IN THE SUPREME COURT OF WESTERN AUSTRALIA COR 163 of 2024

IN THE MATTER OF PANORAMIC RESOURCES LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS AND MANAGERS APPOINTED) (ACN 095 792 288)

EX PARTE

WOODHOUSE, WARWICK AND WHITE IN THEIR CAPACITIES AS JOINT AND SEVERAL DEED ADMINISTRATORS OF PANORAMIC RESOURCES LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS AND MANAGERS APPOINTED) (ACN 095 792 288) First Plaintiffs

PANORAMIC RESOURCES LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS AND MANAGERS APPOINTED) (ACN 095 792 288) Second Plaintiff

---

AFFIDAVIT OF PAUL JOHN DUNBAR AFFIRMED 13 DECEMBER 2024

Case Manager: The Honourable Justice Hill

Date of document: 13 December 2024

Filed on behalf of: The Plaintiffs

Date of filing: 13 December 2024

Prepared by:
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FILED
13 DEC 2024
Via eLodgment
CENTRAL OFFICE
SUPREME COURT

I, Paul John Dunbar, of Level 1, 168 Stirling Highway, Nedlands, in the state of Western Australia, principal, solemnly and sincerely declare and affirm:

A INTRODUCTION

1 I am a principal at Valuation and Resource Management Pty Ltd (**VRM**).

A1 My engagements

2 I was engaged by:

(a) Richard Tucker of KordaMentha to prepare an independent technical report in relation to the valuation of the mineral assets of Panoramic Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (ACN 095 792 288) (**Panoramic**) and its wholly owned subsidiaries:

(i) Savannah Nickel Mines Pty Ltd (Subject to Deed of Company Arrangement) (ACN 103 729 282) (**Savannah**);

(ii) PAN Transport Pty Ltd (Subject to Deed of Company Arrangement) (ACN 627 691 598) (**PAN**); and

(iii) Pindan Exploration Company Pty Ltd (Subject to Deed of Company Arrangement) (ACN 129 252 197) (**Pindan**),

(collectively, the **Panoramic Group** or the **Companies**), including the Savannah Nickel Project; and

(b) subsequently, Daniel Woodhouse, Kathryn Warwick and Hayden White in their capacities as joint and several deed administrators of the Companies (**Deed Administrators**), to prepare an independent technical report in relation to (among other things) the valuation of the Cherish Metals Pty Ltd (ACN 108 652 446) (**Cherish**) Lanfranchi Nickel Project.

3 Except where I state otherwise, I make this affidavit from facts within my own knowledge. Where I have relied on facts outside my personal knowledge, I am informed by the stated source of the facts and believe those facts to be true.

A2 My qualifications and experience

4 I hold a Bachelor of Science (Honors), majoring in Geology from Curtin University. I also have a Masters in Science, Mineral Economics and Exploration from Queen's University.

5 I am a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geologists (AIG).

6 I have over 28 years' experience in geology, mineral exploration, economic evaluation, financial analysis and over 12 years' experience in Mineral Asset valuations.

7 Attached to this affidavit and marked **PJD-1** is a copy of my current curriculum vitae.

A3 VRM

8 I am one of two founding principals of VRM, a specialist valuation consultancy based on Perth.

9 VRM specialises in independent technical assessments and valuations of mineral assets across most commodities, including copper, nickel, zinc, lead, cobalt, lithium, tin, tantalum, caesium, graphite, uranium, iron ore, rare earths, manganese, bauxite, silver, phosphate and slica.

10 I am regularly engaged to provide mineral asset valuations, independent technical and valuation advice, VALMIN reports, expert opinions, and consulting and economic geology services to the exploration and mining sector.

B VALUATION OF THE PANORAMIC GROUP'S MINERAL ASSETS

11 On or around 25 October 2024, I was engaged by KordaMentha to prepare an independent technical report in relation to the mineral assets of the Panoramic Group (**Panoramic Group Report**).

12 Attached to this affidavit and marked **PJD-2** is a copy of my Panoramic Group Report dated 29 November 2024.

13 The Panoramic Group Report was prepared in accordance with the guidelines of the:

(a) Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code; and

(b) Australasian Code for Reporting of Exploration, Results, Mineral Resources and Ore Reserves – the 2012 JORC Code; and

(c) Federal Court's Expert Evidence Practice Note, which includes as an attachment the Harmonised Expert Witness Code of Conduct (**Code**),

which I have read, understood and complied with.

14 In the Panoramic Group Report, I refer to, rely upon and append an appraisal report dated 7 November 2024 prepared by Gordon Brothers Pty Ltd (**Gordon Brothers**) in relation to the valuation of the Panoramic Group's process plant, plant infrastructure and camp.

15 For the reasons set out in my Panoramic Group Report, I consider (as at the date of my report):

(a) the preferred valuation of the Panoramic Group's mineral assets to be $59 million (with a +/- range of 10%) based on the likely forced sale (or liquidation) value of those assets;

(b) the value of the mineral assets is unlikely to materially change in the next 12 months because:

(i) based on the change in the fundamentals in the nickel industry (due mainly to the Indonesian nickel laterite production), an improvement in the nickel price in the next six months is uncertain and until the nickel price improves or there is a change in the fundamentals of the supply and demand of the nickel industry, any owner of the Savannah Nickel Project is unlikely to invest the capital to restart the operations; and

(ii) it would take approximately 12 months to "ramp-up" production from the Savannah Nickel Project to name plate production.

16 The matters stated in my Panoramic Group Report are true and correct to the best of my knowledge and belief.

17 The opinions expressed in my Panoramic Group Report are opinions that I genuinely hold.

VALUATION OF CHERISH'S LANFRANCHI NICKEL PROJECT

18 On 29 November 2024, I was engaged by the Deed Administrators (via its solicitors, Gilbert + Tobin) to prepare an independent technical report in relation to the following questions:

(a) whether there is likely to have been a material change in the value of Cherish's Lanfranchi Nickel Project asset as disclosed in Cherish's annual financial report for the year ended 30 June 2022 (A$10.2 million);

(b) if the answer to subparagraph (a) is yes, what the likely range in the change of valuation would be; and

(c) whether there has been any material change in the nickel market in Western Australia since 30 June 2022 and, if so, how any such changes have affected the valuation of nickel assets in Western Australia,

(**Cherish Report**).

19 Attached to this affidavit and marked **PJD-3** is a copy of Gilbert + Tobin's letter of instruction dated 29 November 2024, as well as the materials provided with that brief.

20 Attached to this affidavit and marked **PJD-4** is a copy of my Cherish Report dated 13 December 2024.

21 The Cherish Report was prepared in accordance with the guidelines which I refer to in paragraph 13 above, which I have read, understood and complied with.

22 For the reasons set out in the Cherish Report, I consider (as at the date of my report):

(a) there is likely to have been a material decline in the value of the Lanfranchi Nickel Project since 30 June 2022;

(b) based on publicly available information, the likely market value of the Lanfranchi Nickel Project is between $4.9 million and $8.6 million, with a preferred valuation of $6.7 million; and

(c) there have been a number of global events which have had a negative impact on the nickel market, including the considerable decline in nickel prices.

23 The matters stated in my Cherish Report are true and correct to the best of my knowledge and belief.

24 The opinions expressed in my Cherish Report are opinions that I genuinely hold.

Affirmed by the deponent)
at Perth)
in Western Australia)
on 13 December 2024)
Before me:)

Paul John Dunbar

Signature of witness

TIFFANY TZE CHING LAU, a legal practitioner who has held a practice certificate for at least 2 years and who holds a current practice certificate

PJD-1

PAUL **DUNBAR**

PO Box 1506, West Perth WA 6872 · +61 (0) 433 761 500
pdunbar@varm.com.au
www.varm.com.au

Paul has over 28 years' experience in exploration, development, project management and economic evaluation, predominantly in Western Australia. He completed a Master of Science in Mineral Exploration and Evaluation at Queens University, Canada where he was awarded the David Money Medal. He a Director of VRM, consultants in valuation and economic geology focussed on the exploration sector. Paul was previously Managing Director and Chief Executive Officer of Fox Resources, Non-Executive Director of Extract Resources and Exploration Manager of Energy Metals Limited and Midas Resources. His experience ranges across multiple commodities and various deposit styles. Paul is a Member of the AusIMM and the AIG.

AFFLIATIONS

MEMBER, AUSIMM
Member of the AusIMM

MEMBER, AIG
Member of the Australian Institute of Geoscientists

EDUCATION

MASTER OF SCIENCE, MINEX, QUEENS UNIVERSITY, CANADA
Masters in Mineral Exploration and Economic Evaluation

BACHELOR OF SCIENCE, GEOLOGY (HONS), CURTIN UNIVERSITY
Bachelor of Science Honors in Applied Geology

SKILLS

- Valuation of exploration assets to VALMIN standards
- Excellent written and verbal communication skills
- Economic analysis of mineral deposits
- Managing / implementing exploration
- Independent technical assessments

EXPERTISE

Mineral Resources and Exploration public reporting across a range of commodities; compliance to the JORC Code, valuation of mineral assets to VALMIN standard; independent technical assessment reporting, impairment testing for audit purposes, valuation for duty assessment, project evaluation / project management and exploration activities, target generation.

Paul has 28 years industry experience and eight years in consulting mainly specialising in independent technical review and valuation of exploration and resources projects. Founding

Director of VRM which specialists in mineral asset valuation and independent review of exploration projects. Prior to VRM Paul consulted as Dunbar Resource Management in mineral asset valuation and independent review of exploration projects.

Formerly Managing Director and CEO of Fox Resources, he was instrumental in undertaking a major review of the operations of the Company to re-focus on exploration. The role included preparation of a share purchase plan, evaluation of other capital raising alternatives, financial and annual report preparation and other statutory reports including ASX releases, board correspondence, annual general meeting planning and shareholder communications.

Prior to Fox Resources, while based in Western Australia he worked in the mineral exploration industry for several companies on projects in Australia and overseas based in Western Australia. He managed exploration programs across a range of commodities from early stage exploration to management and coordination of a Pre-Feasibility Study, including financial analysis of the project. He developed novel geophysical exploration techniques in consultation with geophysical consultants and authored several papers on this at exploration conferences.

Leadership roles include personnel management and Board experience. Paul has exploration, target generation, development and evaluation experience for multiple commodities in various geological terranes including various styles of Archean, Carlin and epithermal gold deposits, porphyry copper, copper belt, sedimentary exhalative copper, volcanogenic massive sulphide and nickel base metal systems, iron ore, coal, lithium and uranium mineralisation.

EXPERIENCE

2019 – CURRENT
DIRECTOR and PRINCIPAL, VALUATION AND RESOURCE MANAGEMENT
2014 – 2019
DIRECTOR and PRINCIPAL, DUNBAR RESOURCE MANAGEMENT
2013 – 2014
MANANGING DIRECTOR / CEO, FOX RESOURCES
2012 – 2012
NON-EXECUTIVE DIRECTOR, EXTRACT RESOURCES
2010 – 2013
EXPLORATION MANAGER, ENERGY METALS
2007 – 2010
EXPLORATION MANAGER, MIDAS RESOURCES
2005 – 2007
SENIOR GEOLOGIST, ABRA MINING
2000 – 2004
PROJECT GEOLOGIST, BARRICK GOLD / HOMESTAKE GOLD
1995 – 1999
PROJECT GEOLOGIST, WESTGOLD RESOURCES / SARACEN MINERAL HOLDINGS

PJD-2

INDEPENDENT TECHNICAL ASSESSMENT AND VALUATION REPORT - PANORAMIC NICKEL ASSETS

Presented To: Korda Mentha



Date Issued: 29/11/2024
Revision: 2

Document Reference	VRM Panoramic Valuation Report Rev 2
Distribution	Korda Mentha Valuation and Resource Management Pty Ltd
Principal Author	Paul Dunbar MSc (MINEX) BSc Geol (Hons) M AusIMM M AIG  Date: 29 November 2024
Peer Reviewer	L Burnett, P Dunbar, A Stepcich
Contributors	Lynda Burnett — Geology and Exploration Results Rebecca Morgan — Savannah Mineral Resource Estimate Anthony Stepcich — Savannah Ore Reserve Estimate
VRM Approval	 Date: 29 November 2024
Effective Report Date	29 November 2024
Valuation Date	10 November 2024
Report Prepared by	Valuation and Resource Management Pty Ltd P O Box 1506 WEST PERTH WA 6872 ABN: 12 632 859 780 Tel: +61 (0) 433 761 500 www.varm.com.au

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Executive Summary

Valuation and Resource Management Pty Ltd (**VRM**) was engaged by Korda Mentha of behalf of FTI Consulting (**FTI**) in relation to preparation of Independent Technical Assessment Report (**ITAR or Report**) to value certain mineral assets. These assets include the Savannah Nickel Mine (on care and maintenance) (including the resources, reserves and processing plant, associated tenements, permits and licences) located in the east Kimberley (**Savannah Nickel Project, Copernicus Nickel Project** or **Projects**) and in relation to the following companies:

- Panoramic Resources Limited (Receivers and managers appointed) (Subject to deed of company
- arrangement) ABN 47 095 792 288 7 (**Panoramic**)
- Savannah Nickel Mines Pty Ltd (Subject to deed of company arrangement)
- Pan Transport Pty Ltd (Subject to deed of company arrangement)
- Pindan Exploration Company Pty Ltd (Subject to deed of company arrangement) ACN 129 252 197,
- These companies are collectively referred to in this Report as the Group (**Group**)

Paul Dunbar of VRM was engaged by Korda Mentha of behalf of FTI Consulting to provide an ITAR providing an opinion as to the market value of the resources, reserves, inventory, associated tenements, permits, licences and processing plant of the Savannah Nickel Mine (on care and maintenance) and additional exploration tenements which do not form a part of the Savannah Nickel Mine, owned by Panoramic (receivers and managers appointed) (Subject to deed of company arrangement) and the Mineral Assets owned by the additional subsidiaries listed above (all subject to deed of company arrangement), which will assist the Administrators make an application to the court pursuant to Section 444GA of the Corporations Act 2001 (Cth) for the purposes of filing an affidavit that sets out the Deed Administrators views on whether Panoramic shareholders suffers any unfair prejudice from the transfer of shares as contemplated by the Deed of Company Arrangement dated 23 October 2024 between the Group, the Deed Administrators and Zeta Resources Limited.

VRM has been requested to provide a valuation on a "value in use basis" assuming a potential buyer will resume operations from the mine.

This Report has been prepared as a public document, in the format of an independent specialist's report and in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (**VALMIN**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (**JORC, 2012**).

This Report is a technical review and valuation opinion of the mineral assets of Panoramic. Applying the principles of the VALMIN Code, VRM has used several valuation methods to determine the value for the mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Panoramic or but rather an asset valuation of the Panoramic Mineral Assets.

The Valuation Date is 31 October 2024 and remains current / applies commodity prices as at that date. VRM provided a redacted draft report on 12 November 2024 to Korda Mentha for factual accuracy checking by the company. This report includes updated technical information associated with the factual accuracy checking conducted by the company.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Panoramic along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

Savannah Project

The Savannah Project is located in eastern Kimberley Region of Western Australia, approximately 100 kilometres northwest of Halls Creek and 190 kilometres southwest of the town of Kununurra. Panoramic owns 100% of the project which comprises five mining leases and two miscellaneous licenses over an area of 4091ha.

VRM has estimated the value of the project on a 100% ownership basis considering the technical information supporting its prospectivity. As at the valuation date the Savannah project contains declared Mineral Resource estimates prepared applying the guidelines of The JORC Code 2012 Edition (**JORC, 2012**). The valuation has been prepared as a sum of the parts with the value attributed to both the declared Mineral Resources and the exploration potential in the adjacent tenements.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

Other Projects

Panoramic hold the 100% owned Copernicus Project 35km south of Savannah and four exploration tenements around Savannah. The tenements are held by Panoramic's subsidiary Pindan Exploration Company Pty Ltd with the exception of E80/4834 which is held by Ora Gold Limited who own 20% of this tenement.

Panoramic also hold the PGM and Ni-Cu rights over 10 mining leases in the Laverton district where Focus Minerals Laverton Pty Ltd hold the rights to other minerals and the project is non-managed.

VRM has estimated the value of these projects on an equity ownership basis considering the technical information supporting their prospectivity. As at the valuation date the Copernicus Project contains declared Mineral Resource estimates prepared applying the guidelines of The JORC Code 2012 Edition (JORC, 2012). No other tenements contain mineral resources. The valuation has been prepared as a sum of the parts with the value attributed to both the declared Mineral Resources and the exploration potential in the adjacent tenements.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

Valuation Opinion

VRM has estimated the value of the Savannah and other Projects considering the technical information available as at the valuation date as described further in the body of this report.

There are declared Mineral Resource estimates and Ore Reserves within the Savannah Project and Mineral Resources within the Copernicus Project which have been prepared applying the guidelines of the Australasian Code for Reporting of Exploration Targets, Mineral Resources and Ore Reserves - The JORC Code 2012 Edition (**JORC**).

It is uncertain whether future exploration will result in the definition of any further Mineral Resource estimates on any of the Panoramic projects.

The Savannah Project, 100% owned by Panoramic was primarily valued using a Discounted Cashflow Model (DCF). A supporting valuation was prepared for Mineral Resources and Ore Reserves valued as mineralisation that lies either within or outside the Life of Mine Plan (LOMP) using a comparable transaction method based on resource multiples with additional value added using the geoscientific / Kilburn method for the exploration on the adjacent tenements.

The value of the processing plant and rehabilitation liabilities at Savannah are considered to be included in both the DCF and comparable transaction multiples applied to the Mineral Resource and Ore Reserve estimates within the Project. The processing plant was last operated in January 2024 when it was placed on care and maintenance.

The values of the process plant, plant infrastructure and camp were prepared by Gordon Brothers Pty Ltd with an updated November 7 2024 Report and valuation provided to VRM. The valuation was prepared on an ongoing basis and included processing plant and all process building, administration and general office, workshop and store, heavy vehicle workshop, high-voltage substation, tailings and process water facilities, above ground mining facilities, camp and core storage areas. The initial valuation in early 2024 was based on a site visit and inspection, for the updated valuation there was no new site visit. The full Gordon Brothers Valuation Report is appended to this Report

Secondary valuations for the Savannah Projects were determined using the Comparable transaction and Yardstick approaches for the Mineral Resources and adding additional value via the PEM method for the exploration tenements which contained no Mineral Resources.

Conclusions

In VRM's opinion, the Market Value of the Mineral Assets owned by Panoramic is between A$59.0 million and A$142.7 million with a mid-point of A$94.1 million.

VRM has been requested to provide a likely value of the Mineral Assets based on a forced sale or liquidation basis which would be at a significant discount to the market value. Therefore, in VRM's opinion the likely forced sale value of the Mineral Assets is at the lower end of the Market valuation of $59.0 million with a range being ± 10%.

Therefore, the Forced or Liquidation Sale Value of the Panoramic Mineral Assets is, in VRM's opinion, between $53.1 million and $64.9 million with a preferred value of $59.0 million.

In VRM's opinion based on the change in the fundamentals in the nickel industry, due mainly to the Indonesian nickel laterite production, an improvement of the nickel price in the next six months is uncertain and until the nickel price improves or there is a change in the fundamentals of the supply and demand of the nickel industry, any owner of the Savannah Nickel Project is unlikely to invest the capital to restart the operation.

Additionally, in VRM's opinion it will take approximately 12 months to ramp up production from the Savannah Nickel Project to name plate production. Therefore, the value of the Mineral Assets is unlikely to materially change in the next 12 months.

1. Introduction

Valuation and Resource Management Pty Ltd (**VRM**) was engaged by Korda Mentha but instructed by FTI Consulting to prepare an Independent Technical Assessment Report (**Report** or **ITAR**), including valuation for the Mineral Assets of Panoramic (**ASX: PAN**) as part of KordaMentha's Independent Experts Report (**IER**).

As part of the IER, FTI engaged VRM as the independent geologist to value the Savannah Nickel Project including its resources, reserves and processing plant and other Panoramic held Projects (**Other Projects**). In preparing the IER, VRM understands that FTI will rely on the geologist's expert report or ITAR. VRM confirms it is independent of the companies listed in the Executive Summary.

VRM's opinion is based on specialist knowledge obtained from studies, training and experience of working in the resources industry. VRM has made all the enquiries that it believes are desirable and appropriate (save for any matter identified explicitly in the Report) and that no matters of significance which it regards as relevant, have to its knowledge, been withheld.

The Report provides an opinion based on facts, material and assumptions put before VRM (as detailed within Appendix A of this Report), supported by geological and technical information available in the public domain referenced herein. VRM is comfortable that it has been provided with sufficient facts, material and assumptions as are necessary to enable it to provide the opinions expressed herein.

The Report summarises each of VRM opinions, sets out the reasons for each of these opinions and sets out separately each of the factual findings or assumptions on which VRM's opinion is based.

The valuation of plant and equipment falls outside VRMs field of relevant expertise and VRM has used the expertise of Gordon Brothers Pty Ltd as a Specialist to assist in relation to the valuation of the plant and equipment (on a salvage basis and going concern basis). Their report is included as an Appendix to this Report.

The Mineral Assets of Panoramic comprises the Savannah Project, Regional Tenements and Other Projects (Figure 1).



Figure 1: Location of Savannah and Other Projects in Western Australia

1.1 Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

In preparing the ITAR, VRM has applied the guidelines and principles of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – 2015 VALMIN Code (**VALMIN**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (**JORC**). Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**). These codes are also requirements under Australian Securities and Investments Commission (**ASIC**) rules and guidelines and the listing rules of the Australian Securities Exchange (**ASX**).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Panoramic and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2 Scope of Work

VRM's primary obligation in preparing this ITAR is to independently describe and value the Mineral Assets of the company applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the Projects.

VRM has compiled the Report based on the principle of reviewing and interrogating both the documentation of the companies involved and their consultants, and other previous exploration within

the area. This Report is a summary of the work conducted, completed, and reported by the Panoramic to 31 October 2024, based on information supplied to VRM by both companies, and other information sourced in the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that its review and report will be included in an Independent Experts Report being prepared by KordaMentha and as such, it is understood that VRM's review will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the 2015 VALMIN Code.

1.3 Statement of Independence

VRM was engaged to undertake an ITAR of the Projects that comprise the asset portfolio of Panoramic. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of Experts (RG112).

The Principal Authors of the Report are Paul Dunbar, Director and Principal of VRM and Lynda Burnett and Mr Anthony Stepcich both Associates of VRM. They have not had any association with Panoramic their individual employees, or any interest in the securities of these companies, which could be regarded as affecting her ability to give an independent, objective and unbiased opinion.

The Report was peer reviewed by Paul Dunbar, Principal of VRM. He has not had any association with Panoramic, their individual employees, or any interest in the securities of these companies, which could be regarded as affecting his ability to give an independent, objective and unbiased opinion.

The Savannah Nickel Project Mineral Resource estimates were reviewed with the assistance of Rebecca Morgan, Associate to VRM. He has not had any association with Panoramic, their individual employees, or any interest in the securities of these companies, which could be regarded as affecting his ability to give an independent, objective and unbiased opinion.

The Savannah Nickel Project plant and equipment was valued by Gordon Brothers Pty Ltd.

VRM provides independent assistance by way of objective unbiased opinion in relation to matters within its area of expertise. VRM has confirmed in writing that it has no relevant conflicts of interest in connection with this matter. VRM will be paid a fee for this work based on standard commercial rates for professional services and is estimated to be approximately $70,000 (excluding GST).

1.4 Competent Persons Declaration and Qualifications

This Report was prepared by Mr Paul Dunbar and Ms Lynda Burnett as the primary authors. Each of the authors peer reviewed sections of the report that they did not prepare.

The Report and information that relates to mineral asset valuation, Mineral Resources was completed by Mr Paul Dunbar, BSc (Hons), MSc, a Competent Person who is a member of the AusIMM and the AIG. Mr Dunbar is a Principal of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code and a Specialist under the 2015 VALMIN Code. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Report and information that relates to geology and exploration potential is based on information compiled by Ms Lynda Burnett, BSc (Hons), a Competent Person who is a member of the AUSIMM. Ms Burnett is an associate of VRM and has sufficient experience, which is relevant to the style of

mineralisation, geology, and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code. Ms Burnett consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Between the Valuation date and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions. The valuation date for the report is 31 October 2024.

1.5 Reliance on Experts and Sources of Information

The authors of this Report are not qualified to provide extensive commentary on the legal aspects of the tenure of the mineral properties or the compliance with the legislative environment and permitting in Western Australia. In relation to the tenement standing, VRM has relied on the information publicly available on the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) website. On this basis VRM has confirmed the tenements which constitute the Projects held by Panoramic and Company., located in WA are in good standing. The company has confirmed their respective tenement status.

In respect of the information contained in this Report, VRM has relied on Information and Reports obtained from Panoramic or the public domain including but not limited to:

- Presentation material including several cross sections and plans.
- Various ASX releases of Panoramic including exploration results.
- Panoramic's internal reports.
- Annual Reports
- Quarterly Reports
- ASX releases detailing any initial and updates to the Mineral Resource estimates.
- ASX releases detailing exploration activities.
- Various ASX releases from previous owners and neighbouring companies.
- Government Regional datasets, including geological mapping and explanatory notes.

All information and conclusions within this Report are based on information that VRM obtained from Panoramic to assist with this Report and other relevant publicly available data to 23 October 2024. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and joint venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has assessed the content of these reports and information and confirm that the contents are reasonable and that they meet the Reasonable Grounds Requirements. VRM has relied on the information contained within the reports, articles and databases provided by Panoramic as detailed in this report. A draft of this Report was provided to Korda Mentha for provision to the company, for the purpose of identifying and addressing any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the companies until the technical aspects were validated and the Report was declared final.

This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

1.6 Site visit

A site visit to the Projects was not undertaken for this ITAR.

The Independent Competent Persons who undertook the Mineral Resource estimates for all of the Projects have previously visited the projects., additionally Independent Specialists who have undertaken specific aspects of the Feasibility study for the Project have visited site. VRM considers that these independent consultants who have visited site have accurately represented the aspects on the sites and therefore does not believe that undertaking a site visit would provide any additional information that would materially change the opinions, conclusions or valuation contained within this report.

2. Panoramic's Kimberley District - Savannah Mineral Assets

2.1 Location and Tenure

The Savannah Project is located 2km west of the Great Northern Hwy and 105 km north northwest of Halls creek in the Kimberley Region of Western Australia on the Mabel Downs Pastoral Station.

Data from the Australian Bureau of Meteorology (Halls Creek) indicates average rainfall of 575mm which falls between the months of November and April in monsoonal thunderstorms and tropical lows. Mean maximum temperature in summer is around 36^{0}C and mean minimum temperature is 24^{0}C. In winter, the mean maximum temperature is around 28^{0}C and mean minimum temperature around 13^{0}C.

The closest commercial airport is Kununurra 190km to the northeast which was the base for the fly-in fly-out commute for the workforce.

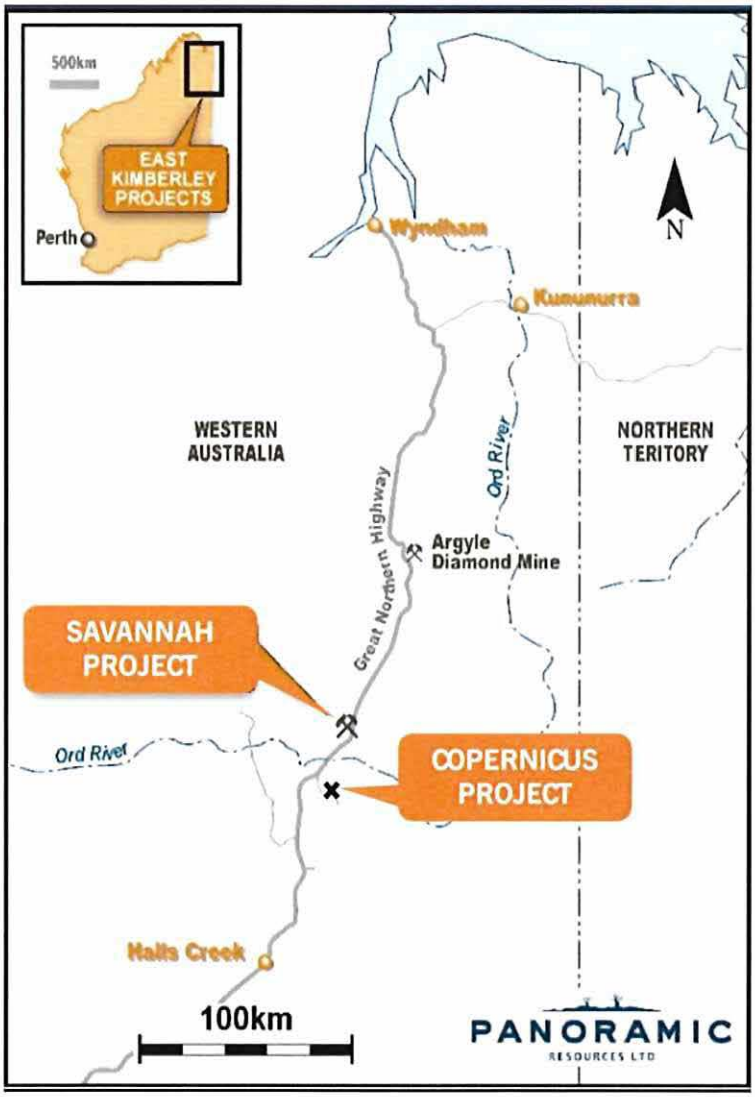


Figure 2: Location of the Savannah nickel deposits in the east Kimberley WA

Source: ASX: PAN Diggers and Dealers Presentation August 2023

The Savannah Project is located in the Kimberley Mineral Field and comprises five Granted Mining Leases M80/179 - 183 for a total of 3718.6 Ha, a Miscellaneous License L80/52, L80/64, and L80/108 covering 513Ha. Surrounding the Project are three 100% held Exploration Licences E80/4880, 5238, 5131 for a total of 40 sub-blocks (Figure 3).

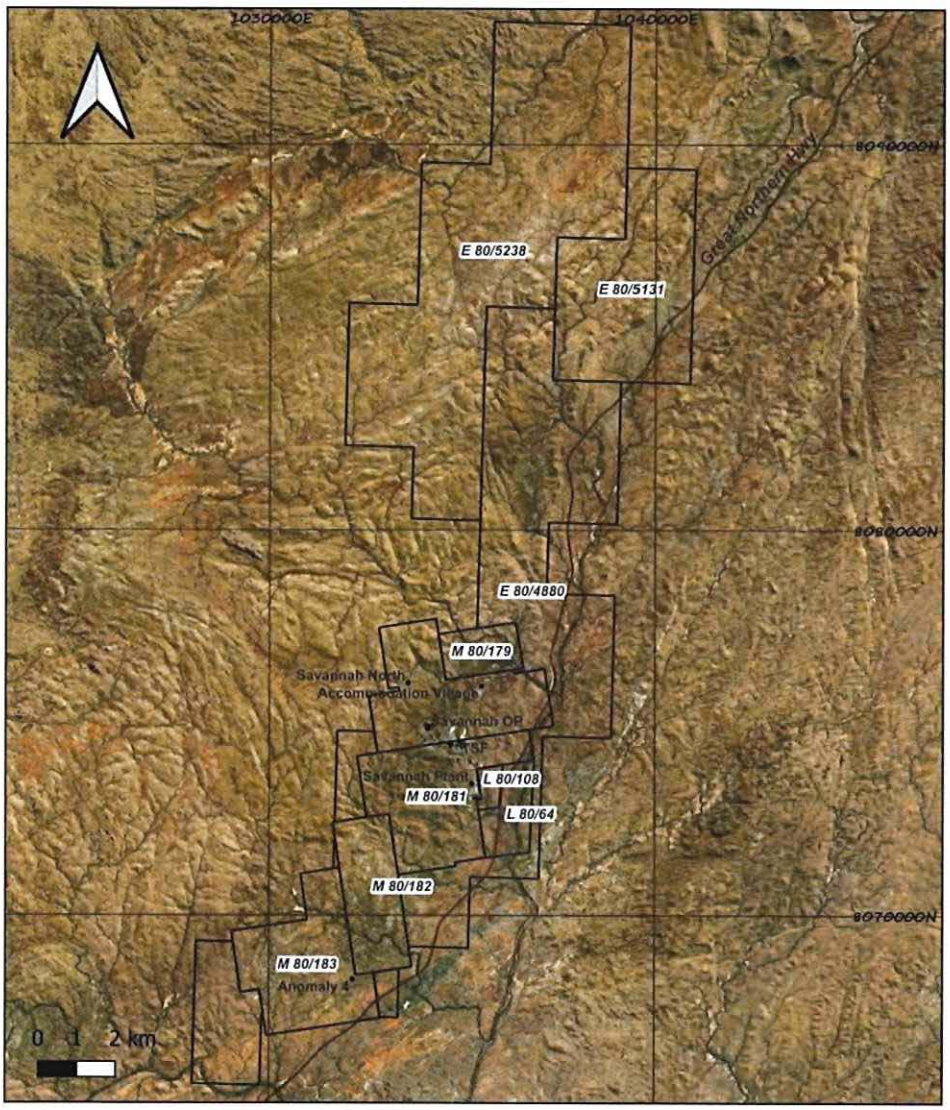


Figure 3: Savannah Project Tenure in the North East Kimberley Mineral Field.

Source: GSWA Mineral Titles Online, Bing Satellite Imagery

The tenements have been validated by VRM reviewing the tenement information provided by Panoramic and comparing this with the tenement register from DEMIRS on 4 November 2024.

The tenements are held under the name of Savannah Nickel Mines Pty Ltd and Pindan Exploration Company Pty Ltd and are listed in Appendix A.

VRM relies on and has reviewed the tenement information supplied by the Western Australian Department of Mines website as detailed above on 4 November 2024 and these tenements were all listed as active. VRM is not qualified or a specialist in the mining tenure or mining act of Western

Australia and as no warranty, actual or implied is made regarding the validity or security of the tenure listed in Appendix 1 and shown in Figure 3 above.

Note M 80/540 and L80/52 are also held by Savannah Nickel Mines (Copernicus Project).

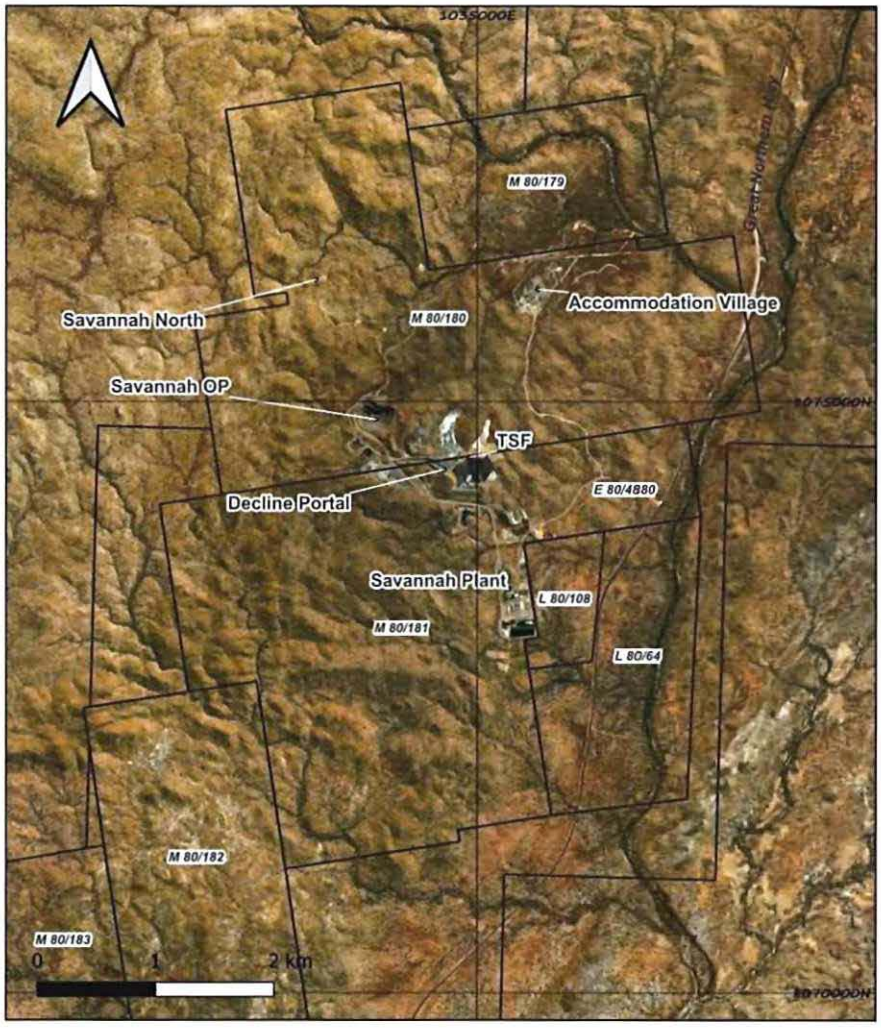
Production royalty payments of $7.3 million were paid to the WA Department of Mines Industry, Regulation and Safety in FY2023. (ASX: PAN 2023 Sustainability Report). This rate is the ad valorum rate that applies to concentrates as defined by Mining Regulations 1981 (Regulation 86).

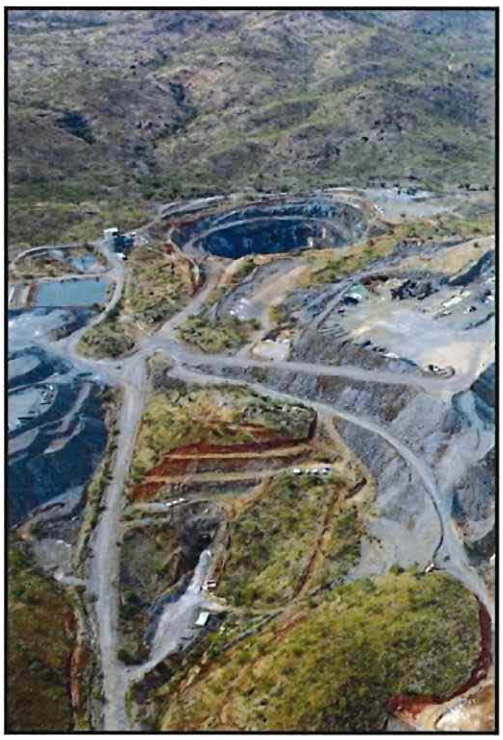
2.2 Environmental Permitting

Water – DWER Licence to take water GWL 153527(8). Annual water entitlement is 1,446,000kL. The most water used to date is 57% of this allocation in 2015/16. 12 licenced production bores consisting of 2 seepage recovery bores, 7 bore for camp water and mine raw water and 3 uncommissioned bores.

Tailings – TSF was increased 2.5 metres which allows a further 2 years of production. A further increase to 4m would allow a further 2 years. Planning underway for TSF2 where the approvals process is likely to take 2-3 years (internal PAN presentations).

Closure – The Copernicus Open Pit Mine 35 km to the south of Savannah has operated intermittently until 2016 when it closed. The site was rehabilitated in June 2016 and is now subject to ongoing closure monitoring under Panoramic's Mine Closure Plan (MCP) (ASX: PAN 2023 Sustainability Report).





Source ASX: PAN 6 April 2021

2.3 Native Title

The Project is covered by two non-exclusive Native Title Claims.

1) Native Title Claim Name Malarngowan managed by the Malarngowan Aboriginal Corporation declared 23/05/2019 WCD 2019/005 WAD 43/2019 (covers the mine)
2) Native Title Claim Name Purnululu Gajangana Jaru managed by the RNTBC Bungle Bungles Aboriginal Corporation declared 19/12/2022 WAD 65/2019 WCD 2022/006 (surrounds the mine)

The operations of the Project are governed by "The Kimberley Ni Co-existence Agreement" signed in 2007 between Sally Malay (Panoramic) and the combined Native Title parties, which outlines conditions of mining activities on the leases and provides for employment, business opportunities, cultural clearance, awareness and engagement. The agreement also outlines the terms of a Royalty amounting to a 1.25% NSR after Hedging.

Panoramic reports that it paid $2.2 million to its Traditional Owners in FY2023 (ASX: PAN 2023 Sustainability Report).

2.4 Project History

The history of the project has been taken from ASX: PAN 23 December 2019 "Independent Experts Report".

The Savannah Project (previously known as Sally Malay) was discovered by Australian Anglo American Limited (**Anglo**). Anglo spent four years evaluating the project including diamond drilling 95 holes for a total of 26,430 metres.

A scoping study by Anglo reported a resource estimate of 7.2 million tonnes at 2.15% nickel to a vertical depth of 900 metres below surface.

In 1989 the Normandy Group (**Normandy**) acquired Anglo and assumed management of the project. Normandy undertook further evaluation work including re-sampling of the Anglo diamond core and metallurgical test work and reported a revised resource estimate of 6.1 million tonnes at 2.36% nickel equivalent. In 1992 Normandy revised the resource estimate to 5.1 million tonnes at 1.7% nickel, 0.7% copper and 0.1% cobalt.

In March 2001 Sally Malay Mining Limited (**Sally Malay**) signed a sale agreement with Normandy and acquired a 100% interest in Mining Leases M 80/179-183 that incorporated the project.

In July 2002, Sally Malay signed an agreement with Jinchuan Group Ltd and Sino Mining International Ltd, whereby the parties agreed upon a life-of-mine concentrate sales agreement, a project financing agreement, and an intermediate product feasibility study financing agreement for the Sally Malay project. Jinchuan agreed to purchase 100% of annual production of concentrate from the Sally Malay project on a life-of-mine (LOM) basis.

The Savannah Project was constructed in 2003 and commissioned in late 2004, initially sourcing ore from an open pit. After 18 months, the operations transitioned to underground mining.

Sally Malay Mining Ltd changed its name to Panoramic Resources Ltd on the 16th of June 2008.

Over the initial twelve-year period to May 2016, the Savannah Project milled 8.5 million tonnes (**Mt**) from the Savannah orebody at an average grade of 1.29% nickel, 0.65% copper and 0.06% cobalt to produce 1.23Mt of nickel concentrate containing 94,600 tonnes (**t**) of nickel, 53,000t of copper and 5,000t of cobalt.

In 2014, the Company discovered the Savannah North orebody, 600m north of the Savannah orebody. Savannah North is composed of two discrete zones of mineralisation, an upper zone, which is dominated by areas of massive sulphides at the base of the intrusion, and a lower zone, which consists of higher grade, off-contact massive sulphides.

The Savannah Project was placed on care and maintenance in May 2016 pending a sustained recovery in the nickel price.

In October 2017, the Company delivered an updated feasibility study on mining and processing the remnant Savannah orebody and the new Savannah North orebody which, following the completion of a new four year offtake agreement with Sino Nickel Pty Ltd (**Sino Nickel**), a joint venture company owned 60% by Jinchuan Group Co., Ltd (**Jinchuan**) and 40% by Sino Mining International Ltd (**Sino Mining**) and a $40 million debt facility with Macquarie, underpinned a decision by Panoramic in July 2018 to restart the Savannah Project (including the development and mining of the higher-grade Savannah North). At that time, the mine life was expected to be approximately 8.3 years, with an average annual production rate of 10,800t nickel, 6,100t copper and 800t of cobalt contained in concentrate.

Operations at Savannah were restarted in 2021 and the project successfully recommissioned with first concentrate shipment achieved in December 2021. The mine reverted to care and maintenance in January 2024 following nickel price reductions and unacceptably high costs.

2.5 Regional Geological Setting

The Savannah Nickel Deposit is within the East Kimberley Region Proterozoic Halls Creek Orogen, specifically the 1910–1805 Ma Lamboo Province which is exposed as northeasterly and north westerly

trending belts of basement rocks that bound the margins of the younger sedimentary rocks of the Speewah and Kimberley Groups. The Lamboo Province has been divided into Western, Central and Eastern Zones by Tyler et al. (1995) based on differing tectono-stratigraphic characteristics, bounded by strike slip faults and represent separate blocks juxtaposed but with varying metamorphic histories.

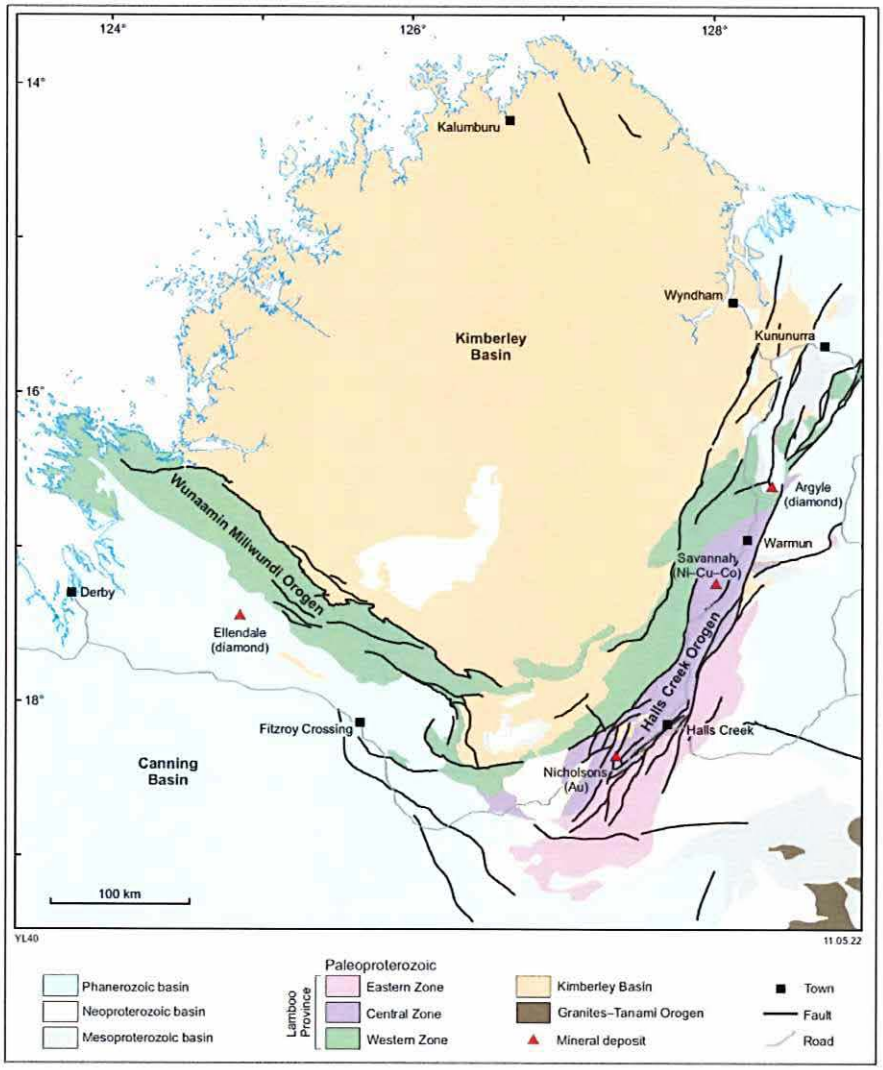


Figure 4: Regional Tectonostratigraphy of the Kimberley and Savannah location

Source: Maidment et al, 2022

According to Hicks et al, 2017, the Savannah Nickel Deposit is located within the central zone and bounded by the Halls Creek, Angel and Osmond Faults to the east and the Ramsay Range and Springvale Faults to the west (Figure 4). The Tickalara Metamorphics are the oldest and most dominant rock type in the central zone and are made up of interbedded mafic and felsic volcanic rocks. Metamorphic grade increases from southwest to northeast.

Multiple mafic–ultramafic layered intrusions intruded the Western and Central Zones in the Halls Creek Orogen prior to and during the Halls Creek Orogeny. The intrusions are localised in the Central Zone and range up to 7.8 km thick and have outcropping areas of up to 240 km^2. The intrusions are broadly

coincident with a major regional gravity high that is indicative of a significant volume of mafic rock at depth.

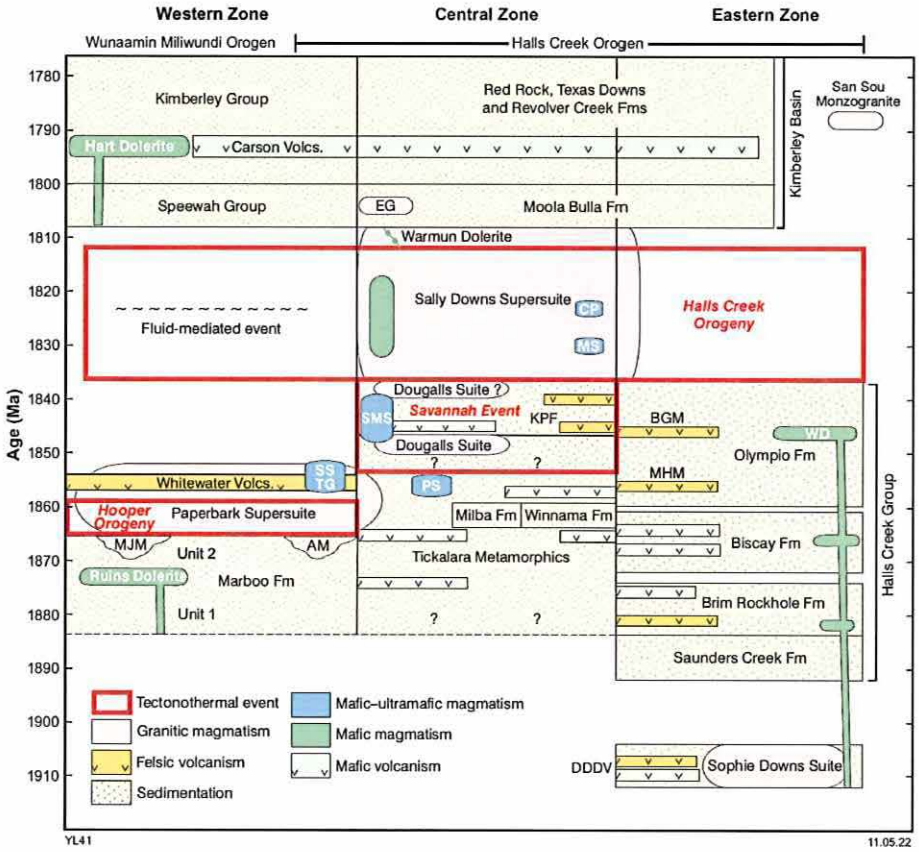


Figure 5: Time Space plot showing the Central Zone stratigraphy and timing of the Sally Malay Suite

Source: Maidment et al, 2022

According to Maidment et al 2022, geochronology and field relationships indicate that the mafic–ultramafic intrusions were emplaced over an extended period before the Halls Creek Orogeny. Three intrusions (Panton, Springvale and Toby) have U–Pb zircon dates of 1857–1854 Ma (Page and Hoatson, 2000; Kemp et al., 2015). Intrusions comprising the Sally Malay Suite have U–Pb zircon dates between c. 1848 and 1839 Ma and a baddeleyite date of 1846 ± 5 Ma (Page and Hoatson, 2000; Mole et al., 2018) (Figure 5).

2.6 Local Geology and Mineralisation

According to Hicks *et al* 2017, the Savannah layered intrusion is one of four large mafic to ultramafic intrusions outcropping within a six kilometre^2 area around the mine. These bodies intrude granulite facies Tickalara Metamorphics (Hoatson and Blake, 2000) made up of migmatite and mafic granulite.

Figure 6 shows the local project geology and the distribution of the prospective mafic-ultramafic intrusions with Figure 7 showing further detail in plan of the mine complex intrusions.

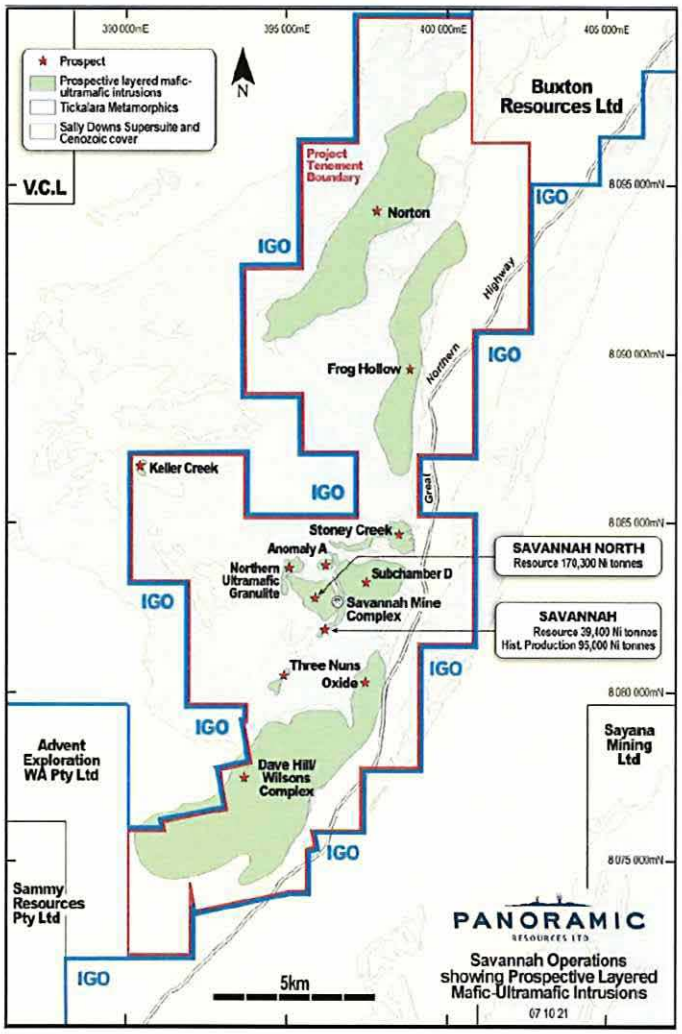


Figure 6: Local Geology of Panoramic Tenements showing prospective intrusions and prospects

Source: ASX: PAN Diggers and Dealers Presentation August 2023

The Savannah sulphide deposit occurs within a marginal norite unit which developed at the base of the Savannah Layered Intrusive Complex (SI). The SI intruded into a metamorphosed sequence of sedimentary and igneous rocks Tickalara Metamorphics. The main Savannah deposit which has been exploited by mining is characterised by steeply dipping mineralisation dominated by pyrrhotite, pentlandite and chalcopyrite. The mode of sulphide occurrence varies from disseminated/matrix to stringer to massive sulphide, where typical massive sulphide assays 2-3% nickel. Post intrusion folding has resulted in the Savannah mineralisation now dipping sub-vertically.

The Savannah North deposit dips moderately 40-45 degrees to the north-west and comprises two main zones (Upper and Lower) and some minor sub-parallel domains. The Upper Zone is developed on the basal contact of the Savannah North Intrusion (SNI) (previously known as the North Olivine Gabbro), and the Lower Zone is a consistent remobilised zone of massive sulphide mineralisation, in part associated with the 500 fault. Both zones are well defined by the drilling and the interpretation is considered sufficiently robust for resource modelling. A large younger gabbroic intrusion (the Turkey Creek Gabbro) separates the two Savannah layered intrusions.

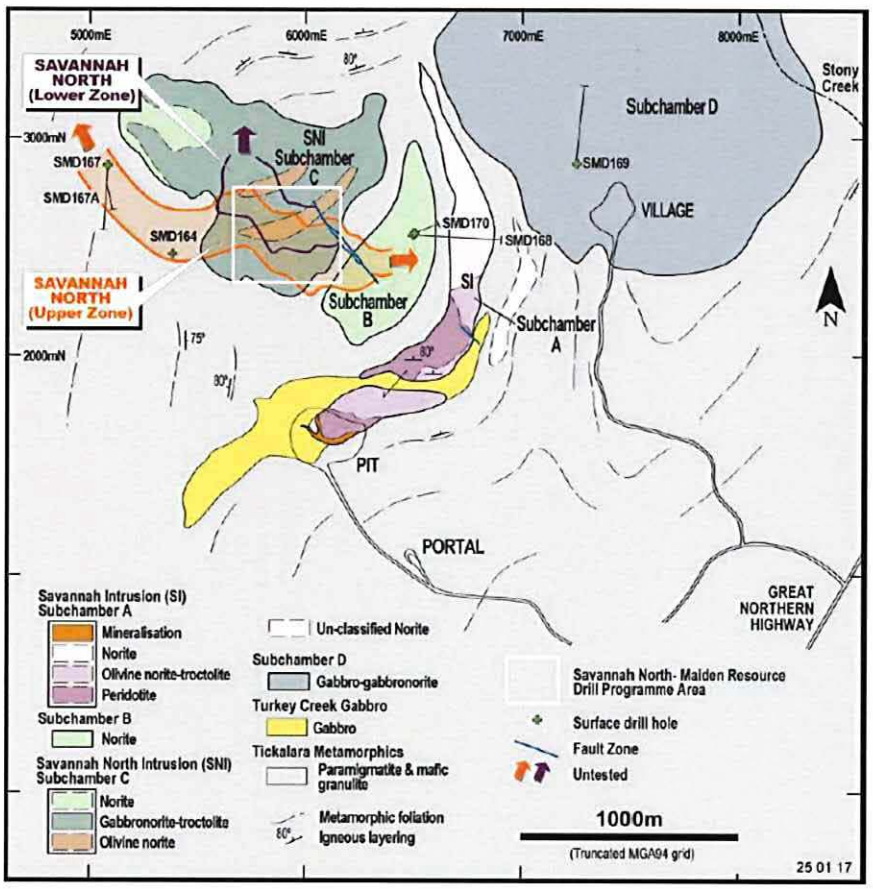


Figure 7: Plan view of Savannah and Savannah North intrusions and mineralisation

Source: Hicks et al 2017

3. Savannah Mineral Resources and Ore Reserves

3.1 Mineral Resource Estimates (MRE)

The Savannah MRE comprises three separate MREs reported to the ASX at three different times (Table 1).

Table 1: Savannah Nickel Project Mineral Resource Estimates, Ni >0.5%

Resource	Metal	MRE Date	Measured		Indicated		Inferred		Total		Metal
			Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes
Savannah Above 900F	Nickel	Jan-23	817,000	1.36	523,000	1.66	30,000	1.82	1,370,000	1.48	20,300
	Copper			0.77		1.18		1.14		0.93	12,800
	Cobalt			0.069		0.08		0.09		0.07	1,000
Savannah Below 900F	Nickel	Sep-23	0	0.00	987,000	1.80	820,000	1.57	1,807,000	1.70	30,600
	Copper			0.00		0.86		0.78		0.82	14,900
	Cobalt			0.000		0.11		0.07		0.09	1,700
Savannah North	Nickel	Jun-23	2,381,000	1.42	5,466,000	1.57	3,542,000	1.31	11,389,000	1.46	165,900
	Copper			0.57		0.70		0.50		0.61	69,900
	Cobalt			0.10		0.11		0.08		0.10	11,300
Total Savannah Project	Nickel		3,198,000	1.40	6,976,000	1.61	4,392,000	1.36	14,566,000	1.49	216,900
	Copper			0.62		0.76		0.56		0.67	97,600
	Cobalt			0.09		0.11		0.08		0.10	14,000

Source: ASX: PAN 5 October 2023

The information in Table 1 above is extracted from the report entitled Savannah Nickel Project – Mineral Resource and Ore Reserve Statement released to ASX on 5 October 2023. The information in the announcement that relates to drilling, the drillhole database and wireframing and interpretation at Savannah and Savannah North and the Mineral Resources at Savannah is based on information compiled by Mr Andrew Shaw-Stuart at the time an employee of Panoramic Resources Limited and member of the Australian Institute of Geoscientists.

The information in the announcement that relates to Mineral Resources at Savannah North was based on information compiled by Mr Mark Zammit an employee of Cube Consulting. Mr Zammit is a Principal Consultant Geologist with Cube and is a Member of the Australian Institute of Geoscientists. Mr Shaw-Stuart and Mr Zammit have sufficient experience that is relevant to the type of deposit under consideration and to the activity which they were undertaking to qualify as Competent Persons as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Shaw-Stuart and Mr Zammit consented to the inclusion in that report of the matters based on their information in the form and context in which it appeared.

No new Resource Statements have been made since 5 October 2023. The statement covers mining depletion up until end June 2023. Mining in the FY2024 year amounted to 680,000 tonnes of underground ore.

During FY2023, 133 holes for 17754m were drilled at Savannah North with the purpose of infilling the existing Mineral Resource between the 1200 and 1325 RLs and infilling other areas of known peripheral mineralization. At Savannah, 43 holes for 7778m were drilled mainly above the 900 Fault, with broader

spaced Resource definition drilling targeting below the 900 Fault attempting to better define the western orebody extension.

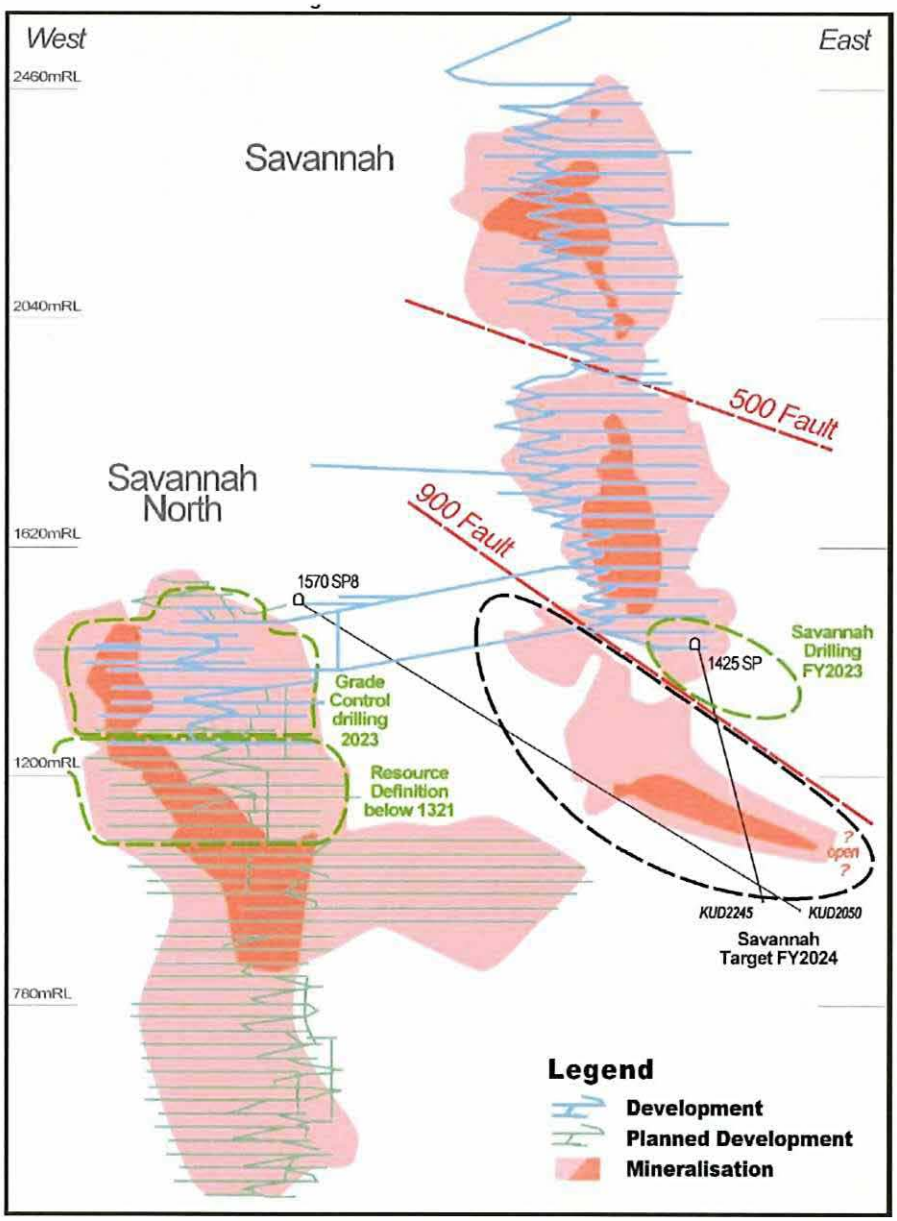


Figure 8: Long Section through Savannah and Savannah North

Source: ASX: PAN 5 October 2023

3.1.1 Savannah above 900 Fault

The Savannah MRE of 1.37Mt at 1.48% Ni, 0.93%Cu and 0.09% Co has decreased from the 2022 MRE as a result of mining depletion despite increases from resource development drilling.

3.1.2 Savannah below 900 Fault

Below the 900 Fault the MRE is 1.81 Mt at 1.7% Ni, 0.82% Cu and 0.09% Co a large increase (of approximately 900kt) from the 2022MRE due to resource development drilling of 9 holes

3.1.3 Savannah North

The description is from the October 5 2023 MRE. The Savannah North MRE is composed of an Upper Zone and a Lower Zone with some other minor modelled zones (see Other in Table 2).

Table 2: Modelled Domains of the 2023 Savannha North MRE

Domain	Variable	Measured		Indicated		Inferred		Total		
		Tonnes	Grade (%)	Tonnes	Grade (%)	Tonnes	Grade (%)	Tonnes	Grade (%)	Metal (t)
Upper	Nickel	2,088,000	1.44	2,111,000	1.41	1,569,000	1.25	5,767,000	1.38	79,800
	Copper		0.58		0.59		0.41		0.54	31,300
	Cobalt		0.11		0.11		0.07		0.10	5,500
Lower	Nickel	-		2,882,000	1.73	849,000	1.56	3,730,000	1.70	63,500
	Copper				0.84		0.72	-	0.82	30,500
	Cobalt				0.12		0.10	-	0.12	4,300
Other	Nickel	294,000	1.25	474,000	1.32	1,125,000	1.21	1,892,000	1.19	22,600
	Copper		0.52		0.38		0.47		0.43	8,100
	Cobalt		0.09		0.08		0.08		0.08	1,400
Total	Nickel	2,381,000	1.42	5,466,000	1.57	3,542,000	1.31	11,389,000	1.46	165,900
	Copper		0.57		0.70		0.50		0.61	69,900
	Cobalt		0.10		0.11		0.08		0.10	11,300

' Resource tonnes are rounded to the nearest 1,000t and contained metal tonnes to the nearest 100t. Therefore, rounding errors may :ause individual column totals not to sum precisely.

Source: ASX: PAN 5 October 2023

The Savannah North Upper Zone relates to mineralisation developed on or above the basal contact of the SNI. The Upper Zone strikes northeast to southwest and dips moderately to the northwest. Multiple smaller lenses of mineralisation are developed about the upper zone inside the intrusion (modelled as Other).

The Lower Zone is a discrete higher grade massive sulphide zone developed largely in the Tickalara Metamorphics below the SNI and is interpreted to be remobilisation of Upper Zone mineralisation.

In 2023 the Resources were depleted by mining from the 2022 MRE and with an increased in the Measured Category and related decreases in Indicated and Inferred Categories.

3.2 Current Exploration and Exploration Potential

3.2.1 Savannah above 900 Fault

The current Inferred Resource (above the 900 fault) is sited below the historical workings at Savannah. Recent drilling down plunge has returned results such as

- KUD1931 28.90m at 1.16% Ni, 0.75% Cu, 0.06% Co
- KUD1917 19.75m at 1.49% Ni, 0.49% Cu, 0.07% Co
- KUD1944 15.15m at 2.1% Ni, 1.35% Cu, 0.11% Co
- KUD1919 10.25m at 1.5% Ni, 0.18% Cu, 0.07% Co
- KUD1923 9.1m at 2.52% Ni, 1.1% Cu, 0.12% Co
- KUD1943 8m at 2.95% Ni, 0.62% Cu, 0.15% Co

These results confirm likelihood that this area will be upgraded to a mineable area (PAN March 2024 Geology Summary) (Figure 9).

3.2.2 Savannah below 900 Fault

Resource definition drilling below the 900 Fault continued until 23 November 2023. The reason for drilling in this location despite pending administration was to significantly derisk the future development of the Savannah deposit (ASX: PAN January 31 2024). The drilling was designed to infill around KUD2050 and KUD2245 (Figure 9).

