrusion is potentially prospective for magmatic nickel sulphide mineralisation, similar to the Savannah and Savannah North deposits. Exploration to date has been limited to surface mapping and selective rock sampling, however the Norton intrusion has never been drill tested. The Company plans to conduct a series of moving-loop electromagnetic surveys (MLEM) in preparation for diamond drilling. Diamond drill holes have been planned to drill through and test the base of the intrusion and to be used as platform holes for follow-up DHEM surveying.

There were no other significant regional exploration activities during the half-year.

Significant events after the reporting date

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

Likely developments and expected results

Comments on likely developments and expected results of operations of the Group are included in this financial report under 'Operational and Financial Review'.

Operational and Financial Review (continued)

<u>Corporate Activities Review (continued)</u>

Indemnification and insurance of Directors, Officers and Auditors

Indemnification

The Company indemnifies each of its Directors and Officers, including the Company Secretary, to the maximum extent permitted by the Corporations Act from liability to third parties and in defending legal and administrative proceedings and applications for such proceedings, except where the liability arises out of conduct involving lack of good faith.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of a conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavour to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal. The Directors of the Company are not aware of any such proceedings or claim brought against Panoramic Resources Ltd as at the date of this report.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). However, the indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of financial year.

Insurance premiums

During the period, 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.

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

The amounts contained in this financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the review of the Financial Report for the half-year ended 31 December 2022. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

Non-audit services

There were no non-audit services provided to the Group by the Company's auditor, Ernst & Young during the year.

Victor Rajasooriar
Managing Director

Perth, 21 February 2023

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 review of the half-year financial report of Panoramic Resources Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

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

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

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

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
21 February 2023

Interim Financial Report

For the half-year ended 31 December 2022

	Note	31 Dec 2022 $000	31 Dec 2021 $000
Revenue	4	107,525	21,633
Cost of sales	6	(102,583)	(17,761)
Gross profit		**4,942**	**3,872**
Other income	5	224	2,145
Corporate and other expenses	6	(3,642)	(3,114)
Exploration and evaluation expenditure		(244)	(178)
Unrealised loss on commodity forward contracts		(7,852)	-
Change in fair value of financial assets at fair value through profit or loss		1	(521)
(Loss) / profit before net finance expense and income tax expense		**(6,571)**	**2,204**
Finance income	7	409	110
Finance expense	7	(5,644)	(1,112)
(Loss) / profit before income tax expense		**(11,806)**	**1,202**
Income tax expense		-	-
(Loss) / profit for the half-year		**(11,806)**	**1,202**
Attributable to:			
Owners of Panoramic Resources Limited		(11,806)	1,202
		(11,806)	1,202
Earnings per share (EPS):			
Basic (loss) / earnings per share attributable to ordinary equity holders (cents)		(0.6)	0.0
Diluted (loss) / earnings per share attributable to ordinary equity holders (cents)		(0.6)	0.0

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

	31 Dec 2022 $000	31 Dec 2021 $000
Net (loss) / profit for the year	**(11,806)**	**1,202**
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive (loss) / income for the half-year, net of tax	**(11,806)**	**1,202**
Attributable to:		
Equity holders of the parent	(11,806)	1,202
	(11,806)	**1,202**