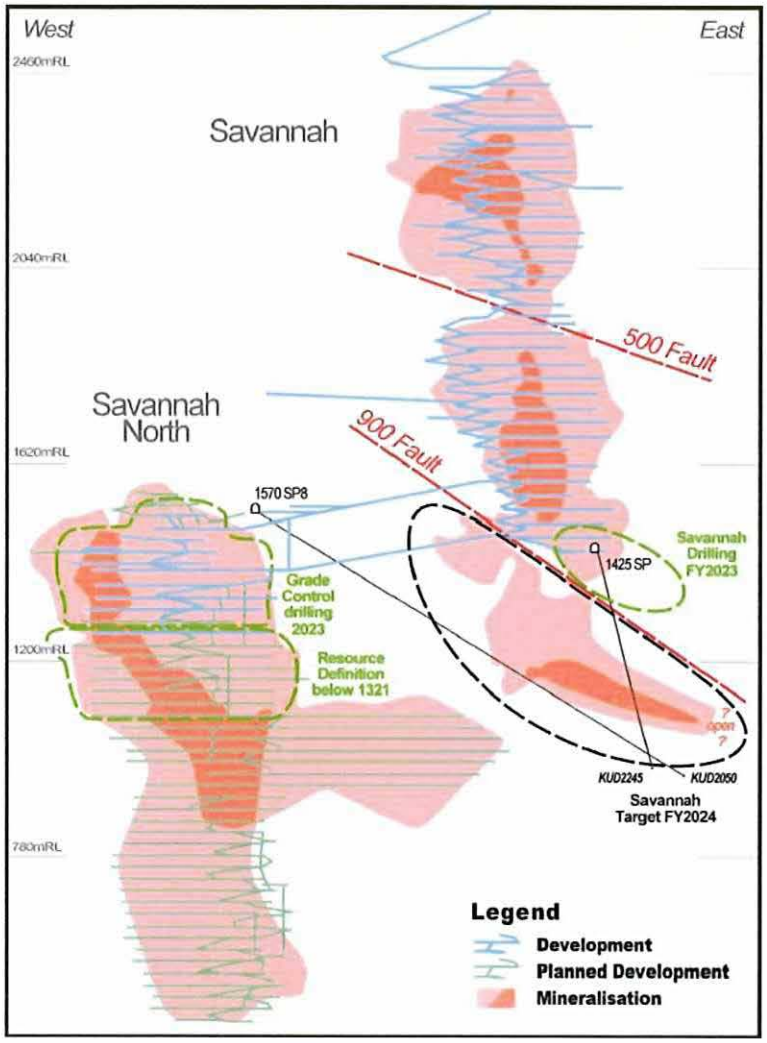


Figure 9: Exploration Drilling from underground platforms down plunge of Savannah

Source ASX: PAN 31 January 2024

KUD2050 was drilled from an underground platform above Savannah North and intersected massive sulphides below the 900 Fault with results of

- 6.45m at 1.05% Ni, 0.31% Cu, 0.05% Co from 628m on the Northern Contact
- 43m at 0.79% Ni, 0.6% Cu and 0.04% Co from 652m within the Savannah orebody and

- 5.05m at 1.61% Ni, 1.1% Cu and 0.06% Co from 708.65m on the Southern Contact (ASX: PAN 8 May 2023)

Drilling results from KUD2245 further testing this area returned 26.75m at 1.76% Ni, 1.04% Cu and 0.08% Co (ASX: PAN 18 September 2023) (Figure 10).

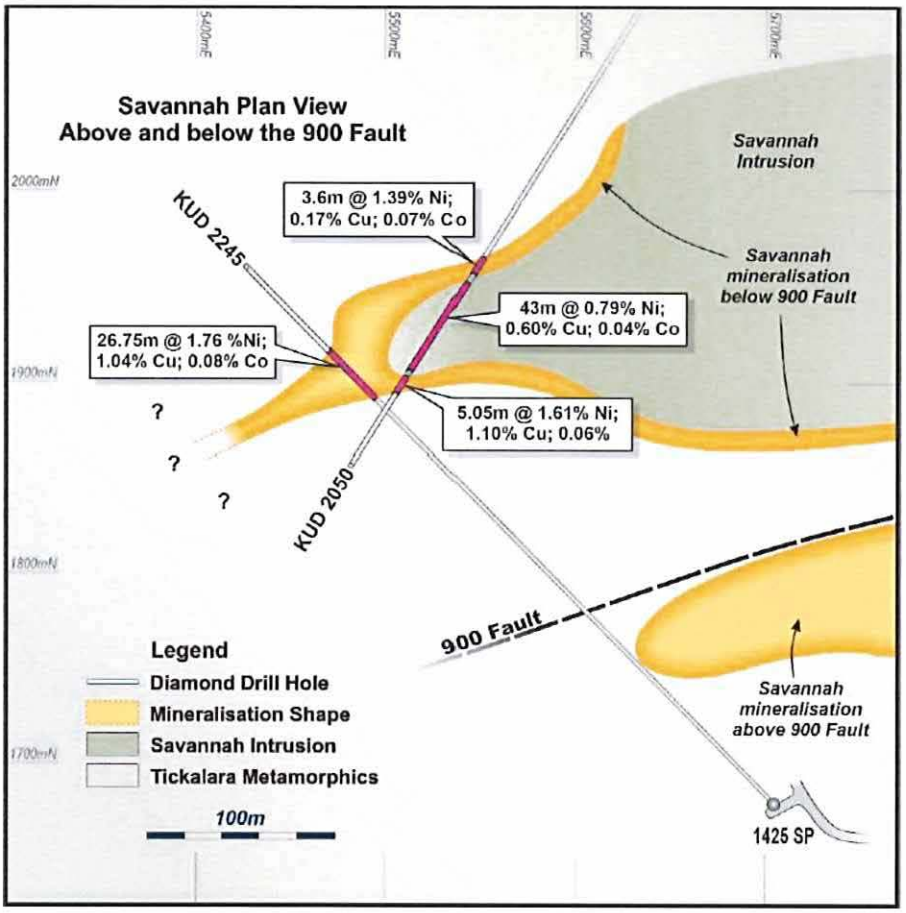


Figure 10: Plan View of Savannah mineralisation

Source: ASX: PAN 18 September 2024

The mineralisation is open to the west along the "Western Splay" , a zone of high grade massive sulphide known to extend up to 200m into the Tickalara Metamorphics west (below) the intrusion and is untested by drilling (ASX: PAN 19 October 2023) (Figure 11).

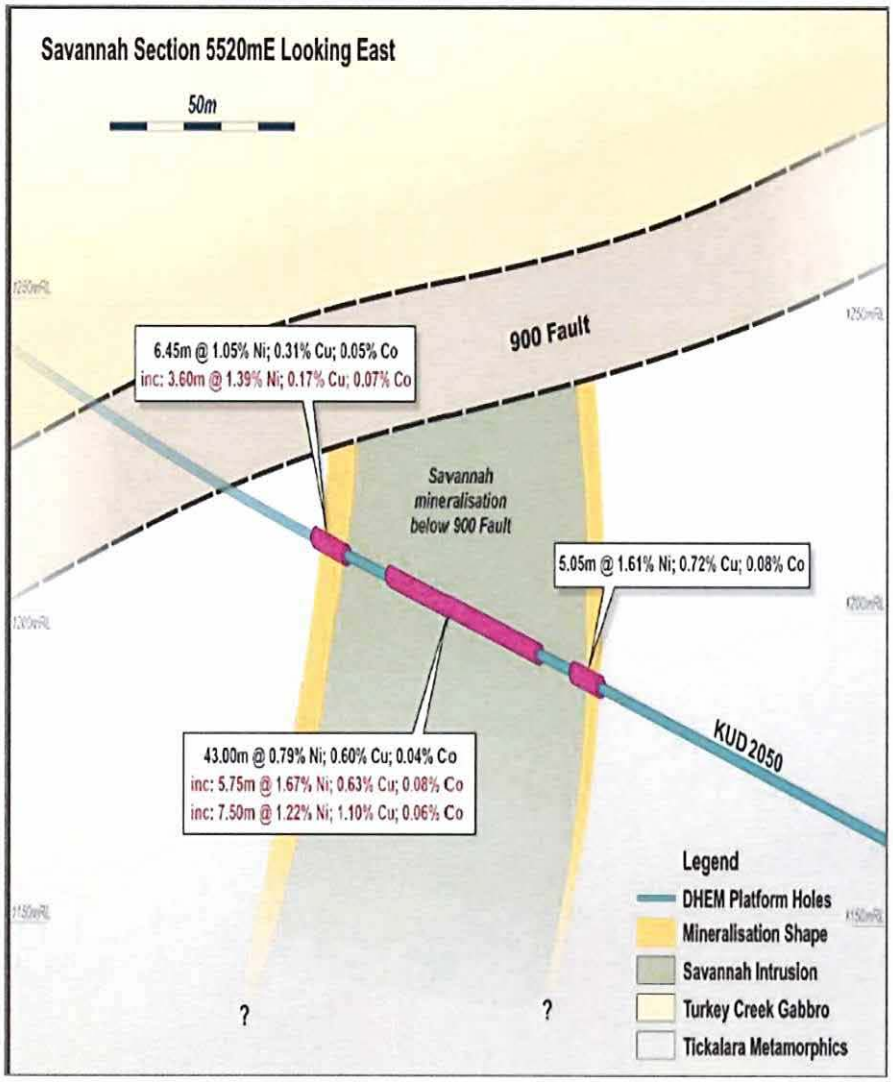


Figure 11: KUD2050 intersection below the 900 Fault

Source: ASX: PAN 26 July 2023

Figure 12 below shows this targeted area as described above as part of Panoramic's most recent Life of Mine (LOM) plan

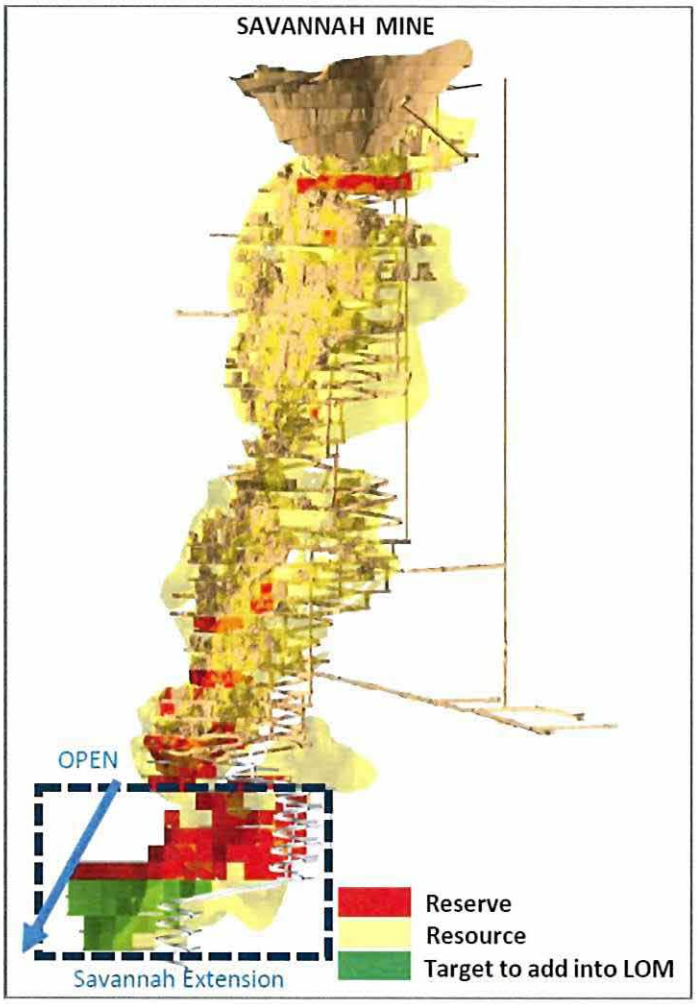


Figure 12: Savannah MRE and Target shown in green

Source: ASX: PAN 20 October 2023

3.2.3 Savannah North

The Savannah North mineralisation is modelled over a strike length of 1050m but is predicted to extend up to 2000m based on EM responses both on-hole and off-hole in surface holes SMD164 (Section 5400mE) and SMD164 and SMD167A (Section 5100mE) (Figure 7) (ASX: PAN 25 August 2015 and 31 January 2017).

The simplified cross section 2600mN (Figure 13) shows the location of the surface drilling, the mineralisation and further targets down plunge at Savannah. Figure 14 and Figure 15 shows the density of drilling intersecting both the Upper Zone and the Lower Zone based on the June 2023 MRE update by Cube (Cube Summary Report Savannah North MRE June 2023).

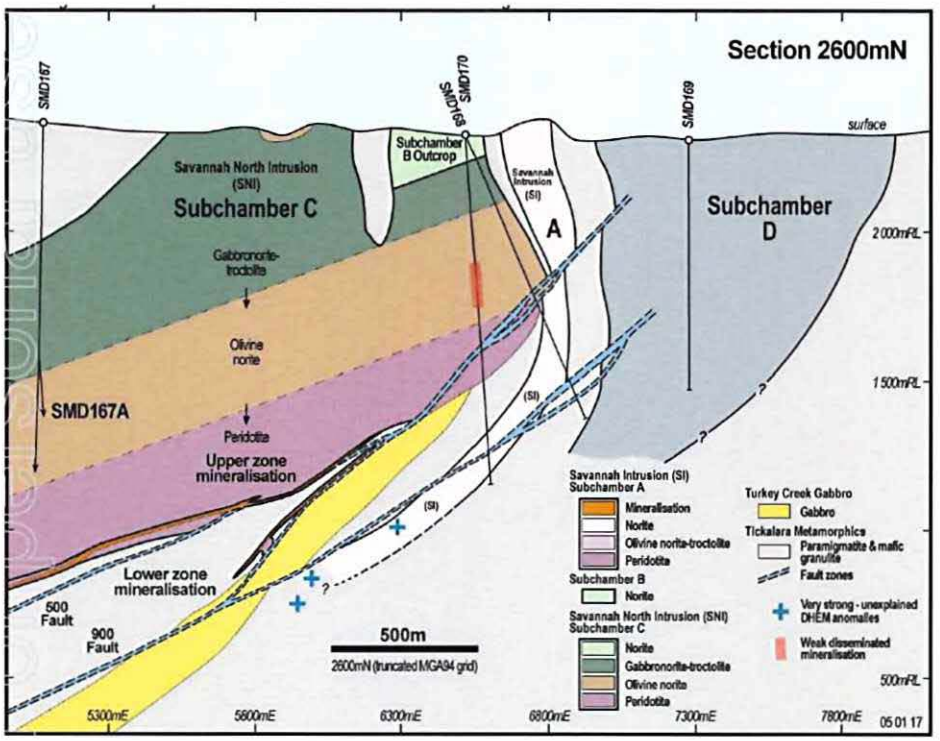


Figure 13: Savannah Cross section showing location of surface drillholes.

Source: ASX: PAN 31 January 2017

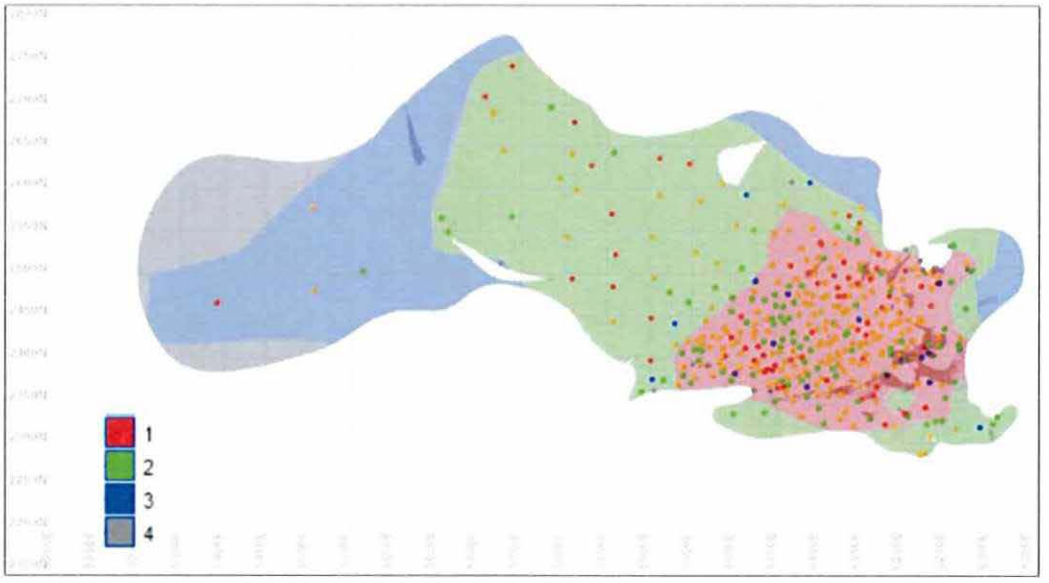


Figure 14: Savannah Nth Upper Zone Drilling & MRE Classification (1 Ore, 2 Indicated, 3 Inferred 4 Unclassified).

Source: Cube Summary Report Savannah North MRE June 2023

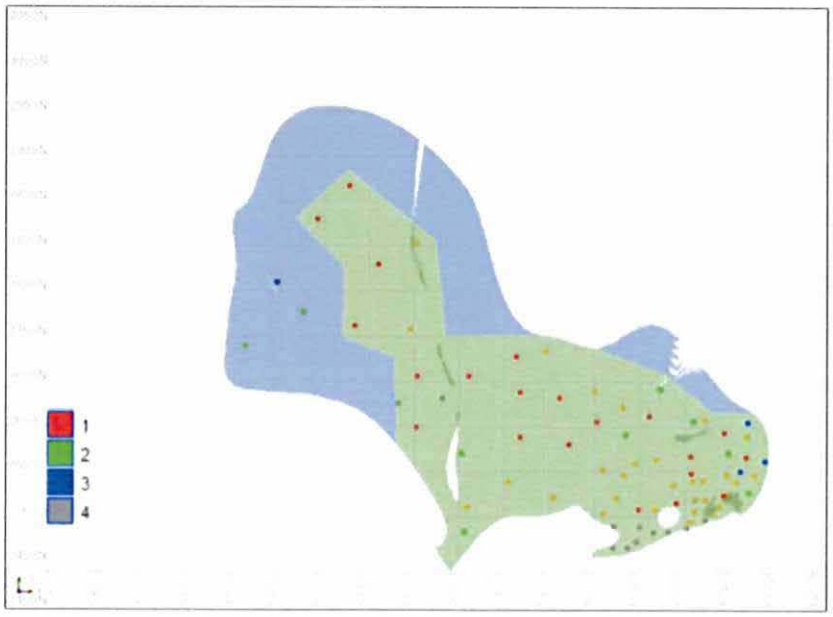


Figure 15: Savannah Nth Lower Zone Drilling & MRE Classification (2 Indicated, 3 Inferred)

Source: Cube Summary Report Savannah North MRE June 2023

Figure 16 shows the most recent image on the down plunge targeted areas as described above as part of Panoramic's most recent Life of Mine (LOM) plan.

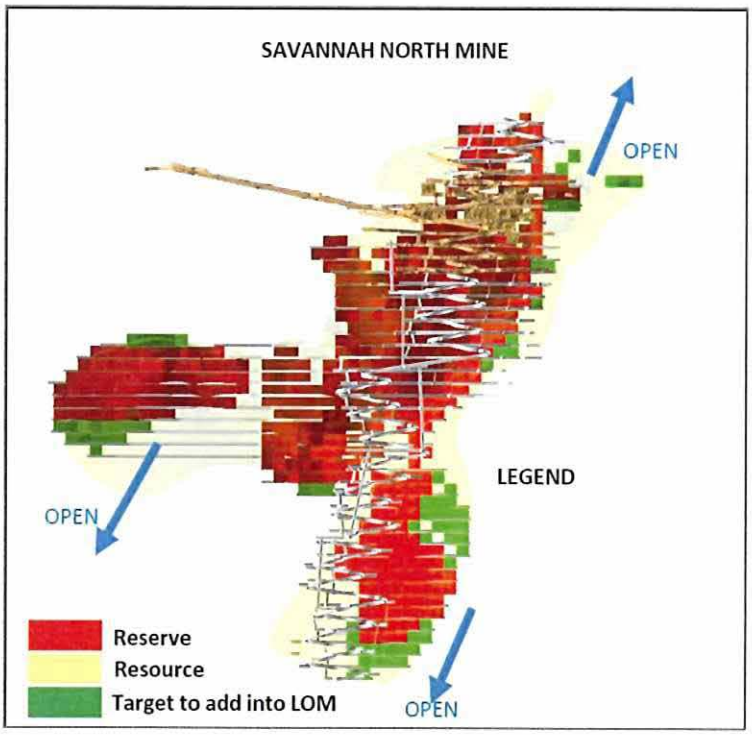


Figure 16: Savannah North MRE and Exploration Target shown in green

Source ASX: PAN 20 October 2023

VRM Comment

VRM considers that there is strong evidence from drilling and DHEM data that the mineralisation at Savannah North extends up to a further 1km down plunge. The Savannah mineralisation is also open down plunge with untested EM conductors warranting drill testing.

3.3 Mineral Resource Review

The Savannah Nickel Project contains a JORC (2021) Mineral Resource Estimate (MRE) totalling 14.566 Mt of Measured, Indicated, and Inferred Mineral Resources at 1.49% Ni, 0.67% Cu, and 0.10% Co, for 216,900 tonnes of contained Ni, 97,600 tonnes of contained Cu, and 14,000 tonnes of contained Co (Table 3). The Savannah Project consists of the Savannah North deposit and the Savanah deposit which has been classified into two areas, above and below the 900 Fault.

The MRE is current as of 1 September 2023 and incorporates all drilling completed until 1 September 2023. All MRE's are reported to JORC (2012) standards and at a cut-off grade of 0.5% Ni.

Table 3: Savannah Nickel Project Mineral Resource Estimates, Ni >0.5%

Resource	Metal	MRE Date	Measured		Indicated		Inferred		Total		Metal
			Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes
Savannah Above 900F	Nickel	Jan-23	817,000	1.36	523,000	1.66	30,000	1.82	1,370,000	1.48	20,300
	Copper			0.77		1.18		1.14		0.93	12,800
	Cobalt			0.069		0.08		0.09		0.07	1,000
Savannah Below 900F	Nickel	Sep-23	0	0.00	987,000	1.80	820,000	1.57	1,807,000	1.70	30,600
	Copper			0.00		0.86		0.78		0.82	14,900
	Cobalt			0.000		0.11		0.07		0.09	1,700
Savannah North	Nickel	Jun-23	2,381,000	1.42	5,466,000	1.57	3,542,000	1.31	11,389,000	1.46	165,900
	Copper			0.57		0.70		0.50		0.61	69,900
	Cobalt			0.10		0.11		0.08		0.10	11,300
Total Savannah Project	Nickel		3,198,000	1.40	6,976,000	1.61	4,392,000	1.36	14,566,000	1.49	216,900
	Copper			0.62		0.76		0.56		0.67	97,600
	Cobalt			0.09		0.11		0.08		0.10	14,000

Source: ASX: PAN 5 October 2023

As required by the VALMIN Code, VRM has undertaken an assessment of the reasonableness of any MRE's. This MRE review has been limited to publicly available ASX releases, and the following reports which were provided to VRM by Korda Mentha:

- Cube 2023. Technical Memorandum – Model Handover - Savannah Sub-900 fault updated estimate. Prepared by Cube Consulting for Panoramic Resources, dated 22 May 2023.
- Cube 2023. Summary Report – Mineral Resource Estimate - Savannah North, Savannah Nickel Project. Prepared by Cube Consulting for Panoramic Resources, dated 30 June 2023.
- Cube 2023. Technical Memorandum – Model Handover - Updated Savannah North Mineral Resource Estimate (MRE) and Savannah project total MRE statement depleted to 30 June 2023. Prepared by Cube Consulting for Panoramic Resources, dated 17 July 2023.
- Cube 2023. Technical Memorandum – Model Handover - Savannah Sub-900 fault updated estimate. Prepared by Cube Consulting for Panoramic Resources, dated 22 September 2023.

VRM has not verified the underlying geological databases or completed a full review of the Mineral Resource Estimates and all associated input data, and macro processes used. The resource models have

not been loaded or re-reported by VRM. A complete and detailed due diligence of the technical data associated with the MRE's has not been undertaken by VRM as part of this high-level review. VRM has not carried out a reconciliation review.

The CP for the information that relates to the Estimation and Reporting of Mineral Resources at Savannah North is based on information compiled by Mark Zammit. Mr Zammit is a member of the Australasian Institute of Geoscientists and is a Principal Consultant Geologist and full-time employee of Cube Consulting Pty Ltd (Cube) based in Perth, Western Australia.

The CP for the information that relates to the Estimation and Reporting of Mineral Resources at Savannah is based on information compiled by Andrew Shaw-Stuart. Wireframing, interpretation and the drill hole database has been compiled by Andrew Shaw-Stuart, a member of the Australian Institute of Geoscientists (AIG) and is a full-time employee of Panoramic Resources Limited.

3.3.1 Database & Data Integrity

The Savannah North drillhole database has a total of 511 collars, of which 133 have been drilled after the June 2022 MRE and used in the updated June 2023 MRE. Cube assigned a low value equal to or less than the detection limit to samples with assay results identified as below detection and to unsampled intervals based on the assumption that unsampled intervals represent unmineralised material.

All diamond core is photographed and geologically logged with samples (typically between 0.2 metre to 1 metre long) defined by geological contacts. Sample preparation and analysis was completed within the Savannah Nickel Mine (SNM) onsite laboratory which is currently run by Bureau Veritas but prior to August 2016 it was operated by SGS Laboratory Services.

Prior to August 2016, sample preparation included pulverising to 90% passing 75 µm. The standard analytical technique was a three-acid digest with an AAS finish. This method best approaches total dissolution for most minerals. The onsite exploration sample analytical method for Ni, Cu, Co is AAS 22S. Exploration samples were sent off-site and analysed using a four-acid digest with either ICP OES or AAS finish (AAS for ore grade samples).

Under Bureau Veritas, sample preparation and assaying involved crushing and pulverising the sample to 80% passing 75µm followed by Ni, Cu, Co, Fe, MgO and S analysis by XRF of metaborate fused glass beads. The XRF brand is a ZETIUM Pan-analytical instrument.

3.3.2 Modelling

The mineralised domains for both Savannah and Savannah North have been defined by the presence of strong and continuous zones of logged massive sulphide mineralisation based on all available information including massive sulphide content, lithology, and structural boundaries. An approximate 0.5%Ni cut-off was used when defining the mineralised wireframes.

Mineralisation and lithology modelling were completed by PAN geology staff using Leapfrog software and supplied to Cube. For the MRE, the mineralisation solid wireframes were supplied to Cube without the intersection of the dyke and fault models. This was because truncated mineralisation wireframes are prone to validation errors in Surpac, and it is a lot more efficient to deplete the final block model with the dyke and fault models as a final step in the process.

A total of eleven (11) domains were modelled. In addition to the mineralisation wireframes, a simple wireframe was created to encompass the mineralised domains and serve as a limit to the background estimate.

The Savannah North mineralisation occurs approximately 750 m below the surface and all modelled mineralisation is considered fresh sulphide therefore a modelled oxidation interpretation and surface was not generated for the Savannah North Mineral Resource.

Underground mine workings were supplied to Cube as three dimensional (3D) wireframes for the level development and stopes current to the end of June 2023 which were used to flag the block model.

The extrapolation distance applied to the mineralisation interpretations (i.e. along strike and drown dip) is not specified.

3.3.3 Grade Estimation

Samples were flagged according to the domain wireframe and composited to 1m. The 1 m elemental composites were length and density weighted, whilst the 1 m composites for density were only length weighted. A top-cut analysis was undertaken which deemed that top-cuts were not required and top cuts were not applied to the 1m composites. Statistical analysis of the grade populations reported no extreme values and a low coefficient of variation.

Nickel, copper, cobalt, and density were interpolated by ordinary kriging (OK) using 1 m composited samples into parent blocks with a size of either 20 mN x 20 mE x 4 mRL, 10 mN x 10 mE x 4 mRL, or 5 mN x 5 mE x 2 mRL depending on the data spacing. Block sizes were selected based on average drillhole spacings.

The Lower 2 domain is typically high grade but contains an area at the western end of the domain which includes three drillhole intersections that are significantly lower grade. Cube decided to sub-domain this area and a soft (or one way) boundary was adopted. During estimation, the low-grade composites were included in the high-grade sub-domain estimate however only the low-grade composites were used for estimation of the low-grade sub-domain

A minimum of four (4) and maximum of 16 samples were specified as part of a two (2)-pass search strategy which included a maximum of eight (8) composites per drill hole. The second pass used a search factor ranging from 2 to 3.7 times the first pass search distance with the same minimum and maximum number of samples. During estimation, a local rotation was applied to both the variogram model and search neighbourhood to account for undulations in the mineralisation morphology

3.3.4 Density

Bulk density values have been determined using the water displacement method where possible for all resource definition samples. Density values have been assigned to samples without density measurements using a regression formula to calculate density values. Approximately 70% of the 5,159 samples used in the MRE have a measured density determination, and the remaining have been calculated based on the regression formula:

Density values have been estimated (within ore domains) to blocks via OK. Waste blocks have been assigned a value of 2.88

3.3.5 Model Validation

Validation checks undertaken include:

- Comparison between wireframe and block model volumes

- Visual inspection of the final block estimates in relation to drill data on a section-by-section basis
- Global statistical comparisons of sample and block grades
- Global comparison of different estimation methods
- Semi-local comparison of composite and block grades using Swath Plot.

In Cube's opinion there is generally a good correlation between the block estimate and the composite mean, with the greatest differences occurring in poorly sampled areas and where the composites display high degrees of local variation. Cube considers the OK estimates to be a fair and accurate reflection of the informing data.

Panoramic consider reconciliation results between mined and milled figures to be good.

VRM reviewed Cube's global mean comparisons for Savannah North which found that two (2) domains had differences of +/- 10% for Ni, three (3) domains had differences of +/- 10% for Cu, and four (4) domains had differences of +/- 10% for Co. In general, estimated domains with pronounced differences of +/-10% are related to poorly informed estimated regions (i.e. low number of samples). In most cases the OK grades were higher than the mean input grades. Global swath plots for the Savanah North MRE were provided, which demonstrate a level of smoothing.

Validation results for Savanah Above 900F and Savanah Below 900F MRE's have not been provided.

3.3.6 Classification

MRE's were classified in accordance with JORC (2012), and the classification is based on a number of factors such as database integrity, geological interpretation, estimation methodology, drillhole spacing, and the history of mining at the Savannah Project.

Material in areas with close spaced grade control drilling (typically 20m by 20m) has been classified as Measured, areas where the drilling spacing is greater than the close spaced 20m x 20m drilling but approximates 50m x 50m has been classified as Indicated, and areas where the data density is greater than 50m x 50m spacing has been classified as Inferred.

Cube considered the following points to be material in the classification of the Savannah North Mineral Resource:

- Database integrity – Cube has not undertaken a review of the drillhole data however the sample size, QAQC protocols, and sampling and assaying procedures undertaken by Panoramic demonstrate that their work conforms to industry standards.
- Geological interpretation – The Savannah Project has been subject to significant underground mining activity, demonstrating the continuity and style of mineralisation. The geology is well understood by Panoramic and has been reviewed by Cube.
- Tonnage factor assumptions – Bulk density is determined using the water displacement method for the majority of samples otherwise regressed based on the sulphur content. There is inherent variability of in situ bulk density within the Savannah North deposit and this has been honoured by the abundance of density determination data and the way it has been estimated by Ordinary Kriging.
- Drill hole spacing and sampling density – Mineralisation interpretations are based on a variable drill hole spacing. The initial RD data spacing which underpinned the project approximated 50m

x 50m intersections. This has been infilled in the upper levels with closer spaced grade control drilling which has achieved a nominal intercept spacing of 20 m x 20 m for the majority of the mineralisation above 1275 mRL and includes drilling down to down to 5 m x 5 m in areas.

- Estimation method - Reasonable prospects for economic extraction have been satisfies given the Savannah underground mine is currently in production and ore material is processed on site and the presence of significant volumes of contiguous mineralisation above the 0.5% Ni cut-off.
- Amenability to underground mining methods - Cube has undertaken an OK estimate for the grade attributes nickel, copper and cobalt. This involved 1 m composites estimated into either 20 mN x 20 mE x 4 mRL, 10 mN x 10 mE x 4 mRL, or 5 mN x 5 mE x 2 mRL parent cell blocks depending on the domain data spacing. Dynamic kriging was used with the aid of trend planes for each domain to account for undulations in local dip and strike.

3.3.7 Cut-off Grade and Modifying Factors

The MRE is reported above a 0.5% Ni cut-off grade which is used by the Company for reporting of all underground resources at the Savannah Project.

Other material modifying factors assumed for the Savannah MRE are:

- Continued underground mining using sub-level stoping
- Conventional crushing, grinding, flotation processing to make a saleable nickel concentrate
- Metallurgical recoveries of 83% for Ni, 97% for Cu and 85% for Co
- Current offtake agreements in place
- All approvals remaining in place to continue mining, processing and shipping operations.

3.3.8 Metallurgy

Savannah ore has been successfully treated through a 1Mtpa SAG mill and flotation circuit since commissioning in 2004. Current MRE's assume that the metallurgical nature of the deposit has not changed. Metallurgical factors are addressed in Ore Reserve conversion

3.3.9 Mining

Mining commences at Savannah in 2021, and the mining continued at Savannah North and Savanah in FY23. In total 0.68 Mt at 1.02% Ni, 0.51% Cu, and 0.07% Co for 7,000 tonnes of Ni, 3,500 tonnes of Cu, and 500 tonnes of Co were mined in FY23.

Mining in the FY24 year totalled 371,952 tonnes of ore before production ceased at the end of 2023. The September 2023 quarter production (ore milled) totalled 184,009 tonnes at 1.17% Ni, 0.55% Cu, 0.08% Co, and the December quarter production (ore milled) totalled 187,943 tonnes at 1.04% Ni, 0.49% Cu, 0.07% Co (ASX: PAN 31 January 2024). Actual ore mined during the September 2023 quarter totalled 185,213 tonnes at 1.18% Ni, 0.55% Cu, 0.08% Co, and ore mined during the December quarter totalled 160,927 tonnes at 1.06% Ni, 0.50% Cu, 0.07% (ASX: PAN 31 January 2024).

The FY 2024 production has not been depleted from the 2023 MRE and no new Resources or Reserves have been reported since 5 October 2023 which relates to material mined and discovered to end June 2023.

3.3.10 Cube Recommendations

The following recommendations have been made by Cube in their 2023 technical memos and report:

- Allow time during the next update to consider sub-domaining to improve the variography and final estimate quality.
- Infill widely spaced areas of the Sub-900 Fault (118) domain including the lateral extremities which are currently unsampled.
- Target extensional drilling around the KUD2245 intercept.
- Continue interpretation of sulphides within the intrusion, such as the intercept seen in KUD2050, that are not included in the mineralised envelope.
- As noted in previous memorandums and reports, an effort should be made to consolidate the MRE and ORE work from Savannah North, Savannah Main and Savannah below the 900 fault into a single document and associated data packs encompassing the whole project. A database of MRE and ORE inputs and outputs should also be considered.
- Consider treatment of remnant material such as rib pillars and lateral extents of mineralisation per level. Cube believes that some of this material should be flagged as 'sterilised' given it is unlikely to meet the reasonable prospects of eventual economic extraction test set out in the JORC Code.
- Consider an alternative method of limiting the Leapfrog vein model to constrain the zone edges. The current method of using a boundary string to truncate the edges results in geologically unrealistic contacts.
- Consider the use of underground stope optimising software (MSO) to assist with meeting the requirements of Reasonable Prospects of Eventual Economic Extraction.
- Complete the reconciliation between MRE, claimed production and milling.

In VRM's opinion the recommendations put forward by Cube should be implemented.

VRM Comment

VRM has conducted a review of the reasonableness of the Mineral Resources within the Savannah Project and has not identified any material areas of concern. However, VRM notes the following:

- The ASX announcement dated 5 October 2023 includes the Savanah Below 900F September 2023 MRE update and the Savanah North June 2023 MRE update, but the contents of the ASX release (including Table 1) seem to largely be about Savanah North. For some sections it is not clear whether it is applicable to just Savanah North, or just Savanah Below 900F, or both.
- Cube have written a full MRE report for the Savanah North June 2023 MRE update, but just short memos for Savanah Below 900F (May 2023 and September 2023). There was no memo or report for the January 2023 Savanah Above 900F MRE provided. VRM recommends full resource reports be written for all MRE's.
- Cube did the Savanah Below 900F MRE, but according to the ASX announcement dated 5 October 2023, are not the CP for the MRE.

- Cube has not undertaken a review of the drillhole data however the sample size, QAQC protocols, and sampling and assaying procedures and has accepted the database on an "as is" basis. VRM recommends a database review be undertaken as part of future MRE updates.
- VRM has not undertaken a reconciliation review (outside the scope of works) and recommends that future MRE updates undertake a reconciliation review to assist with identifying whether they are any potential refinements to the MRE process and parameters used.

3.4 Review of Ore Reserve Estimates

VRM have reviewed a number of Ore Reserve documents from the data room.

- A Draft Report titled "Savannah Underground Nickel Mine Life of Mine Plan and Ore Reserve Report" dated July 2020 by Entech Mining Consultants. The filename in the data room was "05.01.05.02 ENT_0592_PAN_Draft_V1.pdf". VRM consider this document not to be reported in accordance with the JORC Code (2012). The technical work undertaken appears to be of a reasonable standard. But the document is an unsigned Draft, and it is also missing the JORC Table 1 Ore Reserve summary. It is unclear whether this document was ever finalised and signed off by a Competent Person. There are numerous working notes in the document that show it was still a work in progress
- An ASX Announcement dated 29 September 2022 by Panoramic Resources Ltd titled "Savannah Project 2022 Mineral Resource and Ore Reserve Statement". The ASX announcement appears to be a reasonable summary of an Ore Reserve Statement for public release. The document refers to an Ore Reserve Statement dated 01 July 2022. There was no July 2022 Ore Reserve Statement or Report available for review in the data room.
- A Microsoft Word document titled "Savannah Project Ore Reserve Estimate –1 July 2023". This document is incomplete, it is unsecured and unsigned by a Competent Person, there is a Table 1 which shows edits and appears to be a work in progress.

The data-room presented no Ore Reserve statements or reports which could be considered to be reported in accordance with the JORC Code (2012). The ASX announcement from Sep 2022 is a reasonable document but the Ore Reserve Statement that this announcement refers to was not available for review in the data-room. The Technical work undertaken in the Draft July 2020 report appears to be reasonable, but the document is still a work in progress, lacks a Table 1, and is unsigned by a Competent Person.

VRM does not say that Savannah has no Ore Reserves reported in accordance with the JORC Code (2012). There may well be valid Ore Reserves Reports that were produced by Panoramic and their consultants. But VRM have not been presented with any such documents for review in the data room.

Below is a summary of the 1 July 2023 Ore Reserve as announced by Panoramic.

680,000 of ore was mined at 1.02% Ni, 0.51% Cu and 0.07% Co. Compared to 2022 MRE the 2023 MRE resulted in slightly higher reserves net of depletion indicating the potential to replace reserves.

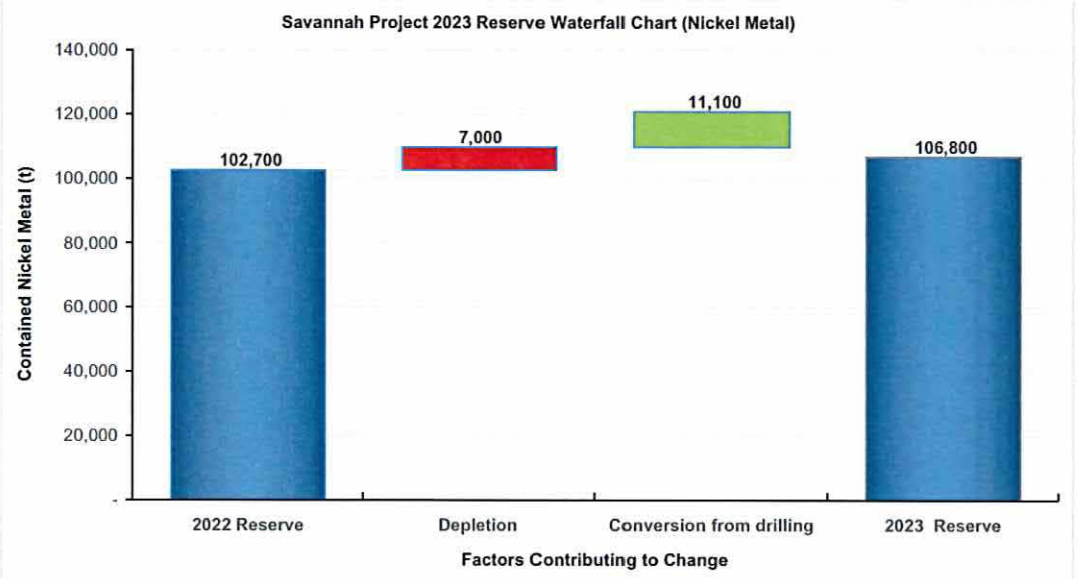


Figure 17: Savannah Project 2023 Reserve Waterfall Chart (Nickel Metal)

Source: ASX: PAN 5 October 2023

The September 2023 Q production (ASX: PAN 19 October 2023) 184,009 t at 1.17% Ni, 0.55% Cu, 0.08% Co has not been depleted from the 2023 Reserve and Resources.

The December Quarter production (ASX: PAN 31 January 2024) 187,943 t at 1.04% Ni, 0.49% Cu, 0.07% Co has not been depleted from the 2023 Reserve and Resources

Stockpiles were >25,000 t. Issues with metallurgical recoveries are partly related to ore being stockpiled. The highest recoveries have been achieved when ore is mined and processed directly into the mill due to oxidation on surface strongly affecting the ore characteristics.

No further production was reported post the December Quarter with the mine suspending production by 8th January 2024.

Construction of the Stage 6 lift of the Savannah Tails Storage Facility was completed by end 2023 with a 2.5m lift to the dam wall which was expected to provide a further 2 years of mine life (ASX: PAN 31 January 2024).

It is considered that due oxidation of ore at surface, any remaining stockpiles should have assigned recoveries downgraded if included in any inventories at all.

Table 4: Savannah 2023 Ore Reserve Estimate

Ore Reserve	Metal	Proved		Probable		Total		Metal Tonnes
		Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah	Nickel	318,000	1.37	1,047,000	1.48	1,365,000	1.45	19,800
	Copper		0.65		0.79		0.76	10,300
	Cobalt		0.07		0.08		0.08	1,100
Savannah North	Nickel	1,897,000	1.29	5,437,000	1.15	7,334,000	1.19	87,000
	Copper		0.53		0.52		0.52	38,400
	Cobalt		0.10		0.08		0.09	6,300
Total	Nickel	2,215,000	1.30	6,483,000	1.20	8,698,000	1.23	106,800
	Copper		0.55		0.56		0.56	48,700
	Cobalt		0.09		0.08		0.08	7,400

* Resource tonnes are rounded to the nearest 1,000t and contained metal tonnes to the nearest 100t. Therefore, rounding errors may cause individual column totals not to sum precisely.

Source: ASX: PAN 5 October 2023

3.5 Draft July 2020 Entech Report

The Entech draft report titled "Savannah Underground Nickel Mine Life of Mine Plan and Ore Reserve Report" dated July 2020 was reviewed by VRM for reasonableness. VRM have found the report to be at an appropriate level of technical detail for an Ore Reserve but as the document is a draft VRM does not consider it to be a compliant JORC Ore Reserve statement.

The Entech report consists of two mine plans:

A Life of Mine Plan (LOMP) that has a mineable inventory of 10.7Mt, 80% of which is Measured and Indicated, and 20% of which is inferred.

Table 5 2020 LOMP Mining Inventory

Mined Mineral Inventory	Tonnes (kt)	Grade Ni %	Ni Metal t	Grade Cu %	Cu Metal t	Grade Co %	Co Metal t
Mined Measured Material*	3,100	1.1	33,000	0.58	18,000	0.07	2,100
Mined Indicated Material*	5,520	1.3	70,000	0.57	31,000	0.09	4,900
Mined Inferred Material*	2,090	1.3	27,000	0.39	8,200	0.08	1,600
Total Mining Inventory	**10,700**	**1.2**	**130,000**	**0.54**	**57,000**	**0.08**	**8,700**

A Reserve plan that with production that consists only of factored Measured and Indicated that is attributed any revenue.

- The Reserve plan and economic analysis were generated as follows:
- The Inferred material is treated as waste.
- All stopes subsequently falling below the Cut Off Grade (CoG) were removed from the mine plan.
- Sub-economic levels were removed from the plan. Levels were determined to be subeconomic if when the Inferred material was set to waste, they no longer paid for their development.
- To generate the Reserve, plan the Measured & Indicated LOMP solids only were rescheduled. The remaining economic design was rescheduled and put through the economic model to ensure a positive economic return.

- The points above important in the determination of the Reserve plan, the plan needs to be rescheduled and re-evaluated to achieve a reasonable outcome. It would be erroneous to simply set the LOMP Inferred material to zero value. Entech have undertaken the correct technical process in their evaluation.

Table 6 2020 Reserve Plan Mining Inventory

Ore Reserve	Tonnes (kt)	Grade Ni %	Ni Metal t	Grade Cu %	Cu Metal t	Grade Co %	Co Metal t
Proved Ore Reserve	3,030	1.1	33,000	0.59	18,000	0.07	2,100
Probable Ore Reserve	5,250	1.3	68,000	0.58	31,000	0.09	4,800
Total Ore Reserve	**8,270**	**1.2**	**102,000**	**0.59**	**48,000**	**0.08**	**7,000**

Figure 18 below shows the green Measured and Indicated Resource solids that generated the Reserve plan. The red solids show the Inferred solids that contributed to the LOMP in addition to the green solids.

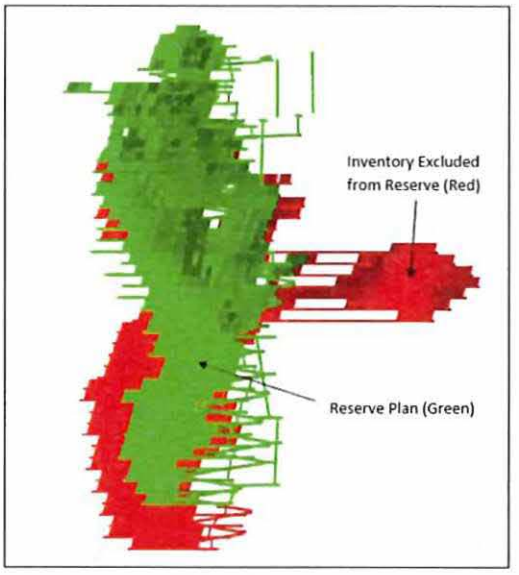


Figure 18 Savannah North Solids LOMP Vs Reserve

VRM believes that process of the two separate mine plans developed by Entech was technically sound. The LOMP plan for future operations and a Reserve plan for JORC Reporting purposes.

With regards determining a technical valuation for the project VRM believes a reasonable technical valuation would sit somewhere in-between the DCF value of the reserve plan and the LOMP. The Reserve plan is conservative and the LOMP plan is optimistic. The truth is in between the two NPV's. The LOMP contains 20% of the Inventory as Inferred Resources, it would be reasonable to assume that some but not all of the Inferred Resources would convert to Measured and Indicated Resources with future exploration and diamond drilling.

VRM believe a risk weighted NPV between the two scenarios would give an acceptable technical valuation. As an example, 65% of the Reserve NPV plus 35% of the LOMP NPV. This would give a risk weighted NPV. VRM has not been provided with a Reserve DCF model, so a risk weighted valuation approach is not available to complete.

The report is dated July 2020 and there has been significant inflation in the subsequent four years so VRM believe that the operating and capital costs in the Entech report can no longer be relied upon. Whilst the technical process undertaken by Entech is reasonable, the cost information is too dated to produce a NPV that can be relied upon.

3.6 Plant and Equipment

VRM was provided a valuation report on the Plant and Equipment associated with the Savanah operations with that valuation report by Gordon Brothers Pty Ltd (Gordon Brothers) dated 7 November 2024 which was an update of a previous valuation report which included a site visit and inspection of the equipment. The overall fair market value in Continued Used (FMVICU) was $53,680,120 while a Forced Liquidation Value (FLV) was $9,330,480. Table 12 details of the value of various items included in the total value of the Plant and Equipment, while Figure 19 shows the location of the Plant, tailings facility, camp and mine.

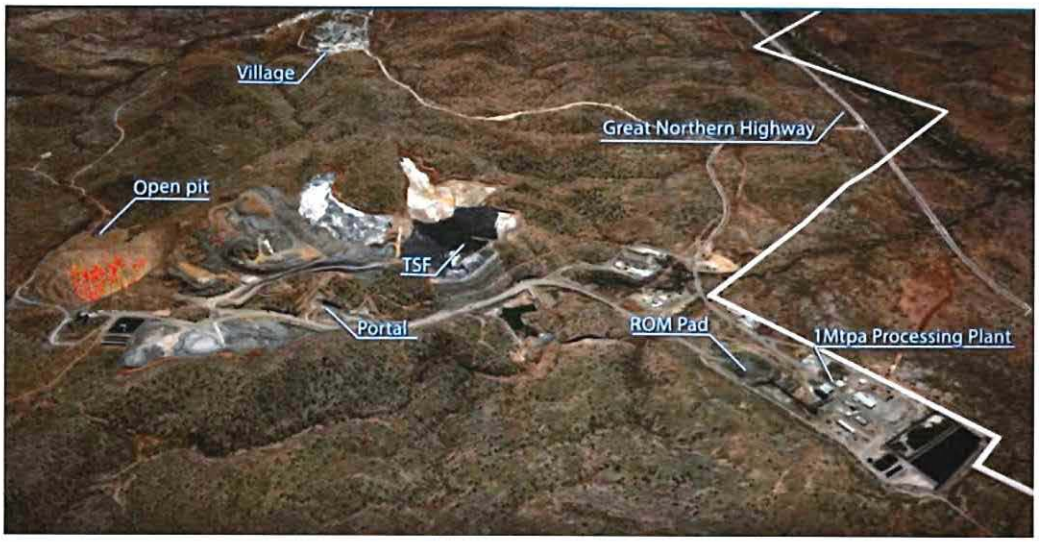


Figure 19 Oblique aerial photo of the Savanah Project

Table 7 Summary of Gordon Brothers Plant and Equipment valuations.

Section	FMVICU	FLV
Processing	$29,679,100	$1,713,860
Maintenance Workshop & Stores	$288,690	$99,835
Fuel Farm & Core Yard	$381,040	$68,540
Emergency Response & First Aid	$206,540	$77,340
LV Workshop & General Plant	$1,519,260	$257,620
Camp, Admin & Support	$5,004,820	$1,628,920
Underground & Survey Equip	$890,440	$233,600
Mobile Equipment	$2,373,180	$1,862,240
Wyndham	$3,288,800	$19,600
Stock	$5,637,800	$400,000
Head Office	$118,450	$17,645
Encumbered	$1,418,000	$1,110,480
Third Party	$2,874,000	$1,840,800
Grand Total:	**$53,680,120**	**$9,330,480**

All of this equipment is considered to be required for the ongoing operation of the project and as such this value is included in the DCF valuation used as the preferred valuation of the Savanah project.

4. Other Mineral Assets

4.1 Copernicus Ni

The Copernicus Mine, 35km south of Savannah, operated intermittently from 2008 as an open pit before closing in 2016 and in June Panoramic commenced and completed rehabilitation. Closure monitoring of the pit lake and rehabilitated areas is ongoing. The site covers 140.35 Ha and is covered by Mining Lease M80/540 and Miscellaneous Licence L80/52 (Appendix 1).

The deposit is an intrusion related nickel-copper-cobalt sulphide deposit with the mineralisation developed as a lens around 600m long, 100m wide which dips moderately to the west, plunging moderately to the north. The deposit terminates at depth against a younger pyroxenite intrusion.

A MRE below the open pit was reported on the project in 2016 and has not been reported by Panoramic since then. SRK's review of the Resource as at 2019 (ASX: PAN 23 December 2019) indicated that it complied with the guidelines of JORC (2012).

Table 8: Copernicus Project 2016 MRE

Deposit	Cut-off	Classification	Tonnes	%Ni	%Cu	%Co	Ni Metal (t)	Cu Metal (t)	Co Metal (t)
Copernicus project total	0.5% Ni	Measured	13,200	0.97	0.52	0.03			0
		Indicated	508,000	1.3	0.91	0.05			
		Inferred	24,00	0.98	0.69	0.02			
		Total	**545,000**	**1.28**	**0.89**	**0.04**	**6,970**	**4,870**	**300**

Note: (1) Mineral Resources have not been publicly reported for the Copernicus project since June 2016
(2) Figures have been rounded and therefore may not be additive.
(3) SRK have not checked the Mineral Resources by means of re-calculation.

Source: ASX: PAN 23 December 2019

VRM Comment

Given the prevailing Nickel price, it is unlikely this deposit would be economic as a pit cutback and due the small size, the deposit down plunge it is unlikely to support development as an underground operation.

4.2 Savannah Regional Tenements 100%

Outside Savannah a number of Prospective intrusion related targets have had exploration conducted (Figure 20 and Figure 21) in the past two to three years.

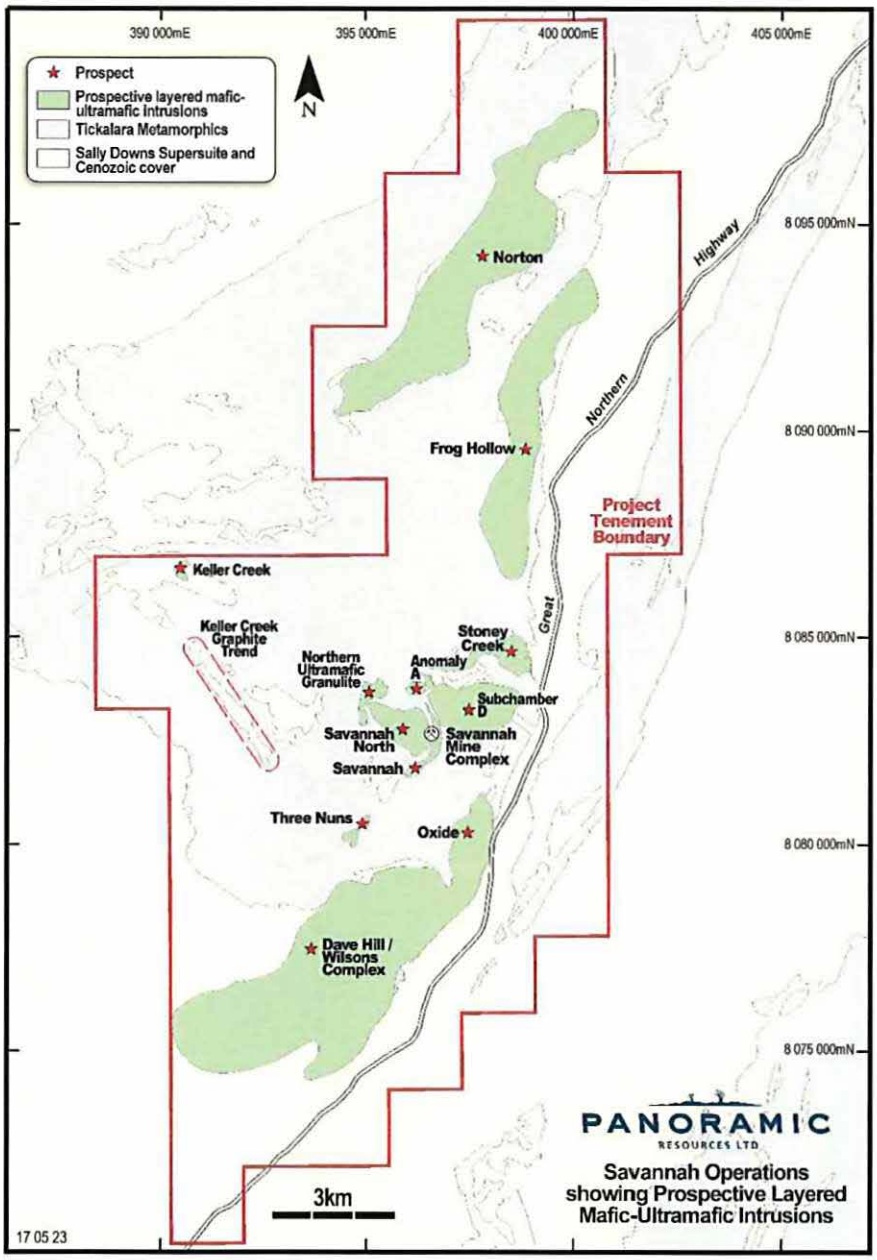


Figure 20: Regional Prospective Layered Mafic to Ultramafic Intrusions – Wider Savannah Project

Source: ASX: PAN 25 May 2023

Drilling and DHEM surveying at the Stoney Creek, Northern Ultramafic Granulite Intrusion, Oxide and Dave Hill was undertaken by Panoramic in June Quarter 2023. Frog Hollow (Vanadium Titanomagnetite) and Norton (Ni) have never been drilled.

No results have been published for this work and the project are considered early stage but prospective.

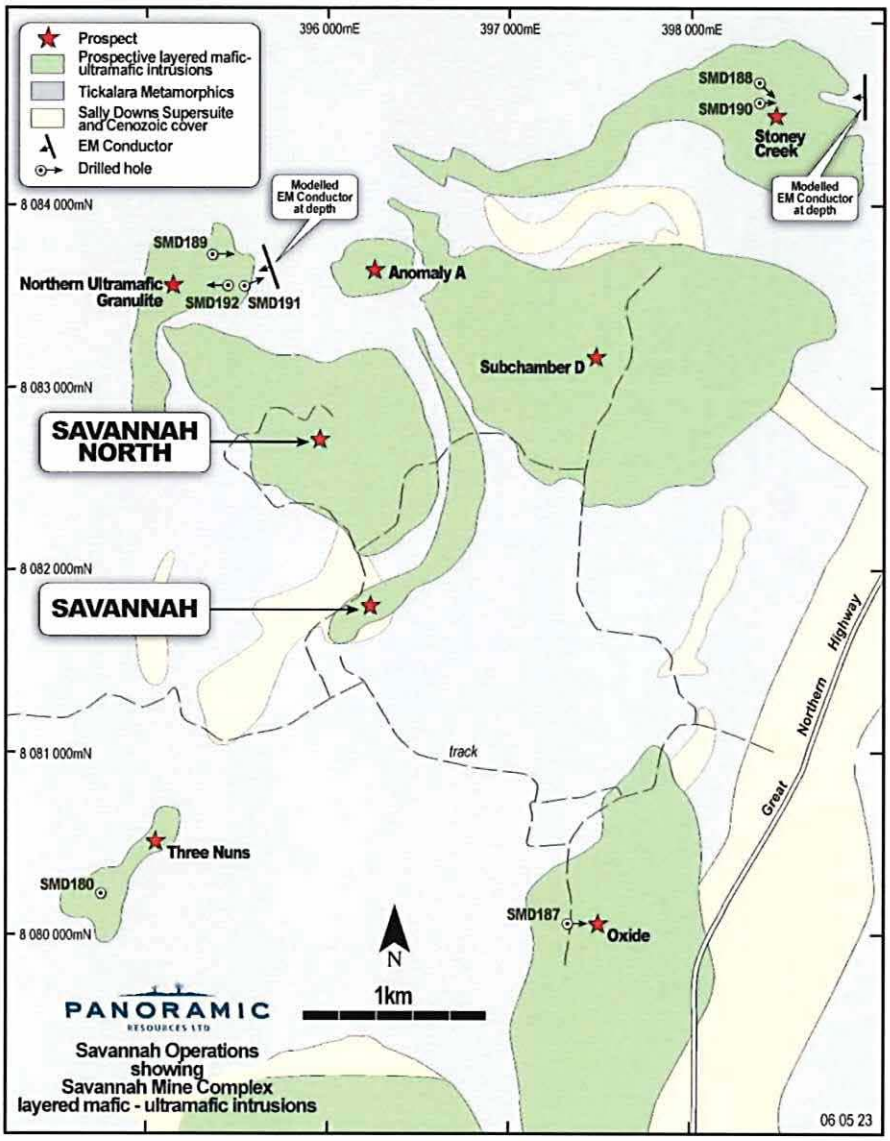


Figure 21: Savannah Near mine Prospects

Source: ASX: PAN 25 May 2023

4.3 Ora Gold Panoramic JV – Graphite and Nickel 80%

Panoramic has an 80% interest in E80/4834, with Ora Gold (the Holder) maintaining a 20% free carried interest. The tenement is contiguous and north west of the Savannah Mine MLs. The Keller Creek Graphite target around 5km northwest of Savannah was identified from airborne electromagnetic surveys for nickel. The surveys detected large stratigraphic graphite bearing metasediments of the Tickalara Metamorphics.

Graphite

In 2019, Panoramic drilled 14 RC holes for 1368m intersecting stacked stratigraphically continuous shallow zones of low grade Total Graphitic Carbon (TGC) reported above 3% as per Figure 22.

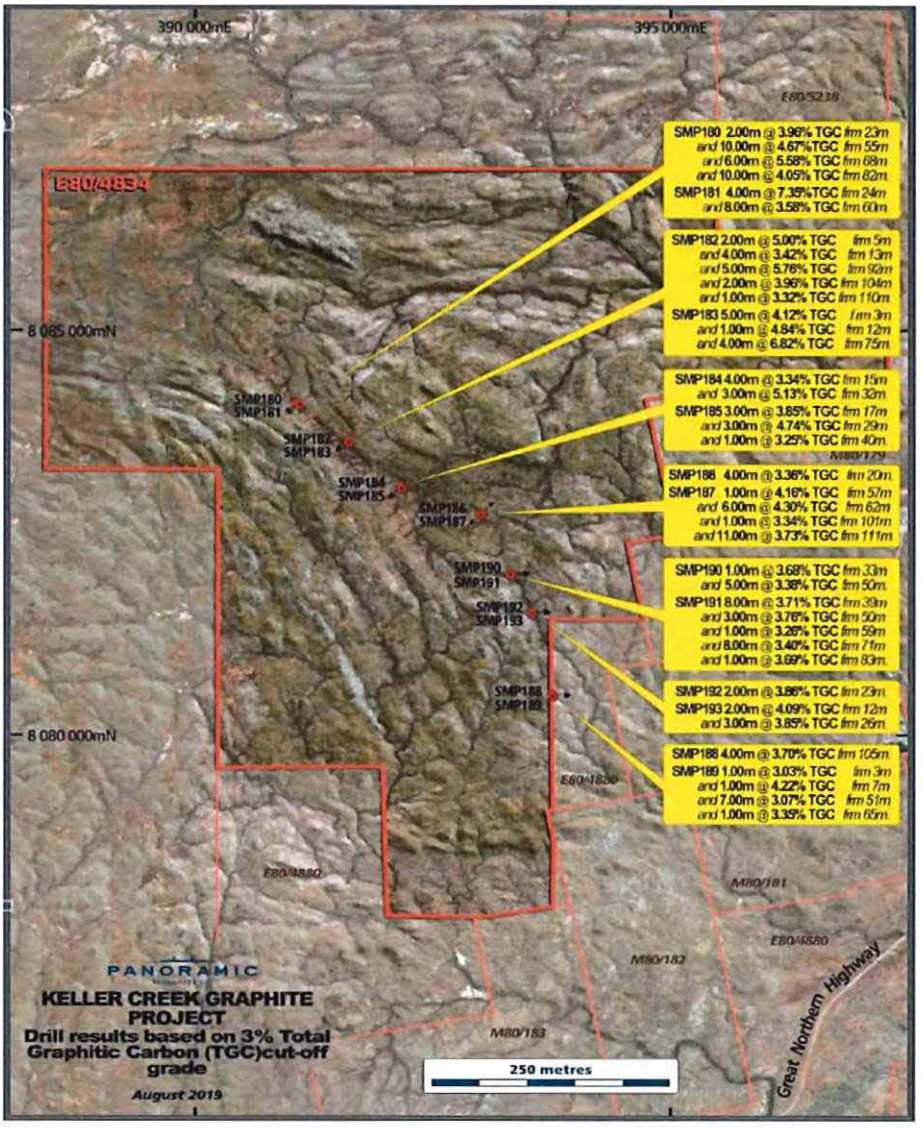


Figure 22: Keller Creek Graphite Project Drilling Results >3% TGC

Source: ASX: PAN 31 October 2019

Diamond drilling was reported to be under way in the PAN June 2023 quarterly with results in the September Quarter, but no results have been reported.

Petrology shows variable graphite content with most samples with strong flake graphite concentrations (up to 20 vol % flake graphite) with some samples showing none. As per the Panoramic ASX Quarterly Report for the September 2019 Quarter (ASX: PAN 31 October 2019), the company stated that the initial results and broad extents of the graphitic horizons defined by EM were of similar grade and quality to the McIntosh Project 30km to the south and under Pre-Feasibility study by Green Critical Minerals with an MRE of 30.2Mt at 4.4% TGC (ASX: GCM 8 July 2024).

Nickel

GSWA geological interpretation, mapping and previous exploration indicate that in the northwest corner of the tenement a nickel prospect related to a Sally Downs Suite intrusion is present. The following

description is from Breakaway Resources exploration annual in 2009 WAMEX A82016 by Thompson and Hutton.

At the Keller Creek prospect, disseminated and massive nickel sulphide mineralisation occurs towards the base of a poorly differentiated, inwards dipping, arcuate shaped, mafic intrusion, located immediately west of a prominent, outcropping granite (Note — the granite hill represents a significant Aboriginal Heritage Site and has been excluded from all exploration activities). Lithologies within the intrusion include gabbronorites, olivine norite, troctolite, pyroxenite with rare serpentinite locally present at the base of the intrusive sequence. Numerous nickeliferous gossans mark the surface position of the sulphide mineralisation. A prominent gossan (the "Footwall Gossan") lies immediately west of the basal contact gossans and is interpreted to represent possible structurally controlled remobilisation of sulphides into the Stratigraphic footwall of the Intrusion.

Exploration by LionOre and Breakaway Resources in the early to mid-2000s concentrated on testing down dip of the nickeliferous gossans. Breakaway drilled 7 holes for 1150m in 2008 following up 1970s intersections, with all holes intersected sulphides, mostly pyrrhotite with some pyrite on the basal contact of the Keller Creek Gabbro (WAMEX A82016). Sulphides were also intersected higher in the gabbro associated with silicification, possibly indicating that they have been remobilised. Pyrrhotite, including semi-massive to massive mineralisation was also intersected in the footwall Tickalara Metamorphics, both mafics and metasediments. The prospect was considered by Breakaway to be a large sulphide system but of low nickel tenor. Significant Ni-Cu-Co intersections are shown in Table 9 and Figure 23.

Table 9: Significant Intersections greater than 0.5% Ni, Keller Creek

Hole Id	Northing	Easting	From	Width	Ni%	Cu%	Co%	weighting	Target
08BEKC0014	8086483	390520	49.0	1.0	0.53	0.16	0.05	length	HW Zone
			58.0	3.0	0.59	0.22	0.06	length	HW Zone
			73.0	1.0	0.78	0.16	0.07	length	basal
08BEKC0015	8086489	390520	69.0	4.0	0.80	0.23	0.10	length	HW Zone
			including						
			71.0	2.0	1.04	0.17	0.12	length	
			82.0	1.0	0.55	0.21	0.07	length	HW Zone
			93.0	8.0	0.72	0.24	0.08	length	basal
			including						
			94.0	2.0	1.00	0.10	0.11	length	
			99.0	2.0	1.03	0.18	0.11	length	
08BEKC0016	8086500	390600	NSA						
08BEKC0017	8086500	390600	129.0	1.0	0.59	0.43	0.05	length	HW Zone
08BEKC0018	8086451	390480	82.0	3.0	0.70	0.30	0.09	length	HW Zone
			87.0	1.0	0.92	0.10	0.12	length	HW Zone
			91.0	3.0	0.75	0.15	0.10	length	basal
			including						
			91.0	1.0	1.06	0.18	0.13	length	
08BEKC0019	8086400	390450	NSA						
08BEKC0020	8086328	390418	119.0	4.0	0.78	0.38	0.08	length	basal

Source: Breakaway Resources WAMEX Report A82016

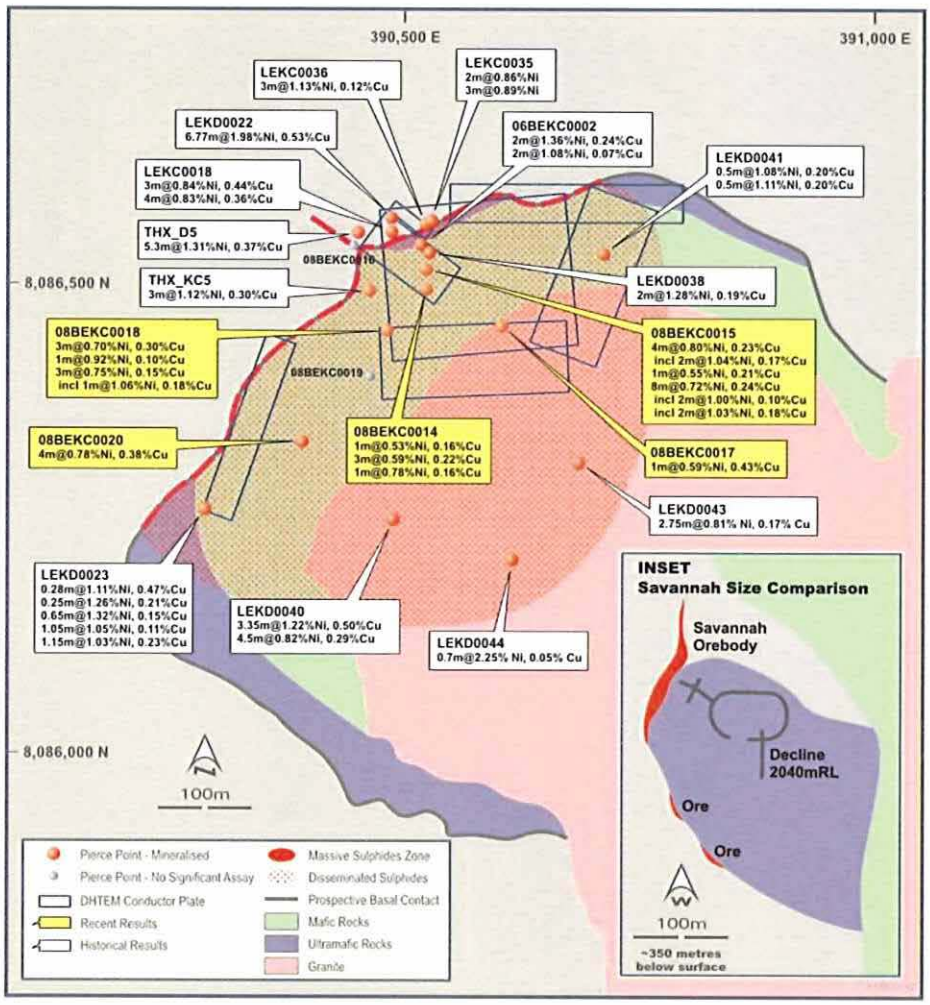


Figure 23: Keller Creek Nickel Drillhole Locations and Results Ni >0.5%

Source: Breakaway Resources WAMEX Report A82016

VRM considers that this project is early stage but prospective for both Nickel and Graphite albeit low grade and low tenor.

4.4 Focus Laverton PGE- Ni

Panoramic's tenement listing (Appendix 1) indicates that ten Mining Leases in the Laverton area held by Focus Minerals have Ni-Cu-Co PGE mineral rights attributable to Panoramic.

Investigation on DEMIRS online database Mineral Titles online indicate that M39/49 and M38/101 have Subject to Claim caveats over these tenements by Poseidon Nickel.

Investigation of these tenements with regards to geology and previous exploration indicates these tenements are primarily prospective for gold and have low Ni-Cu-Co-PGE prospectivity and therefore negligible value.

5. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 10 and provides a guide as to the most applicable valuation techniques for different assets.

Table 10: VALMIN Code 2015 valuation approaches suitable for mineral Properties.

Valuation Approaches suitable for mineral properties				
Valuation Approach	**Exploration Projects**	**Pre-development Projects**	**Development Projects**	**Production Projects**
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

In accordance with the definitions used in the VALMIN Code the Savannah Projects are best described as a Care and Maintenance Project, the Copernicus Project is considered an Advanced Exploration Project. The Remainder of the tenements outside the Savannah Mining Leases and Other Project are considered Early Exploration Projects. There are Ore Reserves and Mineral Resource estimates within the Savannah and Project which are reported under JORC 2012. The Copernicus Project also has JORC 2012 Ore Reserves which were reported in 2016 however these are not considered current.

In VRM's opinion, the Savannah project should be valued using a DCF valuation with comparable transaction method based on Resource Multiples and a yardstick approach as a secondary valuation method. Additional valuations, being a Geoscientific or Kilburn approach and a prospectivity enhancement multiplier (PEM) have been used to determine the value of the exploration potential within the tenements but distal from the currently estimated Mineral Resources.

5.1 Previous Valuations

A previous Valuation of Savannah and Copernicus was conducted by SRK as part of KPMG's Independent Expert's Report released to the ASX on 23 December 2019. Note zero value was attributed by SRK for Savannah exploration upside outside of existing Mineral Resources.

5.2 Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 31 October 2024 being the valuation date of this Report and considering information up to 14 November 2024. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

5.3 General Assumptions

The Mineral Assets of Panoramic Resources Ltd are valued using appropriate methodologies as described Table 15 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon.
- The valuations only relate to the Mineral Assets located within the tenements controlled by the respective Companies, and not the Companies, their shares or market value.
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral license will remain active.
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe.
- That the owners of the mineral assets can obtain the required funding to continue exploration activities.
- The commodity prices assumed (where used / considered in the valuation) are as at 31 October 2024, being;'
    - Nickel US$15,452.64/t - AUD$23,593.18/t (source S&P Capital IQ)
    - Copper US$9373.55/t - AUD$14,311.59/t (source S&P Capital IQ)
    - Cobalt US$24,271.00/t - AUD$37,057.11/t (source S&P Capital IQ)
- The US$ - AUS$ exchange rate used to determine the AUD$ prices was 0.65496 (www.xe.com).
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US$.

5.4 Nickel Commodity Market Analysis

Nickel has settled back to a current price of around $16,000 US per tonne after being consistently above this mark from 2021 to mid-2023. Inflation and rising costs have affected margins locally and the mass production of low grade Indonesian Ni laterites into battery grade nickel funded by Chinese interests has ensured that the local industry cannot compete on a cost basis. As a consequence, the western Australian nickel industry has almost closed completely including the 50 year old Kalgoorlie nickel smelter. Cobalt on relative terms to nickel has also fared badly.

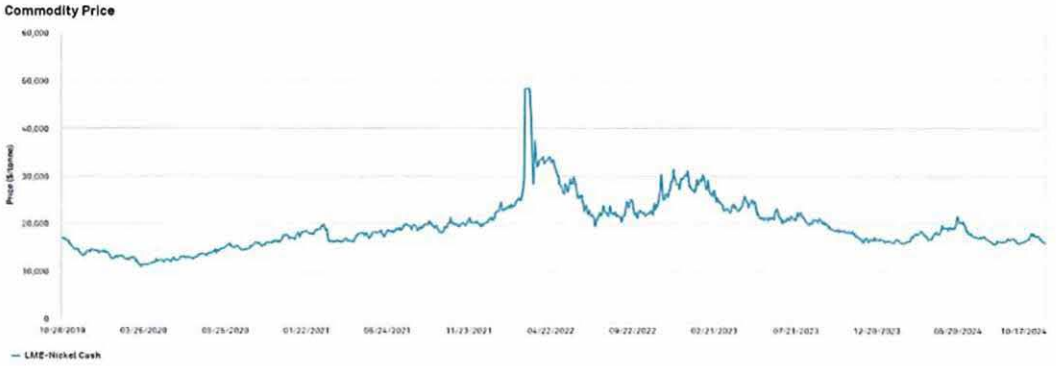


Figure 24: Five Year Spot Price for Nickel

Source: S&P Global

5.5 Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties including the following:

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

At the Valuation Date there are current Ore Reserves estimated for the Savanah Project; therefore, an income valuation approach is considered reasonable as a primary valuation method.

5.5.1 Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to five years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Projects.

5.5.2 Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot commodity price. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used by other independent specialists and used in other VALMIN reports. The US$-AUS$ exchange rate and nickel price as of 31 October 2024 and documented above have been used to determine the yardstick valuation.

Table 11: Typical Yardstick Multiples used for XX Projects

Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot Price)	Upper Yardstick Multiple (% of Spot Price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

5.6 Exploration Asset Valuation

To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- A Geoscientific (Kilburn) Valuation.
- Comparable transactions (purchase) based on the Properties' area or Mineral Resource estimates (both current and historic).

- Joint Venture terms based on the Properties' area; and
- A prospectivity enhancement multiplier (PEM).

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The area based comparable transaction multiples can also be useful in valuations but are strongly related to the projects tenement area so can be conservative for small areas and overstated for large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

5.6.1 Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early-stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table XX documents the ranking criteria that were used in conjunction with the base acquisition cost (BAC) for the project tenements to determine the technical valuation of the project.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. For the Panoramic and tenements, the BAC has been determined using the exploration commitments for the tenement and the annual rent payments. These commitments were either provided and confirmed from the original tenement certificates or DMIRS for the XX tenements in Western Australia.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 12 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

Table 12: Ranking Criteria used to determine the geoscientific technical valuation

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections – not correlated on section	
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The total technical valuation was adjusted to derive a market valuation by making a market factor adjustment and a locational adjustment. A market factor was derived to account for the status of the nickel market which is currently depressed as shown in Figure 24. On that basis, the technical valuations are decreased by 20 % for the nickel projects. These discount is based on the currently low prices of nickel.

A 5% reduction was applied for social, heritage and permitting challenges for Western Australia; the latter is due to the uncertainty of the modified heritage protection act while the former is due to the general risk rating as documented by S&P Capital IQ.

For early-stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used for the surrounding exploration potential.

5.6.2 Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 10 and in the VALMIN Code a cost – based or appraised value method is an appropriate valuation technique for early-stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 12 below. VRM considers the PEM valuation method as a secondary valuation method. In the opinion of the author, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated however if there are no comparable transactions then a PEM is a viable valuation method.

Table 13: Prospectivity Enhancement Multiplier (PEM) ranking criteria

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrades the potential
0.5 – 1	Exploration has maintained the potential
1.0 – 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting, mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

6. Market Valuation of the Panoramic Savannah Mineral Assets

6.1 Value of Plant and Infrastructure

As detailed above Gordon Brothers has undertaken a site visit and valuation of the Plant and Infrastructure associated with the Savanah Project, this resulted in an estimated overall fair market value in Continued Used (FMVICU) was $53,680,120 while a Forced Liquidation Value (FLV) was $9,330,480.

This value has not been used to adjust the overall Project value as the comparable transactions all have processing infrastructure and rehabilitation liabilities while the income approach requires the asset to generate the forecast income, therefore the value of the Plant and Infrastructure is imbedded in the DCF and comparable transaction valuation.

6.2 Value of Mineral Assets

The principal mineral assets valued as a part of this ITAR are the Savanah Nickel Project with additional value generated from the adjacent exploration tenements, the tenements near Laverton where Panoramic is reported to hold nickel and PGE rights are not valued as they are not considered to be prospective and have negligible value.

Panoramic has Ore Reserves and Mineral Resource estimates within the Savanah Nickel Project.

The Ore Reserves have been valued using an income approach with that being a DCF valuation, a secondary valuations have been undertaken using a Comparable transaction multiples and a yardstick method.

The surrounding exploration tenure have been valued considering a Kilburn or Geoscientific valuation method and a Prospectivity Enhancement Multiplier (PEM) method as described further below.

6.2.1 Income Approach – DCF Valuation Financial Model Review

VRM has undertaken a review of the LOMP and DCF model that is contained in the data room with the financial model titled:

- "02.01.01 Pan Res LOMP_63_DRupload.xlsx"

This is a LOMP model for mining operations which VRM considers to be an optimistic scenario. The model contains 30% Inferred and 70% Measured and Indicated Resources. It is unlikely that the project outcomes projected in the LOMP will eventuate as not all the Inferred material in the LOMP will convert to Measured and Indicated through future exploration. 30% of the LOMP being Inferred material is a concern as this is the lowest level of geological confidence in the JORC Code.

No Reserve plan was submitted for review in the data room. And no current compliant JORC Ore Reserve Statement was available in the data room for review.

The document supplied in the data room was a Microsoft Word document titled "Savannah Project Ore Reserve Estimate –1 July 2023". This document is incomplete, it is unsecured and unsigned by a Competent Person, there is a Table 1 which shows edits and appears to be a work in progress.

VRM has been unable to review and comment on the published JORC Ore Reserves of Panoramic.

Table 14 LOMP Resource Categories

Total tonnes	Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Measured	2,007,439	569,615	677,733	500,570	209,324	30,635	19,561	-	-	-	-	-	-
Indicated	5,843,331	285,157	168,463	306,190	562,139	636,577	526,580	463,408	480,481	584,082	759,536	583,564	487,153
Inferred	3,541,700	23,478	81,425	150,749	183,667	292,521	413,000	496,920	478,856	372,943	184,603	357,811	505,727
Unclassified	(0)	-	0	(0)	(0)	0	0	(0)	(0)	(0)	0	0	0
	11,392,471	878,249	927,622	957,509	955,131	959,733	959,142	960,328	959,338	957,025	944,139	941,375	992,881

Percentage	Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Measured	17.6%	64.9%	73.1%	52.3%	21.9%	3.2%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indicated	51.3%	32.5%	18.2%	32.0%	58.9%	66.3%	54.9%	48.3%	50.1%	61.0%	80.4%	62.0%	49.1%
Inferred	31.1%	2.7%	8.8%	15.7%	19.2%	30.5%	43.1%	51.7%	49.9%	39.0%	19.6%	38.0%	50.9%
Unclassified	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

A process like the process undertaken by Entech in the July 2020 is necessary to determine an acceptable technical NPV for the project. Two mine plans are necessary a Reserve Plan and a LOMP plan. Then a risk weighted NPV between the two cases could be evaluated.

The development of a Reserve Plan and Model is outside the scope and budget of this project. And no such plan was presented in the data room for review.

6.2.2 Commodity Prices

VRM has compared current commodity spot prices to the commodity prices used in the LOMP and those in the Entech plan. The LOMP financial model uses a flat price deck over the life of mine for all commodities. However current spot nickel prices are ~15% below those used in the LOMP. VRM would recommend a change to the price deck used for the LOMP plan. VRM adopted a price deck sourced from consensus forecasts for use in its modelling.

Table 15 Study Commodity Price Comparison

Commodity	Entech Report Jul 2020	Dataroom Financial Model Nov 2024	Spot Price 09 Nov 2024
Ni US$/t	$15,750	$18,500	$16,006
A$/US$	0.70	0.65	0.66
Ni A$/t	$22,500	$28,462	$24,251
Cu US$/t	$6,300	$8,200	$9,259
A$/US$	0.70	0.65	0.66
Cu A$/t	$9,000	$12,615	$14,029
Co US$/t	$38,500	$30,000	$24,300
A$/US$	0.70	0.65	0.66
Co A$/t	$55,000	$46,154	$36,818

Table 16 Forecast Price Deck

Vendor Financial Model Price Deck	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Ni US$/t	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500
Cu US$/t	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200	$8,200
Co US$/t	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000
Concensus Price Deck	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Ni US$/t	$16,000	$17,250	$17,500	$18,250	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500	$18,500
Cu US$/t	$9,250	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500	$9,500
Co US$/t	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000	$30,000

6.2.3 Operating and Capital Cost Estimates

VRM has reviewed the operating and capital costs in the LOMP model. VRM has made several adjustments to the operating and capital cost estimates.

- A 5% inflation adjustment to both operating and capital costs to bring them into Real 2024 terms
- The addition of a 5% contingency to all operating costs.
- The addition of a 10% contingency to all capital costs.
- The addition of a $4 million capital allowance to allow for start-up capital.

Table 17 Adjusted Operating Cost Estimate

Adjusted LOM Operating Cost Estimate:	Currency	Total
Mining - Contractor & Paste Delivery	*A$M*	*$895.5*
Mining - Owner	*A$M*	*$305.2*
Geology UG	*A$M*	*$53.0*
Processing	*A$M*	*$439.3*
Paste Production	*A$M*	*$19.3*
Maintenance	*A$M*	*$81.3*
Laboratory	*A$M*	*$17.3*
OH&S	*A$M*	*$26.1*
Environment	*A$M*	*$17.3*
Stores	*A$M*	*$25.2*
Site Services	*A$M*	*$21.9*
Administration	*A$M*	*$37.9*
Con Handling - Transport, Loading & Sea Freight	*A$M*	*$234.0*
Royalties - Govt	*A$M*	*$121.0*
Royalties - TO	*A$M*	*$39.6*
Other - Spare	*A$M*	*$0.0*
Total Opex	***A$M***	***$2,333.8***

6.2.4 Discount Rate

A real discount rate of 15% is used to discount the cashflows for NPV estimation. VRM believe that this is a reasonable assumption based on the currently high inflation in Australia, the high borrowing costs and the depressed nature of the nickel equity markets would all indicate that a 15% discount rate would be reasonable.

6.2.5 Technical Value Estimation

VRM reviewed the technical inputs that were used in the LOMP and DCF model that was provided with the financial model titled:

- "02.01.01 Pan Res LOMP_63_DRupload.xlsx"

VRM adjusted the model presented by the company. Changes included adjusting the costs for inflation and bringing them in line with 2024 real values, an 5% OPEX and 10% CAPEX contingency, a $4 million in start-up capital and the revised commodity prices which were escalated from the currently depressed prices to the consensus forecast prices over three years. The model as presented had a commencement date of 1 July 2023. As the operation was placed on care and maintenance in January 2024, VRM has

assumed that the project operated according to the model up to and including January 2024, therefore in VRM's opinion and in our valuation, we removed all production and costs that pre-date February 2024 and start the DCF model at that date.

The adjusted LOMP DCF model has a life of mine of 12 years with a total production of 11.39Mt. VRM is concerned about the high level of inferred material in the LOMP which ranges from approximately 3% in the first year to over 51% in year seven. Overall, the LOMP contains 31% inferred material which has a high level of uncertainty and a low level of geological and grade continuity when compared to the indicated and measured material.

The discounted cashflow model based on the LOMP and as modified by VRM generates an NPV of $91.5 million at a 15% real discount rate.

In VRM's opinion a 15% discount rate is justified as the project is on care and maintenance, the project and company are is currently in administration, the higher borrowing costs due to the current global economy that would be required for the debt component of the required capital, the high inflation rates being experienced in Australia and globally and depressed nickel market in both the commodity price and the nickel equities, which would result in significant discounts for the and equity capital component required to re-start the operation.

An additional discount should applied to the estimated NPV_{15} of $91.5 million which in VRM's opinion is a technical valuation.

To generate a market valuation from the technical valuation an additional discount is considered reasonable with that discount due to:

- The published LOMP inventory consisting of 30% Inferred material which will likely not all be converted to ore.
- No signed, complete and compliant JORC Ore Reserve Report was available to review, the result of which is that VRM is unable to verify the reasonableness of the stated Ore Reserve. and
- No Ore Reserve financial model available for review by VRM

On that basis VRM considers the technical value as generated in the LOMP should be reduced by 20%.

As required by VALMIN a range of likely values is required, to generate the range in valuations VRM has used the discount rate used in the LOMP DCF model to provide the ranges in the market valuation with the upper valuation generated based on a 10% discount rate while the lower valuation generated based on a 20% discount rate.

The valuation range and preferred value at the different discount rate as shown below in Table 19.

Table 18 Technical Valuation Range

Discount Rate	NPV A$M
10%	$116.0
15%	$73.2
20%	$43.9

VRM have estimated the adjusted market value to be in the range of $43.9 million to $116 million with a preferred technical value of $73.2 million.

6.2.6 Conclusion

In Summary, the LOMP DCF is considered a reasonable and justified valuation approach based on the technical studies that are completed and the status of the project. In VRM's opinion this method is suitable and meets the reasonableness requirements in the various regulatory guides

VRM does however note the following:

- There is no current signed and completed Ore Reserve Report was available for review or reported in accordance with the JORC Code (2012). Therefore, VRM has been unable to review & verify the Ore Reserves stated by Panoramic.
- No Reserve Case discounted cashflow model was available for review.
- The LOMP submitted for review is considered by VRM to be an optimistic mine plan considering the plan contains 30% Inferred Resources.
- VRM has adjusted operating and capital costs in the financial model by inflation.
- VRM has applied a 5% contingency to the financial model operating costs and a 10% contingency to the financial model capital costs.
- VRM has adjusted the commodity prices used with these initially being based on the spot prices and escalated to the consensus forecast prices over a three year period.

In the absence of a signed compliant Ore Reserve Statement and also due to 30% of the LOMP inventory consisting of Inferred Resources VRM has applied a further 20% discount to the estimated NPV. The discount rates used in the modified LOMP DCF model have been adjusted to reflect VRM's opinion as to the likely costs to raise the capital required to restart the operation with the high discount rate due to the high borrowing cost associated with a project that is in administration, the depressed nickel market for both the debt and equity components likely to be required for the project and the high inflationary environment both in Australia and globally. The discount rates that have been used range from 10% to 20% with the mid-point being the most likely.

VRM have estimated market value of the LOMP associated with the Savanah Project to be between **$43.9 million**, based on a 20% discount rage and **$116 million**, based on a 10% discount rate with a preferred technical value of **$73.2 million** at a 15% real discount rate.

6.2.7 Comparable Transactions – Resource Multiples

VRM undertook a search of nickel sulphide project transactions and Joint Ventures within Australia which include processing infrastructure and has identified six nickel sulphide asset based transactions that may be potentially comparable to the Savanah Nickel Projects.

There are two distinct sub sets of these potentially comparable transactions with one group of three transactions being for assets that do not include any processing infrastructure or environmental liabilities which are at a significantly higher normalised transaction multiple per tonne of contained nickel than for the three projects with processing infrastructure and environmental liabilities. The average of all six transactions is considered by VRM to potentially represent a value of the underlying Mineral Resources from which environmental liabilities should be deducted with the likely value of the processing infrastructure being added to the value of the Mineral Resources. If the average of the three

transactions which have processing infrastructure and environmental liabilities imbedded in the transaction multiples are used, then the average of these transactions would provide an overall asset value without the requirement to add for the processing infrastructure or deduct the expected rehabilitation costs.

On a normalised basis the average of all six potentially comparable transactions is of A$172.80/t of contained nickel, for the three transactions with processing infrastructure and rehabilitation liabilities the average normalised resource multiple is $85.70/t of contained nickel.

Based on these resource multiples, the reported Mineral Resource estimates VRM has estimated the market value of the nickel sulphide Projects (Table 19). A nickel metal ratio has been determined to account for the contained nickel based value of the nickel, copper and cobalt within the Ore Reserves Mineral Resource, this nickel metal ratio is broadly similar to a metal equivalent however the recovery of each of the metals has not accounted for however the Project has in the past generated revenue from nickel, copper and cobalt. The contained nickel metal below is based on the nickel metal ratio which has been used to generate the supporting valuation.

Table 19 Comparable Transaction Valuation, Poseidon Nickel Sulphide Projects

Project	Equity	Nickel Metal Ratio (t) (Total)	Preferred Multiple	Lower Valuation (-25%) (A$ M)	Mid-Point Valuation (A$ M)	Upper Valuation (+25%) (A$ M)
Savanah Above 900F	100%	28,064	172.80	3.6	4.8	6.1
Savanah Below 900F	100%	39,638	172.80	5.1	6.8	8.6
Savanah North	100%	208,301	172.80	27.0	36.0	45.0
Total				35.8	47.7	59.6
Outside LOMP	100%	108,019	172.80	14.0	18.7	23.3
Inside LOMP	100%	167,967	172.80	21.8	29.0	36.3
Total				35.8	47.7	59.6

Note: totals may not add due to rounding, appropriate rounding has been applied to the valuation.

VRM considers, when appropriate rounding is applied that a market value of the Mineral Resource estimates based on comparable transactions, to be between **$35.8 million** and **$59.6 million** with a mid-point valuation of **$47.7 million**.

VRM assessed of the value of the Mineral Resources inside the LOMP is, based on comparable transactions, to be between **$21.8 million** and **$36.3 million** with a mid-point valuation of **$29.0 million**. The value of the Mineral Resource estimates outside the LOMP is, based on comparable transactions, to be between **$14.0 million** and **$23.3 million** with a mid-point valuation of **$18.7 million**. In the overall valuation of the Project in VRM's opinion the value of the mineral resources outside the LOMP should be added to the DCF valuation to generate an entire project valuation.

6.2.8 Yardstick Method

As detailed above the yardstick method can also be considered as a valuation approach, particularly as a cross check or supporting valuation technique to support the valuation generated by a comparable transaction method. This method is typically used as a supporting approach for valuation of Ore Reserves and / or Mineral Resources and is based on a percentage of the current metal price.

For Mineral Resource estimates, a common yardstick value for gold Mineral Resources would be between 0.5% and 5% of the current commodity price, dependent on the Mineral Resource classification as at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. The risks relating to the resources described above have been incorporated into the Yardstick approach. The yardstick multiples are commonly used for gold transactions and has been developed by the valuation industry as a basis of possible project valuations based on a large dataset of gold transactions.

VRM has applied a range of percentage values, corresponding to the classification of the Mineral Resources within the Projects, the nickel (A$/t) prices at the valuation date and applied a 50% discount to that valuation due to the likely product from the nickel sulphide projects being a nickel sulphide concentrate which has additional costs including refining costs, treatment charges, additional shipping and insurance costs and higher Western Australian State Royalties in order to determine the market value the nickel Mineral Resources within the Projects. The nickel MRE valuations are summarised in Table 20.

Table 20: Yardstick Valuation Summary of the Panoramic Mineral Resources.

Project	Total Nickel Metal Ration contained metal (t)	Low (A$ million)	Mid-Point (A$ million)	High (A$ million)
Mineral Resources inside LOMP	167,969	49.9	74.9	99.8
Mineral Resources outside LOMP	108,019	7.1	11.0	15.0
Total Valuation		**57.0**	**85.9**	**114.8**

Notes –

- The Yardstick Valuation based on a nickel price of A$23,593.18/t. a 50% discount due to the Projects likely to produce a concentrate,
- The contained nickel may vary slightly from the reported contained metal due to the contained metal in the table above being calculated by VRM.
- Appropriate rounding has been applied to the valuation and totals may not add due to rounding.

VRM considers the nickel Mineral Resource estimates within the Projects as detailed above to be valued, based on a yardstick approach, at between $57.0 million and $114.8 million with a mid-point valuation of $85.9 million.

VRM assessed of the value of the Mineral Resources inside the LOMP is, based on the yardstick approach, to be between **$49.9 million** and **$99.8 million** with a mid-point valuation of **$74.9 million**. The value of the mineral Resource estimates outside the LOMP is, based on the yardstick approach, to be between **$7.1 million** and **$15.0 million** with a mid-point valuation of **$11.0 million**.

6.3 Value of Exploration Assets

6.3.1 Geoscientific Valuation of Exploration Assets

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the

mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing. The costs of tenement applications and targeting have not been included.

The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1.0 and 2.5, the On-Property Criteria between 1.0 and 2.5, the Anomaly Factor between 1.0 and 4.0 while the Geology Criteria are considered to be between 1.0 and 2.5. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix B, this has determined the technical value. A discount of 20% has been applied to the projects has been applied to the technical value to account for the current market conditions however a 5% discount has been applied for the heritage and environmental aspects and the current inflationary pressures on projects in Western Australia. The Technical and Market Values are shown in Table 21. The technical valuation is the base acquisition cost multiplied by the ranking factors outlined in Appendix B while the Market Value is the Technical Value multiplied by the geopolitical risk and market adjustment.

Table 21: Geoscientific valuation of the Panoramic exploration projects.

Projects	Technical Valuation (AUS$M)			Fair Market Valuation (AUS$M)		
	Lower	Mid-Point	Upper	Lower	Mid-Point	Upper
Savanah Nickel Project Exploration Potential	$1.51	$2.99	$4.46	$1.0	$2.1	$3.1
Other Exploration Assets	$0.02	$0.17	$0.31	$0.0	$0.1	$0.2
Value of Exploration Potential				$1.1	$2.2	$3.3

Appropriate rounding to the total valuation has been undertaken, totals may not add due to rounding

The exploration potential external to the Ore Reserves and Mineral Resources for Savanah Nickel Project, the fair market value using the Geoscientific method of between **$1.0 million** and **$3.1 million** with a mid-point value of **$2.1 million**. The value of the nickel, copper and PGE rights on the Laverton project is considered to have a value between **$0 million** and **$0.2 million** with a mid-point value of **$0.1 million**.

6.3.2 Prospectivity Enhancement Multiplier (PEM) Valuation of Exploration Assets

VRM has undertaken a PEM valuation of the tenements based on the exploration expenditure either provide by the company or extracted from the DMIRS online tenement database Mineral Titles Online with the expenditure being limited to the exploration portion of the statutory annual tenement expenditure reports (Form 5). In addition to the reported expenditures VRM has assumed that the exploration commitment for the current tenement year has already been spent. Project acquisitions costs were excluded from the analysis as these are considered sunk costs and not contributing to geological / prospectivity knowledge.

This expenditure has been multiplied by the Prospectivity Enhancement Multiplier as detailed in Table 13. To generate a range in the PEM valuation VRM has assessed the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range of likely values of the Projects. The preferred valuation is the average of the upper and lower PEM valuation. Table 22 details the expenditure, and the valuations for the Project. The individual tenement expenditures and assigned PEM multiples are detailed in the appendices to this report.

Table 22: PEM Valuation by Project

Project	Expenditure ($)	PEM Valuation by Project Lower ($M)	Mid-Point ($M)	Upper ($M)
Savanah Nickel Project Exploration Potential	$1,722,676	$2.3	$2.5	$2.7
Other Exploration Assets	$711,503	$0.1	$0.2	$0.4
Total Exploration Valuation		$2.4	$2.7	$3.0

Note Only the exploration expenditure targeting nickel has been assigned, appropriate rounding has been undertaken.

The exploration potential external to the Ore Reserves and Mineral Resources for Savanah Nickel Project and the exploration assets at Laverton, the fair market valuation as determined by the PEM valuation method has resulted in a value between **$2.4 million** and **$3.0 million** with a mid-point valuation of **$2.7 million**.

7. Preferred Valuation Savannah Project

Based on the valuation techniques detailed above, Table 24 provides a summary of the valuations derived for the LOMP, Mineral Resources outside the LOMP and the exploration potential within the projects by the various techniques. Figure 23 graphically shows the valuation range and preferred valuation for the Mineral Resources and exploration potential within the projects and the combined valuation range and preferred valuation for the mineral assets.

VRM's preferred valuation is based on the DCF for the LOMP. Based on the rationale outlined in the body of this Report, VRM is of the view that the Mineral Resource estimates outside the LOMP are most appropriately valued considering a comparable transaction approach, while the exploration potential is most appropriately valued applying a Geoscientific or Kilburn valuation method.

Table 23: Market Valuation Summary Projects by method

Valuation Technique	Priority	Lower ($M)	Mid-Point ($M)	Upper ($M)
Life of Mine Plan				
LOMP Income Approach	Primary	43.9	73.2	116.0
Comparable Transactions	Secondary	21.8	29.0	36.3
Yardstick	Secondary	49.9	74.9	99.8
Savanah Mineral Resources Outside LOMP				
Comparable Transactions	Primary	14.0	18.7	23.3
Yardstick	Secondary	7.1	11.0	15.0
Exploration Valuation				
Geoscientific	Primary	1.1	2.2	3.3
PEM	Secondary	2.4	2.7	3.0
Total Market Valuation		59.0	94.1	142.7
Forced or Liquidation Valuation		53.1	59.0	64.9

Note the totals may not add due to rounding in the valuations.

In VRM's opinion, the Market Value of the Mineral Assets owned by Panoramic is between A$59.0 million and A$142.7 million with a mid-point of A$94.1 million.

VRM has been requested to provide a likely value of the Mineral Assets based on a Forced Sale or Liquidation basis. This would be at a significant discount to the Market Value. Therefore, in VRM's opinion the likely Forced or Liquidation Sale Value of the Mineral Assets is at the lower end of the Market valuation of $59.0 million with a range being ± 10%.

Therefore, the Forced or Liquidation Sale Value of the Panoramic Mineral Assets is, in VRM's opinion, between $53.1 million and $64.9 million with a preferred value of $59.0 million.

In VRM's opinion based on the change in the fundamentals in the nickel industry, due mainly to the Indonesian nickel laterite production, an improvement of the nickel price in the next six months is uncertain and until the nickel price improves or there is a change in the fundamentals of the supply and demand of the nickel industry, any owner of the Savannah Nickel Project is unlikely to invest the capital to restart the operation.

Additionally, in VRM's opinion it will take approximately 12 months to ramp up production from the Savannah Nickel Project to name plate production. Therefore, the value of the Mineral Assets is unlikely to materially change in the next 12 months.

8. References

The reference list below includes public domain and unpublished company reports obtained either directly from the Company or ASX releases of previous Joint Venture holders or previous holders of the tenements.

The Annual Technical Reports lodged with the DMIRS and subsequently made public either after five years or when the tenement was surrendered are listed in the Project specific references section below.

8.1 Published References

Cube Summary Report Savannah North MRE June 2023 (Panoramic Internal Report)

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Mole, DR, Barnes, SJ, Le Vaillant, M, Martin, LAJ and Hicks, J 2018, Timing, geochemistry and tectonic setting of Ni–Cu sulfide-associated intrusions of the Halls Creek Orogen, Western Australia: Lithos, v. 314–315, p. 425–446.

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Thompson D. and Hutton D., 2009. Breakaway Resources Ltd, Annual Report on the East Kimberley Project for the Period 16 February 2008 to 15 February 2009 Kimberley Mineral Field, Western Australia WAMEX A82016

VALMIN Committee, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) [online]. Available from: http://www.valmin.org (The VALMIN Committee of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists).

Appendix A Tenement Schedule

Project	Tenement	Start Date	Expiry Date	Holder	Area	Status	Interest
Copernicus	L80/52	20/03/2008	19/03/2029	Savannah Nickel Mines Pty Ltd	140.3129 HA	Live	100%
Copernicus	L80/86	5/06/2015	4/06/2036	Savannah Nickel Mines Pty Ltd	0.04 HA	Live	100%
Copernicus	M80/540	8/01/2008	7/01/2029	Savannah Nickel Mines Pty Ltd	128.85 HA	Live	100%
East Kimberley	E80/4880	13/04/2015	12/04/2025	Pindan Exploration Company Pty Ltd	21 BL	Live	100%
East Kimberley	E80/5131	12/11/2018	11/11/2028	Pindan Exploration Company Pty Ltd	5 BL	Live	100%
East Kimberley	E80/5238	9/07/2019	8/07/2024	Pindan Exploration Company Pty Ltd	14 BL	Live	100%
Keller Creek JV	E80/4834	16/07/2015	15/07/2025	Ora Gold Limited	9 BL	Live	80%
Laverton-Focus	M38/101	30/08/1988	29/08/2030	Focus Minerals Laverton Pty Ltd	583.15 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/159	30/08/1988	29/08/2030	Focus Minerals Laverton Pty Ltd	597.15 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/342	15/04/1993	14/04/1993	Focus Minerals Laverton Pty Ltd	316.25 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/363	27/08/1993	26/08/2035	Focus Minerals Laverton Pty Ltd	5.245 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/364	27/08/1993	26/08/2035	Focus Minerals Laverton Pty Ltd	18.375 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/37	4/12/1984	3/12/2026	Focus Minerals Laverton Pty Ltd	650 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/38	12/11/1984	11/11/2026	Focus Minerals Laverton Pty Ltd	280.05 HA	Live	100% PGM and Ni-CU
Laverton-Focus	M38/49	12/11/1984	11/11/2026	Focus Minerals Laverton Pty Ltd	945.05	Live	100% PGM and Ni-CU
Laverton-Focus	M38/535	14/10/1998	13/10/2040	Focus Minerals Laverton Pty Ltd	464.55	Live	100% PGM and Ni-CU
Laverton-Focus	M38/693	21/12/1999	20/12/2041	Focus Minerals Laverton Pty Ltd	48.2176 HA	Live	100% PGM and Ni-CU
Savannah	L80/108			Savannah Nickel Mines Pty Ltd	62 HA	Pending	100%
Savannah	L80/64	2/03/2012	1/03/2033	Savannah Nickel Mines Pty Ltd	311 HA	Live	100%
Savannah	M80/179	16/06/1987	15/06/2029	Savannah Nickel Mines Pty Ltd	241.85 HA	Live	100%
Savannah	M80/180	16/06/1987	15/06/2029	Savannah Nickel Mines Pty Ltd	960.3 HA	Live	100%
Savannah	M80/181	16/06/1987	15/06/2029	Savannah Nickel Mines Pty Ltd	960 HA	Live	100%
Savannah	M80/182	16/06/1987	15/06/2029	Savannah Nickel Mines Pty Ltd	589.4 HA	Live	100%
Savannah	M80/183	16/06/1987	15/06/2029	Savannah Nickel Mines Pty Ltd	967.05 HA	Live	100%

Appendix B Savannah Nickel Process Plant and Infrastructure Valuation Report

Appendix C Comparable transactions Ni

Buyer Name Target Name	Comparable (Y/N)	Date	R&R Acquired	Value (A$)	Project Acquired	Equity Acquired	Ni Price at transaction date	Normalisation Ratio	Resource Multiple A$/oz	Normalised A$/oz	Reason for not comparable
Mineral Resources Limited/Lake Johnston Project	Yes	15/03/2024	52,000	15.00	Lake Johnston	100.00	17,892.50	0.8636378			Exclude Withdrawn
Future Battery Minerals Limited/Kangaroo Hills project part of Nepean	No	7/08/2023	789	6.50	Nepean	20.00	20,863.00	0.740672			Exclude small unsure if MRE correct
Rocktivity Nepean Pty Ltd/Nepean Project	No	9/05/2023	3,945	10.00	Nepean	100.00	23,409.50	0.6601012			Exclude small unsure if MRE correct
Investor group/Nepean project	Yes	11/11/2020	13,008	2.50	Nepean	100.00	15,929.50	0.9700643	192.19	186.44	
Mincor Resources NL/Long Operation	Yes	23/05/2019	31,000	9.50	Long Complex	100.00	11,892.00	1.2994147	306.45	398.21	
Black Mountain Metals LLC/Lanfranchi project	Yes	13/09/2018	95,500	15.10	Lanfranchi	100.00	12,527.00	1.2335467	158.12	195.04	
Artemis Resources Limited/Radio Hill assets	Yes	28/04/2017	66,446	2.60	Radio Hill	100.00	9,404.00	1.6431986	39.19	64.40	
OZ Minerals Limited/West Musgrave Project	No	13/10/2016	574,770	36	West Musgrave	70.00	10,387.25	1.4876546			Exclude early stage and huge MRE
Dundas Mining Pty Limited/Avebury nickel mine	Yes	28/09/2016	259,400	25.00	Avebury	100.00	10,651.00	1.4508159	96.38	139.82	
Western Areas Limited/Cosmos nickel complex	Yes	19/06/2015	565,000	24.50	Cosmos	100.00	12,671.50	1.2194799	43.36	52.88	
Poseidon Nickel Limited/Lake Johnston nickel project	Yes	2/09/2014	126,400	1.01	Lake Johnston	100.00	18,473.00	0.8364987			Exclude Project changed since transaction
Poseidon Nickel Limited/Black Swan nickel project	Yes	4/07/2014	71,400	1.50	Black Swan	100.00	19,323.50	0.7996812			Exclude Project changed since transaction
QCG Resources Pty. Ltd./Avebury mine	No	15/04/2014	251,500	40.00	Avebury	100.00	17,609.00	0.8775422			Exclude newer transaction on the asset
Cassini Resources Ltd./West Musgrave project	No	3/04/2014	1,470,000	10.25	West Musgrave	100.00	16,257.00	0.9505222			Exclude newer transaction on the asset
Sirius Resources NL/Nova Bollinger project	Yes	14/02/2014	98,070	188.17	Nova-Bollinger	30.00	14,224.50	1.0863398			Exclude outlier & old

Statistics	Non Normalised A$/t	Normalised A$/t
Average	$139.28	$172.80
Median	$127.25	$163.13
Maximum	$306.45	$398.21
Minimum	$39.19	$52.88
75th Percentile	$220.75	$245.83
25th Percentile	$42.32	$61.52
Count	6	6

Appendix D Geoscientific (Kilburn) Valuation

Project	Tenement	Area	Equity	BAC	Off Property		On Property		Anomaly		Geology		Technical Value ($M)			Market Value ($ M)		
				$	Low	High	Low	High	Low	High	Low	High	Low	Mid	High	Low	Mid	High
Copernicus	M80/540	128.85	100%	$12,900	2	2.5	2	2.5	3.5	4	2	2.5	$0.36	$0.58	$0.81	$0.27	$0.44	$0.61
East Kimberley	E80/4880	21 BL	100%	$70,000	2	2.5	1	1.5	1.5	2	1	1.5	$0.21	$0.50	$0.79	$0.16	$0.38	$0.60
East Kimberley	E80/5131	5 BL	100%	$30,000	2	2.5	1	1.5	1.5	2	1	1.5	$0.09	$0.21	$0.34	$0.07	$0.16	$0.26
East Kimberley	E80/5238	14 BL	100%	$50,000	2	2.5	1	1.5	1.5	2	1	1.5	$0.15	$0.36	$0.56	$0.11	$0.27	$0.43
Keller Creek JV	E80/4834	9 BL	80%	$70,000	2	2.5	1	1.5	2.5	3	2	2.5	$0.56	$1.07	$1.58	$0.43	$0.81	$1.20
Total Kimberly Exploration													**$1.37**	**$2.72**	**$4.07**	**$1.0**	**$2.1**	**$3.1**
Laverton-Focus	M38/101	583.15		$58,400	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.02	$0.04	$0.00	$0.02	$0.03
Laverton-Focus	M38/159	597.15		$59,800	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.02	$0.05	$0.00	$0.02	$0.03
Laverton-Focus	M38/342	316.25		$31,700	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.01	$0.02	$0.00	$0.01	$0.02
Laverton-Focus	M38/363	5.25		$10,000	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.00	$0.01	$0.00	$0.00	$0.01
Laverton-Focus	M38/364	18.38	100% PGM, Ni - Cu	$10,000	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.00	$0.01	$0.00	$0.00	$0.01
Laverton-Focus	M38/37	650		$65,000	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.03	$0.05	$0.00	$0.02	$0.04
Laverton-Focus	M38/38	280.05		$28,100	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.01	$0.02	$0.00	$0.01	$0.02
Laverton-Focus	M38/49	945.05		$94,600	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.04	$0.07	$0.00	$0.03	$0.05
Laverton-Focus	M38/535	464.55		$46,500	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.02	$0.04	$0.00	$0.01	$0.03
Laverton-Focus	M38/693	48.22		$10,000	1	1.3	1	1.3	0.5	0.9	0.1	0.5	$0.00	$0.00	$0.01	$0.00	$0.00	$0.01
Total Laverton													**$0.02**	**$0.17**	**$0.31**	**$0.0**	**$0.1**	**$0.2**
Total Exploration Valuation																**$1.1**	**$2.2**	**$3.3**

Note the conversion from technical valuation to market value is by multiplying the technical valuation by 95% for permitting challenges and 80% for the depressed nickel market.

Appendix E PEM Valuation

Project	Tenement	Area	Interest	Total Expenditure last 5 yrs	Multiples		Valuation		
					Low	High	Low	Mid	Upper
Copernicus	M80/540	128.85	100%	$-	2	2.5	0.00	0.00	0.00
East Kimberley	E80/4880	21 BL	100%	$683,241	1.3	1.5	0.89	0.96	1.02
East Kimberley	E80/5131	5 BL	100%	$683,241	1.3	1.5	0.89	0.96	1.02
East Kimberley	E80/5238	14 BL	100%	$150,911	1.3	1.5	0.20	0.21	0.23
Keller Creek JV	E80/4834	9 BL	80%	$205,283	1.5	2	0.31	0.36	0.41
Total Kimberly Exploration				**$1,722,676**			**2.28**	**2.48**	**2.69**
Laverton-Focus	M38/101	583.15	100% PGM and Ni - CU	$3,402	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/159	597.15		$9,972	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/342	316.25		$1,107	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/363	5.25		$97	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/364	18.38		$172	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/37	650		$77,893	0.2	0.5	0.02	0.03	0.04
Laverton-Focus	M38/38	280.05		$3,498	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/49	945.05		$610,124	0.2	0.5	0.12	0.21	0.31
Laverton-Focus	M38/535	464.55		$4,837	0.2	0.5	0.00	0.00	0.00
Laverton-Focus	M38/693	48.22		$397	0.2	0.5	0.00	0.00	0.00
Total Laverton				**$711,503**			**0.14**	**0.25**	**0.36**
Total Exploration Valuation							**2.42**	**2.73**	**3.04**

Note only 5% of the expenditure on the Laverton tenements is assessed to be associated with PGE, nickel or copper exploration therefore the expenditure is only 5% of the form 5 reported exploration expenditure.

No expenditure has been recorded for the Copernicus tenement for the past 5 years due to group reporting allowing exemptions

Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral [Mineralogy Database (webmineral.com)] and Wikipedia (Wikipedia).

The terms listed below are taken from the 2015 VALMIN Code (The VALMIN Code - 2015 Edition).

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the *Australian Corporations Act 2001 (Cth)*.

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1 of the VALMIN Code.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to https://www.jorc.org/ for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the *Corporations Act*.

Independent Expert Report means a Public Report as may be required by the *Corporations Act*, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 of the VALMIN Code for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 of the VALMIN Code for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resource is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging, etc.).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Refer to https://www.jorc.org/ for further information.

Ore Reserve is defined in the current version of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Refer to https://www.jorc.org/ for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resources and **Petroleum Reserves** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to Society of Petroleum Engineers (SPE) | Oil & Gas Membership Association for further information.

Practitioner is an Expert as defined in the *Corporations Act,* who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

(a) admits members primarily on the basis of their academic qualifications and professional experience;

(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and

(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build goodwill.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 of the VALMIN Code for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or **Royalty Interest** means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the *Corporations Act*.

Securities Experts are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the *Corporations Act*, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialists are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report must not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

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Gordon Brothers

Panoramic Resources Limited (Administrators Appointed)

Appraisal Report

INVESTMENTS | INVENTORY | **MACHINERY & EQUIPMENT** | BUSINESS VALUATIONS | BRANDS & INTELLECTUAL PROPERTY | REAL ESTATE

PREPARED FOR: **FTI Consulting**
PREPARED BY: **Mark Griffiths**
REPORT DATE: **7 November 2024**

Gordon Brothers

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Summary of Report

Asset Description	**Mining Production & Mobile Plant**
Located At:	**Halls Creek, Western Australia**
Effective Date of Valuation:	**8 January 2024**
Report Date	**7 November 2024**
Inspection Dates of Valuation	**18th-22nd December 2023 & 5th-8th January 2024**
Period of Currency:	**3 Months**
Definition of Value:	**Fair Market Value in Continued Use (FMVICU) & Forced Liquidation Value (FLV)**
Purpose of Report:	**Administration**
Client:	**FTI Consulting**
Intended User:	**FTI Consulting**

Gordon Brothers 1903

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Gordon Brothers
Suite 3, Level 13
25 Bligh Street
Sydney, NSW, 2000

7 November 2024

Via Email: Daniel.Woodhouse@fticonsulting.com

Daniel Woodhouse
FTI Consulting
Level 47, 152-158 St Georges Tce
Perth
WA 6000

Re: Panoramic Resources Limited (Administrator Appointed).

Dear Daniel,

We refer to recent discussions in connection with the plant and equipment of Panoramic Resources Limited (Administrators Appointed). and thank you for your instructions to undertake an updated **valuation** of the same.

Subject to the matters set out below and at the request of Daniel Woodhouse of FTI Consulting, Gordon Brothers Pty. Ltd. ("Gordon Brothers") has assessed the value of the assets on the basis of FMVICU and FLV determined as follows:

The value of the assets on the basis of Fair Market Value In Continued Use (FMVICU) and Forced Liquidation Value (FLV) determined as follows:

Fair Market Value in Continued Use (FMVICU)	**$53,680,120**
Forced Liquidation Value (FLV)	**$9,330,480**

All values and amounts displayed throughout this report are in Australian Dollars and are exclusive of GST.

The values and comments contained within this letter should be read with the accompanying report.

Gordon Brothers **has not** previously undertaken a valuation assignment on behalf of Panoramic Resources Ltd and undertake this assignment as external advisors. Neither Gordon Brothers nor any of its personnel involved in the preparation of this report have any material present of contingent interest in either Panoramic Resources or in any of the Assets described herein; or any association with Panoramic Resources or related parties which may lead to bias.

Yours sincerely,

For and on behalf of Gordon Brothers Pty. Ltd.

Mark Griffiths
Director

Jeremy Dodds
Senior Associate

Matt Aubrey
Senior Managing Director

Gordon Brothers 1903

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I. EXECUTIVE SUMMARY

Company: Panoramic Resources Limited (Administrators Appointed)
Address: Halls Creek, Northern Territory
Website: https://panoramicresources.com/
Key Contact:

As per instructions received on 4 November 2024, an update of the valuation of the Machinery & equipment as summarised herein was requested by Jared Palandri of KordaMentha. We have reviewed the valuation and have determined the values of the assets have depreciated approximately 10% to 20% since the original valuation was conducted in January/February 2024, depending on the asset category. We have updated the values to reflect this depreciation. We note we have not re-inspected the assets and we are not able to consider any material change in the condition and or usage of the assets.

Background and company overview

Panoramic Resources Limited is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the $65 million Savannah Project in late 2004.

Panoramic Resources initially operated its Savannah nickel-copper-cobalt project in WA between 2004 and 2016, when it was placed on care and maintenance due to low nickel prices. The mine was recommissioned in 2018 following the discovery of the Savannah North orebody, before operations were temporarily suspended in April 2020 due to COVID-related disruptions.

Panoramic Resources recommenced operations at Savannah in July 2021, producing first nickel-copper-cobalt concentrate in October 2021 and delivering its first shipment in December 2021. This saw a 10,865t, $US14.8 million ($21.7 million) shipment of nickel-copper-cobalt concentrate depart the Wyndham port for delivery to offtake partner Jinchuan in China. By June 2022, Panoramic had delivered its fourth shipment of nickel-copper-cobalt concentrate, with 10,489t attracting a $US18.1 million ($26.5 million) payment from Jinchuan. The plant has a nameplate capacity of 150 tonnes per hour and produces nickel concentrate. The plant was commissioned in 2004. The Savannah Mine operation was placed in care and maintenance on the 8th January 2024.

The client and intended users are advised to read the entire report in order to fully comprehend how the opinions of value were determined.

Gordon Brothers have appraised the assets on the basis they are free and clear of any liens or encumbrances unless otherwise stated.

Please see below table outlining the summary of our value findings:

Section	FMVICU	FLV
Processing	$29,679,100	$1,713,860
Maintenance Workshop & Stores	$288,690	$99,835
Fuel Farm & Core Yard	$381,040	$68,540
Emergency Response & First Aid	$206,540	$77,340
LV Workshop & General Plant	$1,519,260	$257,620
Camp, Admin & Support	$5,004,820	$1,628,920
Underground & Survey Equip	$890,440	$233,600
Mobile Equipment	$2,373,180	$1,862,240
Wyndham	$3,288,800	$19,600
Stock	$5,637,800	$400,000
Head Office	$118,450	$17,645
Encumbered	$1,418,000	$1,110,480
Third Party	$2,874,000	$1,840,800
Grand Total:	**$53,680,120**	**$9,330,480**

II. ENGAGEMENT OVERVIEW

PURPOSE OF VALUATION

The purpose of the report is for the Administrator to obtain a fair market in continued use value and forced liquidation value of the assets to which they are appointed over. The definitions of value adopted are considered appropriate for the intended use as discussed with the client and/or intended user.

This report has been compiled in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP holds several fundamental tenets of practice for the professional valuer to follow. These include ethics of conduct, management, confidentiality and record keeping. USPAP additionally sets standards of competency, methodology and continued professional training.

USPAP is designed to promote and maintain a high level of public trust in valuation practice by establishing minimum requirements for appraisers. Valuers must develop and communicate their analysis, opinions and conclusions to clients and intended users of their services in a manner that is both meaningful and not misleading.

The report should not be used for any other purpose. If it is considered for any other use, then we will need to be contacted in the first instance to advise whether the values and commentary contained therein remain relevant for any other purpose than that stated above.

IDENTIFICATION & DESCRIPTION OF THE APPRAISED

As per the scope, Gordon Brothers representatives have conducted this valuation report through a site visit and inspection of the subject assets, research and discussions with key Panoramic Resources Limited (Administrators Appointed) personnel.

We have assumed all information provided by Panoramic Resources Limited (Administrators Appointed) to be correct and accurate.

Assets consist of mining processing equipment including, crushers, conveyors, ball mill, regrind mill, floating cells, dewatering and tailings thickeners, reagents hoppers, pumps, forklifts, motor vehicle, workshop and office equipment.

To assist Gordon Brothers representatives, we have been provided with the following:

- Panoramic Resources Ltd (Administrators Appointed) fixed asset register (FAR) dated Nov 2023.
- Asset inspection and photos taken by the Gordon Brothers representative of assets located onsite
- Plant & Equipment Detailed Listing of Assets

DEFINITIONS OF VALUE

As requested, the assets have been valued on the basis of Fair Market Value in Continued Use (FMVICU) and Forced Liquidation Value (FLV) This is defined as:

Fair Market Value in Continued Use (FMVICU)	"An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification."

***The above Valuation definitions is not a standard definition but created as requested for the purposes of this valuation.*

Forced Liquidation Value (FLV)	"An opinion of the gross amount, expressed in terms of money, that typically could be realised from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date."

**Valuation definition have been sourced from The American Society of Appraisers "Valuing Machinery & Equipment: The Fundamentals of Appraising Machinery & Technical Assets", Third Edition.*

III. SCOPE OF WORK

Per our instruction letter, in forming an opinion of value for the assets described in this report various investigations and background research was undertaken including the following:

1. **Identification of the problem to be solved:**

   As determined from communications with the client. In this case the value required is Fair Market Value in continued Use (FMVICU) and Forced Liquidation Value (FLV)

2. **Site visit and data collection.**

   On Monday 18thth to Friday 22nd December 2023 and Monday the 4th to Monday 8th January 2024, Gordon Brothers valuers inspected the machinery and equipment that is the subject of the appraisal. Situated at Panoramic Resources Limited (Administrators Appointed)(the Company)' facility at Savannah Mine, Halls Creek, WA. Panoramic Resources Limited (Administrators Appointed) (the Company) personnel assisted in the inspection and information-gathering process. During the inspection, detailed descriptive information about the assets was identified and compiled. Whenever possible, this included manufacturer, model, serial number, year of manufacture, and capacities and specifications. A variety of other data relating to the assets was discussed, requested, and gathered during the inspection. In some cases, additional information was subsequently requested.

3. **Application of approaches to value:**

   The valuation analysis included consideration of transactions involving sales of similar assets. It also considered the availability of competitive equipment on the open market and the overall condition and quality of the subject assets compared with the assets sold or available.

   Research included searches of comparable sales databases including platforms such as AsseteX and Gordon Brothers' own data base which includes sales from Australia and globally; Currently advertised for sale prices from websites such as Machinery Trader, Construction Sales; discussions with internal Gordon Brothers asset specialists.

   Gordon Brothers also contacted OEMs, manufacturers' representatives, used machinery and equipment dealers, and auctioneers and liquidators for certain key assets. When relevant, discussions included supply and demand factors, the overall condition of the market, and the number of potential purchasers in the market for similar assets. In some instances, Gordon Brothers obtained additional information from other knowledgeable industry sources to assist in the analysis.

   Gordon Brothers assembled and analysed all the information gathered for the subject assets, and during the market research process the approaches to value most appropriate to the purpose and intended use of the appraisal were then developed. These approaches to value are outlined in section 4 of this report. The value indications were reconciled, and the most meaningful data was considered in the final value estimates.

IV. VALUATION PROCESS

VALUATION METHODOLOGY

There are three generally accepted valuation approaches that are used to derive an indication of the value of plant and machinery. These approaches are; Cost Approach, Sales Comparison Approach, and Income Approach to value. These approaches are defined as follows:

Cost Approach	*"a set of procedures in which an appraiser derives a value indication by estimating the current cost to reproduce or replace the personal property, deducting for all depreciation, including physical deterioration, functional obsolescence, and external/economic obsolescence.*
Sales Comparison Approach	*"a set of procedures in which an appraiser derives a value indication by comparing the inventory being appraised to similar assets that have been recently sold or are currently available for sale, applying appropriate units of comparison, and adjusting based on the elements of comparison to the sale prices of the comparable."*
Income Approach	*"a set of procedures in which an appraiser derives a value indication for income-producing assets by converting anticipated benefits into value. This conversion is accomplished either by (1) capitalizing a single year's income expectancy or an annual average of several years' income expectancies at a market derived capitalization rate or capitalization rate that reflects a specified income pattern, return on investment, and change in value of the investment or (2) discounting the annual cash flows for the holding period and the reversion at a specified yield rate.*

In this engagement although all methods of valuation were considered it became clear at an early stage that the best approach for FLV was to utilise a combination of the Cost Approach and Sales Comparison Approach. The Cost Approach was used to give weight in final analysis in particularly for assets where like market was unavailable. Marketability of each item was also a determinant of value. Marketability, as a measure of demand, is approximated through recent sales under similar sale conditions. Where actual sales are not available, relationships are often established based upon asking prices for comparable items, with subsequent adjustments for similar sale conditions.

In determining the FMVICU a Cost Approach was used on a consolidated single line basis allowing adjustment for estimated replacement cost, residual values, useful life, and current condition. Discounts were

applied for an orderly sale and estimated expenditure to resume operation. Gordon Brothers spoke with representatives of several OEM's including, GE Engineering, Thermo Scientific, FLSmidth, Joest, and Volvo Machinery. Gordon Brothers also contacted major mining equipment suppliers in the Domestic market.

Depreciation includes loss in value due to physical deterioration as well as functional and economic obsolescence. Functional obsolescence is the decreased capacity of the item to perform the function for which it is intended in terms of current standards and specifications. Functional obsolescence may stem either from a deficiency within the items such as poor design or outmoded style or may result from super-adequacy or over-design. Economic obsolescence represents a loss in value from factors outside the item appraised, such as a depressed market for the product. These factors generally are characterised as "negative external forces," which have an impact upon the item appraised. Comparisons are sometimes made to recent cost data when comparable sales are not found under the appraisal concept.

The Income Approach was considered but not used in this report. This is due to the difficulty in determining what portion of the total income and expense stream of a given plant would be attributable to a specific piece of equipment. This type of analysis is not appropriate to the scope of this appraisal.

V. ASSET & INDUSTRY ANALYSIS

COMPANY INFORMATION

Savannah Mine or Savannah Nickel-Copper-Cobalt Mine (formerly the Sally Malay Mine) is an open cut and underground Nickel, Copper, and Cobalt mine 104kms north-northeast of Halls Creek in the Kimberley region of Western Australia. The mine was first commissioned in late 2004 and produced 1.22Mt of concentrate containing 94,600t of nickel, 53,000t of copper and 5,000t of cobalt over a 12-year period, before being kept on care and maintenance in May 2016 due to low Nickel prices.

By 2017–18, with nickel prices recovering, the company started planning for the reopening of the Savannah mine, signing new delivery contracts. The cost of restarting production at the mine was estimated to be A$36 million. The mine briefly reopened in 2019, but was closed once more in April 2020 because of travel restrictions in the Kimberley region in place because of the COVID-19 pandemic and associated cost and supply issues. The mine was restarted once more in late 2021, now with an estimated mine life of twelve years.

In March 2023, the company extended the prospective mine life of Savannah to 2035, with an estimated annual production of 9,400 tonnes of nickel, 5,000 tonnes of copper and 700 tonnes of cobalt during this period.

The Savannah Mine was placed into care and maintenance in January 2024 due to declining Nickel prices. Since mining operations began, more than $150 million has been invested in mining, processing and site infrastructure including the underground mine, processing plant, a paste fill plant, a 180-room accommodation village, workshops, office buildings, tailings, water storage facilities, concentrate storage facilities and other associated infrastructure.

ASSET OBSERVATIONS & MARKETABILITY

Ore Processing Mill

The processing mill at the Savannah Mine was commissioned in August 2004 consists of a single stage crusher, a SAG mill and a flotation plant along with thickening and filtering facilities and a Lime Slaking Plant. This process produces bulk nickel, cobalt and copper concentrate. From a metallurgical point of view, it is a plant that performs extremely well. The plant was originally designed for a throughput of 750,000 tonnes per annum, but consistently outperforms the design specifications with rates exceeding 950,000 tonnes on an annualised basis. The Process Mill has been refurbished and upgraded during its life at a cost of approximately AUD$11,000,000.

Underground ore is stockpiled on the ROM pad before being fed into the ROM dump hopper for processing in the crushing circuit. A vibrating grizzly feeder reclaims ore from the ROM dump hopper and controls feed to the primary jaw crusher. Undersized ore is fed to the ROM conveyor along with the crushed ore from the primary crusher. Crushed product then goes onto the first series of conveyors, transfers primary crushed ore from the ROM station to transfer station. The transfer station is used to transfer crushed ore from the ROM conveyor, secondary cone crusher and tertiary cone crusher conveyor to the screen feed conveyor.





Once the ore is at a size product, it passes through the screen into the fine ore bin, then passes to the ore bin discharge conveyors or emergency feed conveyor located underneath the ore bin. The mill transfer conveyor is to reclaim fine ore from the fine ore bin and convey it to the ball mill feed conveyor. The crushers are made by Jaques, under the Terex brand and recognized as an industry leader in this field.

The ball mill is one of the most common methods of grinding or size reduction in the mining industry. An electric motor is used to rotate the drum which in turn causes the balls to move within the inside of the drum causing impact on the product and the ore rubbing against itself. This then reduces the size of the product breaking it down into a pulp.





Once the product leaves the ball mill the pulp is moved to a discharge hopper and water added to the mix before being pumped through to a cyclone cluster. The cyclone separates the product and is dispersed back into a splitter box where additives are added and moved either back into the ball mill or into a flash floatation cell. The concentrate from the flash flotation passes through a trash screen and onto the concentrate hopper.

The concentrate is pumped into the flotation conditioning tank agitator before moving through the rougher stage. The rougher stage consists of 5 floating cells in series. Concentrates produced are pumped through the cleaning stage cells. Tailings from the rougher stage are fed further through the cells for refinements. Once the concentrate passes through the cleaning stage it passes through recleaning cells. The floatation cells are manufactured by Outokumpu and have been designed to maximise fine partial recovery. The pumps that are used to transfer are built by Warman which is well regarded brand.

When flotation is finished with the ore, and a final concentrate has been produced it is transferred to the concentrate thickener before it is dried for shipping. Within the scope of a de watering circuit are three categories of equipment, thickening, filters, and the dryers. Each one is a stage in producing a dry final product. At this stage the bulk of the water is removed in the thickener with the solids settling on the bottom of the thickener tank before being filtered out for transportation.





Workshop & Laboratory

The mine contains two of its own workshops, light vehicle and heavy machinery workshop and an electrical/ general goods workshop. Housed in sheds with transportable office buildings attached. The workshops contain host of generic engineering and workshop equipment such as vehicle hoists, air compressors, drill press, welders, tyre changers & balancers, as well as host of power tools, workbenches and storage units such as 20-foot containers. Given the remoteness of the site, and the condition of the equipment, this has been factored into our FLV estimates.
The laboratory is located near the processing facility and contains furnaces, grinding mills, fume extraction cabinets, flammable liquid cabinets and analysing equipment. the laboratory is housed by sheds which also includes two offices built into the complex.





Mobile Equipment

The company's fleet of mobile equipment consists of well regarded manufacturers Volvo, Caterpillar, Toyota, Franna amongst others. The most notable units in the earthmoving fleet are the 2x Volvo L180H, Volvo L120H & Volvo L260H Wheel Loaders. The company owns a AT20 Franna crane built in 2005. Other ancillary mobile equipment includes a Caterpillar 725 articulated water cart, forklifts and trailers. Panoramic maintain a fleet of light vehicles which consist of predominately Toyota Hilux & Landcruiser models. Overall, the fleet presents on good condition, but it is to note that most units are showing signs of surface rust which is not uncommon given they are servicing underground mines which have a heavy salt content.





Mine Camp

The Savanah mine camp can accommodate up to 300 people made up of 4- & 6-bedroom relocatable buildings built by leading OEM Ausco. The camp is equipped with administration offices, gym, dry mess, wet mess, laundry buildings, ablution blocks, water treatment facility, and ancillary assets such as generators and pumps. Values attributing to the camp were arrived at through speaking with industry sources, dealers & OEM's. Gordon Brothers took into consideration the remoteness of the mine site and considerable transport and decommissioning costs associated with the sale of a camp of this stature. This is particularly evident in an enforcement scenario if sold on a piecemeal basis. Individual buyers will factor in labor costs, crane hire, and transport, this ultimately will be reflected in the realisation. Also, to note is the WHS risks associated in the removal process and as such a sole contractor would need to be engaged to manage the decommissioning of buildings, packing for transport and cranage onto customer transport.



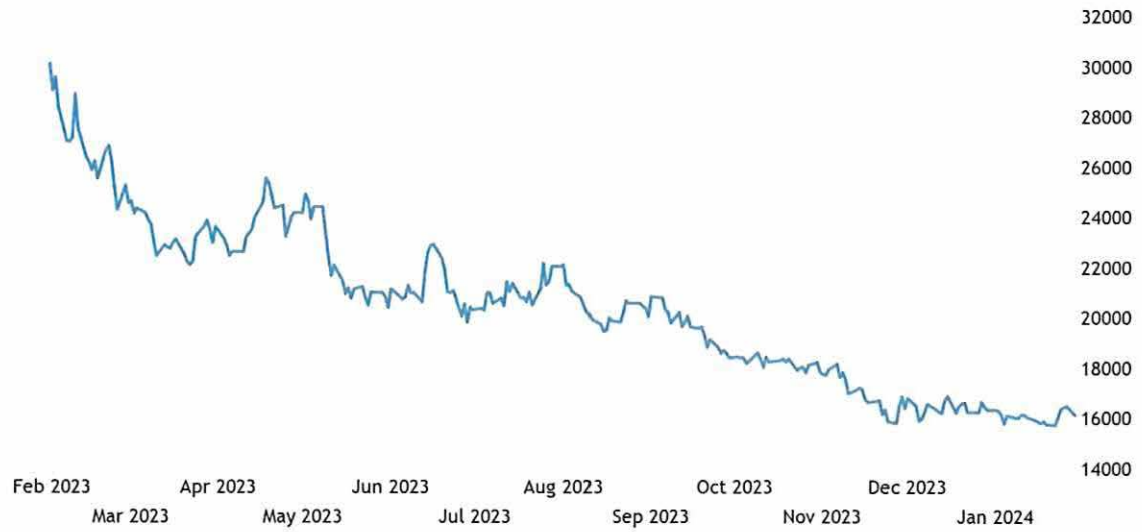


INDUSTRY & MARKET OBSERVATIONS

Nickel ore miners faced generally positive operating conditions over the past five years, with strong pricing growth and demand being partly offset by output declines. Most nickel ore mined in Australia is processed locally into nickel concentrate by downstream smelting and refining firms, or by nickel ore mining companies that also operate their own smelters and refineries. All nickel ore mined by the industry is from Western Australia. Infrastructure projects and the production of nickel-based stainless steel goods in China drove global demand for nickel over the past five years. These factors positively affected Australian nickel exports, with domestic demand also rising strongly.

Nickel ore production is expected to total 186.6 thousand tonnes in 2023-24, with strong growth anticipated as existing mines ramp up production. Production has fallen over the past decade due to period of low prices, Panoramic Resources and Mincor Resources placed three nickel ore mines on care and maintenance in 2015-16, and FQM Australia placed its Ravensthorpe nickel mine on care and maintenance in 2017-18. These actions contributed to volume falls in most years over the five-year period. Some of these mines recommenced operations over the three years through 2021-22, with others expected to recommence over subsequent years. Nickel ore mining revenue is anticipated to increase at an annualised 10.6% over the five years through 2023-24, to $4.1 billion. This trend includes a 6.7% fall in the current year, due to weakening prices.

Industry revenue is projected to rise at an annualised 1.3% over the five years through 2028-29, to $4.3 billion. Output is forecast to increase as new mines start production, some existing mines recommence production, and other mines expand output. Miners are set to benefit from accelerating electric vehicle adoption. However, nickel prices are forecast to decline from the highs of 2022-23 due to global nickel output growth. Industry profit margins are also projected to increase over the next five years.
Source: Ibis World



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Key Statistics

$2.8bn
Revenue

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
1.7%	4.8%	



$244.8m
Profit

Annual Growth 2016–2021	Annual Growth 2016–2021
16.3%	



8.8%
Profit Margin

Annual Growth 2016–2021	Annual Growth 2016–2021
4.3pp	



19
Businesses

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
3.5%	4.8%	



2,408
Employment

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
-0.3%	3.1%	



$402.5m
Wages

Annual Growth 2016–2021	Annual Growth 2021–2026	Annual Growth 2016–2026
-1.6%	4.2%	



Key External Drivers

% = 2016–21 Annual Growth

8.7%
World price of nickel

5.3%
Demand from gold and other non-ferrous metal processing

12.6%
World price of steel

N/A
US dollars per Australian dollar

Industry Structure

POSITIVE IMPACT

Life Cycle
Growth

Barriers to Entry
High / Steady

MIXED IMPACT

Revenue Volatility
Medium

Competition
Medium / Steady

Technology Change
Medium

NEGATIVE IMPACT

Capital Intensity
High

Concentration
High

Industry Globalization
High / Steady

Industry Assistance
Low / Steady

Regulation & Policy
Heavy / Steady

Key Trends

- Stronger downstream demand and supply shortages have led to stronger nickel prices
- Industry profit margins have risen from a low base over the past five years
- Nickel ore mining companies have reduced staff numbers over the past five years
- Industry revenue and volumes are projected to increase strongly over the next five years
- China is anticipated to increase its processed nickel output over the next five years
- Industry profit is anticipated to increase due to higher prices and cost-cutting programs
- Most nickel ore mined in Australia is processed locally into nickel concentrate

VI. SALE CONSIDERATIONS

Gordon Brothers would assume that the administrators would run two-step process to best maximise the recovery values.