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

	Note	31 Dec 2022 $000	30 Jun 2022 $000
CURRENT ASSETS			
Cash and cash equivalents	8	27,098	21,757
Trade and other receivables	9	11,969	3,797
Inventories	10	10,877	12,835
Prepayments		1,846	2,509
Derivative financial instruments	16	-	4,992
Total current assets		**51,790**	**45,890**
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss		7	6
Exploration and evaluation assets	17	5,551	5,551
Property, plant and equipment	18	26,983	25,686
Development and mineral properties	17	195,169	193,566
Right-of-use assets	18	31,769	29,819
Other financial assets		291	291
Total non-current assets		**259,770**	**254,919**
TOTAL ASSETS		**311,560**	**300,809**
CURRENT LIABILITIES			
Trade and other payables	11	20,325	28,937
Borrowings	12	35,078	8,644
Derivative financial instruments	16	8,128	-
Lease liabilities	13	12,789	9,886
Provisions	19	850	1,833
Total current liabilities		**77,170**	**49,300**
NON-CURRENT LIABILITIES			
Borrowings	12	28,949	36,072
Lease liabilities	13	22,609	21,929
Provisions	19	20,522	19,898
Total non-current liabilities		**72,080**	**77,899**
TOTAL LIABILITIES		**149,250**	**127,199**
NET ASSETS		**162,310**	**173,610**
EQUITY			
Contributed equity		353,550	353,550
Reserves		23,651	23,145
Accumulated losses		(214,891)	(203,085)
TOTAL EQUITY		**162,310**	**173,610**

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

	Note	Contributed equity $000	Option and share-based payment reserve $000	Accumulated losses $000	Total equity $000
At 1 July 2022		**353,550**	**23,145**	**(203,085)**	**173,610**
Loss for the half-year		-	-	(11,806)	(11,806)
Total comprehensive loss for the half-year		-	**-**	**(11,806)**	**(11,806)**
Performance rights issued		-	**506**	**-**	**506**
Balance at 31 December 2022		**353,550**	**23,651**	**(214,891)**	**162,310**

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

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

	Note	31 Dec 2022 $000	31 Dec 2021 $000
Cash flows from operating activities			
Cash receipts from customers		95,048	260
Cash paid to suppliers and employees		(87,252)	(15,180)
Net cash inflow / (outflow) from operating activities		**7,796**	**(14,920)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	2,568
Payments for plant and equipment, including assets under construction		(1,250)	(3,642)
Payments for development costs		(13,520)	(34,109)
Proceeds from sale of subsidiary (net of cost) – in a prior year		1,603	-
Interest received		409	110
Net cash outflow from investing activities		**(12,758)**	**(35,073)**
Cash flows from financing activities			
Proceeds from borrowings		21,723	41,113
Repayment of borrowings		(3,802)	-
Payments for leased assets		(5,846)	(3,610)
Interest paid on borrowings		(1,772)	-
Capitalised borrowing costs		-	(586)
Net cash inflow from financing activities		**10,303**	**36,917**
Net increase/(decrease) in cash and cash equivalents		**5,341**	**(13,219)**
Cash and cash equivalents at the beginning of the period		21,757	24,237
Cash and cash equivalents at the end of the period	8	27,098	11,018

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

Index – notes to the Interim Financial Report

Corporate information and basis of preparation

1. Corporate information

The consolidated interim financial report of Panoramic Resources Limited ("Panoramic" or the "Company") and the entities it controlled (collectively, the "Group") for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 21 February 2023.

The Company is a for-profit Company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX: PAN).

The nature of the Group's operations and principal activities are described in the Directors' Report.

2. Basis of preparation

The consolidated interim financial report of the Group has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. It does not include all the notes of the type normally included in annual financial statements. Accordingly, it needs to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Listing Rules of the ASX.

The report is presented in Australian dollars ($) and all values are rounded to the nearest thousand dollars unless otherwise stated, in accordance with the Australian Securities and Investment Commission Corporations Instrument 2016/191.

The accounting policies adopted are consistent with those of the Group's annual consolidated financial statements for the year ended 30 June 2022 and corresponding 31 December 2021 interim reporting period.

(a) Changes in accounting policies and disclosures

During the interim half-year period, there were no new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that required the Group to change its accounting policies.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

(b) Going concern basis

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

As at 31 December 2022, the Group had a working capital deficit of $25.38 million (30 June 2022: $3.41 million deficit) due to a current liability for debt repayments totalling $35.08 million that are payable to Trafigura under the secured loan facility. These debt repayments comprise Prepayment Loan Facility (PLF) forecast monthly repayments to be paid over the period January 2023 to December 2023 and the full repayment of the Revolving Credit Facility (RCF) totalling A$22.14 million (US$15.0 million) on or before 31 December 2023.

In addition, the Group made an after-tax loss of $11.81 million and had cash outflows from operation and investment activities of $4.96 million for the six-month period ended 31 December 2022.

Notwithstanding the above, the directors consider it appropriate to prepare the financial statements on a going concern basis having regard to the following pertinent matters:

(i) The Group held cash on hand at 31 December 2022 of $27.1 million (30 June 2022 $21.76 million).

(ii) The Group is expected to start generating positive cashflow from the Savannah Nickel Project in FY2024.

(iii) Underground mining operations continued to progress the ramp-up of production during the period. Month-on-month productivity gains were achieved with mined ore production increasing from 50,828t in July 2022 to 72,270t in December 2022. Design production levels are forecast to be achieved in the June 2023 quarter for the first time since re-starting the project.

(iv) Concentrate production during the period was mine constrained. Future production will increase in line with the progress made to ramp-up underground mine production. Five concentrate shipments were completed in the half-year totalling 39,936dmt of concentrate for a sale value of $107.53 million (includes shipping revenue, provisional and / or final invoicing). Subsequent shipments have been either completed or scheduled / confirmed for January (departed 14 January 2023), February (departed 15 February 2023) and March 2023. In late February 2023, concentrate sales commence with Trafigura with the first shipment planned for mid-March 2023. Offtake terms under the Trafigura contract are more favourable than the expiring Jinchuan arrangements.

2. Basis of preparation (continued)

(b) Going concern basis (continued)

(v) In October 2022, Trafigura agreed to extend the US$15.0 million RCF availability period by nine months to 31 December 2023. It is the Company's intention to arrange a new revolving credit facility to replace the RCF. If required, the Company may request a further extension of the RCF availability period (beyond 31 December 2023) from Trafigura. The facility remains in good standing. There were no breaches of facility terms, conditions or covenants during the half year and the Company is in compliance with facility covenants at the date of this report.

The achievement of the Group's 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. Should this not occur it is likely that the Group will require additional capital and/or be required to refinance or renegotiate its current finance facilities to be able to continue to fund ongoing operations at the Savannah Nickel Project.

The Directors are satisfied there is a reasonable basis that the Group will be able to achieve the matters set out above, and thus it is appropriate to prepare the financial statements on a going concern basis. In the event that the Company is unable to achieve the matters set out above to enable the group to have sufficient funding for ongoing operating, capital and debt repayment 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) Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing the performance and determining the allocation of resources.

The Group is organised into one operating segment, being mineral production, exploration and development at the Savannah Nickel Project. Accordingly, all significant operating decisions are based upon an analysis of the Group as one segment. The financial results of this segment are equivalent to the consolidated financial statements as a whole.

The Company operated in one geographical area being Australia.

The Group's revenue (refer to Note 4 for details) arises from sales to customers located in China. In the 2022 financial year, one customer individually accounted for 100% of total revenue during the half-year.

3. Information relating to subsidiaries.

		% equity interest	
Name	**Country of incorporation**	**31 Dec 2022**	**30 Jun 2022**
Savannah Nickel Mines Pty Ltd.	Australia	100	100
Pan Transport Pty Ltd	Australia	100	100
Pindan Exploration Company Pty Ltd	Australia	100	100
Mt Henry Gold Pty Ltd	Australia	100	100
Mt Henry Mine Pty Ltd	Australia	100	100
Magma Metals Pty Limited	Australia	100	100

4. Revenue

	31 Dec 2022 $000	31 Dec 2021 $000
Revenue		
Revenue from sale of concentrate	91,741	19,516
Revenue from shipping services	6,228	1,142
	97,969	**20,658**
Realised fair value gain on receivables subject to QP adjustment	5,859	-
Unrealised fair value gain on receivables subject to QP adjustment	3,697	975
Total revenue	**107,525**	**21,633**

For the half-year ended 31 December 2022, the Company had $107.525 million in revenue derived from the sale of goods to one external customer located in China (Dec 2021: $21.633 million).