1) Expressions of Interest (EOI): The main processing facility would be of interest to specific operators within the mining sector, accordingly an expression of interest sale campaign would be the most effective sale methodology. This campaign should ideally run over a period of six months. Once buyers are identified, direct negotiation should take place to maximise offers without disclosing to them what other offers have been received. The best offers are then presented to the secured creditor for consideration.

2) Online auction (In-situ). Mobile assets, workshop equipment, laboratory equipment, underground assets and ancillary items of broad appeal are suited to an online auction. Should any parts of the processing plant remain unsold after the six-month EOI campaign we suggest putting it an online auction and running it concurrent with the mobile assets. The online auction will run over a five-day period with a three-week lead time for marketing. It should be noted that buyers will factor in decommissioning and transport costs into their final bid prices.

3) Salvage Assets-The salvage assets should be offered on a tender basis during the EOI process. Gordon Brothers recommend that a single contractor be awarded the salvage asset removal based on their offer pricing, capability to safely remove the assets without environmental disruption nor damage to other assets sold as part of the EOI/Auction campaigns. Multiple contractors can lead to disputes and OHS issues. A major OH&S focus would be required with procedures in place to ensure that a safe workplace remains particularly in relation to demobilisation of the fixed plant assets.

VII. OTHER CONSIDERATIONS

EXCLUDED ITEMS

The following have been excluded from our report as being outside our scope of works:

- Any asset located on any premise other than those we attended and which we were not made aware of;
- All forms of intellectual property such as goodwill, software etc.;
- All assets considered land, buildings or fixtures or building and/or structural improvements;
- All assets which are said to be provided under operating or rental/hire agreements.

GOODS AND SERVICES TAX ("GST")

The values provided in this report are **exclusive of GST**.

CURRENCY EXCHANGE RATES

It may be the case that some of the market data used in this analysis originated from international manufacturers and suppliers. Accordingly, we have used exchange rates prevailing at the date of valuation to enable us to make meaningful comparisons with Australian sourced data.

LEASED AND THIRD-PARTY PROPERTY

Ownership categorization and any comment as to outstanding amounts provided in this report is reliant on information provided to us and as such is accurate solely to the extent the information relied upon was accurate. We have not sought to verify title via the PPSR register. Neither have we procured loan pay-outs direct from the relevant loan provider(s).

VALIDITY PERIOD OF VALUATION

The values contained herein are current as at the stated date of valuation only. In the normal course of events assuming market factors which underpin the basis of our values remain stable, the values in this report can be considered valid for a period of up to three months.

In the event external and/or market factors shift suddenly and/or unexpectedly (within three months) causing those underlying value assumptions to change then the validity period would be void and a review of values required. No liability in respect to any loss or damage claimed from any such change(s) is accepted. Similarly, no liability or responsibility is accepted for any party's reliance on this report after the three-month validity period.

EFFECTIVE DATE OF VALUATION

The effective date for the valuation is 8 January 2024 . This is the only date at which the valuation opinion applies and only for the stated purpose. Only known or knowable information available as of the effective date of the valuation is to be considered in the development of an opinion of value. It is important to understand that the effective date may be quite different to the date the report was produced. This is true for valuations that are retrospectively or prospectively based. The reporting date for this valuation is the 2 February 2024.

VIII. ASSET PHOTOGRAPHS



PROCESS MILL



PROCESS MILL



PASTE PLANT



ACCOMMODATION CAMP



UNDERGROUND SUBSTATION



UNDERGROUND DISTRIBUTION BOARD



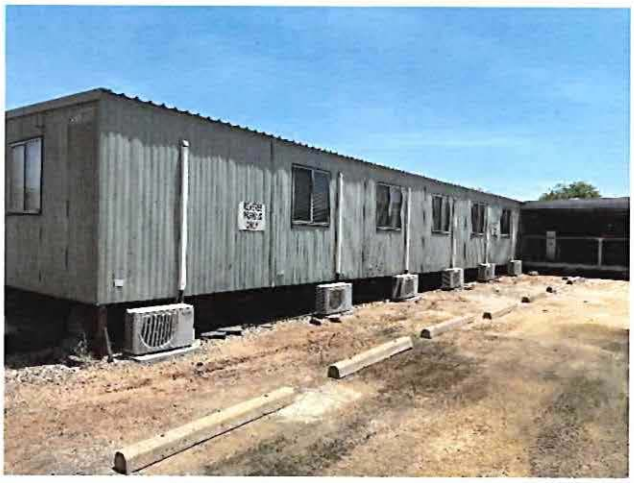
LIGHT VEHICLE 302



BUS 002



TL01



ADMINISTRATION AREA



FUEL FARM



WYNDHAM

IX. LIMITING CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

This plant, machinery and equipment valuation is made subject to the following:

GENERAL LIMITING CONDITIONS

1) The determined values are exclusive of Goods and Services Tax. Our Forced Liquidation Value does not consider any costs associated with realising the value of the assets.

2) The valuation is made solely for the use of Panoramic and FTI and intended users to whom it is addressed. No responsibility to any third party is, or will be, accepted for any part of the valuation.

3) Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another valuer or anyone else without the written consent of Gordon Brothers.

4) Physical condition in most instances has been determined by assumption. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever which may affect value, nor for any expertise required to disclose such conditions.

5) No investigation of legal title to the property, unless explicitly stated otherwise, has been made and the claim to the property has been assumed to be valid.

6) No additional values have been made in regard to such intangibles as patents, trademarks or goodwill.

7) Information, estimates and opinions furnished by the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by the appraiser. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.

8) Matters of a legal nature or with tax consequences have not necessarily been considered in this report. The reader should consult a competent legal advisor and/or a qualified tax accountant for information and opinions in those areas.

9) Machinery and equipment appraisers are called on for valuation and verification for equipment from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavoured to use basic sound, accepted methodologies in any assignment. When applicable conversations with those dealing daily in a specific field were conducted, and all final evaluations are founded on prudence and best effort on the part of the appraiser. Conclusion is arrived at from many years of experience in the sale and appraisal of machinery and equipment. The final form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report. Due to the complexities and variables on the many items of fixed assets, itemised values become the guideline for justification rather than individual summaries for each conclusion.

10) The valuer has endeavoured to use due diligence in all market comparisons. If possible, multiple comparisons of similar items sold within a reasonable and applicable time period usually provide substance for a credible value determination. However, at times it is not possible to find any direct sales comparisons that have actually sold. In these cases, the appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, auctioneers, manufacturers, wholesalers for example) in arriving at the final value estimate.

11) Each item in the valuation has been individually assessed with regard to a total package at an orderly liquidation sale. The values shown are not intended for the piecemeal selling of separate items. In the event that any item included in this valuation is separately sold or is withdrawn from sale or is to be sold either at a time different to the other items or from a different location then a re-valuation of the remaining items will be necessary.

12) It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machinery might include: guards, electrical starters, switch-gear, safety equipment, wiring, conduit/piping and electrical, pneumatic or hydraulic controls systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the investigation.

13) Description of items made as part of this report is believed correct to the best ability of the appraiser. Any errors or omissions were unintentional and should not affect the value assignment.

14) The subject equipment may or may not conform to local OHS standards. The sole responsibility for conforming rests with the owner of the subject equipment and may not necessarily affect the final estimate of value reported herein.

15) The valuation has been prepared in good faith on the basis that full disclosure of all information and salient points which may affect the valuation. The compliers of this report and signatories of the certification, expressly disclaim all liability for any loss or damage (including economic and consequential loss) suffered by any person acting or relying on the valuation not withstanding any act or omission, representation, negligence, default or lack of care by any person.

16) The valuation is valid only as of the effective date of the report and for the purposes outlined in the section “Purpose of Valuation”.

17) The valuation concept used in this report is one accepted by the client.

18) Nothing in this report constitutes as financial advice prepared for FTI Consulting.
19) All assets valued on a sight unseen basis should be considered indicative only. Gordon Brothers accepts no liability for reliance placed on assets valued on a sight unseen basis. Gordon Brothers can not verify the condition, nor the existence of any assets valued on a sight unseen basis and have relied solely on the information provided to arrive at the ascribed values.

Extraordinary Assumptions specific to this assignment

No extraordinary assumptions were made.

Hypothetical Assumptions specific to this assignment

No hypothetical assumptions were made.

X. CERTIFICATION OF VALUE

It is hereby certified that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions set forth in this report are limited only by the assumptions and limiting conditions (imposed by the terms of the assignment or by the undersigned) set forth by this report, and are personal, unbiased, professional analyses, opinions, and conclusions.
- Gordon Brothers has no current or contemplated future interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
- Any statement(s) of condition are the result of visual inspection only and should not be construed as an opinion of operability or utility.
- The engagement of Gordon Brothers in this assignment was not contingent upon developing or reporting predetermined results.
- Neither the valuation nor the amount of the fee is contingent upon developing or reporting a predetermined value, requested minimum value, a direction in the value that favours the cause of the client, a specific valuation, the approval of a loan, the amount of the value estimates or attainment of a stipulated result, nor is the compensation contingent upon an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- No person or persons other than those acknowledged below prepared the analysis, conclusions, and opinions, or provided significant professional assistance
- In preparation of this report, analysis, opinions, and conclusions have been developed and Gordon Brothers have conformed with procedures and definitions contained within the Uniform Standards of Professional Appraisal Practice ("USPAP") as defined by the Appraisal Standards Board of The Appraisal Foundation.
- The undersigned, unless denoted by an (*), has made an inspection of the personal property that is the subject of this report.
- Mark Griffiths and Jeremy Dodds have performed no services as an appraiser or in other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

For and on behalf of Gordon Brothers Pty. Ltd.

Mark Griffiths
Director

Jeremy Dodds
Senior Associate

Matt Aubrey
Senior Managing Director

Gordon Brothers 1903

Appendices

I: Definitions
II: Appraiser Qualifications
III: Valuation Schedule

APPENDIX I. DEFINITIONS

Source - "Valuing Machinery and Equipment: "The Fundamentals of Appraising Machinery and Technical Assets", The American Society of Appraisers, Third Edition,

Excellent (E) This term describes those items that are in near-new condition and have had very little use.

Extraordinary Assumption is an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions (USPAP page U-3)

Fair (F) This term describes those items of equipment which because of their condition are being used at some point below their full designed and specified utilisation because of the effect of age and/or application and that may require general repairs and some replacement of minor elements in the foreseeable future to raise them to be capable of being utilised to or near their original specifications. Pg. 58

Fair Market Value is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.

Fair Market Value in Continued Use with Assumed Earnings is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

Fair Market Value in Continued Use with an Earnings Analysis is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and supported by the earnings of the business.

Fair Market Value – Installed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, independent of earnings generated by the business in which the property is or will be installed, as of a specific date.

Fair Market Value - Removed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering removal of the property to another location, as of a specific date.

Forced Liquidation Value is an opinion of the gross amount, expressed in terms of money, that typically could be realised from a property advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is where-is basis, as of a specific date

Good (G) This term describes those items of equipment which are in good operating condition. They may or may not have been modified or repaired and are capable of being used at or near their full designed and specified utilisation.

Hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis (USPAP page U-3)

Insurable Value Depreciated The insurance replacement or reproduction cost less accrued depreciation considered for insurance purposes, and as defined in the insurance policy or other agreement, as of a specific date.

Liquidation **Value in place** is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.

New (N) This term describes new items that have not been used before.

Orderly Liquidation Value An opinion of the gross amount, expressed in terms of money, that typically could be realised from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date

Poor (P) This term is used to describe those items of equipment which because of their condition can be used only at some point well below their full designed and specified utilization, and it is not possible to realise full capacity in their current condition without extensive repairs and/or the replacement of major elements in the near future.

Replacement cost new Is the current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.

Reproduction cost new The cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials, as of a specific date.

Salvage Value (S) is an opinion of the amount, expressed in terms of money that may be expect
ed for the whole property or a component of the whole property that is retired from service for possible use elsewhere, as of a specific date.

Scrap Value (X) An opinion of the amount, expressed in terms of money that could be realised for the property if it were sold for its material content, not for productive use, as of a specific date.

Very Good (VG) This terms describes an item of equipment in excellent condition capable of being used to its fully specified utilization for its designed purpose without being modified and without requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

APPENDIX II. VALUER CREDENTIALS & MEMBERSHIPS

Mark Griffiths

Mark has held numerous senior management roles and has over 29 years' experience in the Appraisal, Valuation and Auction industry. Mark has been appointed across a broad range of industry sectors, in particular the Mining, Earthmoving, Construction, Manufacturing, Aviation, Marine, and Transport sectors and is well respected as an adviser on valuation and asset sale issues.

Widely recognized for his skills in formal and informal valuations, marketing and project managing asset sales. Mark has been appointed to manage and conduct some of the major auction and valuation projects in Australia.

Core Competencies

Mark has experience in the following industries:

- Mining
- Earthmoving and Civil & Civil Construction
- Trucks, Trailers and Transport
- Agricultural Equipment
- Hospitality and Catering
- Motor Vehicles
- Manufacturing
- Forestry

Education

- ME201 – Introduction to Machinery and Equipment Valuation
- ME202 - Machinery and Equipment Valuation Methodology
- ME203 - Advanced Topics and Case Studies
- ME204 – Advanced Topics and Report Writing

Qualifications Memberships

- American Society of Appraisers – Candidate Member
- Universal Standards of Professional Appraisal Practice (USPAP)

Jeremy Dodds

Jeremy Dodds is an Associate for Gordon Brothers' Perth office with over 5 years' experience in the valuation of plant and equipment of asset disposition projects. Prior to joining Gordon Brothers, Jeremy served for as a Valuer at Graysonline, Australia's largest e-commerce group, where he completed complex projects for numerous banking, insolvency and private clients across WA and Australia.

Core Competencies

Jeremy has experience in the following industries

- Transport
- Mining & Construction
- Earthmoving and Civil
- Trucks, Trailers, and Transport
- Motor Vehicles
- Manufacturing

Appraisal Education

- US015-000 – 15 Hour national Uniform Standards of Professional Practice (USPAP) Course
- ME201 – Introduction to Machinery and Equipment Valuation
- ME202 - Machinery and Equipment Valuation Methodology
- ME203 - Advanced Topics and Case Studies
- ME204 – Advanced Topics and Report Writing

Steve Wall – Director, Valuations

Steve's professional's background is a unique combination of Financial Services and Appraisal expertise in formal appraisals, residual value advice, industry analysis, equipment & valuation advice, pricing and remarketing of assets through the Asia Pacific region.

Steve has over 30 years' experience as a senior appraiser and is globally recognised in valuing and appraising a wide variety of business assets covering many diverse industries but with strong expertise in Mining.

Steve has been full member of the Auctioneers & Valuers Association for over 25 years and holds the title of Certified Practising Valuer (Plant & Machinery), number 267 and Steve is previous past President of the Australian Chapter of the American Society of Appraiser's (ASA).

Steve has complete appraisal work in numerous jurisdictions including Botswana, Canada, Chile, China, Hong Kong, Indonesia, Japan, Kalimantan, Mongolia, New Zealand, Papua New Guinea, Singapore, South Korea, Thailand, USA.

Appraisal Education

- US015-000 – 15 Hour national Uniform Standards of Professional Practice (USPAP) Course
- American Society of Appraisers – Advanced ME214 Mining & Mineral Processing
- American Society of Appraisers – Advanced ME208 Marine Survey
- American Society of Appraisers – Advanced ME206 Appraisal of Inventory
- American Society of Appraisers – Advanced ME217 Advanced Mining
- American Society of Appraisers – Advanced ME201, ME202, ME203, ME204, SE100

Core competencies

- Mining
- Earthmoving and Civil Construction
- Crushing & Screening
- Road Transport inc. Trucks, Trailers etc.
- Buses
- Material Handling
- Motor Vehicles
- Forestry

PJD-3

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29 November 2024

Paul Dunbar
Valuation and Resource Management Pty Ltd
PO Box 1506
WEST PERTH WA 6872

By email: pdunbar@varm.com.au

Dear Paul

COR/163/2024 | Re Panoramic Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (ACN 095 792 288)

1 Introduction

1.1 We act for Daniel Woodhouse, Hayden White and Kate Warwick of FTI Consulting (together, the **Deed Administrators**) in their capacities as joint and several deed administrators of Panoramic Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (ACN 095 792 288) (**Panoramic**).

1.2 Panoramic has entered into a deed of company arrangement (**DOCA**) with Zeta Resources Limited (ARBN 162 902 481) (**Zeta**). Completion of the DOCA is conditional on the Deed Administrators obtaining an order pursuant to section 444GA of the *Corporations Act 2001* (Cth) (**Act**) to transfer the shares in Panoramic to Zeta (or its nominee) (**Section 444GA Orders**).

1.3 On 25 October 2024, the Deed Administrators filed an application for Section 444GA Orders in Supreme Court of Western Australia proceeding COR 163 of 2024 (**Proceeding**).

2 Your instructions

2.1 We are instructed to engage you to provide an independent expert report (**Report**) which:

(a) sets out your opinion on the following questions:

1. *Having regard to the materials provided to you in this brief, and any other materials or information you consider relevant, please provide your opinion as to whether there is likely to have been any material change in the value of Cherish's Lanfranchi Nickel Project asset as disclosed in Cherish's annual financial report for the year ended 30 June 2022 (A$10.2 million).*

2. *If the answer to question 1 is yes, please provide your opinion on the likely range of the change in valuation.*

3. *Please explain if there has been any material change in the nickel market in*

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Western Australia since 30 June 2022 and, if so, how any such changes have affected the valuation of nickel assets in the State. In answering this question, please provide any relevant case studies of projects that are of a similar nature and scale to Cherish's Lanfranchi Nickel Project.

(b) is prepared in accordance with the instructions in section 3 below.

2.2 "**Annexure A**" to this brief lists the documents that have been provided to assist you in the preparation of your Report.

2.3 For the purposes of answering the questions above, you may assume that Cherish's sole asset is the Lanfranchi Nickel Project.

2.4 Your Report will be provided to the Court for the purposes of determining whether the Section 444GA Application should be granted.

2.5 A copy of your Report will also be made available to the shareholders and creditors of Panoramic on the Deed Administrators' portal in respect of the Panoramic administration.[1]

3 Preparation of your Report

3.1 We **enclose** a copy of the Federal Court's Expert Evidence Practice Note (**Practice Note**), which includes, as an attachment, the Harmonised Expert Witness Code of Conduct (**Code**).

3.2 Your Report should be prepared in accordance with the requirements set out in the Code.

3.3 Whilst the Code is not intended to address all aspects of an expert witness' duties, it is intended to facilitate the admission of opinion evidence in Court and to assist experts in understanding (in general terms) what the Court expects of an expert witness giving evidence.

3.4 As an expert witness, you have an overriding duty to assist the Court on matters within your area of expertise. You are not an advocate for either party. Your paramount duty is to the Court and not to the party retaining you (or anyone else).

3.5 As noted in the Practice Note, your Report should:

(a) include an acknowledgement that you have read and understood the Practice Note, that your Report is prepared in accordance with it, and that you agree to be bound by the Code, provided this is, in fact, the case;

(b) include a statement that you are independent from the parties to the Proceeding, or, if you are not independent from the parties to the Proceeding, set out details of your association or connection to the party(ies);

(c) identify and state the training, study or experience relevant to the field of expertise upon

[1] https://www.fticonsulting.com/creditors/panoramic-group.

which the opinion in your Report is predicated;

(d) identify the questions that you have been asked to address;

(e) identify and attach the documents and other materials that you have been instructed to consider;

(f) summarise each of your opinions;

(g) set out the reasons for each of your opinions;

(h) set out separately each of the factual findings or assumptions on which your opinion is based;

(i) distinguish between your opinion and any fact or assumption upon which your opinion is based;

(j) make it clear when a particular question or issue falls outside your relevant field of expertise;

(k) include any calculations, analyses or other extrinsic matter referred to in your Report; and

(l) at the end of your Report:

(i) confirm that all facts, matters, working papers and calculations upon which you have relied have been disclosed and no relevant material has been omitted; and

(ii) declare (if it is, in fact, the case) that:

> *"I have made all the inquiries that I believe are desirable and appropriate and that no matters of significance that I regard as relevant have, to my knowledge, been withheld from the Court."*

3.6 As an independent expert, you must also:

(a) comply, and prepare your Report in accordance, with the requirements prescribed in *ASIC Regulatory Guide 112: Independence of experts*; and

(b) comply with the requirements prescribed in *ASIC Regulatory Guide 111: Content of expert reports*.

3.7 To the extent that there are any other guides or industry codes that you consider relevant to the preparation of your Report, please identify those and ensure that your Report complies with them.

3.8 Please let us know if you have any questions regarding the Practice Note, Code or ASIC regulatory guides referred to above.

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4 Background

Panoramic

4.1 Panoramic is a nickel mining and exploration company that was formerly listed on the Australian Securities Exchange.

4.2 Panoramic:

(a) is the holding company of Savannah Nickel Mines Pty Ltd (Subject to Deed of Company Arrangement) (ACN 103 729 282) (**Savannah**);

(b) was previously, until around 6 December 2018, the holding company of Cherish Metals Pty Ltd (ACN 108 652 446) (**Cherish**), which owned (and based on public records, still owns) the Lanfranchi Nickel Project (and associated infrastructure) 42km south of Kambalda, Western Australia;[2] and

(c) was previously, until around 30 March 2018, the holding company of Donegal Resources Pty Ltd (**Donegal**).[3]

DCG

4.3 On or around 29 June 2005, Panoramic and Savannah entered into an ASIC class order deed of cross guarantee (**DOCG**).

4.4 Subsequently, on or around 23 June 2009, Panoramic, Savannah, Cherish and Donegal entered into an assumption deed, pursuant to which Cherish and Donegal were joined as parties to the DOCG.

4.5 Under the DOCG, each party to the DOCG guarantees each creditor (being a creditor external to the DOCG group) payment in full of any debt (as defined therein) upon a winding up of those parties.

Panoramic's sale of Cherish

4.6 On or around 13 September 2018, Panoramic and Black Mountain Metals LLC (a Texas-based entity) (**Black Mountain**) entered into a binding sale and purchase agreement, pursuant to which Black Mountain acquired all of the issued shares in Cherish for a total cash consideration of AUD$15.1 million.[4] This transaction completed on 6 December 2018.[5]

4.7 At the time of the transaction, Cherish's Lanfranchi Nickel Project had been in care and

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[2] Panoramic ASX announcement dated 13 September 2018 entitled "Agreement to sell Lanfranchi to Black Mountain Metals for A$15.1 million"; Panoramic ASX announcement dated 6 December 2018 entitled "Lanfranchi Sale Completed".
[3] Donegal was deregistered on 30 March 2018.
[4] Panoramic ASX announcement dated 13 September 2018 entitled "Agreement to sell Lanfranchi to Black Mountain Metals for A$15.1 million"; Panoramic ASX announcement dated 6 December 2018 entitled "Lanfranchi Sale Completed".
[5] Panoramic ASX announcement dated 6 December 2018 entitled "Lanfranchi Sale Completed".

maintenance since November 2015.[6] Based on publicly available records, it appears that Lanfranchi Nickel Project remains in care and maintenance.[7]

Black Mountain's sale of Cherish

4.8 On or around 29 September 2021, Black Mountain sold 50% of its shares in Cherish to an entity related to Tembo Capital Group (a UK-based private equity investment advisor) pursuant to a share sale agreement and established a strategic partnership in relation to the Lanfranchi Nickel Project with Tembo Capital.[8]

4.9 Subsequently, by around 8 March 2023, Black Mountain disposed of all of its remaining shares in Cherish to Tembo and Tembo Partners.[9]

Current ownership of Cherish

4.10 Based on a search of ASIC's public database dated 29 November 2024, the current ownership of Cherish is as follows:

(a) approximately 58.22% owned by Tembo Capital Holdings UK Limited; and

(b) approximately 41.78% owned by Tembo Capital Co-Investment Partners I LP.[10]

Ceasing to be a party to the DOCG

4.11 The Deed Administrators consider that Cherish may cease to be a party to the DOCG if one of the following occur:

(a) a valid notice of disposal is lodged with ASIC by Cherish, which would involve various preconditions, including Panoramic certifying in writing that the disposal is a *bona fide* sale via lodging a copy of that certificate with ASIC; and

(b) a valid revocation deed is lodged with ASIC by Cherish and Panoramic, which could also involve various preconditions.

4.12 As noted in paragraph 4.6 above, Cherish ceased being a member of the Panoramic group on or about 6 December 2018. However, based on the Deed Administrators' review of ASIC's records, it appears that no notice of disposal or revocation deed has been lodged by Cherish and/or Panoramic, indicating that Cherish has not been removed as a party to the DOCG.

4.13 Accordingly, Panoramic may have a chose in action against Cherish in respect of the DOCG in a liquidation scenario.

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[6] Panoramic ASX announcement dated 6 December 2018 entitled "Lanfranchi Sale Completed".
[7] https://minedex.dmirs.wa.gov.au/Web/sites/details/10c94c61-b2ed-49ea-b6fd-da6a47e46240.
[8] Black Mountain press release dated 5 October 2021 entitled "Black Mountain Metals and Tembo Capital Forge Battery Metal Partnership"; Cherish's FY2022 Annual Financial Statements.
[9] Cherish's FY2022 Annual Financial Statements.
[10] ASIC historical organisational search for Cherish dated 29 November 2024.

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Publicly available information regarding the Lanfranchi Nickel Project

4.14 Cherish's most recent financial statements lodged with ASIC are its annual financial report for the year ended 30 June 2022 (**FY22 Accounts**).

4.15 The FY22 Accounts disclose that Cherish had net assets of A$10.227 million.

4.16 Cherish's website discloses Cherish's mineral resources as of 30 June 2024 at 6.27Mt @ 1.89% Nickel, for a total of 124,816 tonnes of contained Nickel Metal:[11]

Resource	Measured			Indicated			Inferred			TOTAL		
	tonnes	grade	metal	tonnes	grade	metal	tonnes	grade	metal	Tonnes	Grade	Metal
Martin				46,901	3.58%	1,679	7,229	4.16%	301	54,130	3.65%	1,980
Lanfranchi	75,216	4.13%	3,109	53,302	4.12%	2198	297,926	4.60%	13,702	426,444	4.46%	19,009
Lincoln							430,697	1.53%	6,594	430,697	1.53%	6,594
Wilson							80,600	3.13%	2,524	80,600	3.13%	2,524
Metcalfe				351,036	1.94%	6,817	162,602	1.35%	2,198	513,638	1.76%	9,015
Lower Schmitz				112,718	5.25%	5921	39,325	3.70%	1,456	152,043	4.85%	7,377
Schmitz				31,730	3.16%	1,002	18,573	3.38%	628	50,303	3.24%	1,630
Winner				14,702	4.40%	647				14,702	4.40%	647
Deacon				354,355	2.05%	7,268	372,127	1.77%	6,587	726,482	1.91%	13,855
Helmut South Extension	27,423	3.82%	1,047	28,681	2.83%	813				56,104	3.32%	1,860
Helmut Upper							172,112	1.57%	2,695	172,112	1.57%	2,695
McComish							917,893	1.47%	13,493	917,893	1.47%	13,493
John							221,520	1.48%	3,278	221,520	1.48%	3,278
Cruikshank Oct 2023				1,549,376	1.74%	27012	255,006	1.27%	3,247	1,804,382	1.68%	30,259
Gigantus Oct 2023							651,510	1.63%	10,600	651,510	1.63%	10,600
TOTAL	102,639	4.05%	4,156	2,542,801	2.10%	53357	3,627,120	1.86%	67,303	6,272,560	1.89%	124,816

Note: Figures have been rounded and may not add up exactly to given totals.

The information in the above table that relates to Nickel Mineral Resources is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Robinson consents to the inclusion in this table of the matters based on his information in the form and context in which it appears.

Source: https://www.cherishmetals.com.au/lanfranchi-nickel-project/mineral-resources

4.17 Based on our review of Panoramic's public records, it appears that the Mineral Resources for the Lanfranchi Nickel Project at or around the time of Panoramic's sale of Cherish to Black Mountain for A$15.1 million were as disclosed in Panoramic's 2018 annual report, released to the ASX on or about 17 October 2018:

Lanfranchi Project												
Cruikshank	100%	Nickel	2004	-	-	2,018,000	1.42	611,000	0.79	2,629,000	1.28	33,600
Deacon	100%	Nickel	2012	89,000	2.99	-	-	134,000	1.70	224,000	2.22	5,000
Gigantus	100%	Nickel	2004	-	-	-	-	652,000	1.63	652,000	1.63	10,600
Helmut South Ext	100%	Nickel	2012	21,000	4.54	29,000	2.87	-	-	50,000	3.59	1,800
John	100%	Nickel	2004	-	-	-	-	291,000	1.42	291,000	1.42	4,100
Lanfranchi	100%	Nickel	2012	40,000	4.12	55,000	4.40	63,000	3.49	158,000	3.97	6,300
Martin	100%	Nickel	2012	-	-	47,000	3.58	7,000	4.16	54,000	3.66	2,000
McComish	100%	Nickel	2004	-	-	-	-	992,000	1.49	992,000	1.49	14,800
Metcalfe	100%	Nickel	2012	-	-	280,000	1.99	111,000	1.35	391,000	1.81	7,100
Schmitz	100%	Nickel	2012	30,000	4.92	23,000	3.93	16,000	2.95	69,000	4.14	2,900
Lower Schmitz	100%	Nickel	2012	-	-	51,000	5.60	79,000	4.80	131,000	5.11	6,700
Winner	100%	Nickel	2004	-	-	14,000	4.40	-	-	14,000	4.40	600
Total (Equity)		Nickel										313,600
		Copper										99,100
		Cobalt										14,900

Source: Panoramic 2018 Annual Report

[11] https://www.cherishmetals.com.au/lanfranchi-nickel-project/mineral-resources.

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5 Confidentiality

5.1 All documents - including notes, records, printouts and drafts - created in relation to this matter must be kept strictly confidential and must not be provided to any other person without our written consent. All documents must be made available to us at the completion of your engagement with us or when requested by our clients.

5.2 Any communications between us, including this letter, are confidential and presently protected by legal professional privilege. We therefore ask that you take all reasonable steps to protect the confidentiality of these communications and do not disclose or discuss the contents of the communications with anyone without our prior consent.

5.3 Each page of any written communication provided to us should be marked:

> *"Privileged and confidential: Prepared for the purposes of legal advice and for use in legal proceedings."*

5.4 Any documents (including file notes) that you prepare for the purpose of providing us with your expert advice should be stored in a secure location.

5.5 There may come a time in the Proceeding when legal professional privilege no longer applies, whether by law or because our clients have voluntarily elected to waive that privilege.

5.6 Nevertheless, we ask that if you are served at any time with a subpoena or other Court process that requires you to produce documents recording communications between you and us, you contact us first before producing those documents. This will give us an opportunity to consider whether our clients can maintain a valid claim to privilege or whether any claim to privilege has been waived and, if it has not, to make an appropriate application to the Court to oppose production of the privileged material.

Please do not hesitate to contact us if you have any queries or require any further documents or information for the purposes of your Report.

Yours faithfully,
Gilbert + Tobin

Gilbert + Tobin

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Annexure A

Index – Documents provided to you

	Document description
1.	ASIC historical organisational search for Cherish dated 29 November 2024
2.	Cherish Metals Pty Ltd Annual Financial Report for the year ended 30 June 2022
3.	Lanfranchi Nickel Mine – Project Overview
4.	Cherish Metals Mineral Resources as of June 30, 2024
5.	Cherish Metals - October 2023 Corporate Presentation
6.	Cherish Press Release dated 5 December 2022 - Significant Drilling Intercepts Expand Lower Lanfranchi Nickel Deposit
7.	Cherish Press Release dated 19 June 2023 - Continued diamond drilling success down plunge at Lower Lanfranchi with significant intervals of Nickel Sulphide intersected
8.	Cherish Press Release dated 4 September 2023 - Discovery of new Nickel Sulphide Channel adjacent to the existing Lower Schmitz ore body
9.	Cherish Press Release dated 2 October 2023 - Outstanding diamond drilling results (10.55m @ 12.21% Ni) further down plunge at Lower Lanfranchi
10.	Panoramic 2018 Annual Report
11.	DEMIRS, Minedex, Lanfranchi
12.	Federal Court's Expert Evidence Practice Note, attaching Harmonised Expert Witness Code of Conduct
13.	ASIC Regulatory Guide 112: Independence of experts
14.	ASIC Regulatory Guide 111: Content of expert reports

ASIC & Business Names

ORGANISATIONAL SEARCH ON CHERISH METALS PTY LTD

Historical Extract

This information was extracted from ASIC database on 29 November 2024 at 06:09PM

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

108 652 446	**CHERISH METALS PTY LTD**	**DOCUMENT NO.**
	108 652 446	
ABN	19 108 652 446	
Registered in	WA	
Date Registered	06-Apr-2004	
Review Date	06-Apr-2025	

Current Organisation Details

Name	CHERISH METALS PTY LTD	0E9747167
Name Start	06-Apr-2004	
Status	REGISTERED	
Type	AUSTRALIAN PROPRIETARY COMPANY	
Class	LIMITED BY SHARES	
Subclass	PROPRIETARY COMPANY	
Disclosing Entity	NO	

Current Registered Office

Address	LEVEL 17, 221 ST GEORGES TERRACE, PERTH, WA, 6000	7EBN54694
Start Date	30-Nov-2021	

Ceased/Former Registered Office

Address	LEVEL 9, 40 THE ESPLANADE, PERTH, WA, 6000	9EAA10333
Start Date	19-Dec-2018	
End Date	29-Nov-2021	
Address	LEVEL 9, 553 HAY STREET, PERTH, WA, 6000	1F0065472
Start Date	16-Jan-2007	
End Date	18-Dec-2018	
Address	LEVEL 22 ALLENDALE SQUARE, 77 ST GEORGES TERRACE, PERTH, WA, 6000	0E9747167
Start Date	06-Apr-2004	
End Date	15-Jan-2007	

Current Principal Place of Business

Address	LEVEL 17, 221 ST GEORGES TERRACE, PERTH, WA, 6000	7EBN54694
Start Date	12-Nov-2021	

Ceased/Former Principal Place of Business

Address	LEVEL 9, 40 THE ESPLANADE, PERTH, WA, 6000	9EAA10333
Start Date	05-Dec-2018	
End Date	11-Nov-2021	
Address	LEVEL 9, 553 HAY STREET, PERTH, WA, 6000	1F0065472
Start Date	15-Dec-2006	
End Date	04-Dec-2018	
Address	LEVEL 22 ALLENDALE SQUARE, 77 ST GEORGES TERRACE, PERTH, WA, 6000	0E9747167
Start Date	06-Apr-2004	
End Date	14-Dec-2006	

Current Director

Officer Name	TIMOTHY PETER DUDLEY	7EBL90570
ABN	Not available	
Birth Details	20-Aug-1978 LAUNCESTON TAS	
Address	16 CAMPBELL TERRACE, ALDERLEY, QLD, 4051	
Appointment Date	29-Sep-2021	
Officer Name	JAMIE WYNTON WRIGHT	7ECB21955
ABN	Not available	
Birth Details	12-Feb-1977 ADELAIDE SA	
Address	15 PORT LINCOLN BOULEVARD, PASADENA, SA, 5042	
Appointment Date	15-Feb-2023	

Ceased/Former Director

Officer Name	JOHN RHETT MILES BENNETT	9EAA10194
ABN	Not available	
Birth Details	09-Jun-1981 TENNESSEE UNITED STATES	
Address	3861 BELLAIRE CIRCLE, FORT WORTH TX 76109, UNITED STATES	
Appointment Date	05-Dec-2018	
Cease Date	05-Mar-2023	
Officer Name	ASHLEY ELIZABETH ZUMWALT-FORBES	7EAQ42596
ABN	Not available	
Birth Details	14-Aug-1990 OKLAHOMA UNITED STATES	
Address	3248 W 7TH STREET, APARTMENT 314, FORT WORTH TX 76107, UNITED STATES	
Appointment Date	05-Dec-2018	

Cease Date	29-Sep-2021	
Officer Name	DEAN STEPHEN HILDEBRAND	7EAR29483
ABN	Not available	
Birth Details	11-Jan-1989 WESTVILLE SOUTH AFRICA	
Address	175C HERBERT STREET, DOUBLEVIEW, WA, 6018	
Appointment Date	12-Nov-2019	
Cease Date	29-Sep-2021	
Officer Name	AJANTH SHIRAN SAVERIMUTTO	7EBC08784
ABN	Not available	
Birth Details	21-Mar-1973 COLOMBO SRI LANKA	
Address	5 HANLIN STREET, MOSMAN PARK, WA, 6012	
Appointment Date	19-Oct-2020	
Cease Date	29-Sep-2021	
Officer Name	DECLAN THOMAS FRANZMANN	7EAL39178
ABN	Not available	
Birth Details	13-Sep-1967 SWAN HILL VIC	
Address	UNIT 2, 12 ALTONA STREET, WEST PERTH, WA, 6005	
Appointment Date	05-Dec-2018	
Cease Date	23-Oct-2020	
Officer Name	PETER JOHN HAROLD	0E9747167
ABN	Not available	
Birth Details	21-May-1963 MELBOURNE VIC	
Address	72 FORREST STREET, COTTESLOE, WA, 6011	
Appointment Date	06-Apr-2004	
Cease Date	05-Dec-2018	
Officer Name	TIMOTHY SCOTT MASON	7E8905052
ABN	Not available	
Birth Details	03-Dec-1979 COBRAM VIC	
Address	25A KENT STREET, VICTORIA PARK, WA, 6100	
Appointment Date	27-Feb-2017	
Cease Date	05-Dec-2018	
Officer Name	TERRY JAMES STRONG	7E8314561
ABN	Not available	
Birth Details	25-May-1971 LISMORE NSW	
Address	12 BURNETTIA LANE, MOUNT CLAREMONT, WA, 6010	
Appointment Date	04-Dec-2015	
Cease Date	27-Feb-2017	
Officer Name	CHRISTOPHER JOHN WILLIAMS	7E1069411
ABN	Not available	
Birth Details	24-Dec-1959 BRISBANE QLD	
Address	55 DUART ROAD, TRIGG, WA, 6029	
Appointment Date	03-Mar-2007	
Cease Date	04-Dec-2015	

Officer Name	RICHARD JORDINSON	1F0053129
ABN	Not available	
Birth Details	25-Sep-1960 HUDDERSFIELD UNITED KINGDOM	
Address	137 HENSMAN STREET, SOUTH PERTH, WA, 6151	
Appointment Date	01-Apr-2005	
Cease Date	03-Mar-2007	

Officer Name	KEITH STUART LIDDELL	0E9747167
ABN	Not available	
Birth Details	23-Dec-1958 LONDON UNITED KINGDOM	
Address	8 ERSKINE PLACE, CITY BEACH, WA, 6015	
Appointment Date	06-Apr-2004	
Cease Date	01-Jul-2005	

Officer Name	MICHAEL ANDREW BOHM	020374724
ABN	Not available	
Birth Details	31-May-1963 TRIPOLI LIBYA	
Address	27R IRVINE STREET, PEPPERMINT GROVE, WA, 6011	
Appointment Date	06-Apr-2004	
Cease Date	31-Mar-2005	

Current Secretary

Officer Name	PIERS RICHARD LEWIS	7EBL56457
ABN	Not available	
Birth Details	05-Sep-1976 SUBIACO WA	
Address	6 BRIGHTON STREET, COTTESLOE, WA, 6011	
Appointment Date	01-Sep-2021	

Ceased/Former Secretary

Officer Name	DEAN STEPHEN HILDEBRAND	9EAA10194
ABN	Not available	
Birth Details	11-Jan-1989 WESTVILLE SOUTH AFRICA	
Address	175C HERBERT STREET, DOUBLEVIEW, WA, 6018	
Appointment Date	05-Dec-2018	
Cease Date	29-Sep-2021	

Officer Name	ANGELA GERMANO	7EAR29483
ABN	Not available	
Birth Details	03-Feb-1982 OSBORNE PARK WA	
Address	49C HALLAND WAY, WESTMINSTER, WA, 6061	
Appointment Date	12-Nov-2019	
Cease Date	13-Apr-2021	

Officer Name	TREVOR ROLAND ETON	1F0049189
ABN	Not available	
Birth Details	11-Jan-1960 AUCKLAND NEW ZEALAND	
Address	12 SOLOMON STREET, MOSMAN PARK, WA, 6012	

Appointment Date	06-Apr-2004
Cease Date	05-Dec-2018

Ceased/Former Appointed Auditor

Officer Name	ERNST & YOUNG	023838862
Number	029859747	(FR 2006)
ABN	Not available	
Address	11 MOUNTS BAY ROAD, PERTH, WA, 6000	
Appointment Date	06-Apr-2004	
Cease Date	19-Mar-2021	

Current Issued Capital

Type	Current	7ECJ64013
Class	ORD ORDINARY	
Number of Shares/Interests issued	37142856	
Total amount paid/taken to be paid	$11000000.40	
Total amount due and payable	$0.00	

Note: For each class of shares issued by a proprietary company, ASIC records the details of the twenty members of the class (based on shareholdings). The details of any other members holding the same number of shares as the twentieth ranked member will also be recorded by ASIC on the database. Where available, historical records show that a member has ceased to be ranked amongst the twenty members. This may, but does not necessarily mean, that they have ceased to be a member of the company.

Current Members

Class	ORD			7ECJ64013
No. Held	21623376			
Beneficially Owned	YES	Fully paid	YES	
Name	TEMBO CAPITAL HOLDINGS UK LIMITED			
ABN	Not available			
Address	GROUND FLOOR 'CAMBRIDGE HOUSE', D, LE TRUCHOT ST PETER PORT GY11W, GUERNSEY			
Joint Holding	NO			

Class	ORD			7ECJ64013
No. Held	15519480			
Beneficially Owned	YES	Fully paid	YES	
Name	TEMBO CAPITAL CO-INVESTMENT PARTNERS I LP			
ABN	Not available			
Address	GROUND FLOOR CAMBRIDGE HOUSE LE TRUCHOT, ST PETER PORT GY1 1WD, GUERNSEY			
Joint Holding	NO			

Ceased/Former Members

Class	ORD			031695179
No. Held	5000000			
Beneficially Owned	YES	Fully paid	YES	

Name	BLACK MOUNTAIN METALS PTY LTD
ACN	627 715 735
ABN	77 627 715 735
Address	LEVEL 17, 221 ST GEORGES TERRACE, PERTH, WA, 6000
Joint Holding	NO

Class	ORD			0E9747167
No. Held	2			
Beneficially Owned	YES	Fully paid	YES	

Name	PANORAMIC RESOURCES LIMITED
ACN	095 792 288
ABN	47 095 792 288
Address	LEVEL 22 ALLENDALE SQUARE, 77 ST GEORGES TERRACE, PERTH, WA, 6000
Joint Holding	NO

Charges

ASIC Charge Number	1105849	Charge status	Satisfied
Date registered	25-Nov-2004	Time registered	11:11:00
Charge type	Both Fixed & Floating		
Date Created	23-Nov-2004		

Chargee **BHP NICKEL WEST PTY LTD**
004 184 598

Lodged	Form Type	Processed	No. Pages	
04-Nov-2011	312	08-Nov-2011	2	025234756
312	NOTIFICATION OF			
312A	DISCHARGE			

ASIC Charge Number	1219871	Charge status	Satisfied
Date registered	19-Oct-2005	Time registered	11:55:00
Charge type	Both Fixed & Floating		
Date Created	14-Oct-2005		

Chargee **MACQUARIE BANK LIMITED**
008 583 542

Lodged	Form Type	Processed	No. Pages	
23-Jun-2009	312	23-Jun-2009	2	022628949
312	NOTIFICATION OF			
312A	DISCHARGE			

ASIC Charge Number	1219875	Charge status	Satisfied
Date registered	19-Oct-2005	Time registered	11:54:00
Charge type	Fixed		
Date Created	14-Oct-2005		

Chargee **MACQUARIE BANK LIMITED**
008 583 542

Lodged	Form Type	Processed	No. Pages	
23-Jun-2009	312	23-Jun-2009	2	022628947
312	NOTIFICATION OF			
312A	DISCHARGE			

ASIC Charge Number	1223806	Charge status	Satisfied
Date registered	18-Oct-2005	Time registered	09:49:00
Charge type	Both Fixed & Floating		
Date Created	17-Oct-2005		

Chargee **LANFRANCHI NICKEL MINES PTY LTD**
110 078 263

Lodged	Form Type	Processed	No. Pages	
26-Oct-2009	312	27-Oct-2009	2	026007665
312	NOTIFICATION OF			
312A	DISCHARGE			

ASIC Charge Number	1223810	Charge status	Satisfied
Date registered	18-Oct-2005	Time registered	09:51:00
Charge type	Both Fixed & Floating		
Date Created	17-Oct-2005		

Chargee **DONEGAL LANFRANCHI PTY LTD**
109 542 654

Lodged	Form Type	Processed	No. Pages	
26-Oct-2009	312	27-Oct-2009	2	026007666
312	NOTIFICATION OF			
312A	DISCHARGE			

Document Details

Received	Form Type	Processed	No. Pages	Effective	
25-Jul-2024	315	22-Aug-2024	1	09-May-2024	031924742
315A	Notice of Resignation or Removal of Auditor Resignation Of Auditor				
29-Feb-2024	384	11-Apr-2024	1	29-Feb-2024	032038126
384	Notification of Resol. By Directors of a Small Pty Company Controlled By a Foreign Coy Which Is Not Part of Large Group				
09-Oct-2023	484	09-Oct-2023	3	09-Oct-2023	7ECJ64013
484	Change to Company Details				
484O	Changes to Share Structure				
484G	Notification of Share Issue				
484N	Changes to (Members) Share Holdings				
05-Jul-2023	315	07-Aug-2023	1	19-Mar-2021	031330755
315A	Notice of Resignation or Removal of Auditor Resignation Of Auditor				

30-Jun-2023	388	30-Jun-2023	45	30-Jun-2022	7ECF50798
388I	Financial Report Financial Report - Small Proprietary Company That Is Controlled By a Foreign Company				(FR 2022)
05-Jun-2023	384	03-Jul-2023	1	05-Jun-2023	031764967
384	Notification of Resol. By Directors of a Small Pty Company Controlled By a Foreign Coy Which Is Not Part of Large Group				
10-May-2023	484	10-May-2023	3	10-May-2023	7ECD74304
484	Change to Company Details				
484O	Changes to Share Structure				
484G	Notification of Share Issue				
484N	Changes to (Members) Share Holdings				
21-Apr-2023	484	21-Apr-2023	3	21-Apr-2023	7ECD19046
484N	Change to Company Details Changes to (Members) Share Holdings				
29-Mar-2023	484	29-Mar-2023	2	29-Mar-2023	7ECC49349
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
17-Feb-2023	484	17-Feb-2023	2	17-Feb-2023	7ECB21955
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
30-Aug-2022	484	12-Oct-2022	9	30-Aug-2022	031695179
484	CHANGE TO COMPANY DETAILS				
484A2	CHANGE MEMBER NAME OR ADDRESS				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
23-Nov-2021	484	23-Nov-2021	2	23-Nov-2021	7EBN54694
484	CHANGE TO COMPANY DETAILS				
484B	CHANGE OF REGISTERED ADDRESS				
484C	CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)				
20-Oct-2021	2205	28-Oct-2021	9	29-Sep-2021	031446599
2205B	NOTIFICATION OF RESOLUTION RELATING TO SHARES CONVERT SHARES INTO LARGER OR SMALLER NUMBER				
01-Oct-2021	484	01-Oct-2021	3	01-Oct-2021	7EBL90570
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
21-Sep-2021	484	21-Sep-2021	2	21-Sep-2021	7EBL56457
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
13-Apr-2021	484	13-Apr-2021	2	13-Apr-2021	7EBG46671
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
30-Mar-2021	410	30-Mar-2021	1	30-Mar-2021	7EBG08057

410B APPLICATION FOR RESERVATION OF A NEW NAME UPON CHANGE OF NAME

09-Nov-2020 484 09-Nov-2020 2 09-Nov-2020 7EBC08784
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

14-Nov-2019 484 14-Nov-2019 2 14-Nov-2019 7EAR29483
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

18-Oct-2019 484 18-Oct-2019 2 18-Oct-2019 7EAQ42596
484A1 CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS

17-May-2019 484 17-May-2019 2 17-May-2019 7EAL39178
484A1 CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS

12-Dec-2018 484 12-Dec-2018 2 12-Dec-2018 9EAA10335
484N CHANGE TO COMPANY DETAILS CHANGES TO (MEMBERS) SHARE HOLDINGS

12-Dec-2018 484 12-Dec-2018 2 12-Dec-2018 9EAA10333
484 CHANGE TO COMPANY DETAILS
484B CHANGE OF REGISTERED ADDRESS
484C CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)

10-Dec-2018 484 10-Dec-2018 4 10-Dec-2018 9EAA10194
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

23-Mar-2017 484 23-Mar-2017 2 23-Mar-2017 7E8905052
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

05-Sep-2016 484 05-Sep-2016 2 05-Sep-2016 7E8314561
484A1 CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS

04-Dec-2015 484 04-Dec-2015 2 04-Dec-2015 7E7528872
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

24-Jun-2009 352 29-Jun-2009 8 24-Jun-2009 025443366
352 ASSUMPTION DEED RELATING TO CLASS ORDER

31-Oct-2008 388 12-Nov-2008 41 30-Jun-2008 025248550
388H FINANCIAL REPORT FINANCIAL REPORT - LARGE PROPRIETARY COMPANY THAT IS NOT A DISCLOSING ENTITY (FR 2008)

12-Dec-2007 388 16-Jan-2008 39 30-Jun-2007 024470015
388H FINANCIAL REPORT FINANCIAL REPORT - LARGE PROPRIETARY COMPANY THAT IS NOT A DISCLOSING ENTITY (FR 2007)

05-Jul-2007 388 10-Jul-2007 47 30-Jun-2006 023838862
388 FINANCIAL REPORT (FR 2006)
388E COMPANY - APPOINT CHANGE NAME/ADDRESS OF AUDITOR
388H FINANCIAL REPORT - LARGE PROPRIETARY COMPANY THAT IS NOT A DISCLOSING ENTITY

05-Apr-2007 484 05-Apr-2007 2 05-Apr-2007 7E1069411
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

09-Jan-2007 484 13-Feb-2007 3 09-Jan-2007 1F0065472
484 CHANGE TO COMPANY DETAILS
484B CHANGE OF REGISTERED ADDRESS
484C CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)

20-Feb-2006 484 22-Feb-2006 3 22-Feb-2006 1F0049189
484A1 CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS

16-Dec-2005 484 27-Jan-2006 3 16-Dec-2005 1F0053129
484A1 CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS

01-Dec-2005 350 06-Dec-2005 1 01-Dec-2005 022585208
350 CERTIFICATION OF COMPLIANCE WITH STAMP DUTIES LAW BY PROVISIONAL CHARGE
Alters 020 168 418

01-Dec-2005 350 06-Dec-2005 1 01-Dec-2005 022585207
350 CERTIFICATION OF COMPLIANCE WITH STAMP DUTIES LAW BY PROVISIONAL CHARGE
Alters 020 168 417

19-Oct-2005 309 19-Oct-2005 43 14-Oct-2005 020168417
309A NOTIFICATION OF DETAILS OF A CHARGE
Altered by 022 585 207

19-Oct-2005 309 19-Oct-2005 40 14-Oct-2005 020168418
309A NOTIFICATION OF DETAILS OF A CHARGE
Altered by 022 585 208

18-Oct-2005 309 27-Oct-2005 23 17-Oct-2005 022293648
309A NOTIFICATION OF DETAILS OF A CHARGE

18-Oct-2005 309 27-Oct-2005 23 17-Oct-2005 022293645
309A NOTIFICATION OF DETAILS OF A CHARGE

22-Jul-2005 484 26-Jul-2005 4 26-Jul-2005 021453815
484E CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER

30-Jun-2005 354 13-Jul-2005 72 30-Jun-2005 021433513
354 EVIDENCE OF ELIGIBILITY FOR RELIEF UNDER CLASS ORDER

30-Jun-2005	351	13-Jul-2005	74	30-Jun-2005	021433514
351	DEED RELATING TO CLASS ORDER				
07-Apr-2005	484	12-Apr-2005	4	12-Apr-2005	021330220
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
14-Mar-2005	312	23-Mar-2005	1	14-Mar-2005	020917728
312C	NOTIFICATION OF RELEASE OF PROPERTY				
24-Nov-2004	309	25-Nov-2004	71	23-Nov-2004	020182213
309A	NOTIFICATION OF DETAILS OF A CHARGE				
26-May-2004	484	31-May-2004	3	31-May-2004	020374724
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS				
06-Apr-2004	201	06-Apr-2004	3	06-Apr-2004	0E9747167
201C	APPLICATION FOR REGISTRATION AS A PROPRIETARY COMPANY				

Financial Reports

Balance Date	Report Due Date	AGM Due Date	Extended AGM Due Date	AGM Held Date	Outstanding	
30-Jun-2006	31-Oct-2006	Unknown	Unknown	Unknown	N	023838862
30-Jun-2007	31-Oct-2007	Unknown	Unknown	Unknown	N	024470015
30-Jun-2008	31-Oct-2008	Unknown	Unknown	Unknown	N	025248550
30-Jun-2022	31-Oct-2022	Unknown	Unknown	Unknown	N	7ECF50798

Section 146A of the *Corporations Act 2001* states **'A contact address is the address to which communications and notices are sent from ASIC to the company.'**

Address	UNIT 1, 295 ROKEBY ROAD, SUBIACO, WA, 6008
Start Date	15-Sep-2021

*** End of Extract ***

Australian Securities & Investments Commission

Electronic Lodgement

Document No. **7ECF50798**

Lodgement date/time: 30-06-2023 15:39:10

Reference Id: 182973049

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Copy of financial statements and reports

Company details

Company name

CHERISH METALS PTY LTD

ACN

108 652 446

Lodgement details

Registered agent number

36304

Registered agent name

SMALLCAP CORPORATE PTY. LTD.

Reason for lodgement of statement and reports

A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for that period is not covered by statements lodged with ASIC by a registered foreign company, registered scheme or disclosing entity

Dates on which financial year ends

Financial year end date

30-06-2022

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Firm Name

KPMG

Address

235 St. Georges Terrace
Perth Western Australia, 6000
Australia

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been authenticated by
Name SMALLCAP CORPORATE PTY. LTD.
This form has been submitted by
Name Arron De Jesus CANICAIS
Date 30-06-2023

For more help or information
Web www.asic.gov.au
Ask a question? www.asic.gov.au/question
Telephone 1300 300 630

CHERISH METALS PTY LTD
ACN: 108 652 446

Annual Financial Report

For the year ended 30 June 2022

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Directors' report

For the year ended 30 June 2022

The directors present their report together with the consolidated financial statements of Cherish Metals Pty Ltd ("Cherish" or "the Company") and of the Group, being the Company and the entities it controlled for the year ended 30 June 2022, and the auditor's report thereon.

1. Corporate Information

Cherish is a company limited by shares that is incorporated and domiciled in Australia.

2. Directors

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

Name	Position(s)	Appointed	Resigned
John Rhett Miles Bennett	Chief Executive Officer	5 December 2018	5 March 2023
Ashley Elizabeth Zumwalt-Forbes	President/Director*	5 December 2018	29 September 2021
Dean Stephen Hildebrand	Chief Financial Officer	12 November 2019	29 September 2021
Ajanth Shiran Saverimutto	President/Director*	19 October 2020	29 September 2021
Timothy Peter Dudley	Director	29 September 2021	
Jamie Wynton Wright	Director	15 February 2023	

* *Mr Saverimutto took over from Mrs Zumwalt-Forbes as President on 19 October 2020 and Mrs Zumwalt-Forbes continued as a director until 29 September 2021.*

3. Company Secretary

Mr Dean Hildebrand was appointed Company Secretary effective from 5 November 2018. Mr Hildebrand has a Bachelor of Commerce degree with experience in corporate transactions. Mr Hildebrand resigned as Company Secretary on 29 September 2021.

Mr Piers Lewis was appointed as Company Secretary on 1 September 2021. Mr Lewis has a Bachelor of Commerce degree, is a chartered accountant and a fellow of the Governance Institute. Mr Lewis has over 20 years corporate experience in the finance and resources industries.

4. Principal Activities

It is the intent of the directors that the principal activities of the Company shall be that of exploration, mining and production of nickel and other minerals.

Directors' report

For the year ended 30 June 2022

5. Operating and Financial Review

2021 comparatives are for the 6 months ended 30 June 2021.

- Reported net loss after tax is $7.029 million (2021: $1.862 million).
- Net operating cash outflows during the year were $3.303 million (2021: $0.558 million), including $1.957 million of exploration expenditure (2021: $0.169 million). There was no production during the year while the Lanfranchi Nickel Mine continued exploration.
- Net investing cash outflows of $0.818 million (2021: $0.871 million inflow) included $0.459 million of property, plant and equipment expenditure (2021: $0.040 million), and $0.101 million mine properties expenditure (2021: $0.831 million).
- Net financing inflows of $15.389 million (2021: $1.272 million) comprised net proceeds from borrowings from the related parent entity, Blacks Mountain Metals Pty Ltd (BMM) $0.445 million (2021: $1.272 million); net proceeds from the issue of convertible notes to Tembo Capital Co-Investment Partners I LP, acting by its general partner Tembo Capital Mining GP III Limited ("Tembo Partners") $15 million (2021: nil) and repayments of leases $0.056 million (2021: nil).

Review of operations

During the year the decision was made to increase the resources in the mine. Therefore, management completed the following:

- Refurbished areas at site to facilitate drilling in first quarter 2022.
- Completed all drill plans and engaged drilling contractor
- Continued to review LOM strategy and ore processing options
- Completed value add capital projects at the mine.

6. Dividends

No dividend was declared or paid for the year ended 30 June 2022 (2021: no dividend declared or paid).

7. Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company other than those listed below.

(i) In September 2021, the Company adopted a new Constitution.

(ii) On 14 September 2021, the Company split its two (2) existing fully paid ordinary shares into 30,000,000 million fully paid ordinary shares to be held by its sole shareholder and parent company, Black Mountain Metals Pty Ltd (BMM).

(iii) On 29 September 2021, the Company completed a share sale agreement with BMM and Tembo Capital Holdings UK Limited (Tembo) for the sale of 50% of the issued shares; (15,000,000 shares), to Tembo for $15,000,000. On this date BMM ceased to be the parent of the Company and the company become jointly controlled by BMM and Tembo.

(iv) Following the sale of the shares by BMM mentioned in (iii) above, the Group left the tax consolidated tax group with effect from 29 September 2021.

7. Significant changes in the state of affairs (continued)

(v) On 29 September 2021, Cherish recorded the issue of two convertible notes of $15 million each as follows:

(a) Issued to Tembo Main Fund Partnerships in return for cash proceeds of $15 million.

(b) Issued to Edison Metals Pty Ltd ("EDM"), a related company of Cherish, in lieu of a $15 million Loan Forgiveness Deed. There was a write off of a further $6.451 million owed by Cherish representing the remaining debt on issue.

Interest on the convertible notes is payable, half-yearly at a rate of 10% per annum. Maturity occurs 9 years and 364 days from the issue date; and the notes are convertible into ordinary shares of the Company at a conversion price of $1.00 per share.

8. Significant events after reporting date

Subsequent to the year ended 30 June 2022:

(i) On 19 August 2022, BMM and Tembo completed an agreement for Tembo Partners to acquire 10,000,000 of BMM's shares (66.67% of BMM's shareholding in Cherish). Upon completion of the transaction the ownership of the 30,000,000 issued ordinary shares in Cherish became, Tembo 15,000,000 shares (50%), Tembo Partners (33.33%) and BMM 5,000,000 shares, (16.67%).

(ii) On 19 August 2022, Tembo Partners acquired EDM's interest in the 15 million convertible notes issued by Cherish to EDM in September 2021. Following completion of the transaction, of the 30,000,000 convertible notes on issue (Face Value $30,000,000), Tembo Partners holds 50% and Tembo Main Fund Partnerships holds 50%.

(iii) On 8 March 2023, BMM and Tembo completed an agreement for BMM to sell all of its 5,000,000 shares in the Company to Tembo and Tembo Partners in the following proportions.2,727,273 shares to Tembo and 2,272,727 shares to Tembo Partners. Upon completion of the transaction the ownership of the 30,000,000 issued ordinary shares in Cherish became, Tembo 17,727,273 shares (59%) and Tembo Partners 12,272,727 shares (41%).

(iv) On 12 April 2023, the Company issued 4,642,856 fully paid ordinary shares of $1.40 each split as follows:

- Tembo 2,532,467 shares
- Tembo Partners 2,110,389 shares

The proceeds of $6.5 million were received into the Company's bank account on 12 April 2023.

There has not been any other matter or circumstance occurring subsequent to the end of the period 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 in future financial years.

9. Likely developments

The emergence of the Coronavirus disease (COVID-19) during the first months of 2020 has had a significant impact on financial markets, with broader economic and social disruption now evident and anticipated to continue in the near-term. As at the date of this report, COVID-19 has had no

significant impact on the operations of the Group. The impact of COVID-19 on the Group in future periods is currently uncertain.

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

10. Environmental regulation

The Company holds licenses and abides by Acts and Regulations issued by the relevant mining and environmental protection authorities of Australia in which the Group operates. These licenses, Acts and Regulations specify limits and regulate the management of discharges to the air, surface waters and groundwater associated with the mining operations as well as the storage and use of hazardous materials.

There have been no significant known breaches of the Company's license conditions or of the relevant Acts and Regulations.

11. Directors' interests

The relevant interest of each director in the shares, debentures, interest in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows *:

	Ordinary shares	Options over ordinary shares	Rights over ordinary shares
Mr J Bennett	-	-	-
Mr T Dudley	-	-	-
Mr J Wright	-	-	-

* Mrs A Zumwalt-Forbes, Mr D Hilderbrand and Mr A Saverimutto, were in office until they all resigned on 29 September 2021. Throughout the period they were in office they had no interest in any of the instruments described above.

**Mr Bennett is the majority shareholder of the Company's former ultimate parent entity. Refer Note 5.1(a) of the financial statements.

12. Share options

Options granted to directors and officers of the Company

During or since the end of the period, no options have been granted to directors or officers of the Company.

Unissued shares under options

At the date of this report there were no unissued ordinary shares of the Company under option.

Shares issued on exercise of options

No option holder has any right under the options to participate in any share issue of the Company or any other body corporate.

During or since the end of the period, the Company has not issued any ordinary shares as a result of the exercise of options.

13. Indemnification and insurance of officers

The Company maintains an insurance policy for its directors and officers against certain liabilities arising as a result of work performed in the capacity as directors and officers. The Company has

paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

Indemnification of auditors

The Company has not indemnified the auditor or made a relevant agreement for indemnifying against a liability.

14. Rounding

The Company is of a kind specified in Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report is made out in accordance with a resolution of the directors:

Timothy Peter Dudley
Director

Brisbane, Queensland

Jamie Wynton Wright
Director

Adelaide, South Australia

23 June 2023

CHERISH METALS PTY LTD

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Other income	2.2	1,232	262
Depreciation and amortisation		(909)	(387)
Exploration expenditure	2.3	(2,487)	(169)
Care and maintenance costs		(2,645)	(273)
Other corporate/administration expenditure		(193)	(202)
Employee expenses		(539)	-
Impairment loss on trade receivable		-	(23)
Finance costs	2.4	(3,157)	(1,070)
Loss before income tax		(8,698)	(1,862)
Tax benefit	2.5	1,669	-
Total comprehensive loss for the period		(7,029)	(1,862)
Total comprehensive loss attributable to:			
Owners of the Company		(7,029)	(1,862)
		(7,029)	(1,862)

		30 June 2022 $	6 months ended 30 June 2021 $
Loss per share			
Basic loss per share (dollars/share)	2.6	(0.23)	(931,000)
Diluted loss per share (dollars/share)	2.6	(0.23)	(931,000)

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

CHERISH METALS PTY LTD

Consolidated Statement of Financial Position

	Note	30 June 2022 $'000	30 June 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4.1(a)	11,291	23
Trade and other receivables	4.2	189	361
Inventories		47	6
Prepayments		64	45
Other financial assets	3.3	160	-
Total current assets		**11,751**	**435**
Non-current assets			
Mine properties	3.1	17,138	17,967
Property, plant and equipment	3.2	1,081	1,170
Other financial assets	3.3	98	-
Total non-current assets		**18,317**	**19,137**
Total assets		**30,068**	**19,572**
CURRENT LIABILITIES			
Current liabilities			
Trade and other payables	4.3	1,584	149
Provisions	3.4	68	-
Loans and borrowings	4.4	-	21,451
Lease liabilities	4.5	84	-
Total current liabilities		**1,736**	**21,600**
Non-current liabilities			
Provisions	3.4	4,347	5,241
Loans and borrowings	4.4	11,306	-
Deferred tax liabilities	2.5	2,316	3,736
Lease liabilities	4.5	136	-
Total non-current liabilities		**18,105**	**8,977**
Total liabilities		**19,841**	**30,577**
Net assets/(liabilities)		**10,227**	**(11,005)**
EQUITY			
Share capital	5.1(a)	6,712	-
Accumulated losses	5.1(b)	(18,283)	(11,005)
Convertible notes reserve	5.1(c)	21,798	-
Total equity		**10,227**	**(11,005)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CHERISH METALS PTY LTD

Consolidated Statement of Changes in Equity

	Share Capital	Accumulated losses	Convertible notes reserve	Total
	$'000	$'000	$'000	$'000
30 June 2022				
Opening balance at 1 July 2021	**-**	**(11,005)**	**-**	**(11,005)**
Loss for the period	-	(7,029)	-	(7,029)
Total comprehensive loss for the period	-	(7,029)	-	(7,029)
Transactions with owners				
Distribution to parent (Note 5.1(b))	-	(249)	-	(249)
Issue of convertible notes (Note 5.1(c))	-	-	21,798	21,798
Contribution from parent (Note 5.1(a))	6,712	-	-	6,712
At 30 June 2022	6,712	(18,283)	21,798	10,227
30 June 2021				
Opening balance at 1 January 2021	**-**	**(8,691)**	**-**	**(8,691)**
Loss for the period	-	(1,862)	-	(1,862)
Total comprehensive loss for the period	-	(1,862)	-	(1,862)
Transactions with owners				
Distribution to parent (Note 5.1(b))	-	(452)	-	(452)
At 30 June 2021	-	(11,005)	-	(11,005)

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

CHERISH METALS PTY LTD

Consolidated Cash Flow Statement

	Note	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers		1,249	19
Payments to suppliers and employees		(2,586)	(408)
Interest paid		(9)	-
Payments for exploration expenditure		(1,957)	(169)
Net cash flows used in operating activities	4.1(b)	(3,303)	(558)
Cash flows from investing activities			
Payments for property, plant and equipment		(459)	(40)
Expenditure on mine properties		(101)	(831)
Transfer (to)/from restricted cash		(258)	-
Net cash flows used in investing activities		(818)	(871)
Cash flows from financing activities			
Net proceeds from borrowings from related parties		445	1,272
Repayment of leases		(56)	-
Net proceeds from issue of convertible notes		15,000	-
Net cash flows from financing activities		15,389	1,272
Net increase/(decrease) in cash and cash equivalents		11,268	(157)
Cash and cash equivalents at the beginning of the period		23	180
Cash and cash equivalents at the end of the period		11,291	23

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 1 – Basis of preparation

Cherish Metals Pty Ltd presents its financial statements in a format and style that is relevant and clear to stakeholders. In preparing the year ended 30 June 2022 financial statements, notes have been grouped into sections under 6 key categories:

1. Basis of preparation
2. Results for the year
3. Assets and liabilities
4. Working capital disclosures
5. Equity and funding
6. Other disclosures

Significant accounting policies specific to a note are included within that note. Accounting policies determined non-significant are not included in the financial statements.

1.1 Reporting entity

Cherish Metals Pty Ltd (the "Company" or "Cherish") is a company domiciled in Australia.

In the opinion of the Directors, the Company is not a reporting entity nor publicly accountable.

The address of the Company's registered office is Level 17, 221 St George's Terrace Perth WA Australia. The Company is jointly controlled at 30 June 2022 by Black Mountain Metals Pty Ltd ("BMM") and Tembo Holdings UK Limited ("Tembo").

The Company is a for-profit entity and primarily is involved in:

- The acquisition and development of natural resources projects; and
- Prospecting and exploration for minerals.

The consolidated financial statements for the year ended 30 June 2022 comprise the Company and the entities it controlled (together referred to as "the Group").

The financial year end of the Company changed from 31 December to 30 June during the comparative period. The financial period reported in these financial statements covers the 12 months, 1 July 2021 to 30 June 2022. Comparative figures for these financial statements cover the 6 months' period from 1 January 2021 to 30 June 2021. The results for the current period are therefore not directly comparable with the results for the prior period.

1.2 Basis of accounting and measurement

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AAS") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 1 – Basis of preparation (continued)

1.3 Functional and presentation currency

The financial statements have been prepared in Australian dollars which is the Group's functional currency.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand, unless otherwise stated.