Recognition and measurement

The Group's principal revenue is from the sale of concentrate containing nickel, copper and cobalt. The Group also earns revenue from the provision of shipping services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer and at the amount that reflects the consideration to which the Group expects to receive in exchange for those goods or services.

The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

5. Other income

	31 Dec 2022 $000	31 Dec 2021 $000
Net gain on disposal of property, plant and equipment	-	1,811
Foreign exchange gain / (loss)	58	(7)
Sundry Income	166	341
Total other income	**224**	**2,145**

6. Expenses

	31 Dec 2022 $000	31 Dec 2021 $000
Cost of sales		
Cash costs of production	67,145	21,213
Shipping costs	9,214	2,070
Royalties	4,373	1,036
Inventory movement	2,880	(6,558)
Depreciation and Amortisation	18,971	-
Total cost of sales	**102,583**	**17,761**

	31 Dec 2022 $000	31 Dec 2021 $000
Corporate and other expenses		
Corporate and administration	1,959	1,706
Employee remuneration and benefits expensed	1,419	1,151
Depreciation – property, plant and equipment not used in production	264	257
Total corporate and other expenses	**3,642**	**3,114**

7. Finance income and expense

	31 Dec 2022 $000	31 Dec 2021 $000
Finance income		
Interest income	409	110
Total finance income	**409**	**110**
Finance expense		
Interest on lease liabilities	(670)	(478)
Interest on debt and borrowings	(2,737)	(59)
Accretion interest on rehabilitation provision	(397)	(186)
Foreign exchange loss	(1,834)	(185)
Facility fees and charges	(6)	(204)
Total finance expense	**(5,644)**	**(1,112)**

8. Cash and cash equivalents

	31 Dec 2022 $000	30 Jun 2022 $000
Cash at bank and on hand	27,098	21,757
	27,098	**21,757**

Recognition and measurement

Cash and cash equivalents in the consolidated balance sheet and consolidated statement of cash flows comprise of cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash with insignificant risk of change in value. The carrying amount for cash and cash equivalents equals the fair value.

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 assets.

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.

9. Trade and other receivables

	31 Dec 2022 $000	30 Jun 2022 $000
Current		
Trade receivables- at fair value	9,222	-
GST and fuel tax credit receivable	2,354	2,090
Other receivables- at amortised cost	393	1,707
Total current	**11,969**	**3,797**

Recognition and measurement

Receivables are classified at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss. The classification of receivables at initial recognition depends on the receivables' contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables the Group initially measures a receivable 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 initially measured at the transaction price determined in accordance with the accounting policy for revenue.

In order for a receivable to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

There are no contract assets, for which consideration is conditional that have been recognised from contracts with customers.

All receivables are current and not past due.

Trade receivables (continued)

Trade receivables are subject to provisional pricing and are exposed to the commodity price risk which causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of the recognition of the corresponding sale, with the subsequent movements in fair value being recognised in the comprehensive income statement.

Under the current offtake agreement, on presentation of ship loading documents and the provisional invoice, the customer settles 100% of the provisional sales invoice value within approximately 7 days. At the conclusion of the provisional pricing period a final invoice is issued with the difference between the provisional value and final value settled in approximately 5 days upon presentation of the final invoice. Sales are invoiced and received in US dollars (US$).

As at 31 December 2022, there were $9.22 million (2021: nil) trade receivables due to the Company. A current receivable has been recognised for the fair value measurement of provisional concentrate sales not finalised at year end. The receivable has been estimated using forward market commodity prices at 31 December 2022 for nickel US$29,529/t, copper US$8,371/t and cobalt US$48,484/t. A realised and unrealised fair value gain adjustment totalling $9.222 million (Jun 2022: $10.41 million unrealised loss) is receivable from the Company's offtake customer.

The amount of realised fair value changes recognised in the income statement during the half-year ended 31 December 2022 (on account of current year concentrate sales) was $5.86 million (December 2021: nil).

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.