1.4 Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Company made a loss of $7.029 million (2021: $1.862 million) and had overall net cash outflows from operating and investing activities of $3.303 million (2021: $0.558 million) and $0.818 million (2021: $0.871 million inflow) respectively. During the year the Company had net inflows of $15.389 million from financing activities (2021: $1.272 million including $15.0 million raised from the issue of convertible notes (2021:nil), $0.445 million net borrowings from a related party (2021: $1.272 million) and lease liability outflows of $0.056 million (2021: nil).The Company held cash on hand as at 30 June 2022 of $11.291 million (2021: $0.023 million) and had net assets of $10.227- million (June 2021: net liabilities $11.005 million), which includes a convertible note liability component of $9.818 million (2021: nil).

The Company has invested over time in the exploration, evaluation and development of the Lanfranchi Nickel Mine in anticipation of potentially restarting mining operations. The Company will require additional funding for the continuation of exploration and evaluation activities and for the potential restart of mining operations.

The Directors have prepared a cash flow forecast for the next 12 months, which indicates that the Company will require further equity funding from its shareholders in order to complete planned exploration and evaluation activities. Should the Company not obtain this equity or other funding, it can curtail expenditure to be able to meet its debts as and when they fall due and continue as a going concern.

On the basis described above, the Directors are of the view that the going concern basis of preparation is appropriate.

1.5 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cherish Metals Pty Ltd as at 30 June 2022 and the results of all subsidiaries for the year then ended. Subsidiaries are entities controlled by the Group.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 1 – Basis of preparation (continued)

1.5 Basis of consolidation (continued)

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.

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.

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.

1.6 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

1.7 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

Non-financial assets, other than deferred tax assets, are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

An impairment test is performed by assessing the recoverable amount of each asset, or cash generating unit ("CGU"). Assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and 'value in use'. The value in use is based on the present value of the future cash flows expected to arise from the asset, taking into account the risks specific to the asset or CGU.

Any impairment identified is recognised in profit or loss. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation or amortisation that would have been charged since the impairment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 1 – Basis of preparation (continued)

1.8 Accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which estimates are revised and in any future periods affected.

Judgements and estimates which are material to the financial report are found in the following areas:

- Going concern (Note 1.4);
- Mineral Properties (Note 3.1); and
- Provision for decommissioning and restoration (Note 3.4)

1.9 New and Amended Accounting Standards

Accounting policies adopted

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group and effective for annual reporting periods beginning on or after 1 July 2021.

Standards issued but not yet effective

Amendments to AASB 9, AASB 7, AASB 4, AASB 16 and AASB 139 – Interest Rate Benchmark Reform – Phase 2. The amendment addresses issues that may affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in the standards relating to:

- changes in the basis for determining contractual cash flows of financial assets, liabilities and lease liability; and
- hedge accounting.

The Group is yet to assess the potential impacts of the above on its financial statements.

The following amendments are not yet effective however they are not expected to have an impact on the Group's financial statements:

- Amendments to AASB 101 – Classification of Liabilities as Current or Non-Current;
- Amendments to AASB137 – Onerous Contracts; and
- Amendments to AASB 17 – Insurance Contracts.

1.10 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; none of which are considered to have a material impact on the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 2 – Results for the period

2.1 Operating segments

For management purposes the Group has one reportable segment, being nickel and other mineral exploration, evaluation and development in Australia. Segment results that are reported to the Group chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other corporate/administration expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill. Accordingly, the financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

2.2 Other income

ACCOUNTING POLICY

Other income is measured based on the consideration specified in a contract with a customer. The Group recognises other income when it transfers control over a good or service to a customer. Rental income is accrued on a time basis, by reference to the agreements entered into.

	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Income from rental of camp accommodation	1,163	27
Adjustment to liabilities no longer payable (i)	-	235
Other	69	-
	1,232	262

(i) On 1 June 2021 the Company was notified by the Administrator of Lithco No.2 Pty Ltd (Lithco) and related parties that invoices payable by Cherish to Lithco were to be offset against amounts owing to Cherish by Lithco. Accruals totalling $235,000, were adjusted to nil on 30 June 2021 as a result.

2.3 Exploration and evaluation expenditure

ACCOUNTING POLICY

Exploration and evaluation expenditure is expensed to the consolidated statement of comprehensive income as and when it is incurred and included as part of cash flows from operating activities. Exploration costs are only capitalised to the consolidated statement of financial position if they result from an acquisition.

Evaluation is deemed to be activities undertaken from the beginning of the pre-feasibility study conducted to assess the technical and commercial viability of extracting a mineral resource before moving into the Development phase.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

Section 2 – Results for the year (continued)

2.3 Exploration and evaluation expenditure (continued)

	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Exploration and evaluation expenditure in the period	2,487	169
	2,487	169

2.4 Finance costs

ACCOUNTING POLICY

The Company's finance costs comprise:

- interest and accretion expense

Interest and accretion expense is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs can be analysed as follows:

	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Interest on lease liabilities	9	-
Interest on borrowings-unsecured	9	1,062
Interest payable on convertible notes	2,260	-
Interest accretion on convertible notes	843	-
Rehabilitation and restoration provision accretion	36	8
	3,157	1,070

2.5 Income tax expenses

ACCOUNTING POLICY

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 2 – Results for the year (continued)

2.5 Income tax expenses (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset only if certain criteria are met. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax Consolidation

The Company's former Australian parent, Black Mountain Metals Australia Pty Ltd (BMA) and its 100 per cent owned Australian resident subsidiaries including BMM (Cherish's former immediate parent company), were part of a tax consolidated group ("TCG") which operated from 6 December 2018 until 29 September 2021, when 50% of the Company's shares were sold to Tembo Capital Holdings UK Limited and at which time Cherish and the entities it controlled ceased to be members of the TCG. BMA was the head entity of the TCG. Group members had entered into a tax sharing agreement in order to allocate income tax expense to the wholly-owned subsidiaries on a stand-alone basis. The tax sharing arrangement provided for the allocation of income tax liabilities between the entities if the head entity defaulted on its tax payment obligations. No known default occurred during the period in which the TCG was operating. Members of the TCG had also entered into a tax funding agreement ("TFA"). The group applied an allocation approach in determining the appropriate amount of current taxes to allocate to members. The TFA provided for each member of the TCG to pay or receive a tax equivalent amount to or from the head entity in accordance with their notional current tax liability or current tax asset. Such amounts were recorded as a distribution to/or from the head entity (refer note 2.5 (c) (i)).

(a) Income tax expense

	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Current tax expense	-	-
Deferred tax benefit	1,669	-
Total tax benefit	1,669	0

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) for the period	(8,698)	(1,862)
Prima facie income tax benefit on accounting loss at 25% (2021: 25%)	2,175	465
Permanent adjustments – Interest expense not deductible	(373)	
Impact of change in tax rates	-	126
Temporary differences and tax losses not recognised	(133)	(591)
Income tax benefit	1,669	-

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Section 2 – Results for the year (continued)

2.5 Income tax expenses (continued)

(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30 June 2022 $'000	6 months ended 30 June 2021 $'000
Deferred liabilities		
Property, plant and equipment	(4,032)	(3,785)
Deferred assets		
Trade payables	115	16
Other items	1,601	33
Net deferred tax liability	(2,316)	(3,736)

(i) The Group's total tax losses (tax effected) of $1,945 thousand (2021: $1,043 thousand) includes $1,563 thousand (2021: nil) which has been recognised as a deferred tax asset (DTA) during the year. During the period 1 July 2021 to 29 September 2021, $249 thousand of the Group's tax losses (tax effected) were passed up to Black Mountain Australia Pty Ltd (the former ultimate Australian parent) as a distribution to parent under the tax funding agreement pursuant to the tax consolidation policies in existence up to 29 September 2021 (refer note 5.1(b)).

The Group does not have a right for reimbursement for the tax losses transferred at balance date. Accordingly, the derecognition of the DTA is reflected as a distribution to parent within equity (refer note 5.1(b)).

2.6 Earnings loss per share

Basic loss per share

Earnings loss per share ("EPS") is the amount of post-tax profit attributable to each share.

The calculation of basic EPS at 30 June 2022 was based on the loss attributable to ordinary shareholders of $7.029 million (2021: loss $1.862 million) and ordinary shares of 30 million (2021: 2).

	30 June 2022 $	6 months ended 30 June 2021 $
Loss attributable to ordinary shareholders	(7,029,000)	(1,862,000)
Issued ordinary shares	30,000,000	2
Basic loss dollars per share	(0.23)	(931,000)
Diluted loss dollars per share	(0.23)	(931,000)

Section 3 – Assets and liabilities

This section focusses on the operating activities which form the core of the business, including those assets and liabilities which support ongoing activities as well as the capital commitments existing at period end.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

Indicators of impairment for mineral properties

At 30 June 2022, the Company has concluded that no impairment indicators existed. In making this assessment, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploitation, or alternatively sale.

Provisions for decommissioning and restoration costs

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 discount rate used in the calculation of these provisions is consistent with the risk-free rate.

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 or experience at other mine-sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 3 – Assets and liabilities (continued)

3.1 Mine properties

ACCOUNTING POLICY

Mine properties expenditure represents the costs incurred in preparing mines for production. 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.

Impairment

Mine property assets are tested for impairment if facts and circumstances suggest the carrying value exceeds the recoverable amount. The application of this policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established.

Where a potential impairment is indicated, an assessment is performed, and the Group performs impairment testing in accordance with note 1.7.

	30 June 2022 $'000	30 June 2021 $'000
Reconciliations: mine properties (at cost)		
Balance at the beginning of the period	17,967	16,779
- Development Expenditure	101	831
- Adjustments to restoration obligations	(930)	357
Balance at the end of the period	17,138	17,967

3.2 Property, plant and equipment

ACCOUNTING POLICY

Cost and Valuation

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Section 3 – Assets and liabilities (continued)

3.2 Property, plant and equipment (continued)

Depreciation

Depreciation is provided on a straight-line basis on all property plant and equipment other than land.

Major depreciation periods are:

Asset	Life
Motor vehicles	3 years
Office equipment	2-10 years
Plant and equipment	Life of mine years
Land and buildings	Life of mine years
Intangible assets	1 year
Leased assets	Over the shorter of the lease term and the life of the asset

Leased assets

The Group recognises all right of use assets and liabilities, except for leases that are short-term (12 months or less) and low value leases at the lease commencement date. The lease liability is measured at the present value of the future lease payments and includes lease extension options when the Group is reasonably certain that it will exercise the option.

The right of use asset, at initial recognition, reflects the lease liability and is depreciated over the term of the lease. The present value of the lease liability is increased by the interest cost and decreased by the lease payment each period over the life of the lease. The Group includes right of use leased assets separately in Property, Plant and Equipment disclosures.

All new contracts of the Group are assessed on an ongoing basis to determine if a right of use asset exists and if they require recognition under the requirements of the lease standard.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 3 – Assets and liabilities (continued)

3.2 Property, plant and equipment (continued)

Impairment

Non-current assets are tested for impairment when facts and circumstances indicated that the carrying amount may exceed the recoverable amount. The Group performs impairment testing in accordance with note 1.7.

	Buildings $'000	Right of Use Assets $'000	Plant & Equipment $'000	Office Equipment $'000	Motor Vehicles $'000	Intangible Assets $'000	Assets Under Construction $'000	Total $'000
Cost								
Balance at 1 Jan 2021	660	-	2,069	93	25	39	-	2,886
Additions	-	-	40	-	-	-	-	40
Balance at 30 Jun 2021	660	-	2,109	93	25	39	-	2,926
Balance at 1 Jul 2021	660	-	2,109	93	25	39	-	2,926
Additions	-	267	242	53	177	31	50	820
Balance at 30 Jun 2022	660	267	2,351	146	202	70	50	3,746
Depreciation and impairment losses								
Balance at 1 Jan 2021	341	-	957	41	16	14	-	1,369
Depreciation expense	82	-	283	14	4	4	-	387
Balance at 30 Jun 2021	423	-	1,240	55	20	18	-	1,756
Balance at 1 Jul 2021	423	-	1,240	55	20	18	-	1,756
Depreciation expense	166	52	608	39	36	8	-	909
Balance at 30 Jun 2022	589	52	1,848	94	56	26	-	2,665
Carrying amounts								
At 1 Jan 2021	402	-	1,417	77	116	29	-	2,041
At 30 Jun 2021	237	-	869	38	5	21	-	1,170
At 30 Jun 2022	71	215	503	52	146	44	50	1,081

3.3 Other financial assets

The Company has a cash collateralized security deposit of $160,000 - current asset (June 2021: nil) and of $98,000 – non-current asset (June 2021: nil) to secure the office rental bank guarantee.

Section 3 – Assets and liabilities (continued)

3.4 Provisions

ACCOUNTING POLICY

Provisions

Provisions are recognised when the Group has a present obligation 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.

If the effect of the time value of money is material, 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 finance cost.

Provision for employee benefits

(a) Short-term obligations

Liabilities for employee benefits that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(b) Other long-term employee benefit obligations

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service up to reporting date, plus related on costs. The benefit is discounted to determine its present value and the discount rate is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(c) Retirement benefit obligations

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

Provision for decommissioning and restoration

The Company records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Section 3 – Assets and liabilities (continued)

3.4 Provisions (continued)

Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

	30 June 2022 $'000	30 June 2021 $'000
Current		
Employee benefits	68	-
Total current provisions	68	0
Movement in current provisions		
Employee benefits		
Balance at the beginning of the period	-	-
Additions to provision during the period	68	-
Balance at the end of the period	68	-
Non-current		
Employee benefits	-	-
Closure and restoration	4,347	5,241
Total non-current provisions	4,347	5,241
Movement in non-current provisions		
Employee benefits		
Balance at the beginning of the period	-	-
Additions to provision during the period	-	-
Balance at the end of the period	-	-
Closure and restoration		
Balance at the beginning of the period	5,241	4,876
(Reductions)/additions to provision during the period	(930)	357
Accretion	36	8
Balance at the end of the period	4,347	5,241

Movements in provisions represent changes in underlying inflation, discount, and timing assumptions in present value calculation.

Section 3 – Assets and liabilities (continued)

3.5 Capital and other commitments

To maintain current rights of tenure to tenements, the Group is required to meet minimum expenditure requirements specified by the Western Australian Government. These obligations are subject to renegotiation when application for a mining lease is made at other times. These obligations are not provided for in the financial report and are payable as follows:

	30 June 2022	30 June 2021
Less than one year	518	518
Between one and five years	2,071	2,071
More than five years	4,776	5,294
	7,365	7,883

Section 4 – Working capital disclosures

This section focusses on the cash funding available to the Group and working capital position at period end.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

There were no key estimations or assumptions in this section.

4.1 Cash and cash equivalents

ACCOUNTING POLICY

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of an acquisition. The carrying value of cash and cash equivalents approximates fair value.

(a) Cash and cash equivalents

	30 June 2022 $'000	30 June 2021 $'000
Bank balances	11,291	23
Cash and cash equivalents in the statement of cash flows	11,291	23

Section 4 – Working capital disclosures

4.1 Cash and cash equivalents (continued)

(b) Reconciliation of cash flows from operating activities

	30 June 2022 $'000	30 June 2021 $'000
Net profit/(loss) from ordinary activities after income tax	(7,029)	(1,862)
Adjustments for:		
Rehabilitation, restoration and other provision accretion	36	8
Depreciation and amortisation	909	387
Non-cash interest expense	3,112	1,062
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	(55)	(42)
Decrease/(increase) in inventories	(41)	-
Decrease/(increase) in prepayments	(19)	75
(Decrease)/increase in payables	1,453	(186)
Change in deferred tax balances	(1,669)	-
Net operating cash flows from operating activities	**(3,303)**	**(558)**

4.2 Trade and other receivables

ACCOUNTING POLICY

Trade receivables are recognised initially at the value of the invoice sent to the counterparty and subsequently at the amounts considered recoverable (amortised cost). Where there is evidence that the receivable is not recoverable, it is impaired with a corresponding charge to the Statement of Profit or Loss.

Current

	30 June 2022 $'000	30 June 2021 $'000
Trade and other debtors	7	47
Allowance for expected credit loss	-	(23)
Goods and services tax receivable (i)	182	58
Related party receivable	-	279
	189	**361**

(i) On 5 December 2018, the Company agreed to form a GST group with its former parent entity, Black Mountain Metals Pty Ltd ("BMM"), and other related subsidiaries of BMM for the purposes of Division 48 of the GST Act. The GST group ceased to operate after 29 September 2021 at which time 50% of the Company's shares were sold to Tembo.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 4 – Working capital disclosures (continued)

4.3 Trade and other payables

ACCOUNTING POLICY

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are outstanding. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

Current

	30 June 2022 $'000	30 June 2021 $'000
Trade payables	1,124	87
Other payables	460	62
	1,584	149

4.4 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	30 June 2022 $'000	30 June 2021 $'000
Current		
Amount payable to related party (i)	-	21,451
	-	21,451
Non-current		
Interest payable on convertible notes - Notes 5.1(c), 6.2	1,488	-
Convertible notes liability component – Note 5.1(c)	9,818	-
	11,306	-

(i) The Group entered into an intercompany loan agreement with Edison Metals Pty Ltd (a subsidiary of the former parent entity Black Mountain Metals Pty Ltd) at a fixed interest rate of 12.0% per annum, payable six monthly in arrears. This loan was settled on 29 September 2021. Note 1.4 describes this in greater detail.

Section 4 – Working capital disclosures (continued)

4.4 Loans and borrowings (continued)

Reconciliation of convertible notes liability

	30 June 2022 $'000	30 June 2021 $'000
Carrying amount at the beginning of the period	-	-
Additions	8,202	-
Interest accretion	843	-
Interest payable capitalised during the period	773	-
Carrying amount at the end of the period	9,818	-

4.5 Lease liabilities

ACCOUNTING POLICY

Leased assets

The Group recognises all right of use assets and liabilities, except for leases that are short-term (12 months or less) and low value leases at the lease commencement date. The lease liability is measured at the present value of the future lease payments and includes lease extension options when the Group is reasonably certain that it will exercise the option.

The present value of future lease payments is determined by discounting future lease payments using the interest rate implicit in the lease or, if that rate cannot be determined then the Group's borrowing rate, which is generally the case.

The right of use asset, at initial recognition, reflects the lease liability and is depreciated over the term of the lease. The present value of the lease liability is increased by the interest cost and decreased by the lease payment each period over the life of the lease. The Group includes right of use leased assets separately in Property, Plant and Equipment disclosures.

All new contracts of the Group are assessed on an ongoing basis to determine if a right of use asset exists and if they require recognition under the requirements of the lease standard.

Right of use assets

	30 June 2022 $'000	30 June 2021 $'000
Buildings	262	-
Printer	5	-
	267	-
Accumulated depreciation		-
Buildings	(50)	-
Printer	(2)	-
	(52)	-
Carrying amount at the end of the period	215	-

Section 4 – Working capital disclosures (continued)

4.5 Lease liabilities (continued)

Lease liabilities

	30 June 2022 $'000	30 June 2021 $'000
Current	84	-
Non-current	136	-
Total lease liabilities	220	-
Reconciliation of lease liabilities		
Carrying amount at the beginning of the period	-	-
Additions	267	-
Accretion	9	-
Payments	(56)	-
Carrying amount at the end of the period	220	-

Section 5 – Equity and funding

This section focusses on the debt and equity funding available to the Company at period end, most notably covering share capital.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

There were no key estimations or assumptions in this section.

5.1 Capital

(a) Share capital

	30 June 22		30 June 21	
	$	Number	$	Number
Fully paid ordinary shares	2	30,000,000	2	2
Total share capital on issue at 31 Dec	2	30,000,000	2	2
Movements in ordinary shares on issue:				
On issue at 1 Jul 2021	-	2	-	2
Shares issued during the period:				
Share split	-	29,999,998	-	-
Contribution from parent (i)	6,712,000	-	-	-
Total share capital on issue at 31 Dec	6,712,000	30,000,000	-	2

(i) In September 2021, the Company issued a convertible note of $15 million to EDM, in lieu of a $15 million Loan Forgiveness Deed. The remaining value of $6.451 million owed to EDM (100% owned by BMM) was written off, (total amount of the loan prior to the convertible note issuance $21.451 million). An amount of $0.261 million owing to BMM, the former parent company, was also written off pursuant to a Deed of Forgiveness dated 14 September 2021. The total amount of related party debt written off was $6.712 million and is reflected in the share capital account as a contribution from parent.

Terms and conditions of ordinary shares
Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors with respect to any proceeds of liquidations.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Section 5 – Equity and funding (continued)

5.1 Capital (continued)

(b) Accumulated losses

		30 June 2022 $'000	6 months ended 30 June 2021 $'000
Opening balance		(11,005)	(8,691)
Profit/(loss) for the period		(7,029)	(1,862)
Distribution to parent	(i)	(249)	(452)
Balance at 30 June		(18,283)	(11,005)

(i) Distribution to parent is associated with the tax losses passed up to Black Mountain Australia Pty Ltd under the tax funding agreement between the parties (refer note 2.5 (c)). The agreement terminated on 29 September 2021.

(c) Convertible notes reserve

	30 June 2022 $'000	30 June 2021 $'000
Convertible notes	21,798	-
Balance at 30 June 2022	21,798	-

Convertible notes relevant terms and information:

	$'000
Proceeds from issue of convertible notes (30,000,000 notes at $1 par value)	30,000
Transaction costs	-
Net proceeds	30,000
Amount classified as equity	(21,798)
Initial liability component	8,202
Interest accretion	843
Capitalised interest payable	773
Carrying amount of liability at 30 June 2022 (Note 4.4)	9,818

To obtain funding for continued exploration activities the Company executed two Convertible Note Deeds on 29 September 2021 and issued 30 million Notes at a price of $1 per Note (Face Value $30,000,000), with a maturity date of 28 September 2031. Interest accrues daily on the Outstanding Amount at a rate of 10% per annum. Outstanding Amount means the Face Value together with all accrued interest.

(i) Tembo Convertible Note. 15 million Notes issued to Tembo Main Fund Partnerships (refer Note 1.4) in return for cash proceeds of $15 million.

Section 5 – Equity and funding (continued)

5.1 Capital (continued)

(ii) Edison Convertible Note. 15 million Notes issued to Edison Metals Pty Ltd, a subsidiary of Black Mountain Metals Pty Ltd, in exchange for forgiving $15 million of the Edison Metals loan of $21.451 million (with the remainder of the loan being written off).

5.2 Capital management

The Company is not subject to any externally imposed capital requirements.

Dividends
No dividends were paid or declared for the year ended 30 June 2022 (30 June 2021: nil).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration of its projects.

Section 6 – Other disclosures

This section focusses on financial risk management of the Company. Other mandatory disclosures, such as details of related party transactions, can also be found here.

KEY ESTIMATES AND ASSUMPTIONS IN THIS SECTION

There were no key estimations or assumptions in this section.

6.1 Financial risk management

ACCOUNTING POLICY

Classification of financial instruments

The financial assets and liabilities of the Group are classified into the following financial statement captions in the statement of financial position in accordance with AASB 9 Financial Instruments:

- 'Financial assets/ financial liabilities measured at amortised cost' – separately disclosed as borrowings and trade and other payables.

Judgement is required when determining the appropriate classification of the Group's financial instruments. Details on the accounting policies for measurement of the above instruments are set out in the relevant note.

Recognition and de-recognition of financial assets and liabilities

The Group recognises a financial asset or liability when it becomes a party to the contract. Financial instruments are no longer recognised in the statement of financial position when contractual cash flows expire or when the Group no longer retains control of substantially all the risks and rewards under the instrument.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 6 – Other disclosures (continued)

6.1 Financial risk management (continued)

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitor and manage the financial risks relating to the operations of the Group through regular review of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Investments, banks and financial institutions
The Company limits its exposure to credit risk by only transacting with high credit quality financial institutions. The Group had cash and cash equivalents of $11.291 million (2021: $0.023 million) that were held with bank and financial institution counterparties which are rated A to AA-, based on Standard and Poor's ratings.

Trade and other receivables
As the Company operates in the mining exploration sector, the Company generally does not have trade receivables, and therefore is not generally exposed to credit risk in relation to trade receivables. The Company, however, provides security deposits as part of its exploration activities as well as rental of the camp at Lanfranchi which exposes the Company to credit risk (see Note 4.2).

Presently, the Company undertakes exploration and evaluation activities exclusively in Australia. At the reporting date there are generally no significant concentrations of credit risk other than the transaction disclosed above.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation (see Note 1.4). The Company also manages liquidity risk by producing monthly cash flow forecasts for the current period to ensure that there is a clear and up-to-date view of the short term to medium term funding requirements. These are regularly reviewed by management where the implications

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 6 – Other disclosures (continued)

6.1 Financial risk management (continued)

on funding requirements and the possible sources of those funds are discussed, decisions taken when necessary and action taken to secure funding if required.

The Company manages liquidity risk by maintaining adequate reserves through continuous monitoring of forecast and actual cash flow and arranging necessary funding from its parent entity.

The remaining contractual maturities of the Company's financial liabilities, including estimated interest payments, are:

	Carrying amount A$'000	6 months or less A$'000	1-2 years A$'000	2-5 years A$'000	More than 5 years A$'000
30 June 2022					
Payables	1,584	1,584	-	-	-
Other loans interest bearing	9,818	-	-	-	79,668
Lease liabilities	220	47	197	42	-
	11,622	1,631	197	42	79,668

	Carrying amount A$'000	6 months or less A$'000	1-2 years A$'000	2-5 years A$'000	More than 5 years A$'000
30 June 2021					
Payables	149	149	-	-	-
Loans – related party (i)	21,451	21,451	-	-	-
	21,600	21,600	-	-	-

(i) Fully repaid on 29 September 2021 (refer note 4.4)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency risk

The Company is not exposed to currency risk on cash and receivables that are denominated in a currency other than the functional currency of the Company, the Australian Dollar (AUD).

(b) Interest rate risk

The Company is exposed to interest rate risk due to the value of the security deposits held on short term deposits. The Company adopts a policy of periodically reviewing interest rates to ensure the Company is earning the optimal interest income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 6 – Other disclosures (continued)

6.1 Financial risk management (continued)

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	30 June 2022 $'000	30 June 2021 $'000
Fixed rate instruments		
Lease liabilities	220	-
Interest-bearing borrowings – related entities	9,818	21,451

Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2022 and 30 June 2021 a sensitivity analysis has not been disclosed in relation to the floating interest deposits as the results have been determined to be immaterial to the Statement of Profit or Loss and Other Comprehensive Income.

(c) Equity price risk

The Company is not exposed to equity price risk.

6.2 Related parties

(a) Parent and ultimate controlling party

During 2018, 100% of the Company's shares were acquired by Black Mountain Metals Pty Ltd ("BMM") from Panoramic Resources Ltd. On 29 September 2021 BMM sold 50% of the shares to Tembo Holdings UK Limited ("Tembo"). As a result, at period end the Group is controlled jointly by BMM and Tembo.

(b) Related party transactions

	Balance outstanding as at	
	30 June 2022 $	30 June 2021 $
Related Party		
Related party receivable – BMM	-	279,336
Loan and related interest – EDM	-	(21,451,389)
Convertible note payable - BMM	4,908,589	-
Convertible note payable - EDM	4,908,589	-

Section 6 – Other disclosures (continued)

6.2 Related parties (continued)

In September 2021, to provide additional capital resources for the Company's future activities in the exploration, evaluation and development of the Lanfranchi Nickel Mine, the Company's then parent, BMM, sold 50% of its shares in the Company to Tembo for $15 million. In addition, the Company issued two convertible notes of $15 million each respectively, to Tembo Main Fund Partnerships in return for cash proceeds of $15 million; and EDM (a related company), in lieu of a $15 million Loan Forgiveness Deed. At the same time EDM forgave a further $6.451 million owed by the Company, (total intercompany loan from related party prior to convertible note issuance: $21.451 million.

During the period, BMM funded $0.506m (2021: $1.010m) of exploration and evaluation expenditure by way of cash transfers and intercompany recharges.

(c) Parent entity information

The following information has been extracted from the financial reports and records of the Parent entity, Cherish Metals Pty Ltd, and has been prepared in accordance with the accounting standards.

Statement of Financial Position	**Parent Entity**	
	30 June 2022 $'000	**30 June 2021 $'000**
Assets		
Current assets	11,751	435
Non-current assets	18,317	19,137
Total assets	30,068	19,572
Liabilities		
Current liabilities	1,736	21,600
Non-current liabilities	18,105	8,977
Total liabilities	19,841	30,577
Net assets	10,227	(11,005)
Equity		
Share Capital	6,712	-
Convertible notes	21,798	-
Retained earnings/(accumulated losses)	(18,283)	(11,005)
Total Equity	10,227	(11,005)
Loss for the period	(7,029)	(1,862)
Total comprehensive loss for the period	(7,029)	(1,862)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

Section 6 – Other disclosures (continued)

6.3 Group entities

	Country of Incorporation	Ownership Interest 30 June 2022	Ownership Interest 30 Jun 2021
Parent entity			
Cherish Metals Pty Ltd			
Significant subsidiaries			
Lanfranchi Nickel Mines Pty Ltd	Australia	100%	100%

In the financial statements of the Company, investments in subsidiaries are measured at cost. The Company has no jointly controlled entities.

6.4 Subsequent events

Subsequent to the period ended 30 June 2022:

(i) On 19 August 2022, BMM and Tembo completed an agreement for Tembo Capital Co-Investment Partners I LP, acting by its general partner Tembo Capital Mining GP III Limited ("Tembo Partners") to acquire 10,000,000 of BMM's shares (66.67% of BMM's shareholding in Cherish). Upon completion of the transaction the ownership of the 30,000,000 issued ordinary shares in Cherish became, Tembo 15,000,000 shares (50%), Tembo Partners (33.33%) and BMM 5,000,000 shares, (16.67%).

(ii) On 19 August 2022, Tembo Partners acquired EDM's interest in the 15 million convertible notes issued by Cherish to EDM in September 2021. Following completion of the transaction, of the 30,000,000 convertible notes on issue (Face Value $30,000,000), Tembo Partners holds 50% and Tembo Main Fund Partnerships holds 50%.

(iii) On 8 March 2023, BMM and Tembo completed an agreement for BMM to sell all of its 5,000,000 shares in the Company to Tembo and Tembo Partners in the following proportions.2,727,273 shares to Tembo and 2,272,727 shares to Tembo Partners. Upon completion of the transaction the ownership of the 30,000,000 issued ordinary shares in Cherish became, Tembo 17,727,273 shares (59%) and Tembo Partners 12,272,727 shares (41%).

(iv) On 12 April 2023, the Company issued 4,642,856 fully paid ordinary shares of $1.40 each split as follows:
- Tembo 2,532,467 shares
- Tembo Partners 2,110,389 shares

The proceeds of $6.5 million were received into the Company's bank account on 12 April 2023.

There has not been any other matter or circumstance occurring subsequent to the end of the period 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 in future financial years.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

6.5 Auditor's remuneration

	30 June 2022	30 June 2021
	$	$
Review services	23,000	40,250
Audit services	39,500	-
	62,500	40,250

CHERISH METALS PTY LTD

Management's Assertion Statement

DIRECTORS' DECLARATION

In the opinion of the directors of Cherish Metals Pty Ltd (the "Company"):

(a) the Company is not a reporting entity.

(b) the consolidated financial statements and notes, set out on pages 8 to 39 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Attention is drawn to Note 1.2 To the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors.

Timothy Peter Dudley
Director

Brisbane, Queensland
23 June 2023

KPMG

Independent Auditor's Report

To the shareholders of Cherish Metals Pty Ltd

Opinion

We have audited the ***Financial Report*** of Cherish Metals Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group***'s financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- The Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Cherish Metals Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Glenn Brooks
Partner
Perth
23 June 2023

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Cherish Metals Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Cherish Metals Pty Ltd for the financial year ended 30 June 2022 there have been:

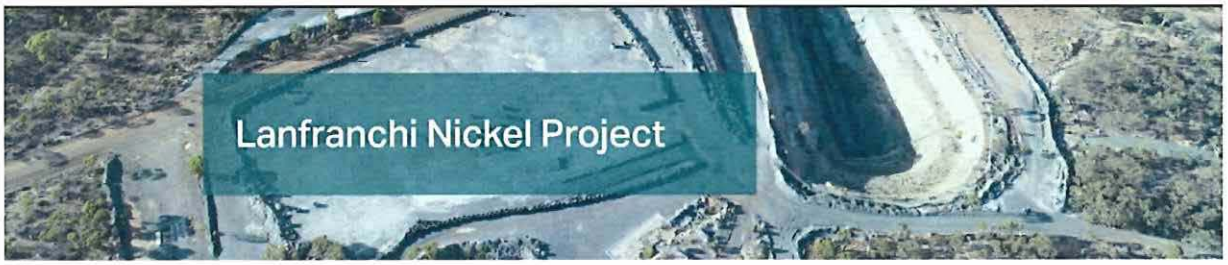
i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

Glenn Brooks
Partner
Perth
23 June 2023

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Lanfranchi Nickel Project

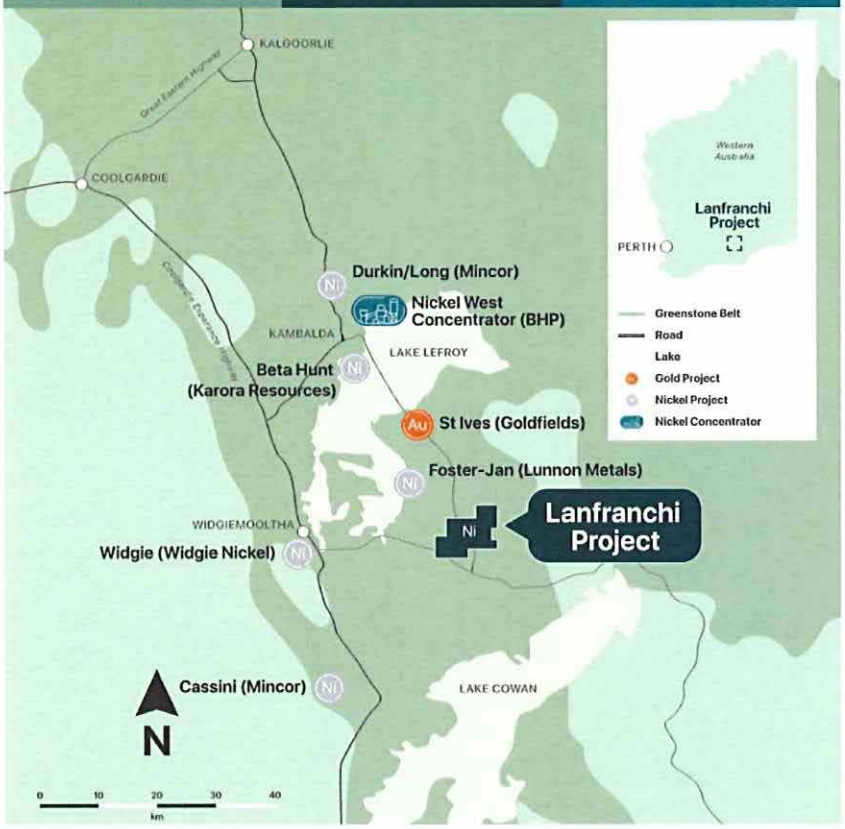
The Lanfranchi Nickel Project is located 45km from the operating BHP Nickel West Concentrator. The mine site is 100km south of Kalgoorlie, a well-established mining town with a population of approximately 30,000 people.

Project Highlights

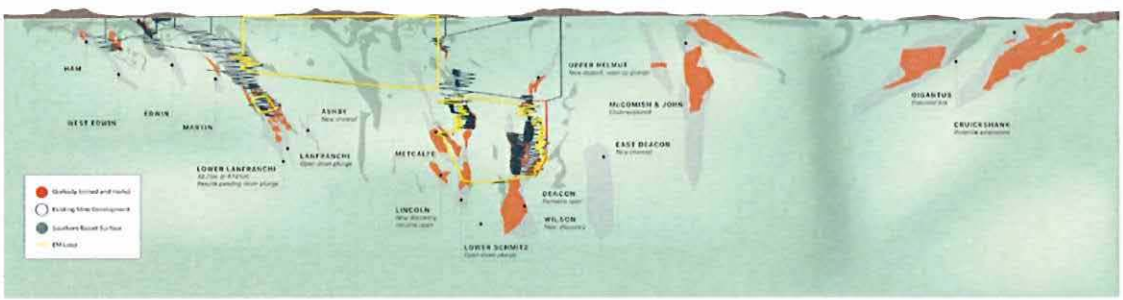
A large package of **granted mining leases** which provide significant exploration opportunities

JORC-compliant Mineral Resources of approximately **100,000 t** of contained nickel

An established underground mine and associated infrastructure including; paste plant, site offices and workshop and an accommodation village



Lanfranchi Deposits



Contact Us

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Website by Egg Design
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Cherish Metals Mineral Resources as of June 30, 2024

The 2024 Lanfranchi Mineral Resources stand at 6.27Mt @ 1.89% Nickel, for a total of 124,816 tonnes of contained Nickel Metal. The JORC 2012 Mineral Resources have been prepared internally by Cherish Metals Pty Ltd geological staff, then reviewed for compliance and signed off by CP.

Resource	Measured			Indicated			Inferred			TOTAL		
	tonnes	grade	metal	tonnes	grade	metal	tonnes	grade	metal	Tonnes	Grade	Metal
Martin				46,901	3.58%	1,679	7,229	4.16%	301	54,130	3.66%	1,980
Lanfranchi	75,216	4.13%	3,109	53,302	4.12%	2198	297,926	4.60%	13,702	426,444	4.46%	19,009
Lincoln							430,697	1.53%	6,594	430,697	1.53%	6,594
Wilson							80,600	3.13%	2,524	80,600	3.13%	2,524
Metcalfe				351,036	1.94%	6,817	162,602	1.35%	2,198	513,638	1.76%	9,015
Lower Schmitz				112,718	5.25%	5921	39,325	3.70%	1,456	152,043	4.85%	7,377
Schmitz				31,730	3.16%	1,002	18,573	3.38%	628	50,303	3.24%	1,630
Winner				14,702	4.40%	647				14,702	4.40%	647
Deacon				354,355	2.05%	7,268	372,127	1.77%	6,587	726,482	1.91%	13,855
Helmut South Extension	27,423	3.82%	1,047	28,681	2.83%	813				56,104	3.32%	1,860
Helmut Upper							172,112	1.57%	2,695	172,112	1.57%	2,695
McComish							917,893	1.47%	13,493	917,893	1.47%	13,493
John							221,520	1.48%	3,278	221,520	1.48%	3,278
Cruikshank Oct 2023				1,549,376	1.74%	27012	255,006	1.27%	3,247	1,804,382	1.68%	30,259
Gigantus Oct 2023							651,510	1.63%	10,600	651,510	1.63%	10,600
TOTAL	102,639	4.05%	4,156	2,542,801	2.10%	53357	3,627,120	1.86%	67,303	6,272,560	1.89%	124,816

Note: Figures have been rounded and may not add up exactly to given totals.

The information in the above table that relates to Nickel Mineral Resources is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Robinson consents to the inclusion in this table of the matters based on his information in the form and context in which it appears.



Cherish Metals

Corporate Presentation

Australian Nickel Conference
October 2023

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The Company does not undertake to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

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Certain statements contained in the Presentation Materials, including information as to the future financial or operating performance of the Company and its business operations, are forward looking statements. Such forward looking statements:

are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

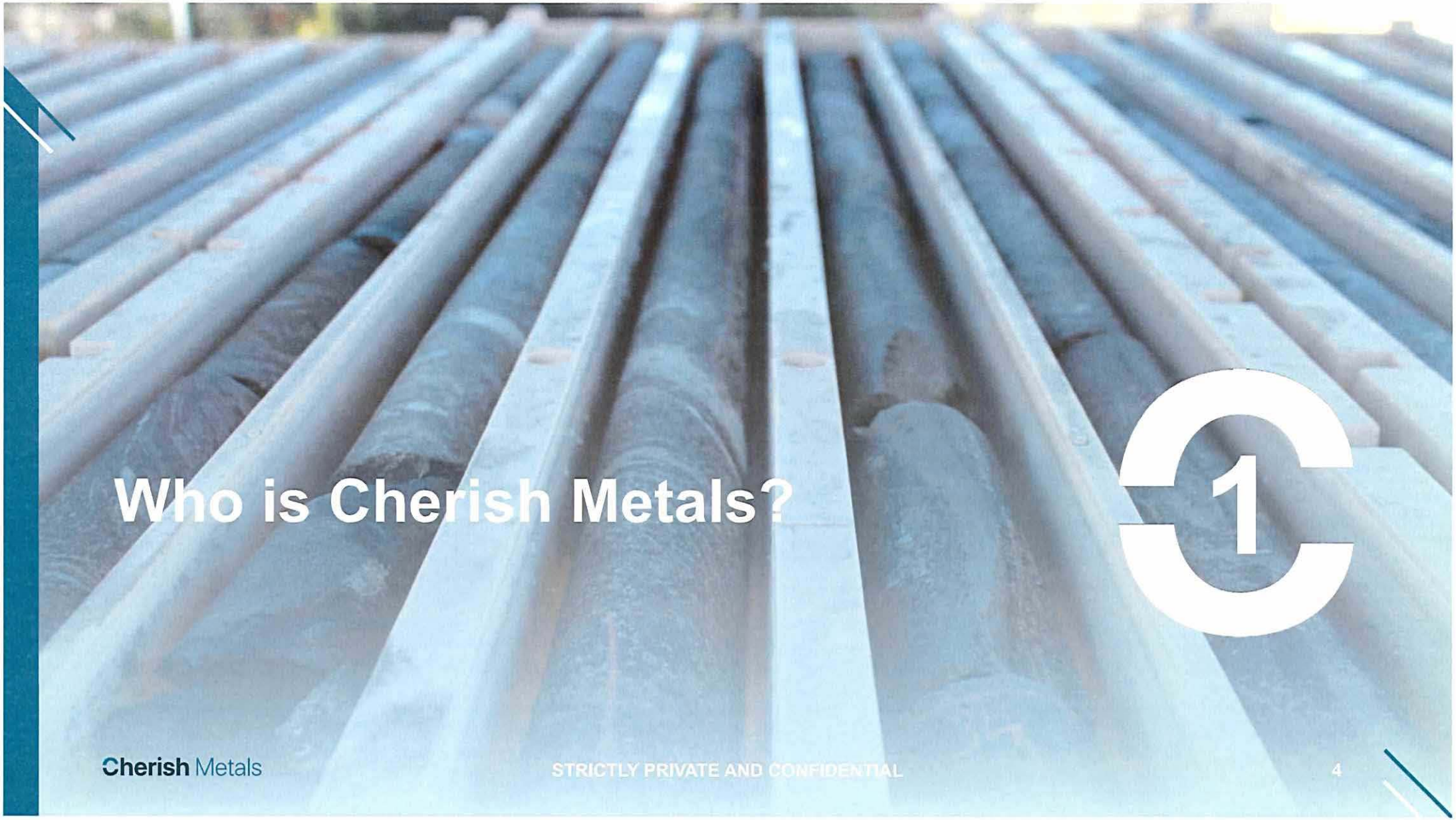
The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements.

All forward looking statements contained in the Presentation Materials are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

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Introduction

1. Who is Cherish Metals?
2. What have we accomplished?
3. What is the plan for the future?



Who is Cherish Metals?

1

Overview - Lanfranchi Nickel Mine

#1 Nickel Address in Australia - Kambalda

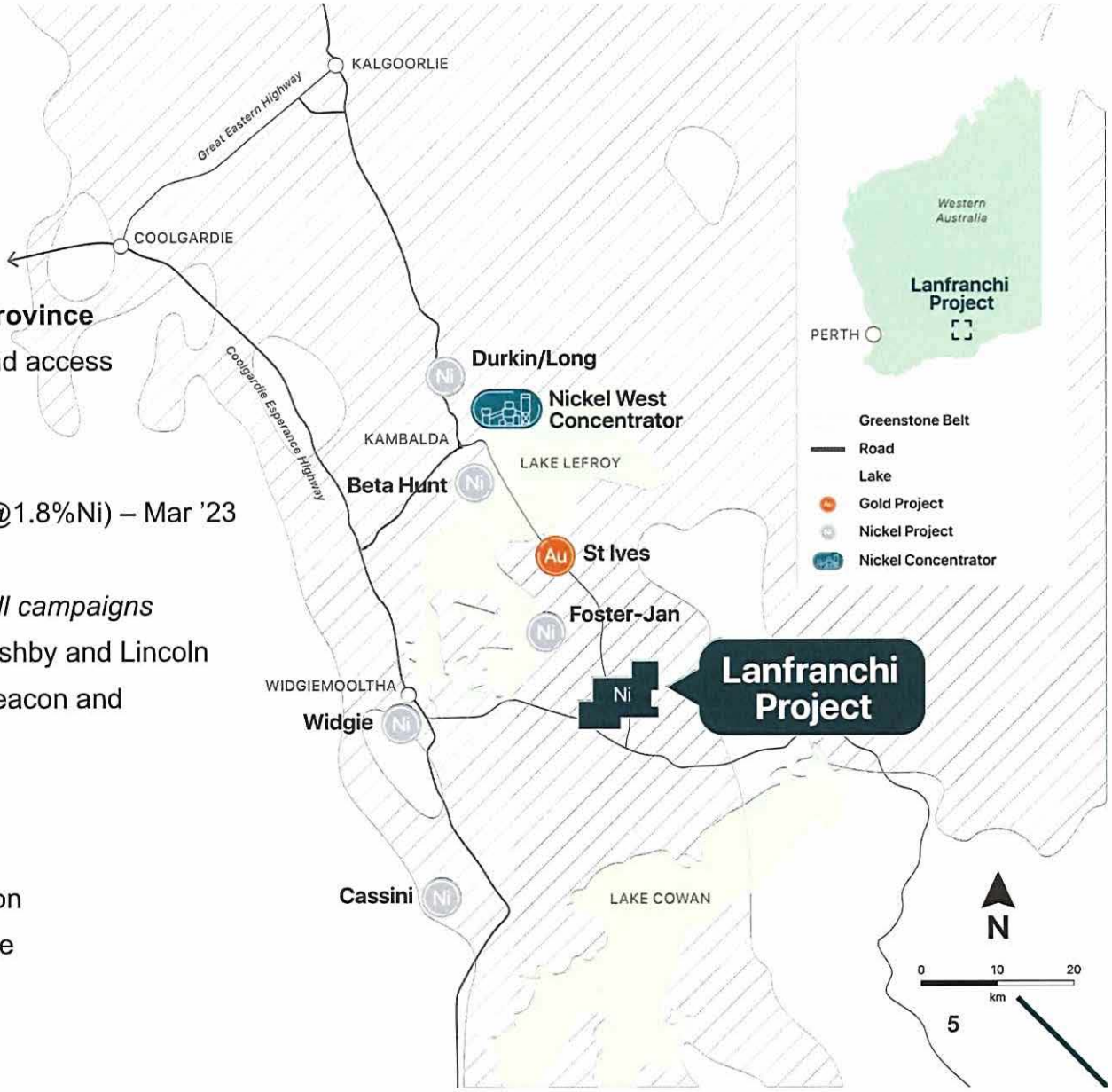
- Located in the world-class **Kambalda nickel province**
- Established mine, **extensive infrastructure** and access to services

Exploration delivering results/resources

- Mineral Resource of **105kt of Ni Metal** (5.7Mt@1.8%Ni) – Mar '23
  - *Webdrill with 2 UG Rigs onsite*
  - *Westcore have completed 2 x surface drill campaigns*
- **Multiple new discoveries**, including Wilson, Ashby and Lincoln
- **Resource Extensions** at Lower Lanfranchi, Deacon and Lower Schmitz

Mine in 'Ready State' for Restart

- $1B+ worth of Nickel produced from the Mine.
- All approvals in place to recommence production
- Mine Dewatered, Ventilated and in a ready state



Cherish Metals

Leadership Team



Tim Dudley - Director

More than 20 years' experience across mining and financial markets.



Peter Wade – Manager Mining

A mining engineer with global experience as a consultant and with leading gold, nickel mining and contracting companies.



AJ Saverimutto – Chief Executive Officer

Deep familiarity with the Kambalda nickel region built over many years working for and managing ASX companies.



Brad Robinson – Manager Geology

A geologist with experience in the discovery of new orebodies in gold and nickel.



Jamie Wright - Director

Mining executive with a track record for building businesses across management and advisory.



Alan Cumming – Manager Finance

Chartered Accountant with 25 years' experience in senior financial, project and general management roles in the resources sector.

The Lanfranchi Nickel Mine (LNM)

One of Kambalda's largest nickel resources that is re-start ready







Location & tenure

- Located 45km from Kambalda in Western Australia, a tier-1 nickel province
- Granted mining leases covering 51km2

Established mine

- History of production consistently above 400ktpa at 2.5% grade nickel
- Supplied BHP Nickel West, producing clean concentrate with low deleterious elements (including arsenic)
- Underground development in place providing access to multiple deposits

Infrastructure rich

- Mine fully accessible and kept in a state of readiness
- A 144-room village, paste plant, power, water, offices, workshops and an all-weather road to Kambalda in place to enable a rapid restart of production

Geology & resources

- Nickel sulphides in basalt channels: identical geology to operations in the region that have supported nickel production for more than 40 years

Exploration upside

- Aggressive exploration underway to support a restart of production
- Exciting new discoveries and extensions to existing deposits already identified

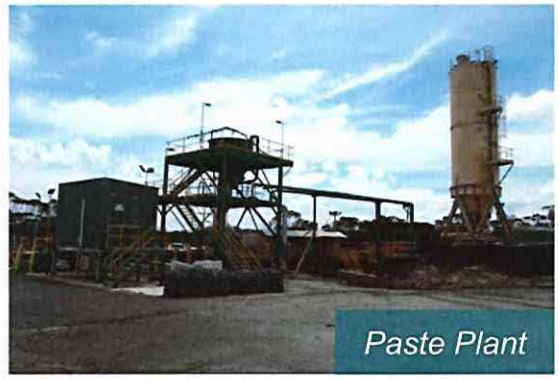
Strong corporate values & governance

- Established and practised company-wide values
- Close relationship with the Ngadju and local contractors

Extensive infrastructure and equipment to support production

- LNM has a **40 year history of production**
  - More than 200kt Ni @ 2.8%
- High **Quality Concentrate** produced
  - Very low arsenic (Avg. Below 20ppm when the penalty threshold is 400ppm)
  - Excellent Fe:MgO Ratios
- Significant infrastructure in place
- Permitted, Dewatered and Ventilated


Portal


Paste Plant


Operating Village


Workshop

Lanfranchi Nickel Mine





What have we accomplished?

2

Cherish Metals

Drill Intersections over the last year

Lower Lanfranchi (Continues to be extended at Depth)

- LAN362: 30.8m @ 3.75% Ni from 274.22m downhole
- LAN335: 32.8m @ 4.14% Ni from 529.25m downhole
- LAN378: 17.1m @ 5.52% Ni from 378.9m downhole
- LAN389: 17.8m @ 2.60% Ni from 29.35m downhole
- *LAN394: 8.0m @ 9.07% Ni from 71.85m downhole
- ***LAN395: 10.6m @ 12.21% Ni from 553.95m downhole**

Lincoln – New Discovery!

- SMT391: 9.1m @ 1.82% Ni from 208.92m downhole (Re-entered hole)
- SMT450: 11.5m @ 1.43% Ni from 262.5m downhole

Wilson – New Discovery!

- *SMT462: 4.4m @ 4.54%Ni, 14.7m @ 2.80% Ni, 4.2m @ 4.46% Ni
- *SMT499: 9.7m @ 6.23% Ni

Ashby – New Discovery!

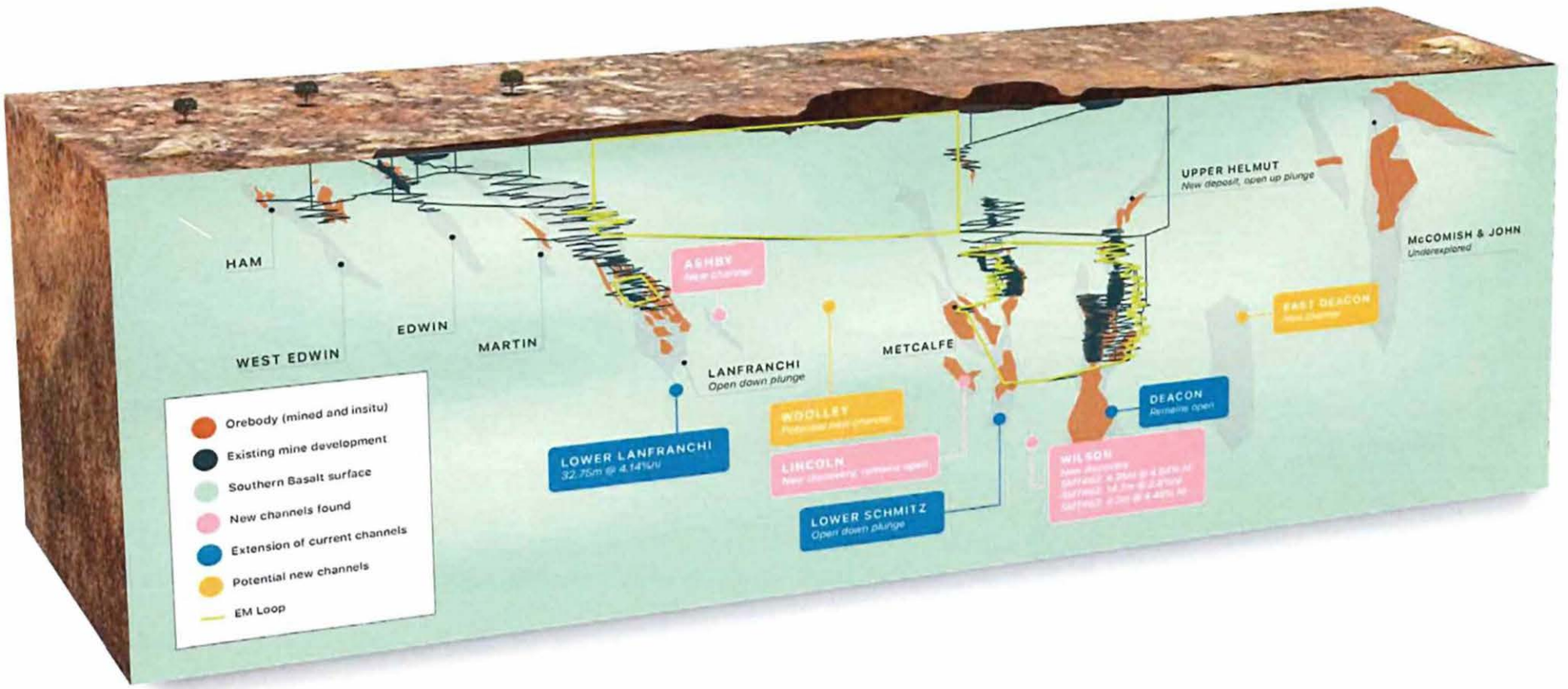
- *LAN380: 4.4m @ 1.57% Ni from 322m downhole

** Not in Mar 2023 Resource*

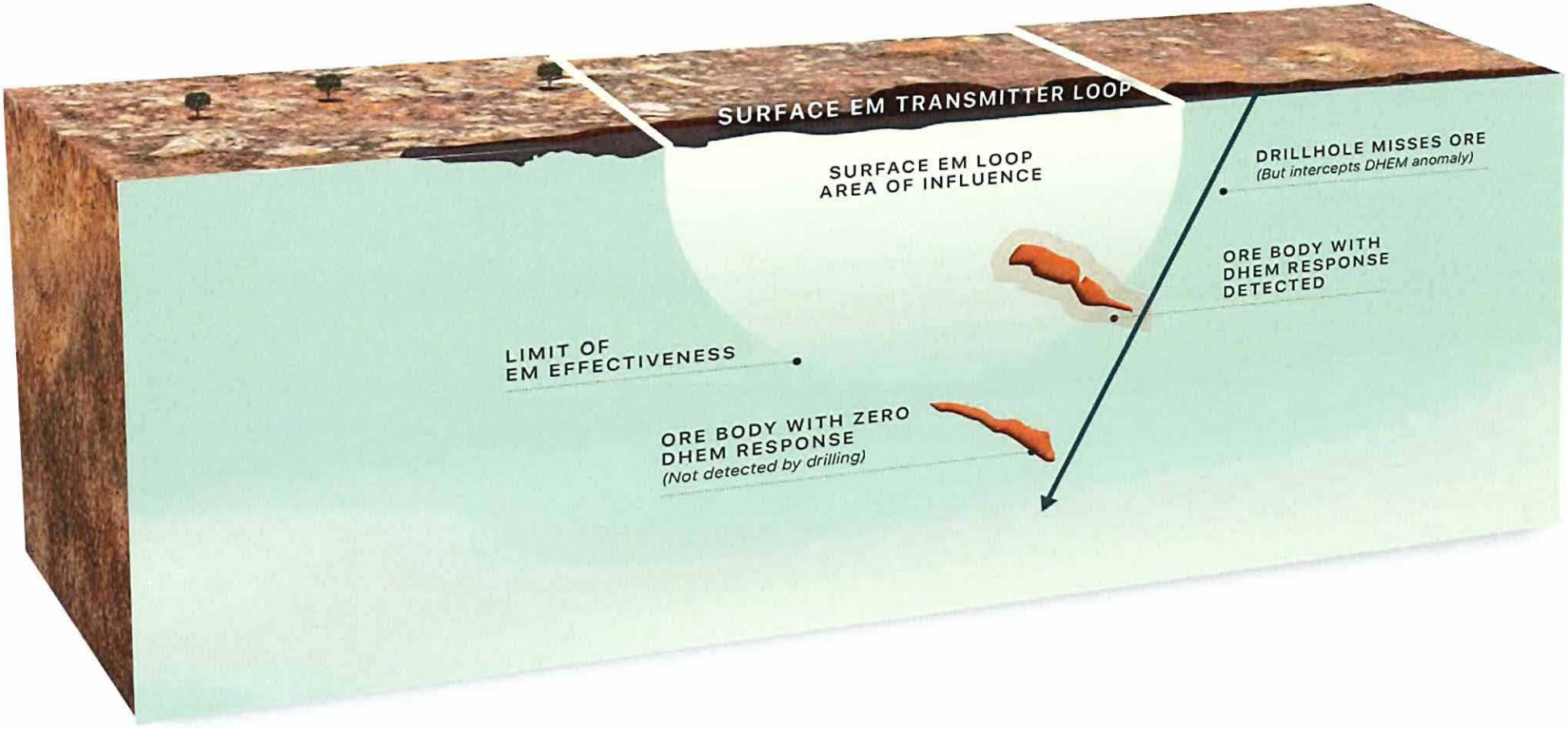


LAN395: 10.55m @ 12.21%

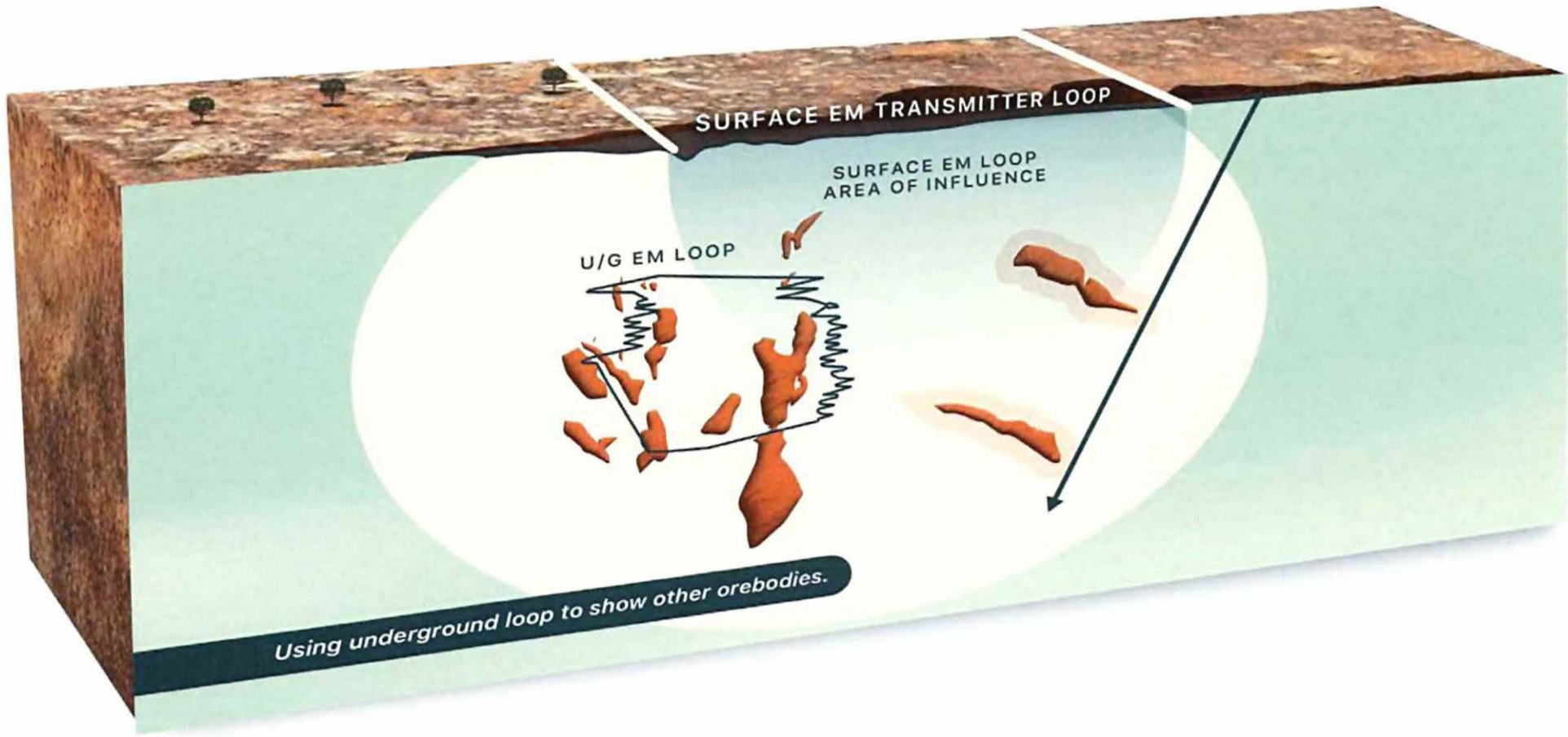
Multiple deposits: multiple growth opportunities



Innovation driving step change in discovery



Underground loop strategy proving successful



Using underground loop to show other orebodies.

Key Achievements over the Last 12 months

Q2 2022 → Q2 2023

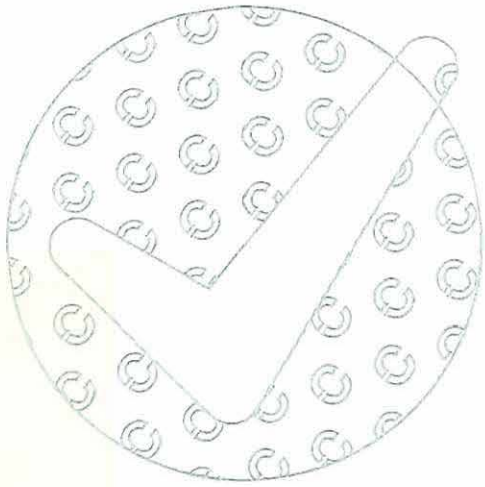
0 Reportable Injuries

65% Local employment

35km of UG Drilling

~1.7km Surface meters drilled

~10,000m UG EM Surveys completed



Resources

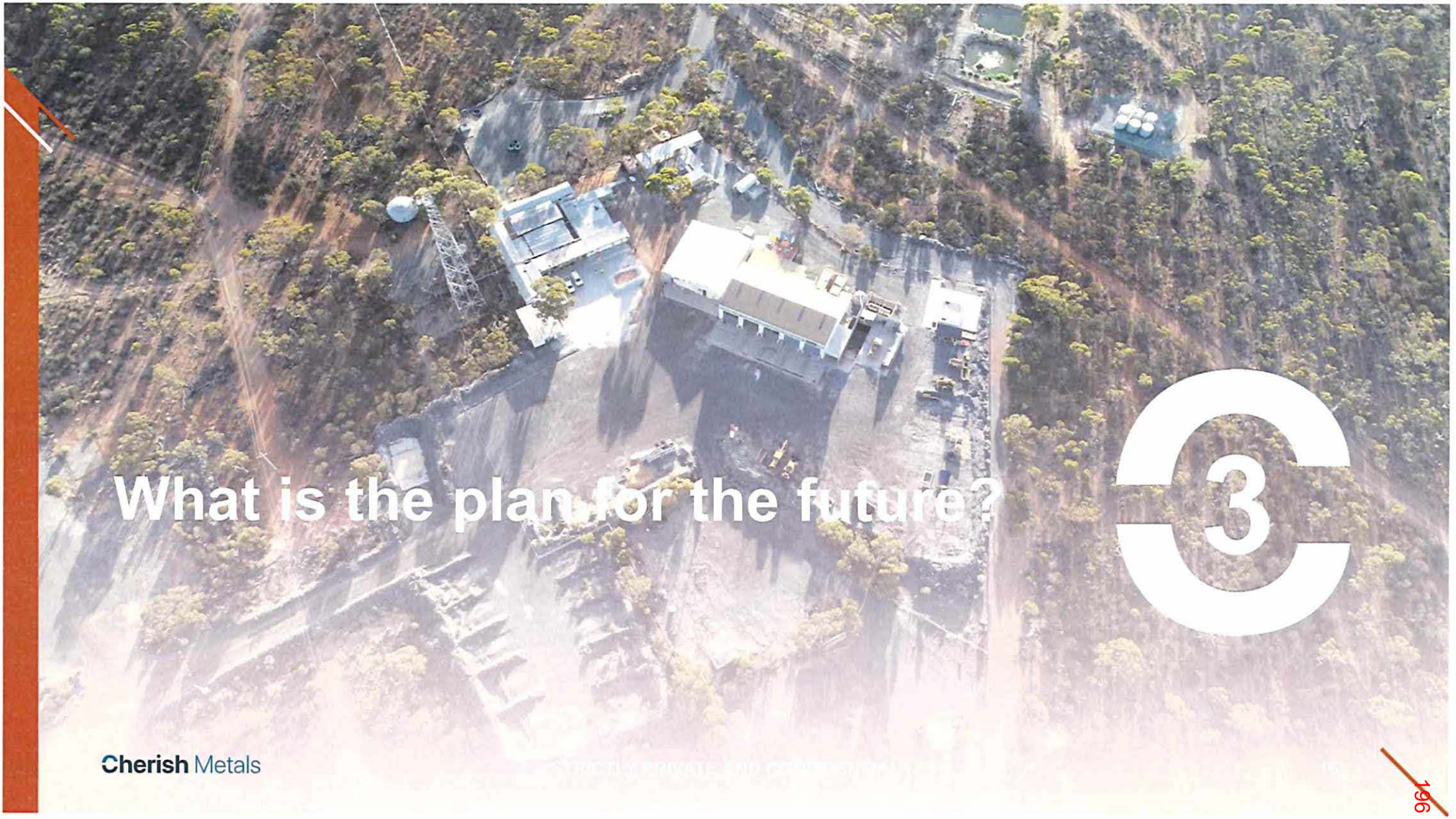
26KT of Nickel Increase (+33%)

Resource increase @ **US 0.23 /lb** (current US ~8.50/lb)

80% of Soils completed

LOM Concept Study completed

Owner operated plant investigated



What is the plan for the future?