10. Inventories

	31 Dec 2022 $000	30 Jun 2022 $000
Current		
Nickel ore stocks on hand	891	-
Concentrate stocks on hand	5,569	9,340
Stores and consumables	4,417	3,495
Total	**10,877**	**12,835**

Recognition and measurement

Stores, consumables, ore and concentrate stocks are stated at the lower of cost and net realisable value.

For ore and concentrate inventory, costs are assigned to individual items of inventory on the basis of weighted average costs. Costs include direct materials, direct labour and a proportion of variable and fixed overhead expenditure which is directly related to the production of inventories to the point of sale.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories expected to be processed or sold within twelve months after the balance sheet date, are classified as current assets.

Product inventory movement during the half-year ended 31 December 2022 amounted to an expense of $72.33 million (Jun 2022: $66.42 million) and is disclosed as part of costs of sales in Note 6.

11. Trade and other payables

	31 Dec 2022 $000	30 Jun 2022 $000
Current		
Trade and other payables – at amortised cost	3,989	3,768
Trade payables – at fair value	-	10,413
Accrued expenses	16,336	14,756
Total	**20,325**	**28,937**

Recognition and measurement

Trade and other payables 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. The amounts are generally unsecured and are usually paid within 60 days of recognition. They are initially measured at fair value and subsequently carried at amortised cost. The carrying value ofthese payables approximates their fair value.

12. Borrowings

	31 Dec 2022 $000	30 Jun 2022 $000
Current liabilities		
External loan	35,078	7,528
Other loans	-	1,116
Total current liabilities	**35,078**	8,644
Non-current liabilities		
External loan	28,949	36,072
Other loans	-	-
Total non-current liabilities	**28,949**	**36,072**

Recognition and measurement

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.

External Loans

The Group has a secured loan facility with Trafigura for US $45.0 million. 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 was drawn down on 24 September 2021 and has a five-year term through to 31 July 2026. Debt service under this tranche was interest only to 31 July 2022 thereafter loan repayments commenced based on either an agreed schedule of minimum monthly repayments or (if greater from May 2023) a variable amount that is aligned with concentrate shipments, calculated based on a percentage of the payable value of the cargo. Debt repayments to the PLF since initial draw down total US$2.25 million as at 31 December 2022.

The RCF was drawn down in full on 24 August 2022. The facility revolves or is repaid (in part or whole) on a three-month interval and can be revolved on a cashless basis at the Company's election. Repayment can be by way of a final bullet repayment of US$15.0 million at the end of the facility term (RCF Tranche only). The initial availability period for the RCF was to 24 March 2023. On 19 October 2022 the Company announced to the ASX that Trafigura had agreed to extend the RCF availability period by nine months to 31 December 2023.

Both facilities are subject to the same base interest rate and interest margin. In October 2022 the Company advised the ASX that the base interest rate had transitioned from three-month LIBOR to its replacement SOFR. The facilities have no ongoing commitment fees. There are no requirements to undertake commodity hedging. At the Company's election, the facility can be repaid in full (ahead of schedule) without penalty.

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

The facility has a limited number of financial and reporting covenants that are largely aligned with the ASX disclosure requirements for half-year and full-year reporting. At 31 December 2022, the Company was in compliance with these requirements.

The carrying value of the PLF at 31 December 2022 is A$40.96 million (US$27.75 million). A $0.79 million (Jun: 2022: $2.44 million) unrealised foreign currency loss has been recognised in the income statement at 31 December 2022 as a result of AUD:USD exchange rate movements since the start of the period.

The carrying value of the RCF at 31 December 2022 is A$22.14 million (US$15 million) and has been classified as a current liability. A $0.42 million (Jun 2022: nil) unrealised foreign currency loss has been recognised in the income statement at 31 December 2022 as a result of AUD:USD exchange rate movements since the RCF was drawn down.

During the half-year, the Group incurred interest expenses totalling A$2.71 million (US$1.82 million) on account of the PLF and RCF.

The PLF current liability portion has been determined using an estimate of the potential debt repayments that will be due from May 2023. From May 2023, monthly repayments will be the higher of either a fixed agreed scheduled amount or a variable amount that is aligned with concentrate shipments, calculated based on a percentage of the payable value of the cargo. The factors requiring judgement to estimate the variable amount include the likelihood of completing a shipment in the month, the size of the cargo, metal commodity prices and payabilities.

13. Lease Liabilities

	31 Dec 2022 $000	30 Jun 2022 $000
Current	12,789	9,886
Non-current	22,609	21,929
Total	**35,398**	**31,815**

In the half-year to December 2022, lease liabilities had an average term of 2.6 years (Jun 2022: 3.3 years).

Movement in Lease Liabilities	31 Dec 2022 $000	30 Jun 2022 $000
Additions	8,759	36,677
Interest expense	670	1,320
Payments	(5,846)	(9,707)
Disposals	-	(2,658)
Total	**3,583**	**25,652**

Recognition and measurement

Lease liabilities – Group as Lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between one and ten years, while motor vehicles and other equipment generally have lease terms between one and five years.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. 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 applies the short-term lease recognition exemption 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 to leases that are considered of low value. 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.

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.

Lease liabilities include right-of-use assets for the onsite power station at the Savanah Nickel Project, Barminco mining equipment, buses, loaders, fuel storage system, storage and ship loading facilities at the Wyndham port and the rental of the corporate office space in Perth.

14. Dividends

No interim dividend was declared or paid for the half-year ended 31 December 2022 (31 December 2021: Nil).

15. Fair value measurements of financial instruments

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 using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table represents the fair value measurement hierarchy of the Group's assets and liabilities at 31 December 2022 and 30 June 2022 carried at fair value.

At 31 December 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trade receivables at fair value through profit or loss	-	9,222	-	9,222
Financial assets at fair value measure at fair value	7	-	-	7
Total	**7**	**9,222**	**-**	**9,229**

At 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Trade receivables at fair value through profit and loss	-	-	-	-
Derivative instruments	-	4,992	-	4,992
Financial assets at fair value measure at fair value	6	-	-	6
Total assets	**6**	**4,992**	**-**	**4,998**

At 31 December 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Derivative instruments	-	8,128	-	8,128
Total	**-**	**8,128**	**-**	**8,128**

At 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trade Payables (unrealised QP loss – at fair value)	-	10,413	-	10,413
Total	**-**	**10,413**	**-**	**10,413**

The carrying value of other financial assets and liabilities as at 31 December 2022 approximate fair value.

The fair values of trade receivables / payables 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.

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. 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.

16. Derivative financial instruments

	31 Dec 2022 $000	30 Jun 2022 $000
Current assets		
Forward nickel contracts	-	4,992
Current liabilities		
Forward nickel contracts	(8,128)	-
Total current derivative financial instrument (liabilities)/assets	**(8,128)**	**4,992**

Recognition and measurement

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

The Group actively manages USD nickel price risk for each concentrate shipment by protecting a portion of the nickel cash flow received from provisional invoicing. The Group's policy allows the Group to enter into derivatives to protect up to 95% of the estimated payable volume in each shipment. This leaves the company with a modest position with full exposure to movements in the nickel price. The intent of these derivatives are to manage metal pricing risk and cash flow during the period from provisional invoice / cash receipt through to final invoice following the QP.

In accordance with the Company's policy, USD forward contracts with Macquarie Bank and National Australia Bank were executed during the half-year for 2,022t of nickel metal achieving an average price of US$24,481/t.

As at 31 December 2022 outstanding derivatives total 1,339t and represents 60% of the contained metal in shipments that have not been finalised. The average price achieved for this unsettled hedging is US$25,575/t.

The unrealised loss on these derivatives at 31 December 2022 was A$8.1 million (Jun 2022: $5.0 million).

17. Exploration and evaluation and mine development

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below.