3

Cherish Metals

Exploration Strategy and Formula for Success

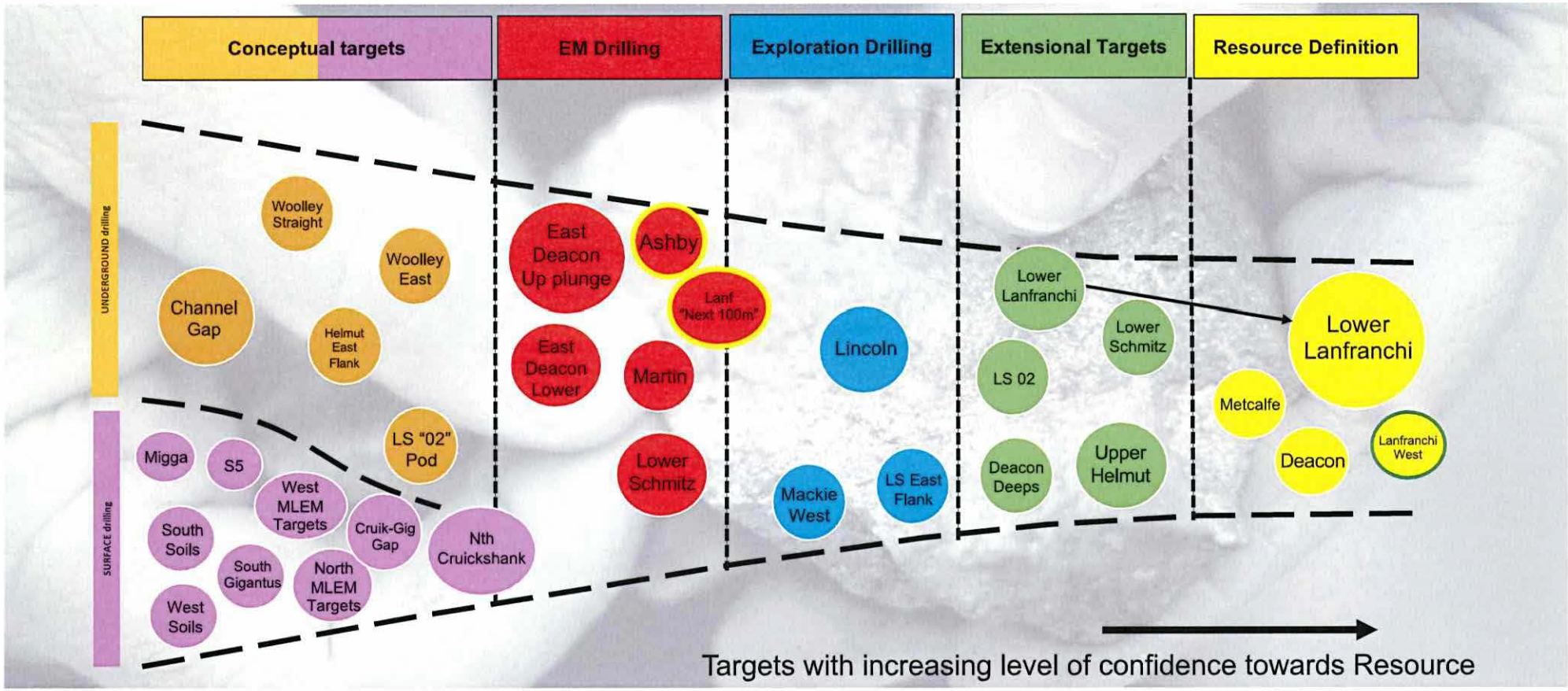
UG Exploration Drilling - Clear and Proven Strategy

1. **Potential Channels** Identified
2. **Install UG loop** close to channels
3. **Drill EM holes** in the FW Basalt
4. Complete **EM Survey** and **identify EM Targets**
5. **Drill EM Target**
6. **Resource Drill** Deposit

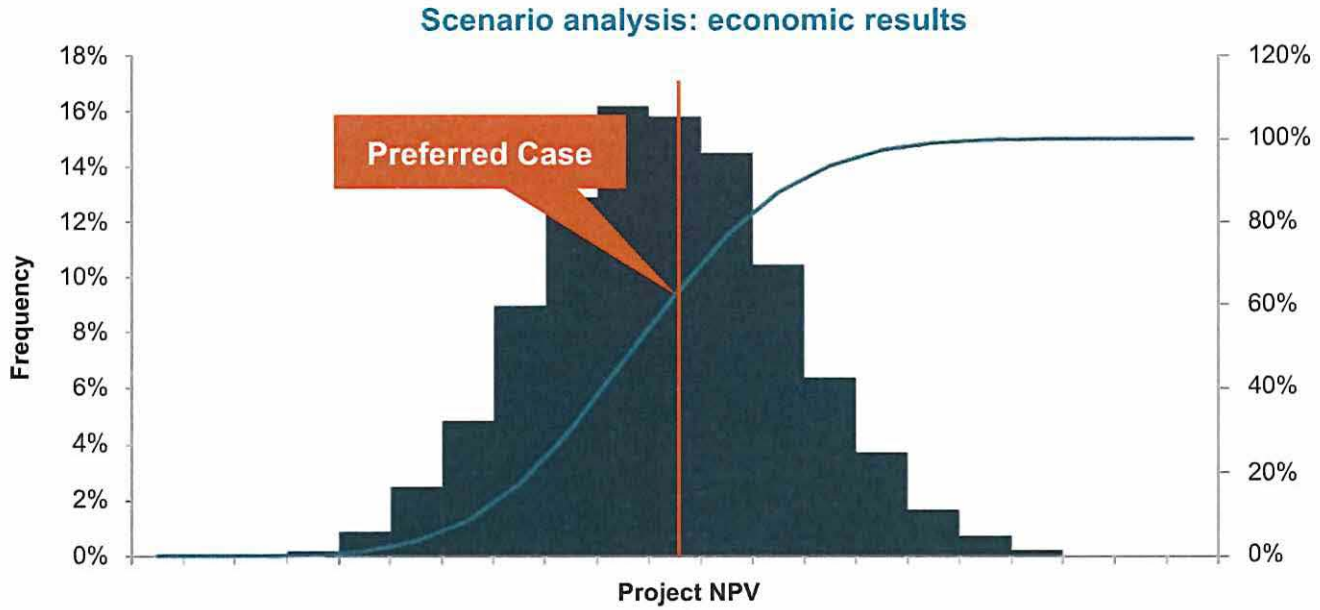


Exploration Pipeline

(Note: Dot colour representing drill/target type carried to subsequent slides)



2023 Concept Study



LOM concept study **completed** in June 2023

127 different Scenarios modelled and analysed

Demonstrated LNP to be **economic** under majority of development options

Development study to a **PFS** standard now underway

Planning for development

Development and optimisation studies underway

Concept Study Completed

↓

Commenced PFS/Development Study

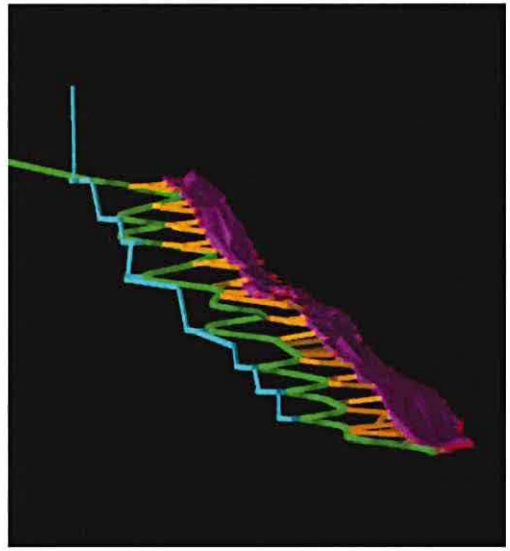
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Strategic Development options being considered

↓

Toll treat – KNC and others ↔ Build own plant

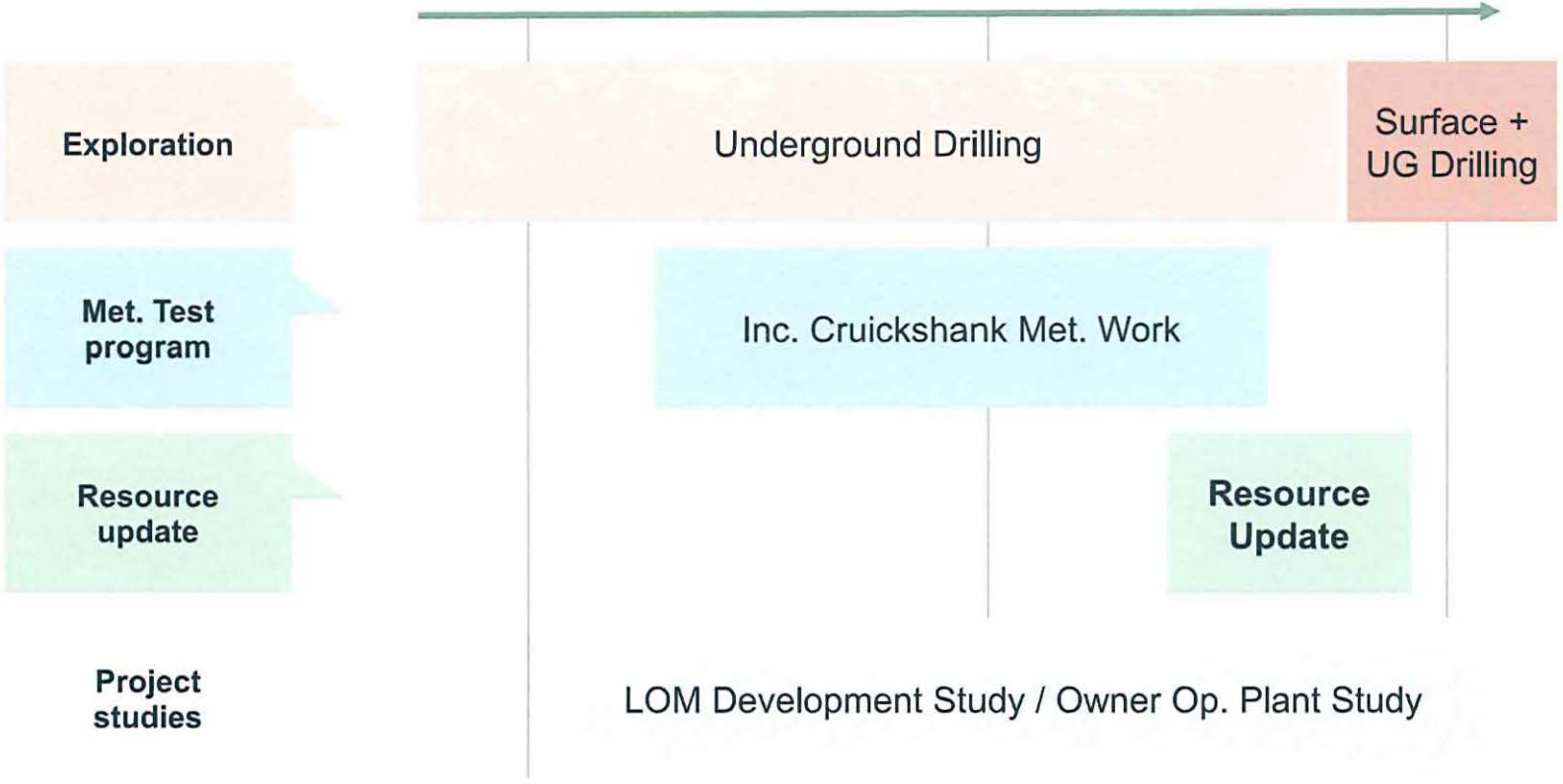








Building momentum

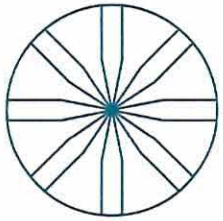




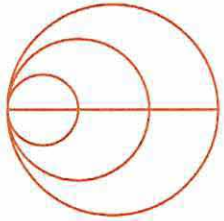
Cherish Metals – Poised for growth

Lanfranchi represents one of the most advanced, near-production nickel sulphide assets in a tier 1 jurisdiction globally.

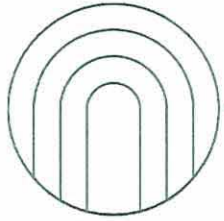
With demonstrated potential for future discoveries and operations, Lanfranchi is poised to become a significant contributor to the critical minerals sector.



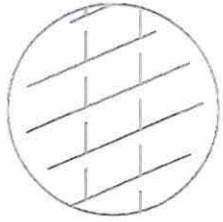
Advanced project
High grade project in Kambalda



Rapid Mineral **Resource growth** through innovative exploration



Production Ready rich with low capex to production



Strong leadership team with proven record in the region

Team together from inception


Thank you
Cherish Metals
Cherish Metals
LANFRANCHI NICKEL MINE
ACTIVE WORKING MINE AHEAD
NO UNAUTHORISED ENTRY



Appendix

Statement of Mineral Resources (Mar 2023)

Resource	TOTAL			Measured			Indicated			Inferred		
	Tonnes	Grade	Metal	tonnes	grade	metal	tonnes	grade	metal	tonnes	grade	metal
Martin	54,000	3.7%	2,000				47,000	3.6%	1,700	7,200	4.2%	300
Lanfranchi	240,000	4.0%	9,500	68,000	4.3%	2,900	39,000	4.4%	1,700	130,000	3.8%	5,000
Lincoln	190,000	1.4%	2,700							190,000	1.4%	2,700
Metcalfe	470,000	1.8%	8,300				310,000	2.0%	6,100	160,000	1.3%	2,100
Lower Schmitz	180,000	4.7%	8,400				120,000	5.3%	6,300	60,000	3.5%	2,100
Schmitz	50,000	3.2%	1,600				32,000	3.1%	1,000	19,000	3.3%	630
Winner	15,000	4.3%	650				15,000	4.3%	650			
Deacon	650,000	1.8%	12,000				340,000	2.1%	7,000	310,000	1.6%	4,900
Hemut South Extension	56,000	2.9%	1,600	27,000	3.2%	860	29,000	2.5%	730			
Helmut Upper	170,000	1.6%	2,700							170,000	1.6%	2,700
McComish	920,000	1.4%	13,000							920,000	1.4%	13,000
John	220,000	1.5%	3,300							220,000	1.5%	3,300
Cruikshank/Gigantus	2,500,000	1.6%	39,000				1,800,000	1.5%	27,000	770,000	1.6%	12,000
TOTAL	5,715,000	1.8%	104,750	95,000	4.0%	3,760	2,732,000	1.9%	52,180	2,956,200	1.6%	48,730

Cut-off grade = 1% nickel

The information in the above table that relates to nickel Mineral Resources is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Robinson consents to the inclusion in this table of the matters based on his information in the form and context in which it appears

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Cherish Metals

Significant Drilling Intercepts Expand Lower Lanfranchi Nickel Deposit

Key Points:

- Exploration by Cherish Metals has resulted in the extension of the high grade Lower Lanfranchi deposit down plunge of the existing Mineral Resource at Lanfranchi Nickel Project.
- A number of significant drilling intercepts have been received, including:
    - **32.75m @ 4.14% Ni from 529.25m downhole in LAN335,**
    - **10.37m @ 4.64% Ni from 199.8m downhole from LAN362; and**
    - **30.78m @ 3.75% Ni from 274.2m downhole in LAN362.**
    - **4.97m @ 4.4% Ni from 246.8m downhole in LAN363**
    - **10.72m @ 3.52% Ni from 258.4m downhole from LAN364.**
    - **7.95m @ 3.27% Ni from 164.5m downhole in LAN367.**
- The results indicate the potential for one or more high grade pods on a new surface down plunge of existing Mineral Resources, supporting Cherish Metals' belief that the Lanfranchi deposit continues to extend at depth.
- LAN367, which lies a further 115m directly east of, and parallel to LAN335 has recently been completed and PVC cased in preparation for DHEM surveying in Q1 2023.
- Resource definition drilling is well underway at the 17K Drill drive, with 7 holes completed in November and assay results beginning to present. A significant focus of this Resource Drilling is around the recent results from LAN362 (10.37m @ 4.64% Ni and 30.78m @ 3.75% Ni).
- The Company intends to continue its aggressive drilling strategy into 2023 with two underground drills focussing on Lower Lanfranchi and exploration of other high-rank targets elsewhere in the project.

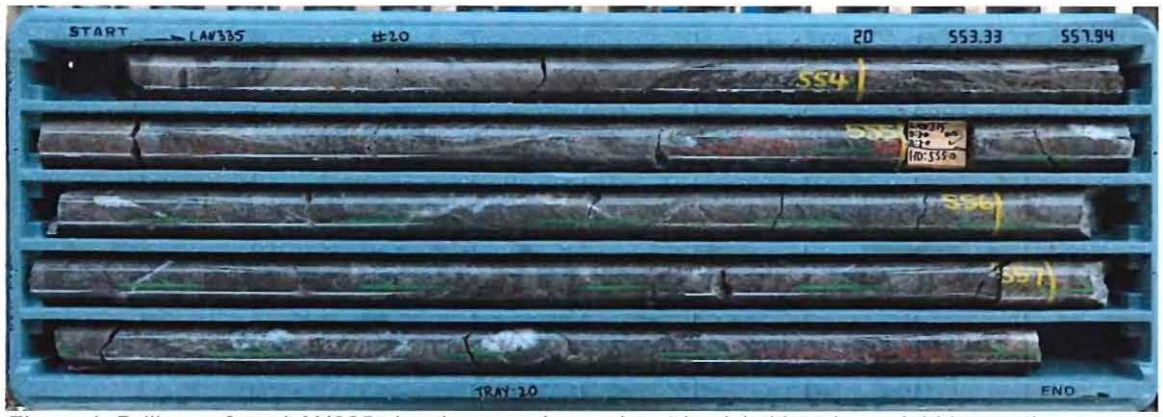


Figure 1. Drill core from LAN335 showing massive and matrix nickel bearing sulphides on the immediate basalt contact.

ASSAY HIGHLIGHTS

HOLEID	FROM	TO	DH WIDTH & GRADE
LAN335	529.25	562	32.75m @ 4.14% Ni
LAN362	199.81	210.18	10.37m @ 4.64%
LAN362	274.22	305	30.78m @ 3.75% Ni
LAN363	246.81	251.78	4.97m @ 4.4% Ni
LAN364	258.41	269.13	10.72m @ 3.52% Ni
LAN365	284.78	285.18	0.4m @ 6.97% Ni
LAN366A			No significant intercept
LAN367	164.5	172.5	7.95m @ 3.27% Ni

Table 1 ***Significant intercepts:*** *Assay results for LAN335, LAN362-LAN367 utilising a 1% Nickel cutoff.*

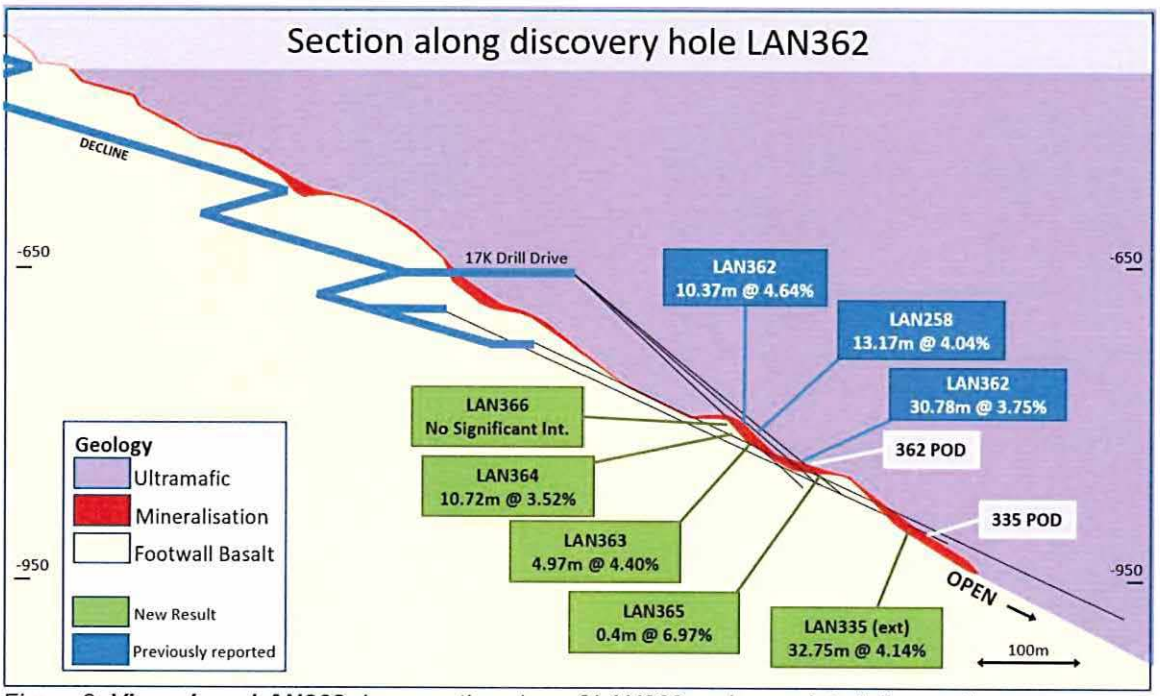


Figure 2. ***View along LAN362:*** *Longsection view of LAN362 and associated discoveries*

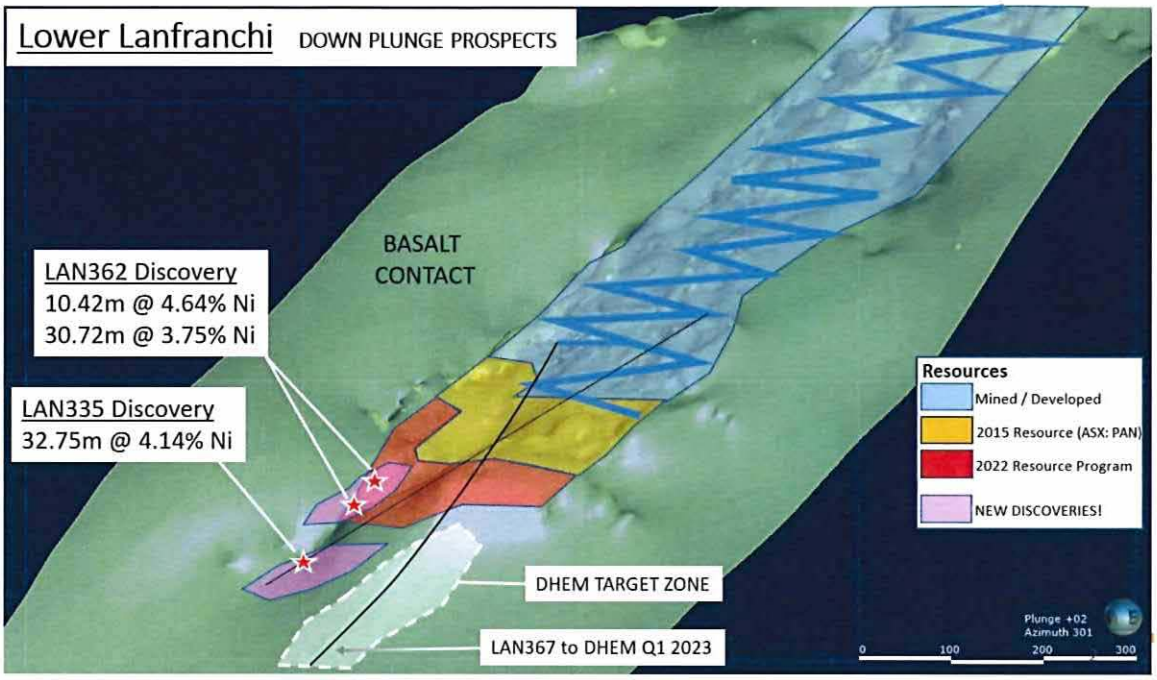


Figure 3. ***View Looking North****: 2023 Lanfranchi Resource shapes (red) with recent drilling.*

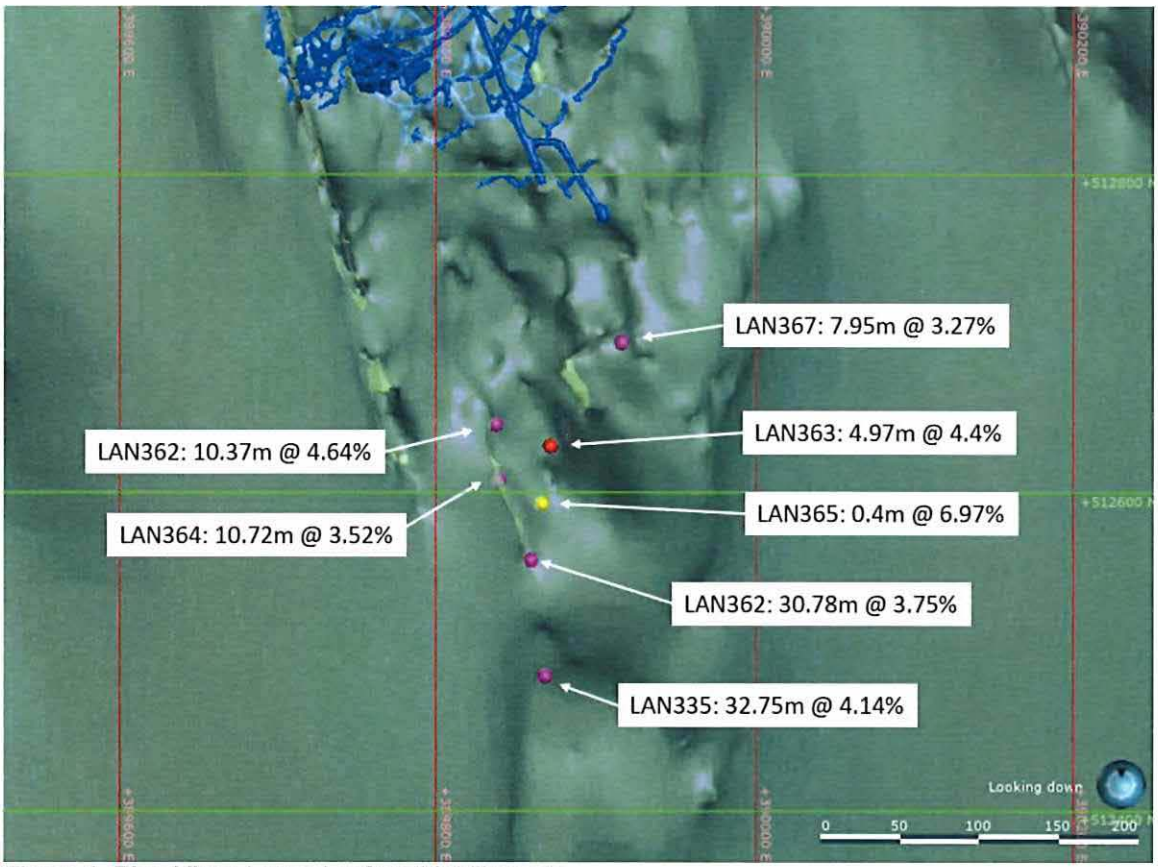


Figure 4. ***Plan View****: Lower Lanfranchi drill results.*

Appendix 1: Summary of Cherish Metals drilling at Lanfranchi Nickel Mine.

HOLE ID	Easting	Northing	RL	EOH Depth	Dip	Azimuth
LAN335	390151.4	6513170.3	-339.03	468.9	-21.1	175.6
LAN362	390056.5	6513012.4	-369.5	625.8	-24.1	160.5
LAN363	390134.8	6513011.5	-306.02	281.4	-42.9	178.3
LAN364	390134.7	6513010.9	-306.02	332.2	-40.0	189.7
LAN365	390133.9	6513010.8	-306.03	305.0	-41.1	182.8
LAN366A	390132.8	6513010.8	-306.08	371.3	-32.91	181.1
LAN367	390134.1	6513010.8	-306.05	524.4	-36.9	152.3

***Co-ordinates are MGA94 zone 51.**

The information in this report that relates to Exploration results is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results. Mr Robinson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC 2012 – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• All sampling for exploration and resource estimation purposes completed by Panoramic Resources (PAN), Black Mountain Metals (BMM) and Cherish Metals (CHM) at the Lanfranchi Nickel Mine (LNM) is based on diamond drill core. Sample selection was based on geological core logging. Individual samples typically vary between 0.2m and 1.2m in length. • The drilling completed by Western Mining Corporation (WMC) was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling at LNM is typically NQ2 or LTK60 size. Occasionally BQ and HQ sized holes have been drilled. • Core has been orientated from 2019 onwards.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• All recovered diamond core was metre marked by on site geologists; any core loss is determined and recorded as part of the geological logging process. Core recovery was typically 100 percent. • No relationship exists between core recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All core is geologically logged to a standard appropriate for exploration and mineral resource estimation purposes. Core was logged from start to end of hole without gaps. • Geotechnical logging of core is conducted within resource definition programs but not generally as part of exploration drilling. • Core photography was not undertaken prior to 2015, but core photography was

Criteria	JORC Code explanation	Commentary
		commenced as part of Resource definition works with Lower Schmitz and has been continued from mid-2015 onwards for all core. Photos are taken whenever historic drillholes are pulled out of storage for review • Drill holes were logged using Excel templates that are code restricted to ensure that only approved data can be entered. • The Excel templates were then uploaded to the Lanfranchi SQL Server drill hole database via Datashed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All diamond core was cut using electric core saw and half core sampled for assay. Quarter core samples are sent as part of the LNM QAQC process for check assaying. Sample intervals typically vary between 0.2m and 1.2m and are positioned as to avoid crossing geological boundaries. • Where orientated core is being sampled, the core is positioned through the saw so that the orientation line is retained and the other half is sent for sampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All PAN drill hole samples were analysed by Kalassay Group (Now Bureau Veritas). Laboratory process included: Crush sample to < 3mm, pulverise to 90% passing 75um. 4 - Acid digest and analysed by ICP - OES. Laboratory QA/QC is performed on standards, blanks and duplicates. • No other geophysical or analytical tools have been used to estimate grade. • Certified Reference Material (CRM) samples are routinely inserted at 1 blank and 1 CRM per 20 samples. In addition, samples are routinely sent for check analysis at a different Laboratory. The QAQC results indicate that the diamond core assays being used for resource estimation at LNM are a fair representation of the material that has been sampled. • Drilling by BMM and CHM (2019 onwards) was analysed by Australian Laboratory Services (ALS) by a 4-acid digest / ICP finish.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections are calculated by mine geologists and verified/reported on a weekly/monthly basis by the Geology Manager. • Twinning of drillholes is not performed at LNM. • PAN Assay data was imported directly from the lab assay files and QA/QC validated via Datashed to the LNM SQL drillhole database. • CHM assays from 2022 onwards are directly imported from the lab via MaxGeo (Datashed) auto-loader. • No adjustment to assay data was made.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars were accurately surveyed for X,Y,Z and azimuth and dip by site Surveyors using "Total Station" control. Older holes may/may not have collar azimuth/dip measurements. Down - hole surveys were generally conducted using single shot or reflex multishot tools at 15m, 30m and every 30m thereafter. For BMM and CHM drilling from 2019 onwards, a north-seeking gyro tool was used for single shot and end of hole multishot surveys. • The LNM drill hole database contains both MGA94 and local mine grid (KNO) coordinates. All site geological and mine planning work is performed in the local KNO grid system. • Conversion from KNO grid to MGA GDA94 Zone 51 is based on a two point transformation: 389084.61E, 513790.88N = 389351.47E, 6513980.38N 389044.77E, 513543.54N = 389313.70E, 6513732.77N
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• LNM resource estimation drill holes were typically drilled on a regular grid spacing that varies according to the size and consistency of the resource being drilled. • Due to the consistent grade and low Coefficient of Variation of nickel mineralisation generally, resource definition drilling at LNM is more for volume estimation purposes than grade estimation. • Data spacing is deemed to be sufficient for Mineral Resource estimation and reporting. • LNM exploration holes are not drilled on regular grid pattern. No sample compositing was undertaken; all core samples were logged and analysed in full.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Underground drill sites are not always ideally positioned for resource definition drilling however no sampling orientation bias is evident. The Ni grade is typically very consistent within individual resource domains and therefore drill orientation is not a determinant for reliable grade estimation. • All core has been orientated from 2019 onwards.
Sample security	• *The measures taken to ensure sample security.*	• All PAN diamond core samples were taken directly from site to Kalassay for analysis via a local courier service. Current samples are delivered to ALS directly by Geological staff. A courier service is sometimes used for bulk sample deliveries. • Sample security is considered adequate.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No recent audit of the sampling techniques and procedures at LNM has been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Lanfranchi Nickel Mine (LNM) was an operating mine from 2005 to 2015 secured by a contiguous block of 35 Mineral Leases and 1 Mining Lease, covering the Tramways Dome 42km south of Kambalda in WA. • All tenure is current and in good standing. • Cherish Metals has the right to explore for and mine all commodities within the tenements other than gold.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• A 50:50 JV was entered into by Tembo Capital and BMM in 2021, with Tembo taking full ownership of Cherish Metals in 2023. • The LNM tenements were purchased as a subsidiary company "Cherish Metals" by BMM from PAN in 2018. • PAN purchased the tenements from WMC Resources Ltd in 2004. WMC had held the Lanfranchi Tramways tenements and explored the region since 1967. WMC commenced mining at the LNM in 1976.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Deposits within the Lanfranchi Nickel Complex contain sulphide rich ore and belong to the "classic' Kambalda style, komatiite hosted, nickel sulphide class of deposits.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All drilling relating to this table 1 was completed in 2015 or earlier by either PAN or WMC. PAN routinely drilled surface and/or underground exploration holes about the Tramways Dome in search of additional nickel sulphide mineralisation. • This drilling and MRE's based on this drilling have been previously released by PAN in their public annual resource statements between 2010 and 2016. • The drilling completed by WMC was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources. • Later drilling by BMM and CHM follows the same industry standard practice that PAN used for exploration of this style of deposit.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Weighted averages are calculated as the length weighted average to a 1.0% Ni lower cut – off. • Maximum internal waste of 1.5 consecutive metres. • Composites may be comprised of massive, matrix and disseminated sulphides.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All LNM exploration drilling is conducted on the KNO local grid system. For public reporting purposes drill hole coordinates are expressed in MGA94 coordinates in accordance with JORC 2012 requirements. Where the geometry of the mineralisation is known the estimated true width of mineralisation will be reported. Where the mineralisation geometry is not sufficiently known or if hole angles are low, the down hole intersection length of mineralisation is reported, and clearly stated to be the case.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and*	• Please see body of text for diagrams.

Criteria	JORC Code explanation	Commentary
	appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All intercepts have been reported for the holes mentioned in the body of text.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data is considered material to this report at this stage.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration work is currently being planned for test for extensions of known resources and potential discovery of new mineralisation positions.

19 June 2023

Cherish Metals

Continued diamond drilling success down plunge at Lower Lanfranchi with significant intervals of Nickel Sulphide intersected

Key Points:

- Assay results from the ongoing drilling campaign at the Lanfranchi Nickel Project continue to extend the Lanfranchi deposit at depth.
- Recent significant results include:
    - **17.1m @ 5.52% Ni hole LAN378 from 378.9m down hole; and**
    - **13.8m @ 2.61% Ni hole LAN384 from 244.85m down hole**
- The results demonstrate the ongoing success of Cherish Metal's innovative use of underground EM loops and have extended the Lanfanchi mineralisation by 70m down plunge of the existing Mineral Resource.

Cherish Metals Pty Ltd ("Cherish" or the "Company") is pleased to announce diamond drilling results from the ongoing exploration program at its wholly owned Lanfranchi Nickel Project in Kambalda, WA.

Cherish CEO, AJ Saverimutto said "These results are some of the better nickel intercepts I have seen in the Kambalda region and demonstrate the exciting opportunity represented by the Lanfranchi Nickel Project.

"The use of underground loops is delivering us continued exploration success and we are confident of further growth in our Mineral Resource as we continue our exploration program."

Exploration diamond drilling has pierced Down Hole Electromagnetic Geophysics (DHEM) plates identified using of the third underground transmitter loop installed by Cherish Metals in January 2023. The holes have intercepted massive and matrix sulphides coincident with the DHEM anomalies down plunge of the 2023 Lower Lanfranchi Resource, offering Resource extension opportunities for the 2023 drilling year. LAN378 has intercepted and extended the LAN335 Resource, whilst LAN384 has intercepted sulphides in a new "flank" position 70m to the East of the current 2023 Resource.



Figure 1. Drill core from LAN378 showing massive nickel bearing sulphides on the immediate basalt contact.

ASSAY HIGHLIGHTS

HOLEID	FROM	TO	DH WIDTH & GRADE
LAN378	378.9	396.0	17.1m @ 5.52% Ni
LAN384	244.8	258.7	13.8m @ 2.61% Ni
LAN384	465.0	476.5	11.5m @ 1.19% Ni
LAN384	Incl.		5.6m @ 1.4% Ni
LAN384	Incl.		3.5m @ 1.64% Ni

Table 1 ***Significant intercepts:*** *Assay results from LAN378 and LAN384 utilising a 1% Nickel cutoff.*

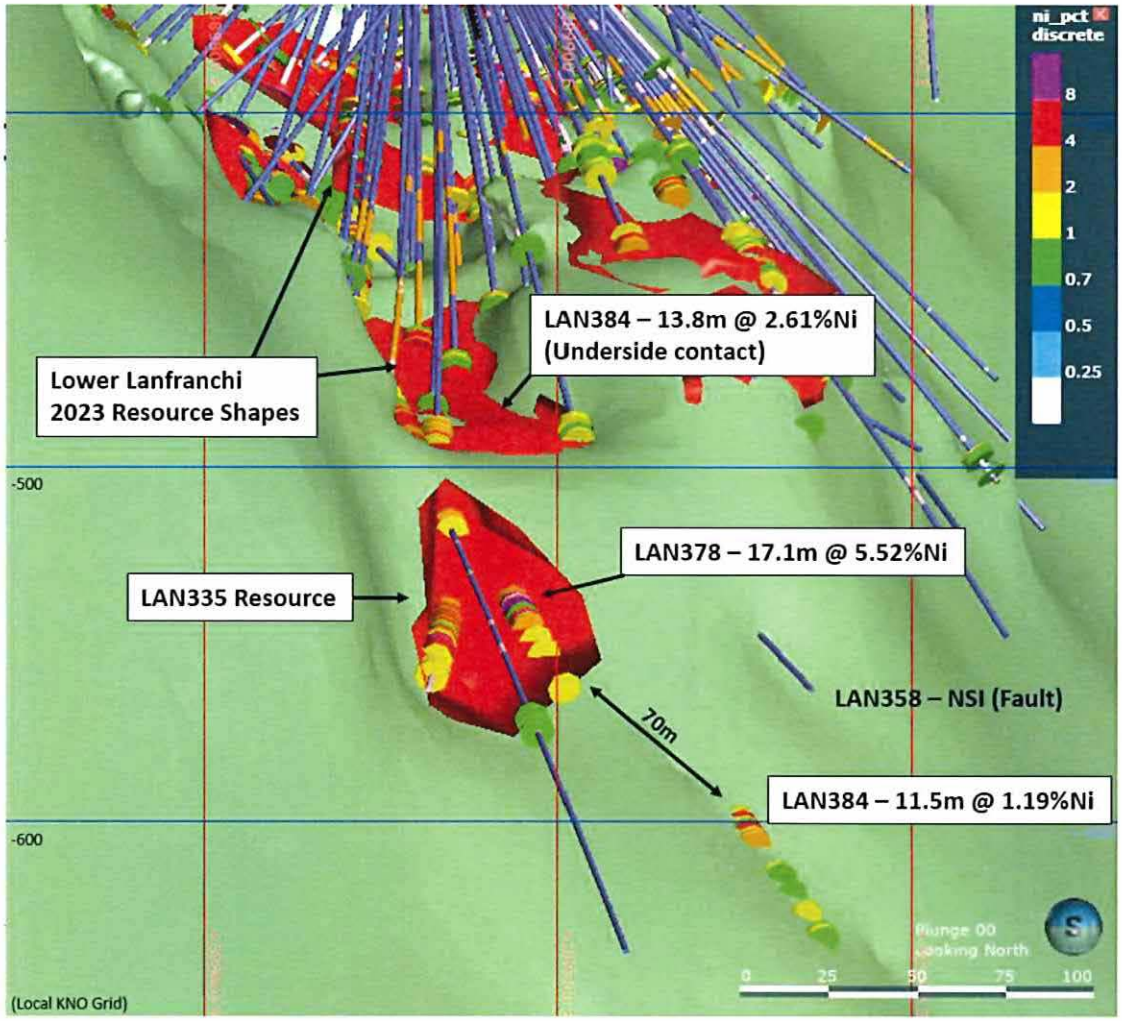


Figure 2. ***View Looking North****: 2023 Lanfranchi Resource shapes (red) with recent drilling.*

DHEM Loops are key to ongoing exploration

The loop utilised for this work (Loop #3) was installed as a "proof of concept" within the existing decline and escapeway system. It was small and unconventional in shape, but essentially allowed Cherish metals to discern very subtle anomalies that would normally be drowned out by the Hangingwall "Black Flag" sediments. Unfortunately, surveys with Loop #3 also indicated that due to its size and shape, we were at the limit of effectiveness.

A 4th loop has now been installed with two breakthrough diamond drill holes required to allow for an increase in loop dimensions and a more uniform shape.

Appendix 1: Summary of Cherish Metals drilling at Lanfranchi Nickel Mine.

HOLE ID	Easting	Northing	RL	EOH Depth	Dip	Azimuth	From	To	Ni %
LAN378	390056	6513012	-369.45	449.8	-27.06	159.1	378.9	396	5.52
LAN384	390056	6513012	-369.43	556	-28.05	153.0	244.85	258.7	2.61
LAN384	390055	6513012	-369.43	556	-28.05	153.0	465	476.6	1.19

***Co-ordinates are MGA94 zone 51.**

The information in this report that relates to Exploration results is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results. Mr Robinson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC 2012 – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• All sampling for exploration and resource estimation purposes completed by Panoramic Resources (PAN), Black Mountain Metals (BMM) and Cherish Metals (CHM) at the Lanfranchi Nickel Mine (LNM) is based on diamond drill core. Sample selection was based on geological core logging. Individual samples typically vary between 0.2m and 1.2m in length. • The drilling completed by Western Mining Corporation (WMC) was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling at LNM is typically NQ2 or LTK60 size. Occasionally BQ and HQ sized holes have been drilled. • Core has been orientated from 2022 onwards.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• All recovered diamond core was metre marked by on site geologists; any core loss is determined and recorded as part of the geological logging process. Core recovery was typically 100 percent. • No relationship exists between core recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All core is geologically logged to a standard appropriate for exploration and mineral resource estimation purposes. Core was logged from start to end of hole without gaps. • Geotechnical logging of core is conducted within resource definition programs but not generally as part of exploration drilling. • Core photography was not undertaken prior to 2015, but core photography was

Criteria	JORC Code explanation	Commentary
		commenced as part of Resource definition works with Lower Schmitz and has been continued from mid-2015 onwards for all core. • Drill holes were logged using Excel templates that are code restricted to ensure that only approved data can be entered. • The Excel templates were then uploaded to the Lanfranchi SQL Server drill hole database via Datashed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All diamond core was cut using electric core saw and half core sampled for assay. Quarter core samples are sent as part of the LNM QAQC process for check assaying. Sample intervals typically vary between 0.2m and 1.2m and are positioned as to avoid crossing geological boundaries. • Where orientated core is being sampled, the core is positioned through the saw so that the orientation line is retained and the other half is sent for sampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All PAN drill hole samples were analysed by Kalassay Group (Now Bureau Veritas). Laboratory process included: Crush sample to < 3mm, pulverise to 90% passing 75um. 4 - Acid digest and analysed by ICP - OES. Laboratory QA/QC is performed on standards, blanks and duplicates. • No other geophysical or analytical tools have been used to estimate grade. • Certified Reference Material (CRM) samples are routinely inserted at 1 blank and 1 CRM per 20 samples. In addition, samples are routinely sent for check analysis at a different Laboratory. The QAQC results indicate that the diamond core assays being used for resource estimation at LNM are a fair representation of the material that has been sampled. • Drilling by BMM and CHM (2019 onwards) was analysed by Australian Laboratory Services (ALS) by a 4-acid digest / ICP finish. QAQC samples are inserted at a rate of 1xCRM and 1xBlank in every 20 core samples. LNM geologists follow a documented QAQC procedure for review of assay results.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections are calculated by mine geologists and verified/reported on a weekly/monthly basis by the Geology Manager. • Twinning of drillholes is not performed at LNM. • Assay data was imported directly from the Kalassay assay files and QA/QC validated via Datashed to the LNM SQL drillhole database. • CHM assays from 2022 onwards are directly imported from the lab via MaxGeo (Datashed) auto-loader. • No adjustment to assay data was made.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars were accurately surveyed for X,Y,Z and azimuth and dip by site Surveyors using "Total Station" control. Older holes may/may not have collar azimuth/dip measurements. Down - hole surveys were generally conducted using single shot or reflex multishot tools at 15m, 30m and every 30m thereafter. For BMM and CHM drilling from 2019 onwards, a north-seeking gyro tool was used for single shot and end of hole multishot surveys. • The LNM drill hole database contains both MGA94 and local mine grid (KNO) coordinates. All site geological and mine planning work is performed in the local KNO grid system. • Conversion from KNO grid to MGA GDA94 Zone 51 is based on a two point transformation: 389084.61E, 513790.88N = 389351.47E, 6513980.38N 389044.77E, 513543.54N = 389313.70E, 6513732.77N
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• LNM resource estimation drill holes were typically drilled on a regular grid spacing that varies according to the size and consistency of the resource being drilled. • Due to the consistent grade and low Coefficient of Variation of nickel mineralisation generally, resource definition drilling at LNM is more for volume estimation purposes than grade estimation. • Data spacing is deemed to be sufficient for Mineral Resource estimation and reporting. • LNM exploration holes are not drilled on regular grid pattern. No sample compositing was undertaken; all core samples were logged and analysed in full.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Underground drill sites are not always ideally positioned for resource definition drilling however no sampling orientation bias is evident. The Ni grade is typically very consistent within individual resource domains and therefore drill orientation is not a determinant for reliable grade estimation. • All core is orientated
Sample security	• *The measures taken to ensure sample security.*	• All PAN diamond core samples were taken directly from site to Kalassay for analysis via a local courier service. Current samples are delivered to ALS directly by Geological staff. A courier service is sometimes used for bulk sample deliveries. • Sample security is considered adequate.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No recent audit of the sampling techniques and procedures at LNM has been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Lanfranchi Nickel Mine (LNM) was an operating mine from 2005 to 2015 secured by a contiguous block of 35 Mineral Leases and 1 Mining Lease, covering the Tramways Dome 42km south of Kambalda in WA. • All tenure is current and in good standing. • Cherish Metals has the right to explore for and mine all commodities within the tenements other than gold.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• A 50:50 JV was entered into by Tembo Capital and BMM in 2021, with Tembo taking full ownership of Cherish Metals in 2023. • The LNM tenements were purchased as a subsidiary company "Cherish Metals" by BMM from PAN in 2018. • PAN purchased the tenements from WMC Resources Ltd in 2004. WMC had held the Lanfranchi Tramways tenements and explored the region since 1967. WMC commenced mining at the LNM in 1976.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Deposits within the Lanfranchi Nickel Complex contain sulphide rich ore and belong to the "classic' Kambalda style, komatiite hosted, nickel sulphide class of deposits.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All drilling relating to this table 1 was completed in 2015 or earlier by either PAN or WMC. PAN routinely drilled surface and/or underground exploration holes about the Tramways Dome in search of additional nickel sulphide mineralisation. • This drilling and MRE's based on this drilling have been previously released by PAN in their public annual resource statements between 2010 and 2016. • The drilling completed by WMC was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources. • Later drilling by BMM and CHM follows the same industry standard practice that PAN used for exploration of this style of deposit.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Weighted averages are calculated as the length weighted average to a 1.0% Ni lower cut – off. • Maximum internal waste of 1.5 consecutive metres. • Composites may be comprised of massive, matrix and disseminated sulphides.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All LNM exploration drilling is conducted on the KNO local grid system. For public reporting purposes drill hole coordinates are expressed in MGA94 coordinates in accordance with JORC 2012 requirements. Where the geometry of the mineralisation is known the estimated true width of mineralisation will be reported. Where the mineralisation geometry is not sufficiently known or if hole angles are low, the down hole intersection length of mineralisation is reported, and clearly stated to be the case.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and*	• Please see body of text for diagrams.

Criteria	JORC Code explanation	Commentary
	appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All intercepts have been reported for the holes mentioned in the body of text.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data is considered material to this report at this stage.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration work is currently being planned for test for extensions of known resources and potential discovery of new mineralisation positions.

Discovery of new Nickel Sulphide Channel adjacent to the existing Lower Schmitz ore body

Key Points:

- Cherish Metals has discovered the new Lincoln nickel channel located close to existing underground development.
- Significant intercepts include:
  - 9.08m @ 1.82% Ni from 208.9m in SMT391; and
  - 11.5m @ 1.43% Ni from 262.5m in SMT450.
- The deposit remains open and appears to be increasing in grade up-plunge.
- Cherish continues its aggressive exploration strategy and intends to follow the Lincoln channel, as well as drill other high-rank targets at the Lanfranchi Nickel Project throughout 2023.

Cherish Metals Pty Ltd ("Cherish" or the "Company") is pleased to announce the discovery of a new Nickel Sulphide channel at the Lanfranchi Nickel Project in Kambalda, WA.

Exploration diamond drilling has uncovered a significant new channel 120m to the west of the existing high grade Lower Schmitz orebody and located close to existing underground development. Early-stage drilling indicates that the new channel is open both up and down plunge (~300+m), and channel widths of 50-100m in places. Mineralisation consists of disseminated to sub-matrix pyrite/pyrrhotite/pentlandite with widths noted up to 11.5m downhole with true widths estimated to be up to 7-8m thick and likely to be conducive to mechanised mining methods.

Further drilling is planned to extend mineralisation up plunge where grades and mineralised intersections appear to be improving.

Table 1: ASSAY HIGHLIGHTS

HOLEID	FROM	TO	DH WIDTH & GRADE
SMT391	208.9	218.0	9.08m @ 1.82% Ni
SMT450	262.5	274.0	11.5m @ 1.43% Ni
SMT440	216.0	226.1	10.1m @ 1.28% Ni
SMT433	229.7	235.0	5.3m @ 1.37% Ni
SMT439	131.1	132.0	0.9m @ 5.24% Ni

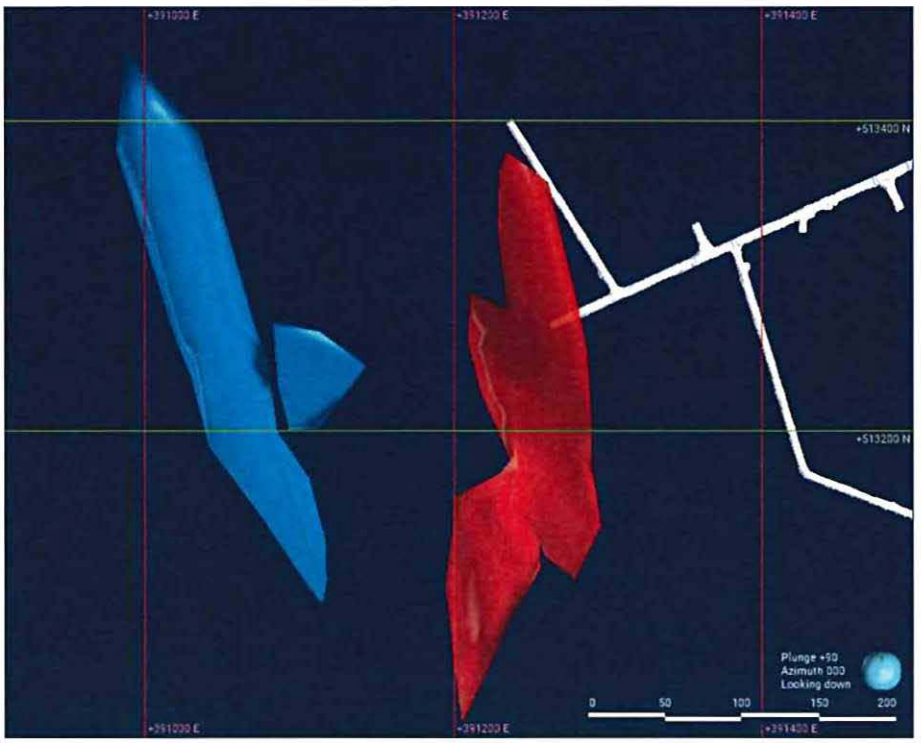


Figure 1.Plan view showing Lincoln (blue) adjacent to Lower Schmitz (red) and existing development (Co-ordinate system is local KNO Grid)

Mineralisation style: SMT450 – 269.15m to 273.35m downhole.



Figure 2. Disseminated sulphides in talc-magnesite altered cumulate ultramafics at Lincoln (SMT450).

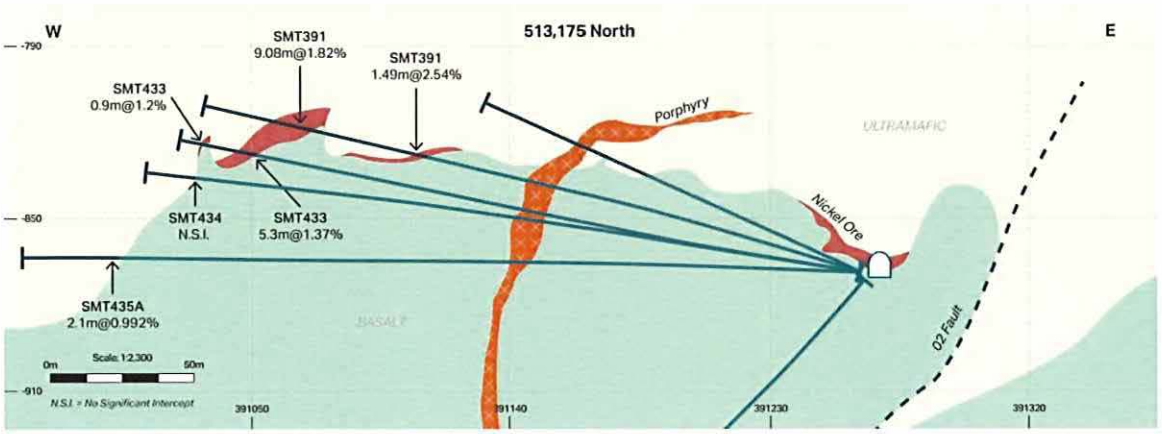


Figure 3. Cross section along 513175N showing Lincoln (left) adjacent to Lower Schmitz (right) (Eastings shown are on local KNO Grid)

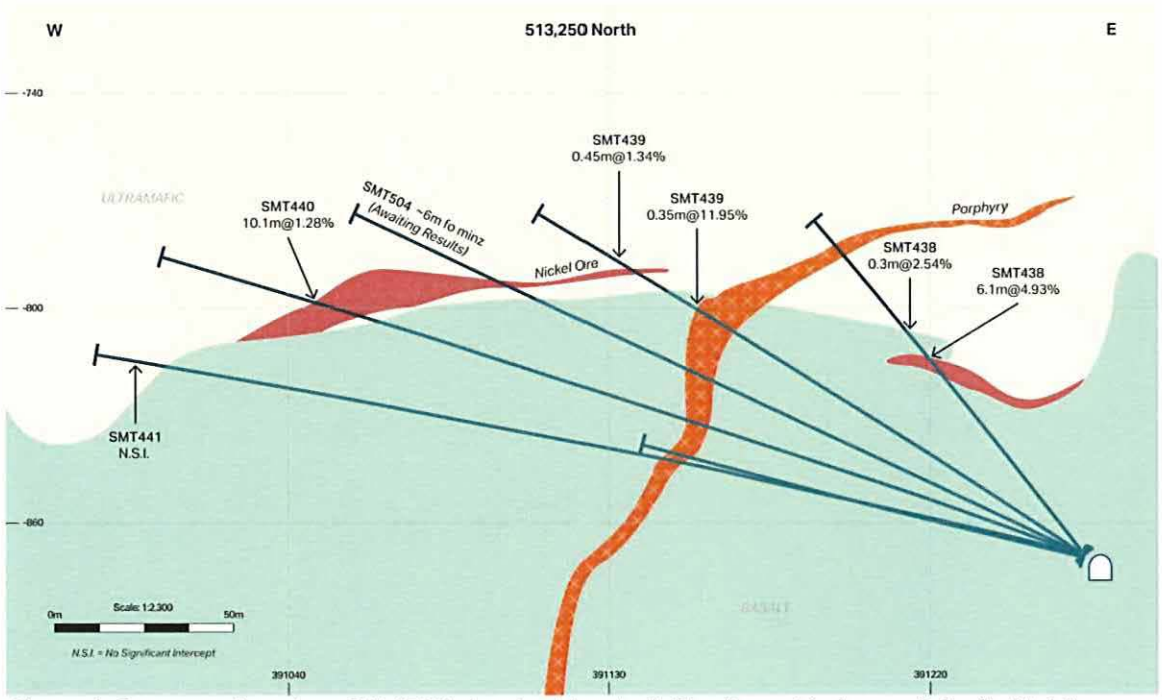


Figure 4. Cross section along 513250N showing Lincoln (left) adjacent to Lower Schmitz (right) (Eastings shown are on local KNO Grid)

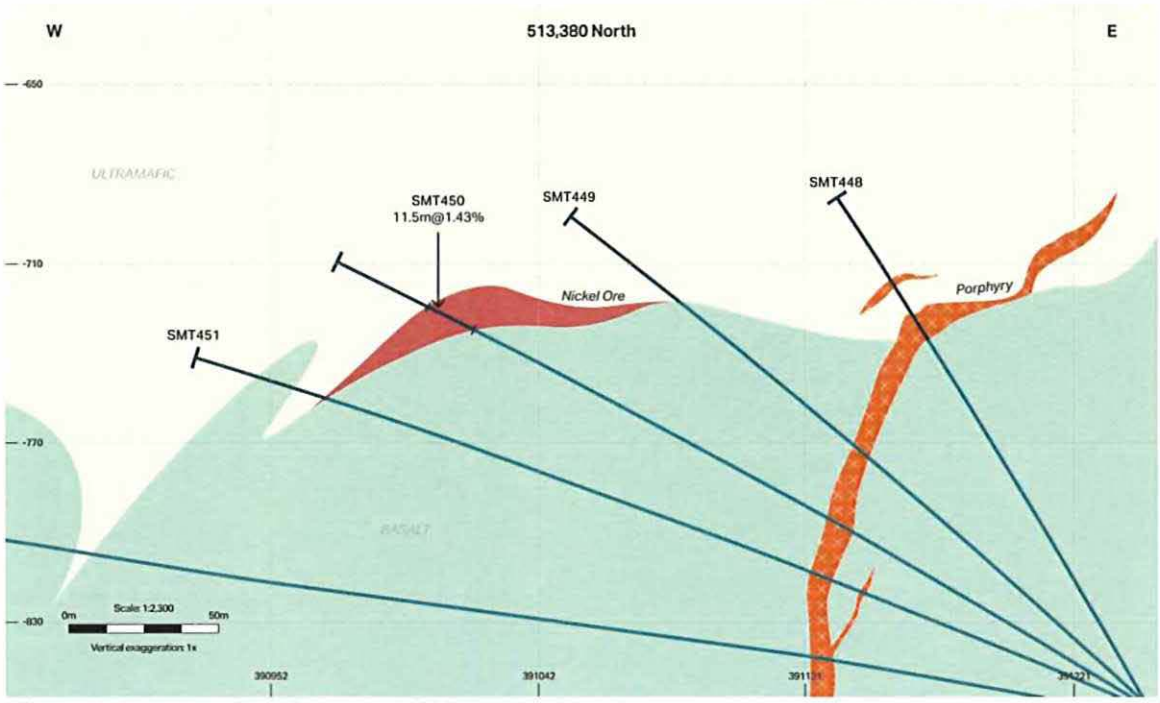


Figure 5. Cross section along 513380N showing Lincoln (Eastings shown are on local KNO Grid)

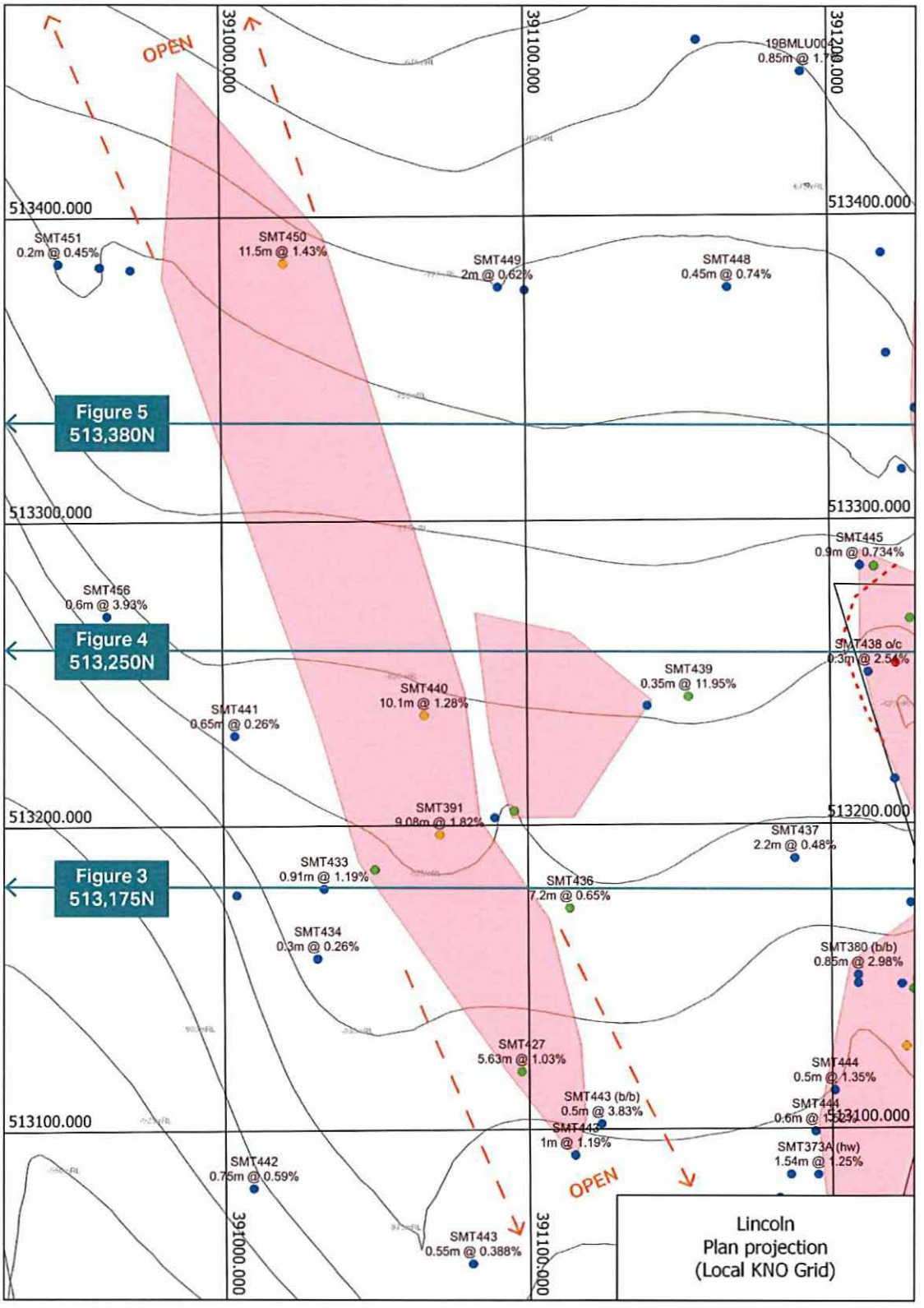


Figure 6. Plan View of basalt pierce points with downhole widths/grades noted over the Lincoln resource outline.
**Lower Schmitz resource outline on edge of map*
***Local KNO Grid coordinates*

Appendix 1: Summary of Cherish Metals drilling at Lanfranchi Nickel Mine – Lincoln prospect.

HOLE ID	Northing	Easting	RL	EOH Depth	Dip	Azimuth	From	To	DH Width	Ni %
SMT391	6513475	391532	-867.1	260.6	12.2	248.4	183.4	184.8	1.49	2.54
SMT391	6513475	391532	-867.1	260.6	12.2	248.4	208.9	218.0	9.08	1.82
SMT427	6513474	391533	-867.8	246.3	0.7	225.0	218.8	224.5	5.63	1.03
SMT433	6513475	391533	-867.3	258.3	10.5	249.3	229.7	235.0	5.3	1.37
SMT434	6513475	391533	-865.8	278.7	9.2	243.2	258.0	258.3	0.3	0.26
SMT439	6513475	391532	-866.1	182.7	32.7	257.8	131.1	132.0	0.9	5.24
SMT439	6513475	391532	-866.1	182.7	32.7	257.8	147.4	147.9	0.45	1.34
SMT440	6513475	391533	-865.8	275.6	20.2	260.5	216.0	226.1	10.1	1.28
SMT441	6513475	391533	-865.8	284.6	12.8	261.3	-	-	NSI	NSI
SMT442	6513475	391533	-865.8	522.1	-4.7	230.2	-	-	NSI	NSI
SMT443	6513474	391534	-868.1	345.2	-1.9	217.6	215.0	216.0	1.0	1.98
SMT448	6513586	391517	-856.0	200.7	60.4	270.3	-	-	NSI	NSI
SMT449	6513586	391516	-856.6	257.4	43.2	270.2	-	-	NSI	NSI
SMT450	6513586	391516	-857.3	314.6	31.8	270.5	262.5	274.0	11.5	1.43
SMT451	6513586	391516	-857.9	344.4	24.0	270.8	-	-	NSI	NSI
SMT456	6513476	391532	-867.1	344.4	9.9	270.5	304.7	305.3	0.6	3.93

***Collar co-ordinates are MGA94 zone 51.**
****NSI = No Significant Intercept.**

The information in this report that relates to Exploration results is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results. Mr Robinson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC 2012 – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• All sampling for exploration and resource estimation purposes completed by Panoramic Resources (PAN), Black Mountain Metals (BMM) and Cherish Metals (CHM) at the Lanfranchi Nickel Mine (LNM) is based on diamond drill core. Sample selection was based on geological core logging. Individual samples typically vary between 0.2m and 1.2m in length. • The drilling completed by Western Mining Corporation (WMC) was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling at LNM is typically NQ2 or LTK60 size. Occasionally BQ and HQ sized holes have been drilled. • Core has been orientated from 2019 onwards.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• All recovered diamond core was metre marked by on site geologists; any core loss is determined and recorded as part of the geological logging process. Core recovery was typically 100 percent. • No relationship exists between core recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All core is geologically logged to a standard appropriate for exploration and mineral resource estimation purposes. Core was logged from start to end of hole without gaps. • Geotechnical logging of core is

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	conducted within resource definition programs but not generally as part of exploration drilling. • Core photography was not undertaken prior to 2015, but core photography was commenced as part of Resource definition works with Lower Schmitz and has been continued from mid-2015 onwards for all core. Photos are taken whenever historic drillholes are pulled out of storage for review • Drill holes were logged using Excel templates that are code restricted to ensure that only approved data can be entered. • The Excel templates were then uploaded to the Lanfranchi SQL Server drill hole database via Datashed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All diamond core was cut using electric core saw and half core sampled for assay. Quarter core samples are sent as part of the LNM QAQC process for check assaying. Sample intervals typically vary between 0.2m and 1.2m and are positioned as to avoid crossing geological boundaries. • Where orientated core is being sampled, the core is positioned through the saw so that the orientation line is retained and the other half is sent for sampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All PAN drill hole samples were analysed by Kalassay Group (Now Bureau Veritas). Laboratory process included: Crush sample to < 3mm, pulverise to 90% passing 75um. 4 - Acid digest and analysed by ICP - OES. Laboratory QA/QC is performed on standards, blanks and duplicates. • No other geophysical or analytical tools have been used to estimate grade. • Certified Reference Material (CRM) samples are routinely inserted at 1 blank and 1 CRM per 20 samples. In addition, samples are routinely sent for check analysis at a different Laboratory. The QAQC results indicate that the diamond core assays being used for resource estimation at LNM are a fair representation of the material that has been sampled. • Drilling by BMM and CHM (2019

Criteria	JORC Code explanation	Commentary
		onwards) was analysed by Australian Laboratory Services (ALS) by a 4-acid digest / ICP finish.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections are calculated by mine geologists and verified/reported on a weekly/monthly basis by the Geology Manager. • Twinning of drillholes is not performed at LNM. • PAN Assay data was imported directly from the lab assay files and QA/QC validated via Datashed to the LNM SQL drillhole database. • CHM assays from 2022 onwards are directly imported from the lab via MaxGeo (Datashed) auto-loader. • No adjustment to assay data was made.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars were accurately surveyed for X,Y,Z and azimuth and dip by site Surveyors using "Total Station" control. Older holes may/may not have collar azimuth/dip measurements. Down - hole surveys were generally conducted using single shot or reflex multishot tools at 15m, 30m and every 30m thereafter. For BMM and CHM drilling from 2019 onwards, a north-seeking gyro tool was used for single shot and end of hole multishot surveys. • The LNM drill hole database contains both MGA94 and local mine grid (KNO) coordinates. All site geological and mine planning work is performed in the local KNO grid system. • Conversion from KNO grid to MGA GDA94 Zone 51 is based on a two point transformation: 389084.61E, 513790.88N = 389351.47E, 6513980.38N 389044.77E, 513543.54N = 389313.70E, 6513732.77N
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• LNM resource estimation drill holes were typically drilled on a regular grid spacing that varies according to the size and consistency of the resource being drilled. • Due to the consistent grade and low Coefficient of Variation of nickel mineralisation generally, resource definition drilling at LNM is more for volume estimation purposes than grade estimation. • Data spacing is deemed to be sufficient for Mineral Resource estimation and reporting. • LNM exploration holes are not drilled on regular grid pattern. No sample compositing was undertaken; all core

Criteria	JORC Code explanation	Commentary
		samples were logged and analysed in full.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Underground drill sites are not always ideally positioned for resource definition drilling however no sampling orientation bias is evident. The Ni grade is typically very consistent within individual resource domains and therefore drill orientation is not a determinant for reliable grade estimation. • All core has been orientated from 2019 onwards.
Sample security	• *The measures taken to ensure sample security.*	• All PAN diamond core samples were taken directly from site to Kalassay for analysis via a local courier service. Current samples are delivered to ALS directly by Geological staff. A courier service is sometimes used for bulk sample deliveries. • Sample security is considered adequate.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No recent audit of the sampling techniques and procedures at LNM has been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Lanfranchi Nickel Mine (LNM) was an operating mine from 2005 to 2015 secured by a contiguous block of 35 Mineral Leases and 1 Mining Lease, covering the Tramways Dome 42km south of Kambalda in WA. • All tenure is current and in good standing. • Cherish Metals has the right to explore for and mine all commodities within the tenements other than gold.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• A 50:50 JV was entered into by Tembo Capital and BMM in 2021, with Tembo taking full ownership of Cherish Metals in 2023. • The LNM tenements were purchased as a subsidiary company "Cherish Metals" by BMM from PAN in 2018. • PAN purchased the tenements from WMC Resources Ltd in 2004. WMC had held the Lanfranchi Tramways tenements and explored the region since 1967. WMC commenced mining at the LNM in 1976.
Geology	• *Deposit type, geological setting and*	• Deposits within the Lanfranchi Nickel

Criteria	JORC Code explanation	Commentary
	style of mineralisation.	Complex contain sulphide rich ore and belong to the "classic' Kambalda style, komatiite hosted, nickel sulphide class of deposits.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All drilling relating to this table 1 was completed in 2015 or earlier by either PAN or WMC. PAN routinely drilled surface and/or underground exploration holes about the Tramways Dome in search of additional nickel sulphide mineralisation. • This drilling and MRE's based on this drilling have been previously released by PAN in their public annual resource statements between 2010 and 2016. • The drilling completed by WMC was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources. • Later drilling by BMM and CHM follows the same industry standard practice that PAN used for exploration of this style of deposit.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Weighted averages are calculated as the length weighted average to a 1.0% Ni lower cut – off. • Maximum internal waste of 1.5 consecutive metres. • Composites may be comprised of massive, matrix and disseminated sulphides.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All LNM exploration drilling is conducted on the KNO local grid system. For public reporting purposes drill hole coordinates are expressed in MGA94 coordinates in accordance with JORC 2012 requirements. Where the geometry of the mineralisation is known the estimated true width of mineralisation will be reported. Where the mineralisation geometry is not sufficiently known or if hole angles are low, the down hole intersection length of mineralisation is reported, and clearly stated to be the case.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of*	• Please see body of text for diagrams.

Criteria	JORC Code explanation	Commentary
	intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All intercepts have been reported for the holes mentioned in the body of text.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data is considered material to this report at this stage.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration work is currently being planned for test for extensions of known resources and potential discovery of new mineralisation positions.

2 October 2023

Cherish Metals

Outstanding diamond drilling results (10.55m @ 12.21% Ni) further down plunge at Lower Lanfranchi

Key points:

- Downhole EM survey results from March 2023, show an EM target with massive sulphides of high tenor in drillhole LAN395.
    - The results include:
        - **10.55m @ 12.21% Ni in LAN395 from 553.95m down hole; and**
        - **5.80m @ 4.13% Ni in LAN395W3 from 682.0m down hole**
- LAN395W3 successfully intercepted massive sulphides a further 250m down plunge of the 2023 March Resource shapes.
    - The results demonstrate the continuity of the previously announced "335 pod" down plunge, including the upside potential from intercepts noted in LAN378 and LAN384. *(Refer to Cherish Metals announcement – 19th June 2023)*

Cherish Metals Pty Ltd ("Cherish" or the "Company") is excited to announce diamond drilling results from the ongoing exploration program at its wholly owned Lanfranchi Nickel Project in Kambalda, WA.

Exploration diamond drilling has pierced additional Down Hole Electromagnetic Geophysics (DHEM) plates identified using the fourth underground transmitter loop installed by Cherish Metals in March 2023.

Drillhole LAN395 and its daughter holes have intercepted massive and matrix sulphides coincident with the DHEM anomalies down plunge of the March 2023 Lower Lanfranchi Resource with further resource updates expected in Q4 2023.

Commenting on the outstanding results, Cherish CEO AJ Saverimutto said,

"These results demonstrate further upside from previously announced Nickel grades and the continuity of the deposit down plunge."

"It confirms the significance of our fourth underground loop and further boosted our confidence of future growth in our Mineral Resource as we continue exploration."

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Figure 1. Drill core from LAN395 showing massive nickel bearing sulphides on the immediate basalt contact.

Following the success of parent hole LAN395, an NQ casing wedge was inserted into the hole with a BQ daughter (LAN395W1) drilling to the East of the LAN395. LAN395W1 has intercepted the basalt contact at a higher RL and contact ultramafics are indicating it has intercepted a flank position to the side of the channel. LAN395W2 did not intercept the contact, whilst **LAN395W3 successfully intercepted massive sulphides a further 250m down plunge of the 2023 March Resource shapes**.

Table 1: ASSAY HIGHLIGHTS

HOLEID	FROM	TO	DH WIDTH & GRADE
LAN395	553.95	564.5	10.55m @ 12.21% Ni
LAN395W1	552.9	553.5	0.55m @ 1.64% Ni
LAN395W3	667.6	668.5	0.95m @ 4.17% Ni
LAN395W3	682.0	687.8	5.80m @ 4.13% Ni

*Table 1 **Significant intercepts:** Assay results from LAN395, LAN395W1 and LAN395W3 utilising a 1% Nickel cutoff.*

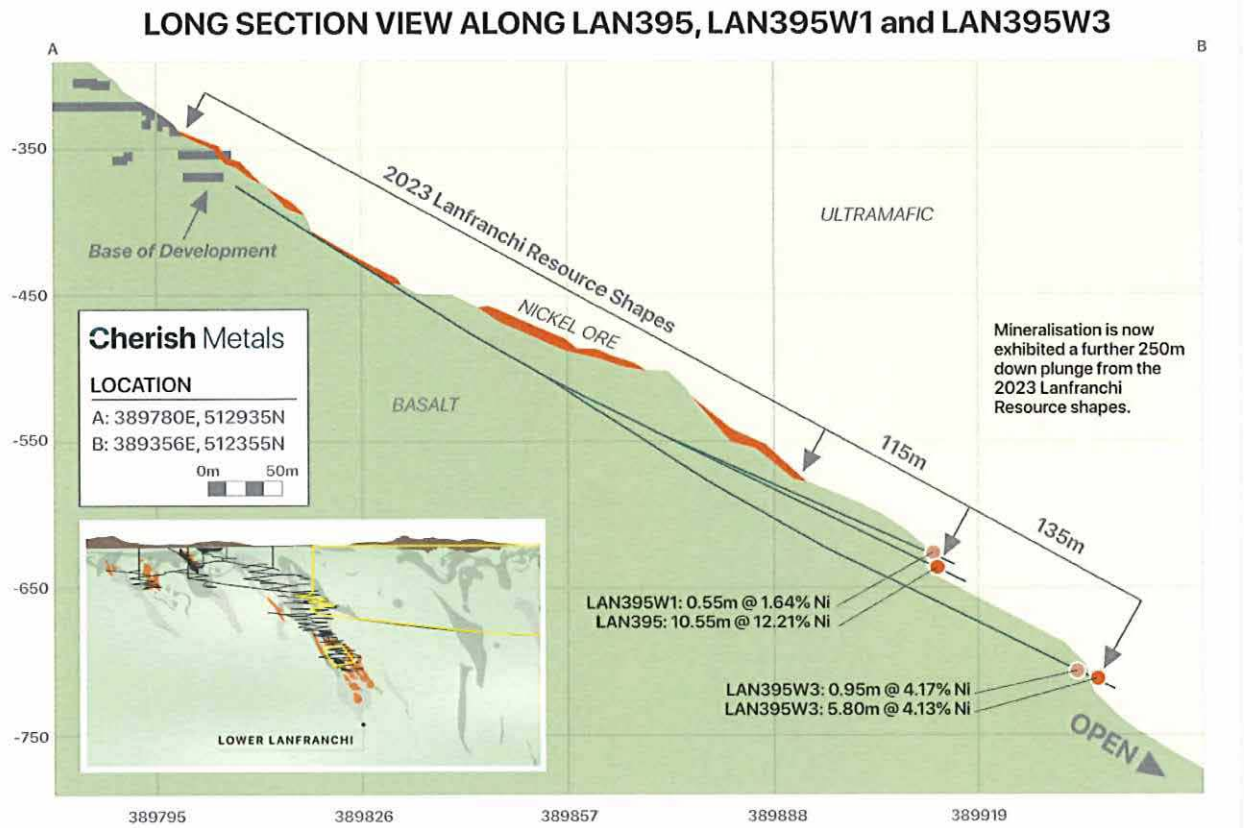


Figure 2: Long section view
**Coordinates are in Local KNO grid.*

Appendix 1: Summary of Cherish Metals drilling at Lanfranchi Nickel Mine.

HOLE ID	Easting	Northing	RL	EOH Depth	Dip	Azimuth	From	To	Ni %
LAN395	390056.5	6513012.4	-369.4	575.9	-30	163.7	553.95	564.5	12.21
LAN395W1	390056.5	6513012.4	-369.4	570.6	-30	163.7	552.95	553.50	1.64
LAN395W3	390056.5	6513012.4	-369.4	699.0	-30	163.7	667.6	668.55	4.17
LAN395W3	390056.5	6513012.4	-369.4	699.0	-30	163.7	682.0	687.8	4.13

***Co-ordinates are MGA94 zone 51.**

The information in this report that relates to Exploration results is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results. Mr Robinson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC 2012 – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• All sampling for exploration and resource estimation purposes completed by Panoramic Resources (PAN), Black Mountain Metals (BMM) and Cherish Metals (CHM) at the Lanfranchi Nickel Mine (LNM) is based on diamond drill core. Sample selection was based on geological core logging. Individual samples typically vary between 0.2m and 1.2m in length. • The drilling completed by Western Mining Corporation (WMC) was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling at LNM is typically NQ2 or LTK60 size. Occasionally BQ and HQ sized holes have been drilled. • Core has been orientated from 2019 onwards.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• All recovered diamond core was metre marked by on site geologists; any core loss is determined and recorded as part of the geological logging process. Core recovery was typically 100 percent. • No relationship exists between core recovery and grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All core is geologically logged to a standard appropriate for exploration and mineral resource estimation purposes. Core was logged from start to end of hole without gaps. • Geotechnical logging of core is

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	conducted within resource definition programs but not generally as part of exploration drilling. • Core photography was not undertaken prior to 2015, but core photography was commenced as part of Resource definition works with Lower Schmitz and has been continued from mid-2015 onwards for all core. Photos are taken whenever historic drillholes are pulled out of storage for review • Drill holes were logged using Excel templates that are code restricted to ensure that only approved data can be entered. • The Excel templates were then uploaded to the Lanfranchi SQL Server drill hole database via Datashed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All diamond core was cut using electric core saw and half core sampled for assay. Quarter core samples are sent as part of the LNM QAQC process for check assaying. Sample intervals typically vary between 0.2m and 1.2m and are positioned as to avoid crossing geological boundaries. • Where orientated core is being sampled, the core is positioned through the saw so that the orientation line is retained and the other half is sent for sampling. • **LAN395 assay results originally returned 10.55m @ 12.45%Ni, but blanks were outside acceptable limits. Quarter Core was resent to ALS with additional quartz flushes between each sample to ensure quality results were obtained. All QA/QC passed for re-assay work with final result of 10.55m @ 12.21% Ni from 682m downhole.**
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of*	• All PAN drill hole samples were analysed by Kalassay Group (Now Bureau Veritas). Laboratory process included: Crush sample to < 3mm, pulverise to 90% passing 75um. 4 - Acid digest and analysed by ICP - OES. Laboratory QA/QC is performed on standards, blanks and duplicates. • No other geophysical or analytical tools have been used to estimate grade. • Certified Reference Material (CRM) samples are routinely inserted at 1 blank and 1 CRM per 20 samples. In addition, samples are routinely sent

Criteria	JORC Code explanation	Commentary
	accuracy (ie lack of bias) and precision have been established.	for check analysis at a different Laboratory. The QAQC results indicate that the diamond core assays being used for resource estimation at LNM are a fair representation of the material that has been sampled. • Drilling by BMM and CHM (2019 onwards) was analysed by Australian Laboratory Services (ALS) by a 4-acid digest / ICP finish.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections are calculated by mine geologists and verified/reported on a weekly/monthly basis by the Geology Manager. • Twinning of drillholes is not performed at LNM. • PAN Assay data was imported directly from the lab assay files and QA/QC validated via Datashed to the LNM SQL drillhole database. • CHM assays from 2022 onwards are directly imported from the lab via MaxGeo (Datashed) auto-loader. • No adjustment to assay data was made.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars were accurately surveyed for X,Y,Z and azimuth and dip by site Surveyors using "Total Station" control. Older holes may/may not have collar azimuth/dip measurements. Down - hole surveys were generally conducted using single shot or reflex multishot tools at 15m, 30m and every 30m thereafter. For BMM and CHM drilling from 2019 onwards, a north-seeking gyro tool was used for single shot and end of hole multishot surveys. • The LNM drill hole database contains both MGA94 and local mine grid (KNO) coordinates. All site geological and mine planning work is performed in the local KNO grid system. • Conversion from KNO grid to MGA GDA94 Zone 51 is based on a two point transformation: 389084.61E, 513790.88N = 389351.47E, 6513980.38N 389044.77E, 513543.54N = 389313.70E, 6513732.77N
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications*	• LNM resource estimation drill holes were typically drilled on a regular grid spacing that varies according to the size and consistency of the resource being drilled. • Due to the consistent grade and low Coefficient of Variation of nickel mineralisation generally, resource

Criteria	JORC Code explanation	Commentary
	applied. • *Whether sample compositing has been applied.*	definition drilling at LNM is more for volume estimation purposes than grade estimation. • Data spacing is deemed to be sufficient for Mineral Resource estimation and reporting. • LNM exploration holes are not drilled on regular grid pattern. No sample compositing was undertaken; all core samples were logged and analysed in full.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Underground drill sites are not always ideally positioned for resource definition drilling however no sampling orientation bias is evident. The Ni grade is typically very consistent within individual resource domains and therefore drill orientation is not a determinant for reliable grade estimation. • All core has been orientated from 2019 onwards.
Sample security	• *The measures taken to ensure sample security.*	• All PAN diamond core samples were taken directly from site to Kalassay for analysis via a local courier service. Current samples are delivered to ALS directly by Geological staff. A courier service is sometimes used for bulk sample deliveries. • Sample security is considered adequate.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No recent audit of the sampling techniques and procedures at LNM has been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Lanfranchi Nickel Mine (LNM) was an operating mine from 2005 to 2015 secured by a contiguous block of 35 Mineral Leases and 1 Mining Lease, covering the Tramways Dome 42km south of Kambalda in WA. • All tenure is current and in good standing. • Cherish Metals has the right to explore for and mine all commodities within the tenements other than gold.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• A 50:50 JV was entered into by Tembo Capital and BMM in 2021, with Tembo taking full ownership of Cherish Metals in 2023. • The LNM tenements were purchased as a subsidiary company "Cherish Metals" by BMM from PAN in 2018. • PAN purchased the tenements from WMC Resources Ltd in 2004. WMC had held the Lanfranchi Tramways tenements and explored the region since 1967. WMC commenced mining at the LNM in 1976.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Deposits within the Lanfranchi Nickel Complex contain sulphide rich ore and belong to the "classic' Kambalda style, komatiite hosted, nickel sulphide class of deposits.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• All drilling relating to this table 1 was completed in 2015 or earlier by either PAN or WMC. PAN routinely drilled surface and/or underground exploration holes about the Tramways Dome in search of additional nickel sulphide mineralisation.
		• This drilling and MRE's based on this drilling have been previously released by PAN in their public annual resource statements between 2010 and 2016.
		• The drilling completed by WMC was reviewed by Golder Associates in August 2004 as part of a MRE classification review for Lanfranchi Nickel Mines. The WMC drilling was deemed appropriate by Golder's for use in the estimation of resources.
		• Later drilling by BMM and CHM follows the same industry standard practice that PAN used for exploration of this style of deposit.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Weighted averages are calculated as the length weighted average to a 1.0% Ni lower cut – off. • Maximum internal waste of 1.5 consecutive metres. • Composites may be comprised of massive, matrix and disseminated sulphides.

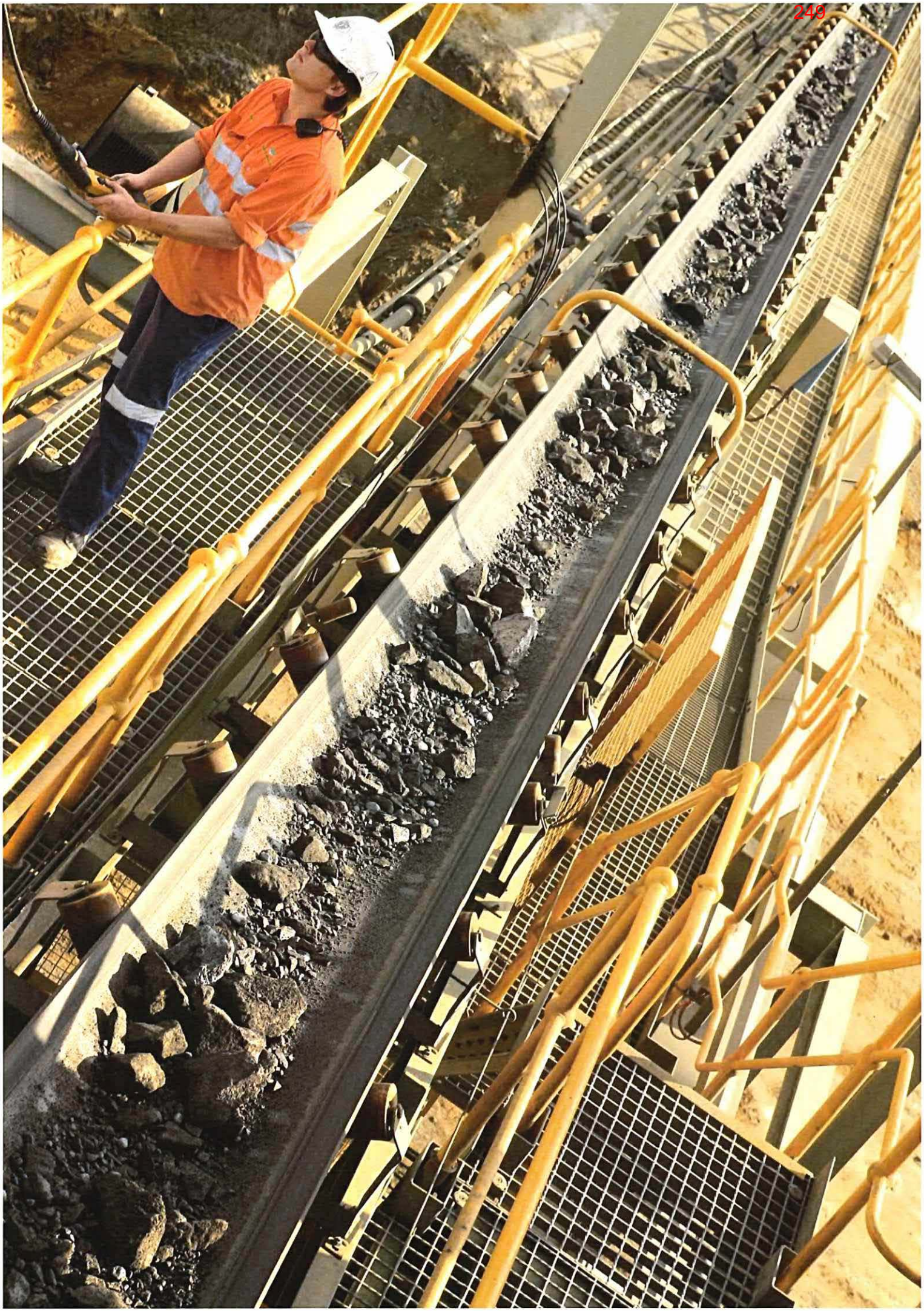
Criteria	JORC Code explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All LNM exploration drilling is conducted on the KNO local grid system. For public reporting purposes drill hole coordinates are expressed in MGA94 coordinates in accordance with JORC 2012 requirements. Where the geometry of the mineralisation is known the estimated true width of mineralisation will be reported. Where the mineralisation geometry is not sufficiently known or if hole angles are low, the down hole intersection length of mineralisation is reported, and clearly stated to be the case.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Please see body of text for diagrams.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All intercepts have been reported for the holes mentioned in the body of text.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data is considered material to this report at this stage.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration work is currently being planned for test for extensions of known resources and potential discovery of new mineralisation positions.

PANORAMIC
RESOURCES LTD

2018 ANNUAL REPORT

BACK IN BUSINESS AND LEVERAGED TO BATTERY METALS





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Competent Persons

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee and shareholder of Panoramic Resources Limited. Mr Hicks also holds performance rights to shares in relation to 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves(the JORC Code 2012 Edition). Mr Hicks consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information in this report relating to Ore Reserves has been compiled by or reviewed by Lilong Chen (MAusIMM). The aforementioned 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 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 Australiasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The aforementioned consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

MISSION STATEMENT

We strive to achieve excellence in all aspects of our business to provide long term capital growth and dividend return to our shareholders, a safe and rewarding work environment for our employees, and opportunities and benefits to the people in the communities we operate in.

INVESTMENT HIGHLIGHTS

- Australian based Resource Company with exposure to the Battery Metals and PGMs
- Significant Resource Base
  300,000t Ni, 105,000t Cu, 15,000t Co and 1.4Moz Pt and Pd
- Historical Production
  85,000t Ni, 60,000t Cu and 5,000t Co
- Savannah Project to re-start
  Fully funded, ramp up underway, first shipment Q1 2019
- Long mine life, low re-start cost
- 8.3 year mine life with excellent potential for mine life extension
- Experienced mine development and operating team

Vision

Building a multi-commodity company producing base metals, battery metals and PGMs

Commitment

Maximise margins to deliver capital growth and dividends to our shareholders

Results

A sustainable mining company

ABOUT US

Panoramic Resources Limited (ASX code: PAN) is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the $65 million Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2014, the Company produced a record 22,256t contained nickel and produced 19,301t contained nickel in FY2015. The Lanfranchi and Savannah Projects were placed on care and maintenance in November 2015 and May 2016 respectively, pending a sustained recovery in the nickel price.

After delivering an Updated Feasibility Study on the Savannah Project in October 2017, securing an offtake customer and project financing for up to A$40 million in July 2018, the Company made the decision to restart operations at Savannah. The project is ramping up with the first shipment of concentrate scheduled for early in the March 2019 quarter.

On 13 September 2018, the Company announced it had agreed to sell Lanfranchi to Black Mountain Metals for $15.1 million in cash. The sale is expected to settle during the December 2018 quarter with the funds used to strengthen the Company's balance sheet.

Apart from the substantial nickel, copper and cobalt inventory at Savannah the Company has a diversified resource base including platinum group metals (PGM) and gold. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada, in which Rio Tinto is earning 70% by spending up to C$20 million over five years. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold consists of an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% majority shareholding in Horizon.

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining company in the S&P/ASX 100 Index. The growth path will include developing existing resources, discovering new ore bodies, acquiring additional projects and is being led by an experienced exploration-to-production team with a proven track record.



FY2018 ACHIEVEMENTS

Delivered the Updated Savannah Feasibility Study

- **Mine life** - approximately 8.3 years
- **Average annual metal in concentrate production:**
  - 10,800t nickel
  - 6,100t copper
  - 800t cobalt
- **Low life-of-mine cash costs:**
  - C1 cash costs - US$1.50/lb or A$1.90/lb (nickel in concentrate)
  - Operating cash costs - US$2.40/lb or A$3.10/lb (payable nickel)
  - Sustaining cash costs - US$3.50/lb (payable nickel)
- **Pre-production ramp up capital** - approximately $36 million
- **Short lead time to production** - six to nine months
- **Robust financial metrics** - $380 million NPV and 200% IRR at US$6.75/lb nickel
- **Significant life-of-mine metal in concentrate production:**
  - 90,200t nickel
  - 50,700t copper
  - 6,700t cobalt

SAVANNAH MINE LIFE

8.3 YEARS

OPERATING CASH COSTS

US$2.40/lb payable Ni

NPV

$380M at US$6.75/lb Ni and A$=US$0.75

IRR 200%

New Equity for Pre-Production Activities and Exploration at Savannah

- **Entitlement Offer raised $20.9 million before costs, via a 1 for 7 at 34 cents**

Executed a New Concentrate Sales Agreement for Savannah

- **Term - Four years**
- **Buyer - Sino Nickel (a JV company - 60% Jinchuan and 40% Sino Mining International)**
- **Quantity - 100% of annual concentrate production**
- **Metal Payabilities - improved payabilities for certain contained metals compared to previous Sales Agreement**
- **Commencement date - from the date of first shipment or 31 March 2019**

4 YEAR HIGHLY COMPETITIVE OFFTAKE AGREEMENT

PRODUCTION PER ANNUM

10,800t Ni
6,100t Cu
800t Co

Two Year Share Price Performance

Panoramic Resources Limited (ASX:PAN)
September 2016 - September 2018



FY2018 ACHIEVEMENTS

Secured Debt and Hedging Facilities for Savannah Re-Start



Project Loan

- **Project Finance Facility** - Macquarie Bank Limited
- **Principal** - up to A$40 million
- **Margin** - competitive for a financing of this style
- **Drawdown** - upon execution of full documentation and satisfaction of limited CPs
- **Repayment Schedule** - quarterly repayments commencing 31 March 2020
- **Final Repayment** - 31 December 2021

Mandatory Nickel and Copper Hedging Undertaken

- **For delivery between February 2019 and June 2021:**
  - 7,000t Ni at an average achieved forward price of A$8.51/lb
  - 3,000t Cu at an average achieved forward price of A$3.71/lb
- **The volume of Ni and Cu hedged represents ~20% of forecast contained metal produced**

Commenced Pre-Production Activities for the Savannah Re-start



- **MACA Interquip appointed to refurbish the processing and paste plants**
- **Transfer of mobile equipment and stores from Lanfranchi**
- **Repairs and recommissioning of mobile and fixed plant commenced**
- **Works commenced on the 3m wall lift of the tailing storage facility**
- **Works commenced on the Savannah North ventilation intake shaft**

Corporate

- **Appointment of Nicholas Cernotta and Rebecca Hayward as Non-Executive Directors**





LETTER FROM THE **CHAIRMAN** AND **MANAGING DIRECTOR**

Dear fellow Shareholders,

It has been a busy and productive year at Panoramic with the highlight being the decision to re-start the Savannah nickel-copper-cobalt Project based on the Updated Feasibility Study released in October 2017. This decision was made in an environment of significantly improved nickel, copper and cobalt prices and after the following key milestones were achieved:

- *an equity raising of $20.9 million via a one for seven entitlement offer;*
- *execution of a new four-year concentrate offtake deal;*
- *securing a project debt facility of up to $40 million; and*
- *executing mandatory nickel and copper hedging.*

The Updated Feasibility Study demonstrated that the Savannah Project has robust economics based on the following parameters:

- average annual production of 10,800t nickel, 6,100t copper and 800t cobalt
- +8 year mine life
- C1 cash cost of US$1.50/lb nickel in concentrate
- operating cash cost of US$2.40/lb of payable nickel
- sustaining cash cost of US$3.50/lb of payable nickel
- NPV of $380 million and IRR of 200% at long term commodity price forecasts

Following delivery of the Updated Feasibility Study, work commenced on the debt and equity financing of the Project and marketing of the bulk nickel-copper-cobalt concentrate that Savannah will produce. With the buoyant market for battery metals including nickel, copper and cobalt during the first half of 2018 and the positive outlook, we received strong interest from the equity market, debt providers and potential offtake customers.

Continued support from our existing shareholders saw the Company close an oversubscribed pro-rata renounceable entitlement offer in February 2018, raising $20.9 million, before costs. These funds enabled us to commit to various long lead time pre-production activities at Savannah, including:

- refurbishment of the processing and paste plants;
- 3m lift of the tailings storage facility wall;
- refurbishment of mobile equipment; and
- construction of the new ventilation intake rise.

Following the equity raising, focus shifted to securing attractive offtake terms for the Savannah bulk nickel-copper-cobalt concentrate and an appropriate debt financing package to underpin the restart of Savannah.

The Company received strong interest from potential offtake customers, given the tightness in the nickel sulphide concentrate market, the emergence of new players (battery manufacturers) creating more competition and the buoyant commodity price environment. In June 2018, the Company announced a new four-year concentrate offtake agreement with Sino Nickel Pty Ltd, a joint venture with Jinchuan and Sino Mining International. This agreement continues the close commercial relationship that commenced in 2003 when Sino/



Jinchuan supported the original opening of the Savannah mine with debt funding and a long-term concentrate offtake agreement.

The final milestone for the re-start of the Project was achieved in early July 2018, when we announced a financing facility with Macquarie Bank Limited encompassing a project loan of up to $40 million together with mandatory nickel and copper hedging of 7,000t nickel and 3,000t copper representing approximately 20% of forecast metal production over the period between February 2019 to June 2021. The hedging was executed at an average price of A$8.51/lb for nickel and A$3.71/lb for copper.

With the financing secured, the Board made the decision to re-start Savannah and work immediately commenced on recruiting approximately 250 personnel and the various contractors required to commission and operate the Savannah Project. Onboarding of senior personnel is well advanced and the focus is now on the employment of mining personnel and plant operators.

Onsite activities are gathering momentum with the processing plant refurbishment nearing completion and rehabilitation of the underground workings progressing according to schedule. Overall the Project is on target to meet our timetable of delivering the first shipment of concentrate to Sino/Jinchuan early in the March 2019 quarter.

With Savannah now being the key focus of the business, we reviewed our other assets and made the decision to divest Lanfranchi. In September 2018, we announced the sale of the Lanfranchi mine and associated infrastructure for $15.1 million to Black Mountain Metals LLC. We anticipate receiving over $13 million of the sale proceeds during the December 2018 quarter. These funds will strengthen the Company's balance sheet and allow us to undertake exploration activities in and around Savannah.

The strength and experience of the board was enhanced with the appointment of two new directors in the June 2018 quarter with Nick Cernotta joining on 2 May and Rebecca Hayward on 21 June. These experienced industry professionals joined us in time to participate in the decision to re-open Savannah and we look forward to their guidance and contribution as we introduce innovative management and operating systems and processes that will ensure Savannah can operate safely and profitably.

We would like to acknowledge the work done by the relatively small Panoramic team over the past couple of years to produce the studies and reports that have supported the decision to re-start Savannah. It is not easy to move from managing operating mines to designing and financing a new mine, while maintaining assets on care and maintenance on reduced salaries and with metal prices at historically low levels.

Finally, we believe that the support and forbearance of our shareholders and other stakeholders will be rewarded, with the successful recommissioning and ramp up of the Savannah Project and we thank them for their patience.

Yours sincerely,

Brian Phillips
Chairman

Peter Harold
Managing Director

REVIEW OF OPERATIONS

SAVANNAH PROJECT

Overview

The Savannah Nickel-Copper-Cobalt Project is located 240km south of Kununurra in the East Kimberley region of Western Australia, and consists of a number of nickel sulphide orebodies, underground mining works, 1.0Mtpa processing plant and associated infrastructure. The Savannah Project was constructed during FY2003 at a total cost of $65 million and commissioned in late 2004 initially on open-pit ore. After 18 months, the operations transitioned to underground mining.

Over an initial twelve-year period, Savannah milled 8.5 million tonnes at an average grade of 1.29% Ni, 0.65% Cu and 0.06% Co to produce 1.22 million tonnes of concentrate containing 94,600t Ni, 53,000t Cu and 5,000t Co. In FY2016, Savannah achieved a record year with 9,845t Ni, 6,011t Cu and 476t Co in concentrate produced prior to being placed onto care and maintenance in May 2016 due to the historically low nickel price.

In 2014, the Company discovered the Savannah North orebody and in 2016, the Company reported an updated Resource estimate of 175,100t Ni, 75,400t Cu and 12,700t Co metal contained.

In February 2017, the Company delivered a Feasibility Study on mining and processing the remaining Savannah ore and the new Savannah North orebody. The Company continued to review and optimise the Feasibility Study parameters culminating in the release of the Updated Savannah Feasibility Study in October 2017.

The Updated Feasibility Study formed the basis for the restart of the Savannah Project which was formally approved by the Panoramic Board in July 2018, following completion of a new concentrate Offtake Agreement and debt financing facilities. First shipment of concentrate is scheduled for early in the March 2019 quarter.

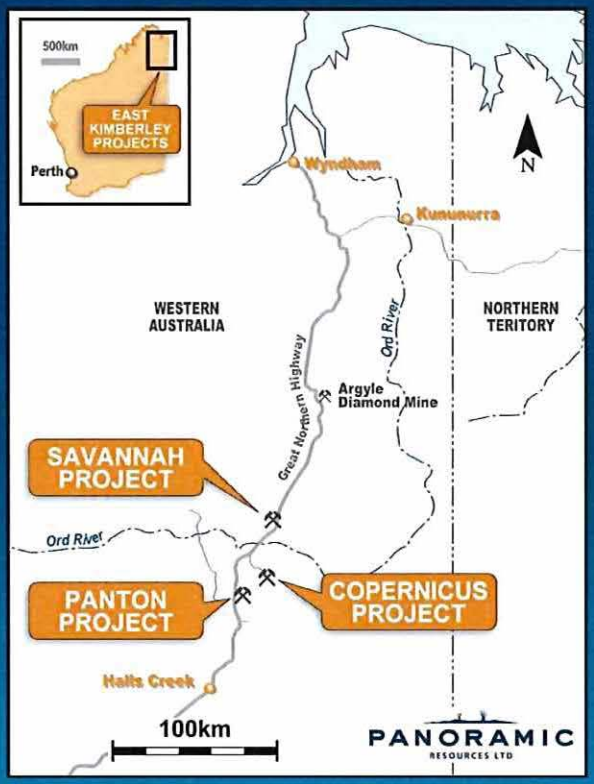
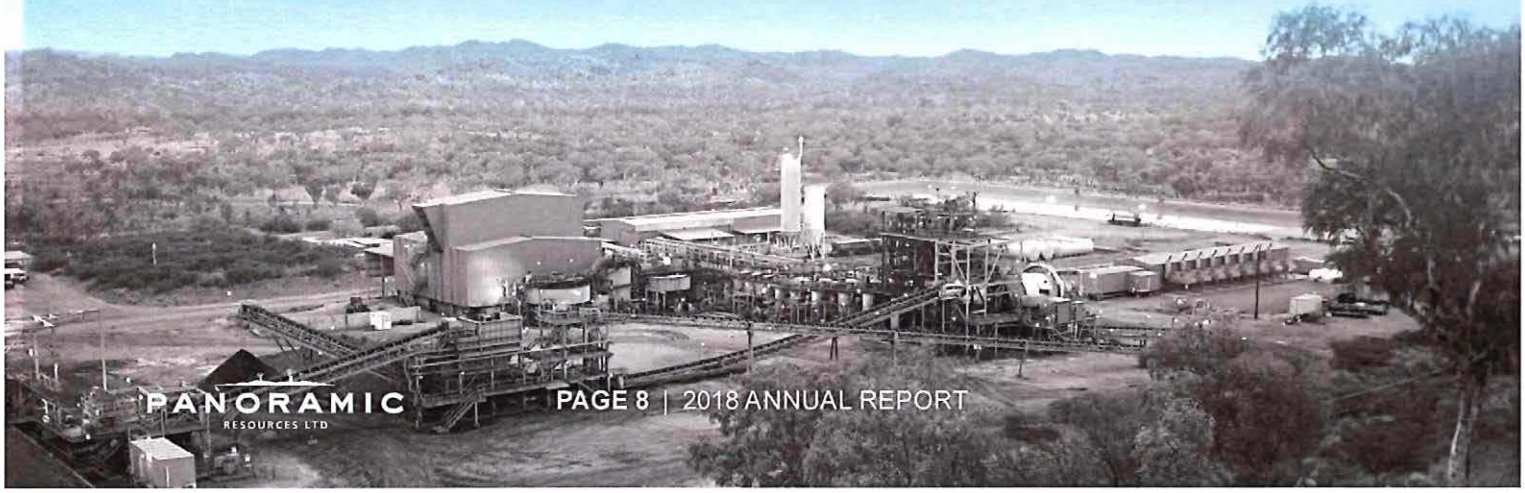


Figure 1. Savannah Location



Restarting Savannah

The re-start at Savannah is based on the Updated Savannah Feasibility Study (October 2017) which demonstrates the mining of the remaining Savannah orebody and Savannah North will provide an initial mine life of approximately 8.3 years with globally competitive cash costs and modest pre-production capital requirements. The key physicals from the Updated Feasibility Study are summarised in Table 1.

Table 1. Key parameters of the Updated Feasibility Study, October 2017

Operating metric	
Mineral Resource	13.2Mt @ 1.65% Ni, 0.75% Cu and 0.11% Co containing 218,300t nickel, 99,100t copper and 14,900t cobalt
Mine Production	7.65Mt @ 1.42% Ni, 0.68% Cu and 0.10% Co containing 108,700t nickel, 51,700t copper and 7,300t cobalt
Mine Life	8.3 years
Life-of-mine metal in concentrate production	90,200t Ni, 50,700t Cu and 6,700t Co
Average annual metal in concentrate production	10,800tpa Ni, 6,100tpa Cu and 800t Co

Mining

The re-start will commence with the mining of the remaining Ore Reserve at Savannah, whilst developing across to the Savannah North deposit. Access to Savannah North will be via decline from the existing Savannah decline. Access development from Savannah to first ore at Savannah North is scheduled to take approximately nine months, with full production from Savannah North reached 15 months after commencement of development. Mining of the Savannah North orebody is proposed to be via conventional long-hole open stoping with paste fill, at an average mining rate of 0.94Mtpa over the life of the mine.

A full fleet of mobile mining equipment is on site at Savannah (including additional equipment from Lanfranchi) and is being recommissioned for the restart.

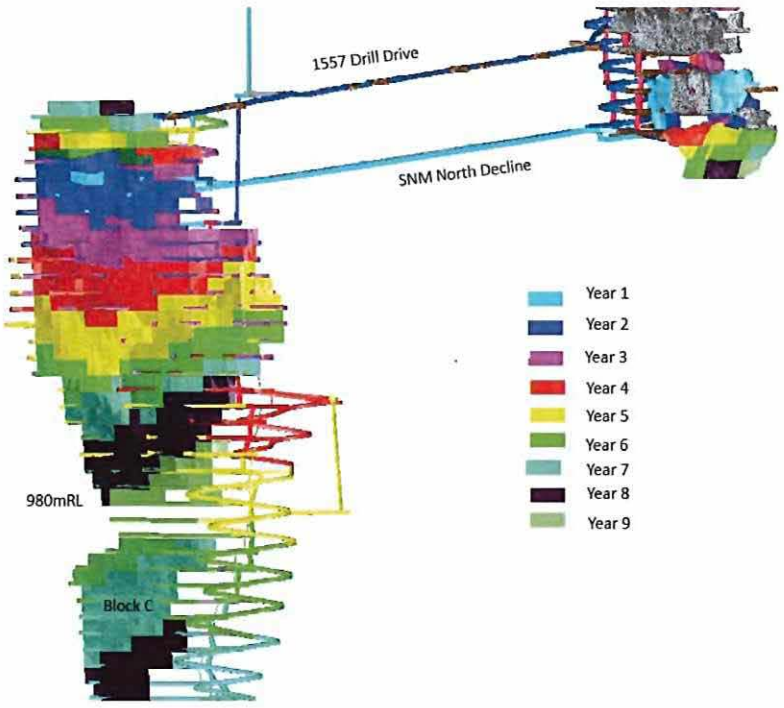


Figure 2. Savannah Project Simplified Mine Plan

Processing

The nominal throughput capacity of the Savannah plant is approximately 1.0Mtpa. Between February and May 2016, prior to going onto care and maintenance, the Savannah plant was operating between 120tph and 140tph, averaging approximately 130tph (85,000t per month, or over 1Mtpa).

Post re-start, plant throughput rates are forecast to be between 90tph and 130tph, averaging approximately 120tph at full production (approximately 78,000t per month). On an annual basis, life-of-mine mill throughput averages 0.94Mtpa. A three-month ramp-up to steady-state production (~65,000tpm) is planned and full production is forecast to be achieved after 12 months, as Savannah North material becomes available.

Life-of-mine nickel head grade averages 1.42% Ni, with monthly averages varying from 1.0% Ni to 1.7% Ni. Lower nickel grades are processed in the first year of production, associated with the remnant Ore Reserves at Savannah.

The Company will produce a bulk Ni-Cu-Co concentrate with a target nickel grade of 8%. Processing recoveries at the target nickel grade will vary with each ore type. Over the mine life, recoveries are forecast to average 83% Ni, 98% Cu and 92% Co, based on historical plant performance for Savannah ore and the metallurgical testwork on Savannah North samples.

Having been idle for over two years, the processing and paste plants required some attention and are being refurbished by MACA Interquip to ensure they are fit for purpose. Major works are being undertaken on the ROM bin, crusher, flotation cells, thickener tanks, concentrate filter and on stream analyser.



Refurbished concentrate thickener

Concentrate

Metal in concentrate production is forecast to average 10,800t Ni, 6,100t Cu and 800t Co per year with 90,200t Ni, 50,700t Cu and 6,700t Co in concentrate produced over life of mine.

The Savannah North concentrate is low in impurities and has attractive Fe:MgO and Ni:Fe ratios, making it an ideal blending feed for nickel concentrate smelters. Typical concentrate specifications, based on analysis of concentrates from metallurgical testwork, are shown in Table 2.



Savannah nickel-copper-cobalt concentrate

Table 2 – Savannah North typical concentrate specifications

Savannah North Concentrate Specifications	Typical
Nickel (Ni)	8%
Copper (Cu)	4.5%
Cobalt (Co)	0.6%
Magnesium Oxide (MgO)	<1%
Iron (Fe)	46%
Sulphur (S)	35%
Arsenic (As)	<5ppm
Lead (Pb)	<100ppm
Selenium (Se)	<100ppm
Fluorine (F)	<100ppm
Chlorine (Cl)	<50ppm

Infrastructure

The accommodation village is in good condition with only minor repairs and upgrades required to bring all 200 rooms back into service.

The decline, underground workings and pumping system have all been well maintained and operated over the last two years, so minimal rehabilitation is required to recommence underground operations.

A new fresh air raise is required to mine Savannah North and the chosen contractor, RUC Cementation has commenced drilling the pilot hole for the raise bore.

The other major infrastructure works required for the re-start is the tailings storage facility 3m wall lift. This contract has been let and works are well underway.



Savannah North raise bore rig and platform



Tailings Storage Facility 3m wall lift

Approvals and Permitting

Savannah North is located on the existing granted Savannah mining leases. The site groundwater licence issued by the Department of Water and the Licence to Operate issued by the Department of Environment Regulation remain current.

Before mining operations can recommence, the standard notifications and approvals under the Mines Safety and Inspection Act 1994 (WA) will be sought. Panoramic does not anticipate any issues with regulatory approvals upon restart as the Savannah operation ran successfully for 12 years and the restart will be based on existing systems and processes.

No environmental permitting issues are expected upon re-start of operations, as all environmental reporting, monitoring and licence conditions were being complied with during the care and maintenance period.

Social and Heritage

The Savannah operation has maintained strong social and heritage relationships with the traditional owners, pastoralists and other local business and community groups over the past seventeen years. The 2007 Kimberley Nickel Co-existence Agreement outlines the processes for acknowledgement and engagement with the traditional owners and has given rise to employment and business opportunities, heritage and cultural awareness training and other support and services in health, education, sports and arts for local communities. This agreement remains in place and applies to the recommencement of operations and life of mine production.



Meeting with the Traditional Owners in Warmun

Project Economics

The Updated Feasibility Study demonstrates robust economics at Base Case commodity price assumptions and even stronger economics for Long Term commodity price forecasts as shown in Table 3.

Financial modelling was undertaken on a pre-tax, ungeared, real-dollars basis using a discount rate of 8%. All amounts are expressed in A$ unless noted otherwise. Input costs are as at September 2017.

Table 3 – Updated Feasibility Study Financial Summary for the Base Case and Long Term US$ commodity prices and US$:A$ FX rates

Financial Metrics	Units	Base Case Prices	Long Term Prices*
Commodity Price Assumption - Ni	US$/lb	5.50	6.75
Commodity Price Assumption - Cu	US$/lb	3.10	2.72
Commodity Price Assumption - Co	US$/lb	28.00	26.00
US$:A$ Exchange Rate Assumption	US$	0.78	0.75
Revenue	A$M	1,470	1,720
Up-front Capital (pre-production)	A$M	36	32
LOM Capital (inclusive of up-front capital)	A$M	240	230
Operating costs plus royalties	A$M	900	920
Pre-tax cash flow	A$M	330	570
Pre-tax NPV (8% discount rate)	A$M	210	380
IRR	%	100	200
C1 cash costs (Ni in concentrate basis)	A$/lb Ni	1.90	2.10
	US$/lb	1.50	1.60
Operating cash costs (payable Ni basis)	A$/lb Ni	3.10	3.40
	US$/lb	2.40	2.60
Sustaining cash costs (operating cash costs plus sustaining capital, payable Ni basis)	A$/lb Ni	4.50	4.80
	US$/lb	3.50	3.60

** The Long Term (LT) Real (2017$) US$ nickel and copper prices and the US$:A$ FX rate are consensus forecasts sourced from UBS Global I/O Miner Price Review, dated 5 October 2017. The LT Real (2017$) US$ cobalt price is sourced from Macquarie Bank Limited Research Report titled "Price Forecast Changes", dated 9 October 2017.*

Sensitivity Analysis

The Updated Feasibility Study Base Case uses a nickel price of US$5.50/lb over the 8.3 year life of mine. The consensus view of commodity price forecasters is for a return to higher nickel prices, partly driven by the increased use of nickel in batteries by the rapidly emerging electric vehicle industry. Accordingly, the Project is highly leveraged to any future increase in the US$ nickel price.

Project NPV sensitivities at a range of US$ nickel prices and US$:A$ Foreign Exchange (FX) rates are shown in Table 4.

Table 4 - NPV sensitivity table for a range of US$ nickel prices and US$:A$ FX rates

Pre-tax NPV$_8$ ($'M)		Nickel Price (US$/lb)					
		5.00	6.00	7.00	8.00	9.00	10.00
US$:A$ FX Rate	0.65	270	453	635	790	946	1,102
	0.70	207	377	546	690	835	979
	0.75	153	312	469	604	739	874
	0.80	105	254	401	528	654	781
	0.85	63	203	342	461	580	699

Financing

The Company executed a financing agreement with Macquarie Bank Limited on 20 September 2018 to provide a secured project loan of up to A$40 million and nickel, copper and US$:A$FX hedging lines. The combination of the equity raised in February 2018 via the one for seven pro-rata Entitlement Offer and the Macquarie project loan of up to A$40 million means the Savannah Project restart is fully funded.



Official signing of the Savannah Financing Facility Documentation

Project Loan

The terms of the loan with Macquarie Bank Limited are as follows:

- Principal - up to A$40 million;
- Margin - very competitive for a financing of this style;
- Availability - upon execution of full documentation and satisfaction of limited conditions precedent;
- Repayment Schedule - quarterly repayments commencing 31 March 2020;
- Final Repayment - 31 December 2021;
- Loan Covenants and project ratios - customary for this size of facility; and
- Loan Security - the Savannah Project.

Hedging

The nickel and copper hedging consist of mandatory and discretionary hedging.

The mandatory initial hedge program was completed in July 2018 and consists of 7,000t Ni at an average achieved forward price of A$8.51 per pound and 3,000t Cu at an average achieved forward price of A$3.71 per pound for delivery between February 2019 and June 2021.

Marketing

In July 2018, the Company executed a new Concentrate Sales Agreement with Sino Nickel, a joint venture company owned 60% by Jinchuan and 40% by Sino Mining International Limited.

The new Agreement replaces the Extended Concentrate Sales Agreement, dated 26 March 2010, which was due to expire on 31 March 2020. The terms of the new Agreement will be applicable from the first shipment of concentrate from the recommissioned Savannah Project and incorporates improved payabilities for certain contained metals compared to the previous agreement. Panoramic believes that the terms of the Agreement are highly competitive in the global market for Savannah's bulk nickel-copper-cobalt concentrate, based on the bids for the concentrate received from a number of parties and the knowledge that the market for nickel concentrates had tightened significantly during FY2018.

Between 2004 and 2016 the Company shipped over 1.2 million dry metric tonnes of nickel-copper-cobalt concentrate, worth in-excess of US$1.4 billion, from Wyndham Port through to Jinchuan's smelter/refinery in Gansu province, northwest China. Panoramic is delighted to have completed the new offtake arrangements with Jinchuan/Sino Nickel on mutually agreed terms, which further cements the already strong relationship between the organisations. Based on the long association with Jinchuan/Sino Nickel and the competitive terms of the new Agreement, it is Panoramic's view that the unique characteristics of the Savannah concentrate (payable Ni, Cu and Co, low MgO, and no penalty elements) make it an ideal feed for Jinchuan's smelter.

Project Commissioning

Once the formal decision to restart operations at the Savannah Project was made in July 2018, the Company immediately commenced Phase Two of the pre-production activities. These activities are well underway with first shipment of concentrate scheduled for early in the March 2019 quarter.



MACA Interquip Team

EXPLORATION

Since inception, Panoramic has delivered significant exploration success across its asset base. In aggregate, over the past seventeen years, the Company's exploration team has been instrumental in the discovery of:

- **342,700 tonnes nickel**
- **125,000 tonnes copper**
- **18,700 tonnes cobalt**
- **630,000 ounces gold**

Panoramic continues to conduct exploration activities on its tenement package in a systematic manner. Following on from the Savannah North discovery in early 2014 and the release of the maiden Savannah North Mineral Resource estimate in FY2016, Panoramic has focused its exploration effort on building upon the nickel resource base at Savannah. In FY2018, the exploration activities focused on various regional exploration targets in the vicinity of the Savannah Project.

Savannah Regional Exploration

Regional exploration activities resumed at Savannah in May 2018 with up to $4 million allocated from the funds raised in the January 2016 Entitlement Offer.

The impetus for this resumption came from research by CSIRO Mineral Research on the Sub-Chamber D, Dave Hill and Wilsons intrusions. The CSIRO research concluded that these layered mafic-ultramafic intrusions were being emplaced at the same time and by the same magmatic event that was responsible for the emplacement of the mineralised Savannah and Savannah North intrusions.

In addition to the three identified intrusions, Panoramic highlighted other intrusions about Savannah at Frog Hollow, Three Nuns, Anomaly A, Northern Ultramafic Granulite, Norton and Oxide that also warrant exploration. As a result, the Company has expanded its tenement holding around Savannah to include the Norton Intrusion located to the north of the Savannah Project.

The initial work consists of broad-spaced stratigraphic diamond drilling and associated Down-hole electromagnetic (DHEM) surveys on the following intrusions:

- Sub-Chamber D (located on the Savannah Project Mining Leases);
- Dave Hill / Wilson Complex; and
- Frog Hollow.

The aim of the drill testing is to determine the 3D architecture of the intrusions and, if they exist, the location of the more prospective ultramafic (high MgO rich) phases within each intrusion. If justified and once the more prospective ultramafic phases have been identified, additional holes will be drilled to test these prospective areas for nickel sulphide mineralisation.

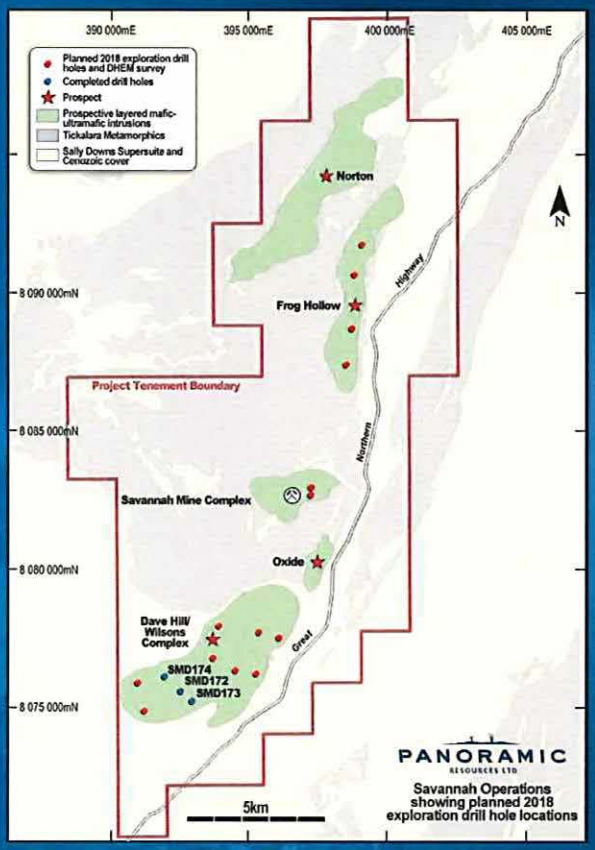


Figure 3 – Savannah Project Plan showing location of prospective mafic-ultramafic intrusions and planned 2018 drill holes.

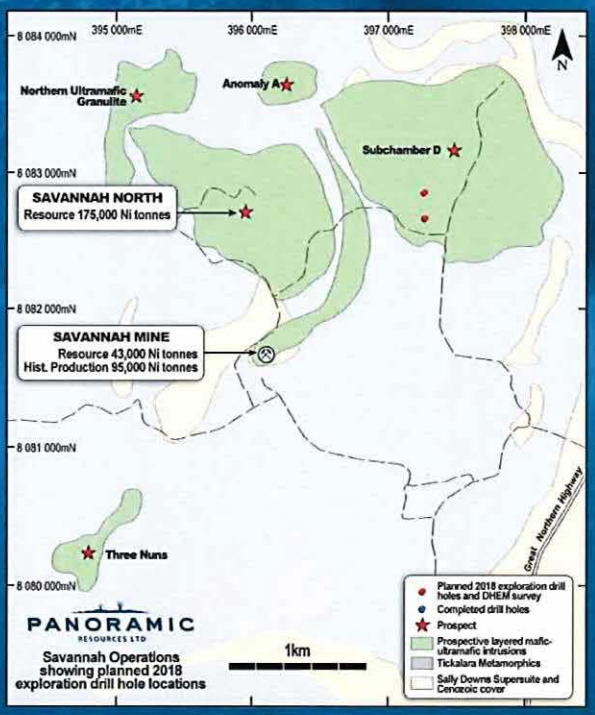


Figure 4 - Savannah Mine Complex Plan showing location of prospective mafic-ultramafic intrusions and planned 2018 drill holes.

OTHER ASSETS

Lanfranchi Project

On 13 September 2018, the Company announced an agreement to sell the Lanfranchi Project to a wholly owned subsidiary of Texas-based Black Mountain Metals LLC for a total cash consideration of A$15.1 million.

Panoramic and Black Mountain have executed a binding Sale and Purchase Agreement pursuant to which Black Mountain will acquire all of the issued shares in Panoramic's wholly-owned subsidiary Cherish Metals Pty Ltd, which owns 100% of the Lanfranchi Nickel Project and associated infrastructure 42km south of Kambalda, Western Australia.

A deposit of $1.51 million was paid to Panoramic in September 2018 with a further $11.99 million due on completion, which is expected to be during the December 2018 quarter. Panoramic understands that Black Mountain has sufficient cash reserves such that this transaction is not subject to finance.

In addition to the initial cash payment, Panoramic will receive a further deferred cash consideration of $1.60 million to be paid in 12 equal monthly instalments commencing from the date that is 14 days from the first supply of ore under the current contract with BHP Nickel West, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier. In the event that Black Mountain wishes to divest the Lanfranchi Nickel Project prior to payment of the Deferred Consideration, the entire Deferred Consideration amount will be paid immediately.

The sale of Lanfranchi is consistent with Panoramic's strategy to focus its efforts on Savannah Ni-Cu-Co Project.

Thunder Bay North Project

Background

The Thunder Bay North (TBN) Project is located near Thunder Bay in northwest Ontario, Canada. The advanced exploration project claims cover an aggregate area of 40,816 hectares. The TBN Project Resource contains 10.4Mt at 1.13g/t Pt and 1.07g/t Pd for ~0.4Moz Pt and ~0.4Moz Pd with exploration potential at depth and along strike.

In 2015, Rio Tinto Exploration Canada Inc. (RTEC) commenced a farm-in whereby RTEC can earn a 70% interest in the TBN Project by sole funding C$20 million in expenditure over five years, with a minimum spend of C$5 million. In January 2017, RTEC confirmed that it had achieved the minimum spend of C$5 million on the Project.

FY2018 Activities

There was no exploration activity on the project in FY2018 and Panoramic is in discussions with RTEC regarding the future plans and strategy for the Project. Panoramic maintains a small office in Thunder Bay with two employees who are sub-contracting geological consulting services to third parties to reduce the overhead in Thunder Bay.



Panton Project

Background

Panton is located 60km south of the Savannah Nickel Project in the East Kimberley region of Western Australia. Panton is a significant PGM Resource containing ~1.0Moz Pt at 2.2g/t and ~1.1Moz Pd at 2.4g/t with exploration potential at depth and along strike.

Panoramic considers the Panton Project to be a quality PGM development asset which fits within the Company's commodity diversification and growth strategy and is a key part of its "Kimberley Hub" concept.

FY2018 Activities

In addition to continuing to sponsor research by Curtin University on alternative PGM leaching methods applicable to Panton ore, the Company is studying the viability of producing a high grade PGM concentrate together with a chromite by-product steam. The results of a preliminary test-work program to investigate the possibility of producing the chromite by-product stream are expected to be available in the second half of 2018.

Plans FY2019

Continue work on the chromite by-product stream and if this is viable undertake a scoping study.

Horizon Gold Limited (Panoramic 51%)

Background

In July 2016, the Company announced that it had begun the process to partially divest the 100% owned Gum Creek Gold Project by way of an Initial Public Offering. On 21 October 2016, Panoramic entered into various agreements with Horizon Gold Limited to transfer the Gum Creek Gold Project and its wholly owned subsidiary, Panoramic Gold Pty Ltd, to Horizon on completion of the $15 million IPO and the successful spin-out of Horizon onto the ASX Official List. Horizon was subsequently listed on the ASX on 21 December 2016 (ASX Code: HRN).

Under the Management Agreement with Panoramic, Horizon utilises Panoramic's management team to provide corporate, technical, managerial and administrative services to Horizon, providing a cost-effective administration and continuity of knowledge in relation to Gum Creek.

FY2018 Activities

Resource Extension

- Exploration Targets estimated at Butcherbird Shear and Swan Premium
- High-grade mineralisation intersected from initial 12 hole drill program. Best intercepts:
  - 8.0m @ 19.7g/t Au from 297.0m in SBDD080;
  - 6.6m @ 10.9g/t Au from 265.9m in SBDD076; and
  - 5.0m @ 10.6g/t Au from 257.0m in SBDD073

Regional Exploration

- Significant base metal intersection at Altair:
  - 43.0m @ 3.67% Zn & 0.60% Cu from 196.0m, including 9.0m @ 6.69% Zn and 1.00% Cu from 213.0m
- Regional geochemical study:
  - Database comprising over 81,000 surface samples and 70,000 drill holes
  - Several targets identified for drill testing
- Air-core drilling – 440 holes for 20,100m at eight targets Positive results include:
  - Gidgee South – 4m @ 2.8g/t Au from 28m (GPAC1261)
  - Melbourne Bitter – 4m @ 3.4g/t Au from 76m (GPAC0922)
  - Orion – 4m @ 2.1g/t Au from 72m (GPAC1057)
- RC drilling – 59 holes for 8,025m at 18 targets. Positive results include:
  - Psi – 7m @ 4.9g/t Au from 28m (GWRC462)
  - Toedter – 1m @ 20.6g/t Au from 133m (GWRC482)

Development Studies

- Concept Study on high-grade underground option for Swan Premium

Plans FY2019

Refer to Horizon Gold's Annual Report and ASX announcements.

VISION

RESTART SAVANNAH



SAFELY HOME EVERY DAY

COMMITMENT

BUILD RESOURCES

CAPITAL GROWTH & DIVIDENDS

GOAL



GROW THE BUSINESS

Ni Cu Co PGMs

COMMODITY FOCUS



DIRECTORS' REPORT



Directors' report

For the Financial Year ended 30 June 2018

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 2018.

Directors

Brian M Phillips (Independent Non-Executive Chairman)
AWASM-Mining, FAusIMM
Appointed 27 March 2007; Independent Non-Executive Chairman from 17 November 2011

Brian is a mining engineer who has had extensive mining industry experience in operational and management roles over a 50 year period. Brian has worked as an executive, and on the boards of mining companies in Australia and overseas involved with copper, gold, nickel, mineral sands and coal. He is a past President of the Victorian Chamber of Mines (now the Minerals Council of Australia - Victorian Division).

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

- White Rock Minerals Ltd (Non-Executive Chairman from 26 March 2010)*

** Denotes current directorship*

Peter J Harold (Managing Director)
B.AppSc(Chem), AFAICD
Appointed 16 March 2001

Peter is a process engineer with over 30 years corporate experience in the minerals industry, specialising in financing, marketing, business development and general corporate activities. Peter has extensive experience with the development and operation of base metal projects having been responsible for metals marketing and various corporate functions relating to the Scuddles/Golden Grove copper lead zinc mine, Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects. Peter held various senior management positions with Shell Australia, Australian Consolidated Minerals Limited, Normandy Mining Limited, MPI Mines Limited and the Gutnick network of companies prior to founding Panoramic Resources Limited (formerly Sally Malay Mining Limited) in March 2001.

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

- Pacifico Minerals Limited (Non-Executive Director from 19 August 2013)*
- Peak Resources Limited (Non-Executive Chairman from 1 December 2015 to 31 December 2017)
- Horizon Gold Limited (Non-Executive Director from 10 August 2016, Non-Executive Chairman from 31 August 2016)*
- Ocean Grown Abalone Limited (Non-Executive Chairman from 14 November 2017)*

** Denotes current directorship*

John Rowe (Independent Non-Executive Director)
BSc (Hons), ARSM, MAusIMM
Appointed 5 December 2006

John is a geologist who has had extensive mining industry experience over a 40 year period. Until August 2006, John was General Manager, Business Development with LionOre Australia responsible for assessing new business, divesting assets and negotiating nickel ore and concentrate sales contracts. Prior to joining LionOre, John spent 12 years with MPI Mines Limited in various group executive roles and was involved in the evaluation, development and production of the high-grade Silver Swan nickel sulphide project as well as the Stawell Gold Mine in Victoria.

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

- Evolution Mining Limited, formerly Catalpa Resources Limited, (Non-Executive Director from 12 October 2006 to 30 January 2008, Non-Executive Chairman from 30 January 2008 to 10 December 2009 and Non-Executive Director from 10 December 2009 to 31 March 2016)

Directors' report

For the Financial Year ended 30 June 2018

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 and Non-Executive Director from 1 October 2004)*
- Resolute Mining Limited (Managing Director from 14 February 2001 to 30 June 2015 and Non-Executive Director from 30 June 2015)*
- Zeta Resources Mining Limited (Non-Executive Chairman from 7 June 2013)*
- Pan Pacific Petroleum NL (Non-Executive Director from 26 September 2014 to 15 April 2018)
- Bligh Resources Limited (Non-Executive Director from 13 July 2017)*

** Denotes current directorship*

Nicholas L Cernotta (Independent Non-Executive Director)
BEng (Mining)
Appointed 2 May 2018

Nicholas (Nick) is a mining engineer with over 30 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:

- ServTech Global Holdings Ltd (Non-Executive Chairman from 17 October 2016 to 22 November 2017)
- Pilbara Minerals Limited (Non-Executive Director from 6 February 2017)*

** Denotes current directorship*

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 a large resource company. 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.

Company Secretary

Trevor R Eton
B.A (Hons)(Econ), PostGradDip (Man), AFAIM
Appointed 12 March 2003

Trevor is an accountant with over 30 years' experience in corporate finance within the minerals industry. Prior to joining the Company in 2003, he was Company Secretary and Group Financial Controller of MPI Mines Limited for 10 years. Trevor also worked for North Kalgurli Mines Limited, Metals Exploration Limited and Australian Consolidated Minerals Limited in various corporate finance roles from the mid 1980's.

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

Directors' report

For the Financial Year ended 30 June 2018

Meetings of Directors

The number of meetings of directors (including committee meetings of directors) held during the year ended 30 June 2018, and the number of meetings attended by each director are as follows:

	Directors' Meetings	Meetings of Committees		
		Audit	Remuneration	Risk
Number of meetings held	10	2	3	-
Number of meetings attended:				
Brian M Phillips	10	2	3	-
Peter J Harold	10	-	3*	-
John Rowe	10	2	3	-
Peter R Sullivan	10	2	3	-
Nicholas L Cernotta	2	-	-	-
Rebecca J Hayward	1	-	-	-

**Peter Harold attended each meeting of the Remuneration Committee as an invitee*

Committee Membership

As at the date of this report, the Company has an Audit Committee, a Remuneration Committee and a Risk Committee.

Members acting on the committees of the Board during the year were:

Audit Committee	Remuneration Committee	Risk Committee*
John Rowe *(c)*	Peter R Sullivan *(c)*	Nicholas L Cernotta *(c)*
Brian M Phillips	Brian M Phillips	Brian M Phillips
Peter R Sullivan	John Rowe	John Rowe
Nicholas L Cernotta	Nicholas L Cernotta	Peter R Sullivan
Rebecca J Hayward	Rebecca J Hayward	Rebecca J Hayward
		Peter J Harold

(c) designates the Chairman of the Committee. The Company Secretary, Trevor Eton, acts as the Secretary on each of the committees of the Board

**The Risk Committee was previously known as the Environment, Safety & Risk Committee*

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, at the date of signing is as follows:

	Ordinary Shares		Performance rights over
Name of Director	**Direct**	**Indirect**	**ordinary shares**
Brian M Phillips	-	328,466	-
Peter J Harold	2,388,446	4,307,714	-
John Rowe	-	99,894	-
Peter R Sullivan	-	-	-
Nicholas L Cernotta	-	-	-
Rebecca J Hayward	-	-	-

Directors' report

For the Financial Year ended 30 June 2018

Principal Activities

The principal activities of the consolidated entity during the course of the financial year consisted of exploration, evaluation and development of mineral deposits.

The consolidated entity has four business divisions in which it operates, being:

Nickel Division - comprising the Lanfranchi Nickel Project which, as at the date of this report, remains on care and maintenance and the Savannah Nickel Project, which is undertaking pre-production activities for the commencement of nickel-copper- cobalt concentrate production by the end of 2018;

Gold Division - comprising the Company's 51% equity interest in Horizon Gold Limited (the parent entity of the Gum Creek Gold Project);

Platinum Group Metals (PGM) Division - comprising the Thunder Bay North PGM Project and the Panton PGM Project; and

Australian and Overseas Exploration Division - comprising greenfield exploration activities within the two segments.

Operating and Financial Review

Operating Results for the Year

The Group recorded a loss after tax for the financial year ending 30 June 2018 of $48,039,000 (2017: $4,770,000).

Financial Performance

The Group's performance during the 2017/18 financial year and for the four previous financial years, are set out in the table below. The financial results shown below were all prepared under International Financial Reporting Standards (IFRS).

Year Ended 30 June	2018	2017	2016	2015	2014
Revenue and other income ($'000)	1,714	9,666	93,441	200,280	239,505
Cost of sales of goods ($'000)	-	(8,473)	(97,933)	(155,048)	(153,549)
Royalties ($'000)	-	(490)	(4,920)	(11,948)	(11,313)
Exploration and evaluation ($'000)	(487)	(493)	(4,280)	(12,912)	(3,186)
Care and maintenance expenses ($'000)	(5,474)	(7,539)	(1,002)	(905)	(985)
Other expenses ($'000)	(3,908)	(5,369)	(8,520)	(8,884)	(7,494)
EBITDA (before impairment) ($'000)	**(8,155)**	**(12,698)**	**(23,214)**	**10,583**	**62,978**
Depreciation and amortisation ($'000)	(430)	(760)	(50,749)	(62,124)	(59,655)
Net reversal of / (impairment) of assets ($'000)	(38,511)	9,178	(79,453)	11,864	(13,119)
Finance costs ($'000)	(943)	(490)	(1,405)	(998)	(1,334)
Profit /(loss) before tax ($'000)	**(48,039)**	**(4,770)**	**(154,821)**	**(40,675)**	**(11,130)**
Income tax benefit (expense) ($'000)	-	-	10,462	11,827	1,808
Net profit/(loss) after tax ($'000)	**(48,039)**	**(4,770)**	**(144,359)**	**(28,848)**	**(9,322)**
Earnings/(loss) per share (cents)	(10.3)	(1.0)	(42.7)	(9.0)	(3.1)
Dividends per share (cents)	-	-	-	1.0	2.0
Dividends pay out ratio (%)	-	-	-	-	-
Market capitalisation ($'000)	304,788	94,285	57,857	149,462	267,489
Closing share price ($ per share)	0.620	0.220	0.135	0.465	0.83
Return on equity (%)	(26.8)	(2.8)	(88.0)	(18.1)	(6.2)

Note: EBITDA (before impairment) is not shown in the Consolidated Income Statement or the accompanying notes and as such has not been reviewed by the Company's auditor, Ernst & Young (EY). The table above shows how it is reconciled to the Consolidated Income Statement.