Half-year ended 31 December 2022	Mine development expenditure $000	Exploration expenditure $000	Total $000
Opening net carrying amount	193,566	5,551	199,117
Additions	13,521	-	13,521
Amortisation charge	(12,106)	-	(12,106)
Remeasurement of rehabilitation provision	188	-	188
Closing net carrying amount	**195,169**	**5,551**	**200,720**
At 31 December 2022			
Gross carrying amount – at cost	408,250	9,337	417,587
Accumulated amortisation and impairment	(213,081)	(3,786)	(216,867)
Net carrying amount	**195,169**	**5,551**	**200,720**

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest and the sale of minerals, or the sale of the respective areas of interest.

18. Property, plant and equipment

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below.

Half-year ended 31 December 2022	**Land and buildings $000**	**Plant and equipment $000**	**Lease assets $000**	**Right-of -use $000**	**Capital WIP $000**	**Total $000**
Opening net carrying amount at 30 June 2022	4,843	18,585	2,132	27,688	2,258	55,506
Additions	-	-	-	8,772	1,606	10,378
Transfers between other asset classes	218	1,914	354	-	(2,486)	-
Depreciation charge through profit or loss	(724)	(1,385)	(329)	(4,691)	-	(7,129)
Disposals	-	-	-	-	(3)	(3)
Closing net carrying amount at 31 Dec 2022	**4,337**	**19,114**	**2,157**	**31,769**	**1,375**	**58,752**
At 31 December 2022						
Gross carrying amount – at cost	49,919	101,675	4,776	45,379	1,376	203,125
Accumulated depreciation	(45,582)	(82,562)	(2,619)	(13,610)	-	(144,373)
Net carrying amount	**4,337**	**19,113**	**2,157**	**31,769**	**1,376**	**58,752**

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 31 December 2022, the carrying amounts of assets pledged as security for current and non-current lease liabilities were $33.926 million (June 2022: $29.819 million).

19. Impairment of non-financial assets – testing for impairment

At 31 December 2022, a review of the carrying value of the Savannah Nickel Project CGU was undertaken to determine if indicators of impairment or reversal were present. The recoverable amount of the indicator assessment of the CGU was determined using a combination of a discounted cash flow ("DCF") calculation at 31 December 2022 with cash flow projections based on financial budgets covering the life of the project.

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

20. Provisions

	31 Dec 2022 $000	30 Jun 2022 $000
Current		
Employee benefits – annual leave	781	705
Employee benefits – long service leave	69	59
Provision – other	-	1,069
Total current	850	1,833
Non-current		
Employee benefits	82	43
Rehabilitation, restoration and dismantling	20,440	19,855
Total non-current	20,522	19,898
Total provisions	**21,372**	**21,731**

The movement in the rehabilitation, restoration and dismantling provision during the financial year is set out below.

	31 Dec 2022 $000	30 Jun 2022 $000
Carrying amount at start of year	19,855	23,527
Unwinding of discount	397	278
Inflation and discount rate adjustments	188	(3,950)
Carrying amount at end of year	**20,440**	**19,855**

Recognition and measurement

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value of the provision reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the unwinding of the discounting on the provision is recognised as a finance cost.

21. Related-party transactions

There have been no significant changes in the nature of related parties or amounts during the period.

22. Significant events after the reporting date

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

In accordance with a resolution of the Directors of Panoramic Resources Limited, we state that:

1. In the opinion of the Directors:

   a) the financial statements and notes of Panoramic Resources Limited for the financial half year ended 31 December 2022 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 31 December 2022 and of its performance for the half year ended on that date; and

      (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001 and other mandatory professional reporting requirements*;

   b) Subject to the achievement of the matters set out in note 2 (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 by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial half year ending 31 December 2022.

On behalf of the Board

Nick Cernotta	**Victor Rajasooriar**
Independent Non-Executive Chair	Managing Director and Chief Executive Officer

Perth, 21 February 2023

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

Conclusion

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited (the Company) and its subsidiaries (collectively the Group) which comprises the consolidated balance sheet as at 31 December 2022, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

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

Basis for conclusion

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

Material uncertainty related to going concern

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

Directors' Responsibility for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001.

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
21 February 2023