Directors' report

For the Financial Year ended 30 June 2018

Revenue and Other Income

The Nickel Division did not generate sales revenue as both nickel operations remained on care and maintenance during the financial year. Other revenue of $1,261,000 was made up of (1) rental income from the leasing out of the Lanfranchi accommodation village ($794,000) and interest income ($467,000). Other income of $453,000 was made up of (1) a gain on the re-estimation of the Lanfranchi rehabilitation provision ($50,000); (2) AusIndustry refund on the 2016/17 financial year research and development (R&D) activities ($214,000); (3) the sale of consumables and data ($108,000) and (4) sundry income ($81,000).

Care and Maintenance Costs (including depreciation and amortisation)

Care and maintenance costs totaling $5,474,000 were incurred by the Nickel Division and the Gum Creek Gold Project during the period. These costs were 27% lower than the previous financial year ($7,539,000) as the costs incurred in the 2016/17 financial year included the (1) costs of placing and maintaining the Savannah Nickel Project on full care and maintenance and (2) the one-off mine closure and rehabilitation costs incurred at the Copernicus Nickel Project.

Corporate and Marketing Costs

Corporate and marketing costs of $4,022,000 were 25% lower than the previous reporting period as a result of the continued reduction of corporate activity and lower employee costs following the termination and resignation of full-time staff during the financial year.

Impairment Loss

As a result of reviews on the carrying values of the consolidated entity's non-current assets against their estimated recoverable values, total impairment losses of $45,152,000 were recognised by the consolidated entity at 30 June 2018, being:

- Gum Creek Gold Project – an impairment loss of $12,569,000 was recognised against the Project's assets following an independent, external review; and
- Thunder Bay North PGM Project – an impairment loss of $32,583,000 was recognised against the Project's assets following an internal review.

Reversal of Impairment Loss

Immediately prior to the Lanfranchi Nickel Project being classified as an asset held for sale at 30 June 2018, the consolidated entity undertook a review of the carrying value of the Project's assets and liabilities. As a result of this review, a reversal of a previous impairment loss of $7,260,000 was made against the asset carrying values of the Lanfranchi Nickel Project.

Income Tax Benefit

There was no tax benefit booked on the consolidated entity's loss for the financial year as the corresponding equivalent deferred tax asset was not recognised in the consolidated statement of financial position at 30 June 2018.

Review of Financial Condition

Balance Sheet

Horizon Gold Limited

In recognition of the Company's majority 51% shareholding in Horizon Gold Limited ("Horizon)" at balance date, under AASB 10 *Consolidated Financial Statements*, the assets, liabilities, equity, income, expenses and cash flows of Horizon are consolidated in the financial statements of the consolidated entity after attributing the profit or loss and each component of other comprehensive income to the equity owners of the Company and to the non-controlling interests (as described in note 30 of the "Notes to the Consolidated Financial Statements").

For clarity, the Company has shown in Table A below, a non-AIFRS pro-forma consolidated balance sheet in which the Company's 51% shareholding in Horizon has been re-classified as an "investment in subsidiary". In this presentation, the Company's equity investment of 39,030,617 shares in Horizon is shown at fair value through profit and loss measured using the quoted share price of Horizon at balance date, instead of the assets, liabilities, equity and results of Horizon being separately consolidated as required under AASB10. The table also includes the adjustments to reconcile the pro-forma balance sheet back to the consolidated balance sheet.

Directors' report

For the Financial Year ended 30 June 2018

Table A: Pro-forma Consolidated Balance Sheet (51% equity interest in Horizon Gold Limited re-classified as "Investment in Subsidiary")

	30 June 2018 (Pro-forma)[1] $'000	Adjustments $'000	30 June 2018 (AIFRS) $'000
Current Assets			
Cash and cash equivalents	18,270	*7,160*	25,430
Trade and other receivables	400	*21*	421
Inventories	184	-	184
Prepayments	231	*15*	246
Assets classified as held for sale	17,002	-	17,002
Total Current Assets	**36,087**	***7,196***	**43,283**
Non-Current assets			
Available-for-sale financial assets	2,703	-	2,703
Investment in subsidiary	6,050	*(6,050)*	-
Property, plant and equipment	6,334	*4,296*	10,630
Exploration and evaluation	33,022	*12,741*	45,763
Development properties	17,222	-	17,222
Mine properties	27	-	27
Other non-current assets	1,303	-	1,303
Total Non-Current Assets	**66,661**	***10,987***	**77,648**
Total Assets	**102,748**	***18,183***	**120,931**
Current Liabilities			
Trade and other payables	3,192	*572*	3,764
Provisions	873	*50*	923
Liabilities directly associated with assets held for sale	3,502	-	3,502
Total Current Liabilities	**7,567**	***622***	**8,189**
Non-Current Liabilities			
Provisions	16,980	*9,842*	26,822
Total Non-Current Liabilities	**16,980**	***9,842***	**26,822**
Total Liabilities	**24,547**	***10,464***	**35,011**
Net Assets	**78,201**	***7,719***	**85,920**
Equity			
Contributed equity	188,860	-	188,860
Reserves	35,473	*9,116*	44,589
Accumulated losses	(146,132)	*(8,137)*	(154,269)
Non-controlling interests	-	*6,740*	6,740
Total Equity	**78,201**	***7,719***	**85,920**

[1] The pro-forma balance sheet presentation of the de-consolidated 51% equity interest in Horizon Gold Limited is a non-AIFRS treatment of this investment. The adjustments to the Pro-forma balance sheet are to comply with AIFRS.
[2] The financial information presented above in Table A has not been audited or reviewed by the Company's Auditor, Ernst & Young (EY).

Directors' report

For the Financial Year ended 30 June 2018

Net Working Capital - current assets less current liabilities

The net working capital position of $35,094,000 was 105% higher than at the previous balance date. This position is higher than the previous balance date as it includes the net assets of the Lanfranchi Nickel Project which has been classified as an asset held for sale. The amount excludes $1,303,000 (2017: $1,803,000) which is cash backing the drawn amount on the Company's performance bond facility (and is classified as a non-current asset, as described in note 16 of the "Notes to the Consolidated Financial Statements").

The contribution of Horizon Gold Limited's net assets to net working capital was $6,574,000 (2017: $10,984,000).

Trade payables and accrued expenses increased by 49% over the reporting period as a direct result of the commencement of various pre-production and development activities at the Savannah Nickel Project.

The operating activities of the consolidated entity (including greenfield exploration and net corporate costs) generated a net cash outflow of $6,936,000 (2017: $7,862,000).

Net cash outflow from investing activities of $7,262,000 included (1) $4,297,000 expenditure on exploration and evaluation activities at the Savannah Nickel Project and Gum Creek Gold Project; (2) $2,697,000 expenditure on pre-production activities at the Savannah Nickel Project and (3), plant and equipment ($1,209,000).

Net Tax Balances

At balance date, the consolidated entity had a net deferred tax asset value of $47,012,000. Due to the Nickel Division's operations being on care and maintenance, this asset was not recognised in the consolidated statement of financial position at 30 June 2018.

Net Assets/Equity

The net asset position of the consolidated entity reduced 23% to $85,920,000, primarily due to the reduction in total non-current assets following the booking of $45,152,000, in aggregate, of impairment losses against the assets of the Gum Creek Gold Project and the Thunder Bay North PGM Project at 30 June 2018.

Capital Structure

The debt to equity ratio (borrowings on contributed equity) at 30 June 2018 was nil (2017: 0.5%).

Business and Financial Risks

Exposure to movements in nickel, copper and cobalt prices and the Australian dollar exchange rate to the United States dollar are significant business and financial risks in the Nickel Division when its operations are in production. 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.

Directors' report

For the Financial Year ended 30 June 2018

Hedging Policy

The consolidated entity has an active policy, when its operations are in production, of limiting the exposure to nickel price risk and currency risk through limited hedging.

As at 30 June 2018, the consolidated entity had no nickel forward sales contracts and no nickel put options in place.

As at 30 June 2018, the consolidated entity had no United States dollar denominated foreign exchange derivatives in place.

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 enterprise-wide risk management framework which has been progressively developed and rolled-out across the Group, as detailed in the Corporate Governance Statement on page 46.

Dividends

No final dividend has been declared for the financial year ended 30 June 2018.

Review of Operations

Nickel Division

Savannah Nickel Project, East Kimberley region, WA

During the financial year, the Project remained on care and maintenance.

The Company completed evaluation work on a restart of operations at the Project, including the development and mining of the Savannah North nickel deposit. In February 2018, the Company commenced refurbishment activities on the Savannah Process Plant and began construction of critical pre-production infrastructure, including the Savannah North ventilation rise.

In July 2018, the Company announced the decision by the directors to restart operations at the Project (*refer to the "Matters subsequent to the end of the financial year" section of the Directors' Report for further details*).

Lanfranchi Nickel Project, South Kambalda, WA

During the financial year, the Project remained on care and maintenance.

Since 1 July 2017, the accommodation village has been leased to a mining company. This arrangement continues to provide income for the Project to offset the costs of ongoing care and maintenance.

With the improvement in nickel prices and the Company's increasing focus on the restart of operations at the Savannah Nickel Project, the Company has reviewed the future options for the Project, including retaining ownership and exploring for additional resources, seeking a joint venture partner to help fund exploration activities and/or divestment of the asset. In April 2018, the Company appointed Hartley Limited to assist in this process, including seeking expressions of interest to purchase the Project.

Leading up to the end of the financial period, several interested parties have reviewed the Project's assets. With the increasing likelihood that the Project will be sold over the 2018/19 financial year, the Project has been classified as an asset held for sale at 30 June 2018 (as described in note 10 of the "Notes to the Consolidated Financial Statements").

Directors' report

For the Financial Year ended 30 June 2018

Exploration and Development Projects

Nickel Division

During the financial year, the consolidated entity completed evaluation work on the Savannah North Project and explored for new discoveries and extensions to existing resources.

In July 2017, the Company released the Savannah Project Feasibility Study Optimisation ("Optimisation Study") based on an improved mine plan, higher grade ore and lower input costs (*refer to the Company's ASX announcement of 20 July 2017*). The Optimisation Study represented the first revision to the original Savannah Project Feasibility Study released in February 2017 (*refer to the Company's ASX announcement of 2 February 2017 for further details*).

On 27 October 2017, the Company released the results of an update ("Updated FS") to the February 2017 Savannah Feasibility Study and the Optimisation Study. The Updated FS demonstrates a financially robust project with a long mine life, modest pre-production capital requirements and competitive cash operating costs. The Updated FS is based on a combined Savannah Nickel Project Ore Reserve of 7.65 million tonnes at a nickel grade of 1.42% for 108,700 tonnes of contained nickel, a copper grade of 0.68% for 51,700 tonnes of contained copper and a cobalt grade of 0.10% for 7,300 tonnes of contained cobalt (*refer to the Company's ASX announcement of 27 October 2017 for further details*).

Note: The Updated FS disclosed a life-of-mine (8.3 years) and production target of 108,700 tonnes of contained nickel in ore. This target included 1,200 tonnes of contained nickel classified as Inferred Resource which, under the JORC Code, has a low level of geological confidence and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

In April 2018, the Company reported that exploration activities had resumed at and in the tenements surrounding the Savannah Nickel Project. Up to $4 million is budgeted on the 2018 Exploration Program, with the initial work consisting of broad-spaced stratigraphic diamond drilling and associated down-hole electromagnetic (DHEM) surveys on the following intrusions:

- Dave Hill / Wilson Complex;
- Sub-Chamber D (located on the Savannah Nickel Project Mining Leases); and
- Frog Hollow.

The aim of the drill testing is to determine the 3D architecture of the intrusions and, if they exist, the location of the more prospective ultramafic (high MgO rich) phases within each intrusion. Little or no exploration has been conducted on these intrusions and previous drilling by the Group demonstrated that both Dave Hill and Wilson host disseminated/blebby magmatic nickel-copper sulphide mineralisation (*refer to the Company's ASX announcement of 28 April 2016 for further details*).

Platinum Group Metals (PGM) Division

Thunder Bay North PGM (TBN) Project, North-West Ontario, Canada

On 30 July 2014, the Company signed an Agreement with Rio Tinto Exploration Canada Inc. (RTEC) which allowed RTEC to review all existing data on the TBN Project on an exclusive basis until December 2014. On 16 January 2015, the Company announced that RTEC had exercised its right under the Agreement by electing to spend up to C$20 million (minimum spend of C$5 million before RTEC can withdraw) over the next five years to 16 January 2019, to earn a 70% interest in the Project. During this period, RTEC is responsible for managing the Project and ensuring the TBN tenements are kept in good standing.

In January 2017, RTEC confirmed that it had exceeded the minimum spend of C$5 million.

During the 2017/18 financial year, RTEC continued to fund activities on the TBN Project under the earn-in arrangement of the Agreement. The three part-time employees of TBN assisted RTEC as required and continued to undertake various consulting projects for locally based exploration companies to assist in offsetting the costs of running the Thunder Bay Office.

The Company continued to hold discussions with RTEC on the future plans and strategy for the Project. As at the date of this report, these discussions are continuing.

In recognition of the uncertainty over the future of the Project, the Company reviewed and compared the carrying values of the TBN Projects assets against their estimated recoverable values as at 30 June 2018 This review resulted in an impairment loss of $32.58 million being recognised against the carrying values of the Project's assets.

Directors' report

For the Financial Year ended 30 June 2018

Panton PGM Project, East Kimberley, WA

The Company continued its sponsorship of research by a post-graduate student of Curtin University into alternative direct leaching technologies for smaller chromite rich PGM deposits. This research has led the Company to study and review the viability of producing a high grade PGM concentrate with a chromite by-product stream. The results of a preliminary test-work program are expected to be available in the September 2018 quarter.

Gold Division

Horizon Gold Limited (owner of the Gum Creek Gold Project, Murchison region, WA)

Following the spin-off, capital raising and initial public offering (IPO) of Horizon (ASX Code: HRN) in December 2016, the Company has retained a 51% majority equity interest of 39,030,617 shares in Horizon and as a result, an indirect interest in the Gum Creek Gold Project. The market value of this equity investment in Horizon at 30 June 2018 was approximately $6.0 million (by reference to the then Horizon share price of 15.5 cents per share), The Company's shares in Horizon are escrowed from trading on the ASX until 21 December 2018.

Exploration activities are ongoing at the Gum Creek Gold Project (*refer to the public announcements made by Horizon for further details*). Under the October 2016 Management Agreement, consolidated entity personnel are continuing to provide management services to Horizon on a cost recovery basis.

As a result of an independent, external review of the carrying values of the Gum Creek Gold Project assets against their estimated recoverable values as at 30 June 2018, an impairment loss of $12.57 million was recognised against the Project's assets.

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:

Capital Raising

On 24 January 2018, the Company announced a fully underwritten, pro-rata renounceable one for seven Entitlement Offer at 34 cents per new share to raise $20.9 million (before costs). The Entitlement Offer closed oversubscribed on 21 February 2018 and 61,450,606 new shares were issued on 1 March 2018 to existing shareholders following a scale back on a pro-rata basis.

The purpose of the Offer was to raise funds to progress the critical-path pre-production activities for the Savannah Nickel Project restart, fund the new exploration programs at and surrounding the Savannah Nickel Project, various business development initiatives and for general corporate costs and working capital.

Employees

At the end of the financial year, the Group had 20 permanent, full time employees (2017: 20).

Key Developments (Incorporating Significant Changes in the State of Affairs)

Significant changes in the state of affairs of the consolidated entity during the financial period were as follows:

- On 20 July 2017, the Company released the Savannah Project Feasibility Study Optimisation ("Optimisation Study"). The Optimisation Study represented the first revision of the February 2017 Savannah Project Feasibility Study.
- On 1 August 2017, the Company issued 1,575,012 ordinary shares to executives of the Company following the vesting on 1 July 2017 of the FY2015 Performance Rights. Following the issue of new shares for no consideration, the share capital of the Company increased to 430,142,283 ordinary shares.
- On 27 October 2017, the Company released the results of an update ("Updated FS") to the February 2017 Savannah Feasibility Study. The Updated FS demonstrated a financially robust project with a long mine life, modest pre-production capital requirements and competitive cash operating costs.
- On 24 January 2018, the Company announced a fully underwritten, pro-rata renounceable one for seven Entitlement Offer at 34 cents per new share to raise $20,893,000 (before costs).

Directors' report

For the Financial Year ended 30 June 2018

- On 1 March 2018, the Company issued 61,450,606 new shares as a result of the pro-rata one for seven Entitlement Offer at 34 cents per new share.
- On 29 June 2018, Savannah Nickel Mines Pty Ltd (a wholly owned subsidiary of the Company) executed a new four-year Concentrate Sales Agreement with Jinchuan Group Co. Ltd and Sino Nickel Pty Ltd. The Agreement covers 100% of the concentrate that will be produced from the Savannah Nickel Project from early 2019.

Matters subsequent to the end of the financial year

Savannah Nickel Project Restart and execution of Committed Offer for Project Finance Facilities

On 16 July 2018, the Company announced that Board had made the formal decision to restart operations at the Savannah Nickel Project (*refer to the Company's ASX announcement of 16 July 2018 for further details*). The announcement was made concurrently with the execution by the Company, its wholly owned subsidiary, Savannah Nickel Mines Pty Ltd, and Macquarie Bank Limited ("Macquarie") of a credit approved "Committed Offer" from Macquarie for Project Finance Facilities ("Facilities"), consisting of a secured project loan of up to $40 million and nickel and copper hedging lines. The Facilities was the last remaining condition precedent to the directors making the decision to restart the Project.

The nickel and copper hedging facility consists of mandatory and discretionary hedging. The mandatory hedge program has been completed, being 7,000 tonnes of contained nickel for delivery between February 2019 and June 2021 at an average achieved forward price of A$8.51 per pound and 3,000 tonnes of contained copper for delivery between February 2019 and June 2021 at an average achieved forward price of A$3.71 per pound.

As a result of the decision to reopen the Project, the Company has commenced Phase Two of pre-production activities at the Savannah Nickel Project and is targeting to export the first shipment of Savannah bulk concentrate to China early in the March 2019 quarter.

Vesting of FY2016 Performance Rights and issue of Ordinary Shares

On 10 August 2018, the Company issued 2,935,093 ordinary shares to executives of the Company following vesting on 1 July 2018 of FY2016 Performance Rights. Following the issue of new shares for no consideration, the share capital of the Company has increased to 494,527,982 ordinary shares.

In the interval between the end of the financial year and the date of this report, apart from the matters mentioned 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.

Business Strategies and Prospects (Incorporating Likely developments and expected results)

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 in the S&P/ASX 100 Index.

The likely developments in each of the consolidated entity's commodity divisions over the next 12 months are highlighted below.

Nickel Division

In relation to the restart of the Savannah Nickel Project, the Company will continue with the employment of mine-site personnel and completing the Phase Two pre-production activities, to be funded from existing cash reserves and from drawdowns on the A$40 million project loan from Macquarie Bank Limited, with the aim of being in production by the end of calendar 2018.

Exploration activities will continue on the intrusions at and surrounding the Savannah Nickel Project, with the aim of finding the location of the more prospectively nickel hosting ultramafic (high MgO rich) phases within each intrusion.

The Company will continue with the process to unlock the value of the Lanfranchi Nickel Project.

Directors' report

For the Financial Year ended 30 June 2018

Gold Division

The consolidated entity will continue to provide technical, commercial, managerial and administrative services to the Gum Creek Gold Project and such other assets of Horizon Gold Limited as appropriate, pursuant to the Management Agreement dated 21 October 2016 between the Company and Horizon.

Platinum Group Metals (PGM) Division

The consolidated entity will continue evaluation activities on the Panton PGM Project in the East Kimberley region of Western Australia, and will continue discussions with RTEC on the future plans and strategy for the Thunder Bay North PGM Project in north-west Ontario, Canada.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the consolidated entity.

Shares Options

At the date of signing, there are no unissued ordinary shares of the Company under Option (2017: nil).

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 of $40,490 (2017: $25,775) in respect of contracts insuring all the directors and officers against legal costs incurred in defending proceedings. The insurance premiums relate to:

(1) Costs and expenses incurred by the relevant officers in defending legal proceedings, both civil and criminal and whatever the outcome; and

(2) 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.

Directors' report

For the Financial Year ended 30 June 2018

2018 Remuneration Report (Audited)

This 2018 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 Company and 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, senior executives and operations managers of the Company and the Group.

(a) Directors and other Key Management Personnel disclosed in this Report

(i) Directors

Brian Phillips	Chairman (Non-Executive)
Peter Harold	Managing Director
John Rowe	Director (Non-Executive)
Peter Sullivan	Director (Non-executive)
Nicholas Cernotta	Director (Non-executive) (*from 2 May 2018*)
Rebecca Hayward	Director (Non-executive) (*from 21 June 2018*)

(ii) Named Executives

Trevor Eton	Chief Financial Officer and Company Secretary
John Hicks	General Manager - Exploration
Tim Mason	Manager – Projects

(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 high calibre executives;
- Link executive rewards to shareholder value and company profits;
- Significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate and demanding performance hurdles in relation to variable 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.

Directors' report

For the Financial Year ended 30 June 2018

(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. The Company did not receive independent remuneration advice during the financial year as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration).* Since July 2018 and until the date of the report, the Remuneration Committee has received remuneration advice from BDO Remuneration and Reward Services Pty Ltd on the design and structure of a new Short Term Incentive (STI) and Long Term Incentive (LTI) scheme for the Group's KMP and other senior managers.

(f) Non-executive director remuneration policy

(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 sits.

In recognition of the significant operational changes made across the consolidated entity during the 2015/16 financial year, the Board reviewed the fees paid to non-executive directors on two separate occasions, in August 2015 and February 2016. As a result of these reviews, the non-executive directors agreed to accept a reduction in fees paid to non-executive directors, with the Non-Executive Chairman's annual remuneration being reduced to $90,000 per annum and other non-executive director's annual remuneration being reduced to $65,000 per annum.

The fees paid to non-executive directors for the period ending 30 June 2018 are detailed in Table 1 on pages 40 and 41 of this report. Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of $600,000, which was last approved by shareholders on 20 November 2007.

(ii) Variable Remuneration

The Company does not reward non-executive directors with variable 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 each director's remuneration package.

Directors' report

For the Financial Year ended 30 June 2018

(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, operating segment and individual performance against targets set by reference to appropriate benchmarks;
- 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 make-up 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 key management personnel. Details of these KMP contracts are provided on pages 36 to 37.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives if the Company's operational and economic circumstances permit), is established for each senior executive by the Remuneration Committee. Table 1 on page 40 and 41 details the variable component (%) of the Group's KMP. Where necessary, when the payment of superannuation on an individual's STIB would cause the amount of superannuation in any financial year to exceed the applicable statutory concessional maximum superannuation contribution limit, at the individual's discretion, an equivalent amount of employer superannuation is added to the executive's base cash salary.

(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 fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

In recognition of the significant operational changes that were made across the consolidated entity during the 2015/16 financial year, the Remuneration Committee reviewed all salaries resulting in senior executives, with a base salary over $200,000 per annum, agreeing to accept a 10% reduction in base salary from 1 July 2016. The base salary and other benefits of the Group's KMP and other senior managers have been maintained at these levels for both the 2016/17 and 2017/18 financial years.

The fixed remuneration component of the Group's KMP is detailed in Table 1 on page 40 and 41.

Directors' report

For the Financial Year ended 30 June 2018

(ii) Variable Remuneration - Short-term Incentive Bonus (STIB)

Objective

The objective and intention of the executive STIB scheme, when the Company's operational and economic circumstances permit, is to encourage and provide a further incentive to executives to:

(a) Maximise the financial performance of the Company on a regular and consistent basis that is also consistent with the Company's Core Values; and

(b) create and maintain a culture within all levels of the Company and Group such that the Company's Core Values are accepted, supported and actively promoted by all the employees of the Company and Group.

The STIB scheme has, in the past, been designed so as to provide sufficient incentive to the executives such that the cost to the Company is reasonable in the circumstances.

In light of the Nickel Division operations being on care and maintenance during the financial year, the Remuneration Committee put on hold the current STIB scheme that commenced from 1 January 2010.

As the Company's operational and economic circumstances are about to change with the restart of operations at the Savannah Project, it is planned that a new STI scheme will be put in place during the 2018/19 financial year for the Group's KMP and other senior managers.

(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 shareholder wealth.

The Company's performance during the 2017/18 financial year and for the previous four financial years, and its impact on shareholder wealth, is summarised in the table below.

Year Ended 30 June	2018	2017	2016	2015	2014
Revenue and other income ($'000)	1,714	9,666	93,441	200,280	239,505
Cost of sales of goods ($'000)	-	(8,473)	(97,933)	(155,048)	(153,549)
Royalties ($'000)	-	(490)	(4,920)	(11,948)	(11,313)
Exploration and evaluation ($'000)	(487)	(493)	(4,280)	(12,912)	(3,186)
Care and maintenance expenses ($'000)	(5,474)	(7,539)	(1,002)	(905)	(985)
Other expenses ($'000)	(3,908)	(5,369)	(8,520)	(8,884)	(7,494)
EBITDA (before impairment) ($'000)	**(8,155)**	**(12,698)**	**(23,214)**	**10,583**	**62,978**
Depreciation and amortisation ($'000)	(430)	(760)	(50,749)	(62,124)	(59,655)
Net reversal of / (impairment) of assets ($'000)	(38,511)	9,178	(79,453)	11,864	(13,119)
Finance costs ($'000)	(943)	(490)	(1,405)	(998)	(1,334)
Profit /(loss) before tax ($'000)	**(48,039)**	**(4,770)**	**(154,821)**	**(40,675)**	**(11,130)**
Income tax benefit (expense) ($'000)	-	-	10,462	11,827	1,808
Net profit/(loss) after tax ($'000)	**(48,039)**	**(4,770)**	**(144,359)**	**(28,848)**	**(9,322)**
Earnings/(loss) per share (cents)	(10.3)	(1.0)	(42.7)	(9.0)	(3.1)
Dividends per share (cents)	-	-	-	1.0	2.0
Dividends pay out ratio (%)	-	-	-	-	-
Market capitalisation ($'000)	304,788	94,285	57,857	149,462	267,489
Closing share price ($ per share)	0.620	0.220	0.135	0.465	0.83
Return on equity (%)	(26.8)	(2.8)	(88.0)	(18.1)	(6.2)

From 1 July 2014 and until 30 July 2017, LTI grants to executives were delivered in the form of performance rights to shares issued under the 2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan").

Directors' report

For the Financial Year ended 30 June 2018

On 30 July 2017, the 2010 ES Plan three-year shareholder approval period ended, meaning a new Employee Share Plan ("Plan") will need shareholder approval before new LTI grants can be granted to the Group's KMP and other senior managers.

In light of the Company's operational and economic circumstances changing with the restart of operations at the Savannah Nickel Project, the design of a new Plan is currently being worked on with the input and supervision of the Remuneration Committee. This new Plan will be put before shareholders for review and approval during the 2018/19 financial year so that the Remuneration Committee can issue LTI grants to the Group's KMP and other senior managers.

2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan")

Under the structure of the old 2010 ES Plan, KMP and senior management employees of the Group were invited, subject to the Company's operational and economic circumstances, to receive a new grant of performance rights to shares, such that the LTI grant formed a key component of their remuneration package. The LTI dollar value that KMP and other senior management employees were entitled to be received was set at a fixed percentage of their annual Fixed Remuneration (base salary plus statutory superannuation) ranging from 17% to 100% of Fixed Remuneration depending on level and seniority and market conditions. The number of performance rights to shares to be granted was determined by dividing the LTI dollar value by the fair value ("FV") of one performance right (as determined by an independent valuer).

- *FY2015 Performance Rights*

The FV at 1 July 2014 was externally determined at $0.67. The vesting day of the FY2015 Performance Rights was 1 July 2017. **On 1 August 2017, the Company issued 1,575,012 ordinary shares to the Group's KMP and other senior managers following the part satisfaction of the two performance hurdles (relative total shareholder return ("TSR") and resources and reserves growth performance) and three year time based vesting hurdle – namely, 525,017 FY2015 Performance Rights did not satisfy the TSR performance hurdle and lapsed.**

- *FY2016 Performance Rights*

The FV at 1 July 2015 was externally determined at $0.208. The vesting day of the FY2016 Performance Rights was 1 July 2018. **On 10 August 2018, the Company issued 2,935,093 ordinary shares to the Group's KMP and other senior managers following the 100% satisfaction of the two performance hurdles (relative TSR and resources and reserves growth performance) and three year time based vesting hurdle,.**

Performance Conditions

Vesting of the FY2015 Performance Rights and FY2016 Performance Rights were subject to meeting service and performance conditions as defined below:

- 75% of the performance rights will be performance tested against the relative total shareholder return ("TSR") measure over a 3 year period; and
- 25% of the performance rights will be performance tested against the reserve/resource growth over a 3 year period.

The performance conditions above that were endorsed by the Board and subsequently approved by shareholders on 30 July 2014, were chosen as they matched similar split performance conditions used in LTI Plans of other ASX listed resource companies.

o Altona Mining Limited	o Independence Group NL
o Aurelia Metals Limited	o Mincor Resources NL
o CuDeco Limited	o Rex Minerals Limited
o Heron Resources Limited	o Sandfire Resources NL
o Hillgrove Resources Limited	o Poseidon Nickel Limited
o Hot Chili Ltd	o Western Areas Ltd

Directors' report

For the Financial Year ended 30 June 2018

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

The following table sets out the vesting outcome based on the Company's relative TSR performance:

Relative TSR Rank	% of Performance Rights
Below 50% percentile	No Performance Rights vesting
At or above the 50th percentile but below the 75th percentile	50% to 99% vesting (pro-rata on a straight–line basis) of the Performance Rights
At or above 75th percentile	100% of Performance Rights vesting

The second performance hurdle was the Company's metal reserve/resource growth net of depletion. Broadly, the quantum of the increase in reserves/resources determined the number of performances rights that vested.

The following table sets out the vesting outcome that was based on the Company's metal reserve/resource growth performance:

Reserves and Resources Growth Performance	% of Performance Rights vesting
Reserves and Resources depleted	No Performance Rights vesting
Reserves and Resources maintained Reserves and Resources grown by up to 30%	50% vesting of the Performance Rights Between 50% and 100% vesting (pro-rata on a straight–line basis) of the Performance Rights
Reserves and Reserves grown by 30% or more	100% of Performance Rights vesting

No Hedging Contracts on LTI Grants

The Company does not permit executives 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 on page 46.

Table 3 on page 42 provides details of the movements during the financial year of FY2015 Performance Rights and FY2016 Performance Rights granted as compensation to the Managing Director and the named executives.

(h) Employment contracts

(i) Non-Executive Chairman

The Non-Executive Chairman, Brian Phillips, commenced in his role on 17 November 2011 under the following terms:

- Brian Phillips may resign from his position and thus terminate his directorship on written notice.
- The Company must provide 6 months written notice or provide payment in lieu of the notice period ($45,000), based on the fixed component of Brian Phillips' remuneration if termination is initiated by the Company, except where termination is from serious misconduct.
- The Company may terminate his directorship at any time without notice if serious misconduct has occurred. In this situation, the Non-Executive Chairman is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

Directors' report

For the Financial Year ended 30 June 2018

(ii) Non-Executive Directors

All other non-executive directors conduct their duties under the following terms:

- A non-executive director may resign from their position and thus terminate their contract on written notice.
- The Company may terminate a directorship by providing 6 months' written notice or provide payment in lieu of the notice period (based on the fixed component of the non-executive director's remuneration) if termination is initiated by the Company, except where termination is from serious misconduct.

Non-Executive Director	Amount payable on termination
John Rowe	$32,500
Peter Sullivan	$32,500
Nicholas Cernotta	$32,500
Rebecca Hayward	$32,500

- The Company may terminate a directorship at any time without notice if serious misconduct has occurred. Where termination with such cause occurs the non-executive director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

(iii) Managing Director

The Managing Director, Peter Harold, is employed under a contract that commenced on 1 January 2010. The key features of his employment contract (Contract) are:

- The term of the Contract was initially for a minimum of 12 months, and is now able to be terminated on 6 months notice from Peter Harold, and on 12 months notice from the Company. Termination is immediate (with no payment in lieu of notice) under certain events. Since 1 January 2011, the fixed remuneration per annum of Peter Harold's Contract is subject to review on an annual basis.
- The Company may make STIB payments to Peter Harold, firstly, up to a maximum of 75% of Peter Harold's fixed remuneration per annum under the First Part (Financial Performance), and secondly, up to a maximum of 25% of Peter Harold's fixed remuneration per annum under the discretionary Second Part (Core Values). The Cash bonus under the First Part (Financial Performance) will be calculated at the end of the Relevant Financial Year using figures obtained from the audited consolidated financial statements of the Company for the Relevant Financial Year, in accordance with the following formula:

  CPH = [P - (E x 15%)] x 2.5%, where

  CPH = the Cash bonus to be paid to Peter Harold for the Relevant Financial Year;

  P = Earnings Before Interest and Tax ("**EBIT**") of the Company (on a consolidated basis) for the Relevant Financial Year;

  E = the average of (1) the "Total Assets" line item of the audited consolidated balance sheet of the Company (on a consolidated basis) for the Relevant Financial Year and (2) the "Total Assets" line item of the audited consolidated balance sheet of the Company for the year immediately preceding the Relevant Financial Year. "Total Assets" includes current and non-current assets.

- Peter Harold may resign from his position and thus terminate the Contract by giving 6 months written notice. Any vested unlisted options not exercised, if applicable, will be forfeited 4 weeks after notice of resignation. Peter Harold will not receive any accrued benefits of the executive STIB scheme in the event that he gives notice.
- Peter Harold accrues 5 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements for every 10 years of service.
- If the Company terminates Peter Harold's Contract, other than lawfully in accordance with its terms, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) at the time notice of the termination is given based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) will be at the discretion of the Remuneration Committee. If Peter Harold works out the whole or any part of his notice period, he will be entitled to his accrued First Part (Financial Performance) during the period after the notice is given until such time as he stops working.

Directors' report

For the Financial Year ended 30 June 2018

- If there is a Change of Control Event, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) at the time of the Change of Control based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) will be at the discretion of the Board. If the Board is unable to determine for any reason the accrued and discretionary benefits to Peter Harold, Peter Harold will be entitled to be paid an accrued STIB based on 100% of Peter Harold's fixed remuneration per annum.
- From 1 July 2014 until 30 July 2017, for the granting of performance rights to shares at zero cost under the 2010 ES Plan, Peter Harold was entitled to receive up to 100% of his annual Fixed Remuneration in performance rights to shares. On 20 November 2015 at a General Meeting of shareholders, Peter Harold was granted 1,450,000 FY2016 performance rights at zero cost under the 2010 ES Plan (with 1,450,000 FY2016 performance rights vesting on 1 July 2018). The FV of each performance right on 20 November 2015 was externally determined at $0.208. On 30 July 2014 at a General Meeting of shareholders, Peter Harold was granted 904,601 FY2015 performance rights at zero cost under the 2010 ES Plan (with 678,446 of the 904,601 FY2015 performance rights vesting on 1 July 2017). The FV of each performance right on 30 July 2014 was externally determined at $0.71.
- If Peter Harold's employment contract is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing Peter Harold to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse and be cancelled.
- The principal terms and conditions of the performance rights that were granted and now vested under the 2010 ES Plan are provided in pages 36 and 37.

(iv) Other Named Executives

All other named executives are employed under individual open common law employment contracts. These executives and the commencement date of their contracts are as follows:

Named Executive	Date of Current Employment Contract	Position
Trevor Eton	8 January 2013	Chief Financial Officer and Company Secretary
John Hicks	14 March 2014	General Manager - Exploration
Tim Mason	1 December 2015	Manager – Projects

Employment Contracts

The common key features of the above named executives' employment contracts are:

- Each named executive may resign from their position and thus terminate their contract by giving 3 months written notice. Any vested unlisted options not exercised will be forfeited 4 weeks from the date of resignation.
- The Company may terminate a named executive's employment contract by providing 4 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of the notice period. In the event of a termination in employment through a Change in Control of the Company, the Company will provide 6 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of notice.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. When termination with such cause occurs, the named executive is only entitled to that portion of remuneration which is fixed, and only up to the date that notice of termination is given. On termination with such cause, any unvested options or LTI grants in the form of performance rights will immediately be forfeited. Any vested unlisted options not exercised within 4 weeks of such notice of termination will be forfeited.

Directors' report

For the Financial Year ended 30 June 2018

- If a named executive's employment contract is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing the named executive to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse and be cancelled.
- Each named executive accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements for every 10 years of service.
- From 1 July 2014 until 30 July 2017, for the granting of performance rights to shares at zero cost under the 2010 ES Plan, each named executive, depending on level and seniority, were entitled to receive 17% to 75% of their annual Fixed Remuneration in performance rights. Each of the named executives were granted FY2015 performance rights and/or FY2016 performance rights at zero cost under the 2010 ES Plan. The main terms and conditions of performance rights granted and vested under the 2010 ES Plan are provided in pages 36 and 37:

(i) Details of Remuneration

Table 1: Remuneration of Directors and Executive Officers

The remuneration in Table 1 of 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.

2018	Short-term benefits			Post employment benefits	Long-term benefits	Share based payments			
	Cash salary and fees	Bonus	Other	Super-annuation	Long Service Leave	Rights to shares *(a)*	Termination / Resignation payments	Total	Performance related
	($)	($)	($)	($)	($)	($)	($)	($)	(%)
Non-executive directors									
B M Phillips	90,000	-	2,244	-	-	-	-	92,244	-
J Rowe	65,000	-	2,244	-	-	-	-	67,244	-
P R Sullivan	65,000	-	2,244	-	-	-	-	67,244	-
N L Cernotta *(b)*	10,833	-	363	-	-	-	-	11,196	-
R J Hayward *(c)*	1,806		55					1,861	
Executive directors									
P J Harold	498,150	-	11,770	47,324	12,454	116,245	-	685,943	17
Executives									
T R Eton	270,540	-	10,394	25,701	6,764	47,575	-	360,974	13
J D Hicks *(d)*	207,000	-	45,266	19,665	5,175	24,267	-	301,373	8
T S Mason	198,000	-	10,394	18,810	4,950	23,212	-	255,366	9
	1,406,329	**-**	**84,974**	**111,500**	**29,343**	**211,299**	**-**	**1,843,445**	**11**

(a) Includes the non-cash amortisation expense of the FY2016 LTI performance rights to shares over the period
(b) Mr. N L Cernotta joined the Company on 2 May 2018
(c) Ms. R J Hayward joined the Company on 21 June 2018
(d) Mr J D Hicks short term benefits in "Other" includes a cash payment of $34,872 for unused annual leave

Directors' report

For the Financial Year ended 30 June 2018

2017	Short-term benefits			Post employment benefits	Long-term benefits	Share based payments			
	Cash salary and fees	Bonus	Other	Super-annuation	Long Service Leave	Rights to shares *(a)(b)*	Termination / Resignation payments	Total	Performance related
	($)	($)	($)	($)	($)	($)	($)	($)	(%)
Non-executive directors									
B M Phillips	90,000	-	3,851	-	-	-	-	93,851	-
J Rowe	65,000	-	3,851	-	-	-	-	68,851	-
P R Sullivan	65,000	-	3,851	-	-	-	-	68,851	-
Executive directors									
P J Harold	498,150	-	13,467	47,324	12,454	318,088	-	889,483	36
Executives									
T R Eton	270,540	-	12,044	25,701	6,764	127,768	-	442,817	29
T J Strong *(c)*	186,778	-	2,595	17,744	5,149	(172,787)	176,004	215,483	-
J D Hicks	207,000	-	12,045	19,665	5,175	65,173	-	309,058	21
M A Recklies *(d)*	126,968	-	1,931	12,062	3,266	(99,820)	410,125	454,532	-
T S Mason	198,000	-	3,851	18,810	4,949	62,340	-	287,950	22
	1,707,436	**-**	**57,486**	**141,306**	**37,757**	**300,762**	**586,129**	**2,830,876**	**11**

(a) Includes the non-cash amortisation expense of the FY2015 and/or FY2016 LTI performance rights to shares over the period
(b) For individuals who left the Company during the period, the total accumulated amortisation expense up to the date of departure has been reversed
(c) Mr. T J Strong left the Company on 3 March 2017
(d) Mr. M A Recklies left the Company on 30 December 2016

(j) Details of share based compensation and bonuses

(a) Securities granted as part of remuneration

Table 2: Securities granted as part of remuneration during the year

Performance Rights to Shares

- **2017/18 Financial Year:**

No performance rights to shares were granted as compensation to key management personnel (KMP).

- **2016/17 Financial Year:**

No performance rights to shares were granted as compensation to key management personnel (KMP).

Options

- **2017/18 Financial Year:**

No options were granted as compensation to key management personnel (KMP).

- **2016/17 Financial Year:**

No options were granted as compensation to key management personnel (KMP).

Directors' report

For the Financial Year ended 30 June 2018

The fair value of one performance right is determined using a Binomial valuation model (for non-market vesting conditions) and a Monte Carlo simulation model (for market vesting conditions), that takes into account the share price at grant date and expected price volatility of the underlying Share, the expected dividend yield and the risk-free rate for the term of the right at the date of grant

There were 1,230,580 ordinary shares issued to KMP on the exercise of securities during the financial year (FY2015 Performance Rights). There have been 2,635,679 ordinary shares issued to key management personnel on the exercise of securities (FY2016 Performance Rights) since 30 June 2018.

(b) Equity instrument disclosures relating to key management personnel

Securities provided as remuneration

Details of securities provided as remuneration are shown in Table 3. The terms and conditions of the securities are provided in pages 36 and 37.

Security holdings

The number of securities over ordinary shares in the Company held during the financial year by the Managing Director of Panoramic Resources Limited and other key management personnel (KMP) of the Group, including their personally related parties are provided in the following table. In the table provided, performance rights to shares are separately identified.

Table 3: Securities holdings of managing director and specified executives

2018 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							
P J Harold	2,354,601	-	(678,446)	(226,155)	1,450,000	-	1,450,000
Other key management personnel of the Group							
T R Eton	961,891	-	(276,343)	(92,116)	593,432	-	593,432
J D Hicks	490,652	-	(140,960)	(46,988)	302,704	-	302,704
T S Mason	469,319	-	(134,831)	(44,945)	289,543	-	289,543
	4,276,463	**-**	**(1,230,580)**	**(410,204)**	**2,635,679**	**-**	**2,635,679**

 # Other changes relate to performance rights that did not satisfy the performance hurdles and lapsed

2017 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							
P J Harold	2,354,601	-	-	-	2,354,601	-	2,354,601
Other key management personnel of the Group							
T R Eton	961,891	-	-	-	961,891	-	961,891
T J Strong	972,552	-	-	(972,552)	-	-	-
J D Hicks	490,652	-	-	-	490,652	-	490,652
M A Recklies	557,317	-	-	(557,317)	-	-	-
T S Mason	469,319	-	-	-	469,319	-	469,319
	5,806,332	**-**	**-**	**(1,529,869)**	**4,276,463**	**-**	**4,276,463**

 # Other changes relate to performance rights forfeited due to termination of employment

Directors' report

For the Financial Year ended 30 June 2018

Share holdings

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

2018 Ordinary Shares	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
	(number)	(number)	(number)	(number)	(number)
Directors of Panoramic Resources Limited					
P J Harold	4,567,714	-	678,446	-	5,246,160
B M Phillips	287,407	-	-	41,059	328,466
J Rowe	87,407	-	-	12,487	99,894
P R Sullivan	-	-	-	-	-
N L Cernotta	-	-	-	-	-
R J Hayward	-	-	-	-	-
Other key management personnel of the Group					
T R Eton	70,000	-	276,343	(250,000)	96,343
J D Hicks	306,751	-	140,960	49,935	497,646
T S Mason	2,340	-	134,831	23,122	160,293
	5,321,619	**-**	**1,230,580**	**(123,397)**	**6,428,802**

2017 Ordinary Shares	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
	(number)	(number)	(number)	(number)	(number)
Directors of Panoramic Resources Limited					
P J Harold	4,567,714	-	-	-	4,567,714
B M Phillips	287,407	-	-	-	287,407
J Rowe	87,407	-	-	-	87,407
P R Sullivan	-	-	-	-	-
Other key management personnel of the Group					
T R Eton	70,000	-	-	-	70,000
T J Strong	282,001	-	-	(282,001)	-
J D Hicks	306,751	-	-	-	306,751
M A Recklies	100,000	-	-	(100,000)	-
T S Mason	2,340	-	-	-	2,340
	5,703,620	**-**	**-**	**(382,001)**	**5,321,619**

All equity transactions with key management personnel 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.

Directors' report

For the Financial Year ended 30 June 2018

Securities granted and exercised as part of remuneration for the year ended 30 June 2018 and 30 June 2017

2018 Performance Rights	Value of securities granted during the year ($)	Value of securities exercised during the year ($)	Value of securities lapsed during the year # ($)
P J Harold	-	149,258	49,754
T R Eton	-	60,795	20,046
J D Hicks	-	31,011	10,337
T S Mason	-	29,663	9,888

 # Refer to Table 3 on page 42 for the number of performance rights to shares that lapsed

2017 Performance Rights	Value of securities granted during the year ($)	Value of securities exercised during the year ($)	Value of securities cancelled during the year # ($)
P J Harold	-	-	-
T R Eton	-	-	-
T J Strong	-	-	259,123
J D Hicks	-	-	-
M A Recklies	-	-	136,732
T S Mason	-	-	-

 # Refer to Table 3 on page 42 for the number of performance rights to shares cancelled

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

In the 2016/17 financial year, there were performance rights to shares that were cancelled on the date of the named executive's termination, as detailed in Table 3 on page 42 of the remuneration report.

Related Party Transactions

There were no loans to key management personnel and their related parties at any time during the year ended 30 June 2018. 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 2018 Remuneration Report.

Environmental regulation

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 breaches of the legislation during the period covered by this report.

Directors' report

For the Financial Year ended 30 June 2018

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 2018. 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.

Ernst & Young (EY) received or are due to receive the following amounts for the provision of non-audit services:

- Tax Compliance and other services of $95,493.

Signed in accordance with a resolution of the directors.



Peter Harold
Managing Director

Perth, 31 August 2018

Competent Person Statements

Information in this report relating to Ore Reserves has been compiled by or reviewed by Lilong Chen. Mr Chen is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) 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 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. The aforementioned consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration activities has been complied or reviewed by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee and shareholder 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 Hicks 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.

Corporate Governance Statement

The Board of Directors of Panoramic Resources Limited ("the Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Panoramic Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's Corporate Governance Statement ("Statement") outlines the main corporate governance practices in place throughout the financial year, which comply with the Australian Securities Exchange ("ASX") Corporate Governance Council's ("CGC") Third Edition (March 2014) of the "Corporate Governance Principles and Recommendations ("the Recommendations"), unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Company makes the following Board approved disclosures in relation to each of the Recommendations.

Principle 1: Lay Foundations for Management and Oversight

Primary Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

Board Operation

To ensure the Board is well equipped to discharge its responsibilities, the Board has adopted a formal Board Charter. The Board Charter details the Board's role, authority, responsibilities, membership and operation and sets out the matters specifically reserved for the Board and the powers delegated to any of its Committees and to management. In addition, Article 11 of the Company's Constitution (November 2008) ("Constitution") details the specific powers and duties of directors as empowered on them by the Company's shareholders

The Board Charter can be viewed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Board Processes

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for executive management and monitoring the achievement of these goals. The Board has established a framework for the management of the Company and its controlled entities, a framework which divides the functions of running the Company between the Board, the Managing Director and the senior executives. The Board has put in place a system of internal control, a pro-active business risk management process, and has the task of monitoring financial performance and the establishment of appropriate ethical standards. The agenda for meetings of the Board is prepared by the Managing Director. Standard items include the project reports, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Senior executives are regularly involved in Board discussions.

The Company Secretary of the Company is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures and is to provide advice to the Board on the application of the Board Charter, the Company's Constitution, corporate governance matters, ASX Listing Rules and other applicable laws.

Roles of Management and the Evaluation of Management Performance

The Managing Director and the senior executives are ultimately responsible and accountable for the day to day running of the Company and for implementing the strategic objectives and operating within the risk appetite set by the Board. The Board regularly reviews the division of functions between the Board and the senior executives. The Board is in the process of updating the performance appraisal and remuneration system for the Managing Director and senior executives designed to enhance performance and Management performance is reviewed on an annual basis at the end of each calendar year and as appropriate. The criterion for the evaluation of the Managing Director and of each executive is their performance against key performance indicators, behavior and effectiveness in role. In addition, the Board monitors and evaluates the performance of the Managing Director and senior executives as appropriate.

Corporate Governance Statement

Principle 1: Lay Foundations for Management and Oversight (continued)

Appointment of Directors and Management

The Company has in place an appropriate organisational and management structure to ensure the day to day running of the Company is undertaken in an effective and efficient manner and to ensure the Company has the right mix of skills and resources to implement and achieve the Board's corporate and strategic objectives. The Board and the Managing Director regularly reviews this structure to determine that it is appropriate and "fit for purpose" and if necessary make changes in the number of roles and personnel.

The directors and senior executives have a clear understanding of their duties, roles and responsibilities and of the expectations of them, as contained within a written agreement agreed and signed by the Company and each director and senior executive.

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial, financial and mining skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) for which the Board is looking to achieve in its membership. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Under the direction and supervision of the Chair, appropriate background checks are undertaken of each candidate as to the person's character, experience, education, criminal record and bankruptcy history. Each incumbent director is encouraged, and given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. For the meeting, shareholders are given sufficient information of the new director, including but not limited to biographical details, other listed directorships currently held and in the case of a director standing for election for the first time, advice that appropriate background checks have been undertaken.

Diversity Policy

The Company has in place a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Remuneration Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms.

Apart from participation rates established for indigenous employment at the Savannah nickel project prescribed under the 2007 Savannah Co-Existence Agreement (and as reported below), the Board has not determined measurable objectives on gender diversity across the workplace and at the Board level. In the coming financial year, the Board is to continue to oversee the development of new programs to achieve a broader pool of skilled and experienced senior management and Board candidates, and if deemed appropriate, identify future and targeted measurable objectives and strategies on gender diversity.

Pursuant to *Recommendation 1.5* of the Recommendations, the Company discloses the following information as at the date of this report:

- Percentage of women and men employed within the Group - women: 10%; men: 90%;
- Percentage of women and men employed as a senior executive - women: nil; men: 100%;
- Percentage of women and men employed at the Board level - women: 17%; men: 83%; and
- Percentage of indigenous employees at the Savannah Nickel Project – nil.

The Company has defined an employee who is a senior executive as a person who is a "senior manager" as defined in *Section 9 (Definitions)* of the *Corporations Act 2001*, namely a person who is at the highest management level of the Company who "makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the corporation; or has the capacity to affect significantly the corporation's financial standing". The performance appraisal of a senior executive is performed by the Managing Director and the Remuneration Committee.

Corporate Governance Statement

Principle 1: Lay Foundations for Management and Oversight (continued)

The Diversity Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Performance Assessment of the Board, its Committees and Individual Directors

Currently, there is no formal annual performance appraisal system in place for Board performance on a director by director basis. In the coming year, each Director performance will be discussed informally, whereby the performance of individual members and the performance of the Board as a whole, will be assessed. The Board has agreed to conduct these informal performance assessments until such time as a suitable formal performance appraisal system has been put in place. Membership of the Audit Committee by non-executive directors is initially for a three year period, with an annual renewal review thereafter with performance being one criteria in order to retain office.

Principle 2: Structure the Board to Add Value

Board Composition

The composition of the Board is determined using the following principles:

- The Board currently comprises six directors. Under Article 10 of the Company's Constitution, this number may be increased to a maximum of ten directors where it is required due to a commercial alliance, or felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- The Board should comprise directors with a broad range of expertise with an emphasis on commercial, exploration, mining and project development related experience; and
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years. The tenure of executive directors is linked to their holding of executive office.

The name, position, independence classification, qualification, skills and length of service of each director of the Company in office at the date of the Statement is:

Name	Position	Independence Classification	Qualification/Skills	Service (yrs)
Brian M Phillips	Chairman	Independent	Mining Engineer, general mining	11
Peter J Harold	Managing Director	n/a, executive	Process Engineer, project development	17
John Rowe	Non-Executive Director	Independent	Geologist, general mining	12
Peter R Sullivan #	Non-Executive Director	Non Independent	Engineer, corporate and project development	2
Nicholas L Cernotta	Non-Executive Director	Independent	Mining Engineer, general mining and project development	-
Rebecca J Hayward	Non-Executive Director	Independent	Lawyer, corporate and project development	-

 # Peter R Sullivan is a non-executive director of a substantial shareholder holding more than 5% of the ordinary shares in the Company and as a consequence has been assessed as not being independent under the independence criteria detailed in Recommendation 2.3 of the Recommendations

Corporate Governance Statement

Principle 2: Structure the Board to Add Value (continued)

Nomination committee

Due to the size of the Board and the small senior executive team, the Board has determined there is no benefit, at this time, of establishing a nomination committee. The functions of the nomination committee are performed by the Board as a whole, when required, using the principles for setting the composition of the Board.

Directors' Independence

The composition of the Board is considered to be appropriate for a Company that is targeting to again have a sustainable producing business. In addition, the Company remains active in reviewing, acquiring and developing new projects. As at the date of this Statement, the majority of non-executive directors, including the Chairman, are considered independent of management, have no interest, position, association or relationship that would compromise their independence and directly or indirectly, individually hold less than 5% of the issued ordinary shares of the Company. The Independence Criteria detailed in *Recommendation 2.3* of the Recommendations in relation to each non-executive director is listed in Annexure A to the Board Charter and each director's independence is assessed on a regular basis against the Independence Criteria and the quantitative and qualitative Materiality Thresholds (listed in Annexure B of the Board Charter) when appropriate.

Where a director acquires an interest, position, association or relationship described in *Recommendation 2.3* of the Recommendations and exceeds the Materiality Thresholds set out in the Board Charter, the director must immediately declare the nature of the interest, position, association or relationship and the Board will determine whether to declare any loss of independence.

Director Education

The non-executive directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Company operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors visit the Savannah Nickel Project at least once a year, and meet with executives on a regular basis to enable directors to maintain an understanding of the roles and responsibilities of executives and of the culture and values within the Company.

Conflict of Interest

In accordance with Section 191 of the Corporations Act 2001 and Article 10.13 of the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent professional advice

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of the advice received by the director is made available to all other members of the Board.

Board Committees

To facilitate the execution of its responsibilities, the Board's Committees provide a forum for a more detailed analysis of key issues. Each Committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisors and employees. Membership of the current Committees of the Panoramic Board and the number of times each Committee met during the financial year are set out in the Directors' Report. The names and functions of each Committee is set out below:

- ***Audit Committee***

The Audit Committee consists of all non-executive directors and is chaired by John Rowe, an independent director who is not the Chairman of the Board. The Audit Committee is to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee is also to review: the effectiveness of internal controls, recommendation and the appointment and assessing the performance of the external auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. The Audit Committee operates under an Audit Committee Charter that is reviewed by the Committee and is re-approved or changed by the full Board on a bi-annual basis.

Corporate Governance Statement

Principle 2: Structure the Board to Add Value (continued)

- ***Remuneration Committee***

The Remuneration Committee consists of all non-executive directors. The Remuneration Committee is chaired by Peter Sullivan, who has been assessed as not being independent under the Independence criteria detailed in *Recommendation 2.3* of the Recommendations. The Board believes that Peter Sullivan is an appropriate person for the position of Chair, due, in part, to his extensive corporate experience gained from a previous role as managing director of a large listed resource company and his current directorships of several listed resource companies.

The role of the Remuneration Committee is to review remuneration packages and policies applicable to the Managing Director, other executive directors (if applicable) and senior executives and to monitor the scope and currency of the Company's Diversity Policy. The remuneration of executive directors is determined by reference to relevant employment market conditions and of the attainment of defined Company goals. The remuneration of senior executives is determined by the Remuneration Committee based on recommendations provided by the Managing Director. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

There is increased transparency and accountability in remuneration matters as required in the *Improving Accountability on Director and Executive Remuneration Bill 2011*. There are now rules for engaging remuneration consultants and on reporting specific information about remuneration consultants in the audited Remuneration Report in the Directors' Report. The Company's audited 2018 Remuneration Report includes these reporting obligations.

Further details on the Committee and of remuneration arrangements in place for the directors and executives are set out in the Directors' Report.

- ***Risk Committee***

The Risk Committee (previously known as the Environment, Safety and Risk Committee) consist of all directors and is chaired by Nick Cernotta, an independent director. The role of the Risk Committee is to oversee and monitor the effectiveness of the Group's strategies and systems to ensure that the Company complies with external and internally accepted standards for the impact of business activities on the environment, the safety and well-being of employees, and on the control and management of the key risks facing the business. Where possible, the Committee meets during Board visits to the mining operations whereby the members of the Committee are able to directly inter face with the senior managers responsible for environmental risks, occupational health and safety risks and the control and mitigation of non-financial risks. The Committee also nominates a non-executive director to attend and be actively involved in the Group's safety conferences. The Committee operates under a Charter that is reviewed by the committee and is re-approved or changed by the full Board on a bi-annual basis.

The Committee Charter can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Although the Committee did not meet during the 2017/18 financial year, as a consequence of the appointment of two new non-executive directors and the Company's decision, in July 2018, to restart mining operations at the Savannah Nickel Project, the Committee met in August 2018 to review both the Committee Charter and the 2015 Risk Management Guideline and to discuss with management on the rapidly changing business landscape and what risks and challenges the Company will be facing with the transition to a producing company over FY2019.

Principle 3: Act Ethically and Responsibly

All directors, executives, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the performance and reputation of the Company and its controlled entities.

Code of Conduct

The Company has established a written Code of Conduct which outlines the culture, practices, expected conduct, values and behaviour to be displayed by all employees in upholding the integrity, reputation and accountability of the Company and its controlled entities in the work environment and in the interactions with the Company's various stakeholders. Certain practices are necessary to comply with Federal and Western Australian State industrial legislation and the Corporations Law. The Code of Conduct has a clear responsibility and accountability of employees for reporting and investigating reports of unethical practices by reference to specific rules and policies such as the rules for trading in the Company securities, and the policy on discrimination, harassment and bullying.

Corporate Governance Statement

Principle 3: Act Ethically and Responsibly (continued)

Code of Conduct (continued)

This code can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Trading in Company securities by directors, officers and employees

The Company has in place a fit-for-purpose Share Trading Policy for the trading in Company securities by directors, key management personnel, officers and employees as required under ASX Listing Rule 12.12. The Policy is worded to ensure compliance with Section 1043A of the Corporations Law (on insider trading), Part 2D.1 of the Corporations Act 2001 (on the proper duties in relation to the use of inside information), and ASX Listing Rules 3.19A, 12.9, 12.10, and 12.11 and updated Guidance Note 27 (January 2015). The Managing Director and the Company Secretary have been appointed to ensure that the following rules for the trading in Company's securities are strictly adhered to:

- Trading in Company securities is only permitted following the notification of the intention to trade by submitting a Notification Form with the Managing Director and dealing is not to occur until a receipt of confirmation is received from the Managing Director or, in the case of the Managing Director, from the Chairman;
- Trading in Company securities is prohibited at any time when in possession of unpublished information, which if generally available, might materially affect the price or value of those securities;
- Trading in Company securities is prohibited during specified prohibited periods, known as black-out periods;
- Active trading in Company securities, which involves frequent and regular trading in those securities with a view to derive profit related income from that activity, is prohibited;
- The entering into contracts to hedge exposure to equity-based remuneration, is prohibited; and
- Only in exceptional circumstances, can approval be obtained in advance from the Managing Director, or in the case of a director, from the other directors, to trade outside the specified prohibited periods.

On an annual basis in December, the Company Secretary circulates to all employees via email, the start and finish dates for the next calendar year's black-out periods. To monitor compliance with the policy and to give assurance to the Board on compliance with the rules of the Share Trading Policy, the Company Secretary keeps records of the confirmations permitting a trade in the Company's securities in strict adherence with the rules.

This Share Trading Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Discrimination, Harassment and Bullying Policy

The Company is committed to providing a work environment that is safe, fair and free from discrimination, harassment and bullying for all employees of the Company. All employees are encouraged to follow adopted procedures allowing concerns or instances of illegal conduct or malpractice to be raised in good faith without being subjected to victimisation, harassment or discriminatory treatment, and to have such concerns or instances properly investigated. The Policy provides a mechanism by which all employees can confidentially report improper conduct without fear of discrimination. This policy document can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Privacy Policy

The Company has in place a Privacy Policy which deals with the collection, use, storage and disclosure of information of personal information about an individual who can be identified or who may be reasonably identified by the information. Where sensitive information is collected and stored, the information must not be collected unless the individual consents to collection and the Company is authorised to collect the information by law. The Policy sets out the obligations surrounding the integrity of personal information, security measures, how an individual can access their information and seek correction to it, and make complaint to if necessary. This Privacy Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

The Company has put in place a Privacy Data Breach Response Plan ("Plan"), which sets out the required steps to be followed if an actual or potential breach of personal or sensitive information occurs. Following this Plan will help the Company's employees and contractors to contain, assess and respond to data breaches in a timely manner and to mitigate potential harm to any affected individuals and organisations. This Plan can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Corporate Governance Statement

Principle 4: Safeguard Integrity in Corporate Reporting

The Managing Director and Chief Financial Officer are required to state in writing to the Audit Committee and the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. Pursuant to Section 295A of the Corporations Act 2001, the Managing Director and the Chief Financial Officer are required to provide written certification to the Board, at both the end of the Half-Year and the Full-Year reporting periods, that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

The Audit Committee reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy to the Board prior to their release to shareholders, investors and other public forums. There is regular communication between the Audit Committee, management and external auditor. In accordance with Section 324DA of the Corporations Act 2001, the audit partner of the external auditor is required to be rotated after five successive financial years. It is the role of the Audit Committee to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

In addition, in the absence of an internal audit function, the Audit Committee reviews, assists and assesses the adequacy of the Company's internal control and financial risk management systems, accounting and business policies.

Principle 5: Make Timely and Balanced Disclosure

Continuous Disclosure and Shareholder Communication

The Company is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Law.

The Company has a Continuous Disclosure Policy that all shareholders and investors have equal access to the Company's information. This policy has been updated and approved by the full Board to comply with the May 2013 amendments to ASX Listing Rule 3.1 and updated Guidance Note 8 (August 2015) of the Recommendations. This document and all material announcements provided to the ASX can be accessed on the Company's website at *www.panoramicresources.com.*

The Company has appointed the Company Secretary to oversee the continuous disclosure practices of the Company and its controlled entities. His responsibilities include:

- Reviewing all statutory regulatory or tender reports submitted to or made by the Company and its controlled entities, and to report or recommend to the Board as appropriate;
- Ensuring compliance with continuous disclosure requirements;
- Overseeing and coordinating the disclosure of information to the ASX, analysts, brokers, shareholders, the media and public; and
- Educating directors and staff of the Company's and Group's disclosure policies and procedures and raising awareness of the principles of the underlying continuous disclosure.

Principle 6: Respect the Rights of Security Holders

Continuous Disclosure and Shareholder Communication

The Board in adopting a Continuous Disclosure Policy ensures that shareholders are provided with up to date Company information. Communication to shareholders is facilitated by the production of the annual report, quarterly reports, public announcements, and the posting of policies, and ASX releases immediately after their disclosure to the ASX, on the Company's website. All shareholders are given the option to receive communications from, and send communications to, the Company and Share Registry electronically. In addition, all shareholders are encouraged to attend the Annual General Meeting and use the opportunity to ask questions to management following the Managing Director's presentation. The Company makes every endeavour to respond to the most commonly asked questions. The external auditor attends the meeting and is available to answer questions in relation to the conduct of the audit.

Corporate Governance Statement

Principle 7: Recognise and Manage Risk

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Company has significantly changed the risk management framework through the progressive development of an enterprise-wide software database on the inherent risks and risk mitigation strategies identified across all functions of the business, including occupational, health, safety and environment (OHS&E). This Board sanctioned approach is in accordance with Australian/New Zealand Standard for Risk Management (AS/NZS 4360 2004) and is currently aligned to the control framework for enterprise risk management prepared by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in 2001. The framework involved the Company undertaking a comprehensive review in 2011/12 of the different elements across the various financial, administrative and operational functions at the Company's mine sites and Perth office and in identifying the risks inherent in each element and the appropriate risk management internal controls, systems and response procedures to mitigate their impact on strategic, operational and financial performance. For example, there are a number of risks the Company's sites are exposed to, principally when in production, that are both common to the mining industry and unique due to location such as, but not limited to:

- exposure to fluctuations in commodity prices and the United States currency foreign exchange rate;
- customer declaration of force majeure;
- health, safety, industrial and environment matters;
- production capacity;
- future delivery against committed financial derivatives; and
- regulatory constraints, compliance, the impact of climate change and natural disasters.

The FY2012 review also examined the effectiveness of internal controls, systems and response procedures that were in place in previous years. This comprehensive review on each element and function across the Group, including the setting of various risk appetite tolerance thresholds by senior management was completed in mid-2012, followed by approval by the full Board of the Risk Management Guideline (August 2012) which detailed on the enterprise wide risk management framework and the process, roles and responsibilities for conducting each new comprehensive review.

In FY2015, the Company conducted a new comprehensive review using the procedures set down in the Risk Management Guideline, including the re-setting of various risk appetite tolerance thresholds by senior management, which resulted in the production of Risk Appetite Statements (May 2015), Risk Management Policy (May 2015) and an updated Risk Management Guideline ("Guideline") that was approved by the full Board in June 2015. A condensed version of the Guideline is available on the Company's website at *www.panoramicresources.com.*

The Board has established a committee of the Board, the Risk Committee, which is chaired by an independent director. All directors of the Board are also members of the Committee. The number of times the Committee met during the financial year is contained in the Directors' Report. The Committee's Charter (August 2018) states that the Committee will oversee the Company's management of financial and non-financial risks at the operations in accordance with the established risk management framework while always taking into account the Company's legal obligations set by the Federal and State statutory law makers on, but not limited to, environment, employment and occupational health and safety. As a consequence of the Company's operations being on care and maintenance during the 2017/18 financial year, the Committee did not hold a meeting during the financial year.

In August 2018, the Risk Committee convened a meeting with management to discuss the various elements of the Company's risk management framework in light of the decision to restart operations at the Savannah Nickel Project. It was agreed at that meeting to conduct various workshops across the Group to review risk registers, the risk appetite tolerance thresholds and Risk Appetite Statements, with the aim to updating the Guideline during the 2018/19 financial year. The Risk Committee in its review of the Company's risk management framework is targeting to incorporate certain aspects of the recent 2018 revision to the International Organisation for Standardisation (ISO) ISO 31000 Standard, which has provided a clearer, shorter and more concise guide on the principles of risk management.

There are strict Company-wide compliance reporting requirements under the Guideline that require each department head/function manager on an annual basis to review their risk registers to determine the level of compliance (from zero to 100%) using a risk matrix score for impact, tolerance and opportunity, thereby ensuring that either a risk(s) has not developed a higher risk profile, or outlining monitoring and corrective measures to reduce the risk(s) to an acceptable level. Using this information, each operations manager is required to complete and provide a Project Risk Summary and Compliance Report during the Full-Year audit process.

In FY2016, FY2017 and again in FY2018, the compliance reporting requirements detailed above were undertaken on a more limited basis as a consequence of the Group's operations being on care and maintenance.

Corporate Governance Statement

Principle 7: Recognise and Manage Risk (continued)

The reporting and control mechanisms, in the absence of an internal audit function, support the written certification at the end of the Half-Year and Full-Year reporting periods, in accordance with Section 295A of the Corporations Act 2001 given by the Managing Director and the Chief Financial Officer to the Board certifying that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

Principle 8: Remunerate Fairly and Responsibly

Board Remuneration

The total annual remuneration paid to non-executive directors may not exceed the limit set by the shareholders at an annual general meeting (currently $600,000). The remuneration of the non-executive directors is fixed rather than variable.

Executive Remuneration

The Board has established a committee of the Board, the Remuneration Committee. The Remuneration Committee provides recommendations and direction for the Company's remuneration practices. Subject always to the Company's operational and economic circumstances, the Committee ensures that a significant proportion of each executive's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be at 'risk' for the upcoming year. The Committee also ensures that there is no discrimination on remuneration in respect to gender.

Until recently, the Company's executives were able to participate in a performance share rights plan ("LTI Plan") that was linked to the Company's performance on a relative share price basis against its peers in the resources industry and a resources and reserves growth performance basis. During the period when the Nickel Division operations have been on care and maintenance, the Remuneration Committee put on hold the granting of new performance rights to shares under the LTI Plan to employees.

In light of the Company's operational and economic circumstances changing with the restart of operations at the Savannah Nickel Project, a new LTI Plan is currently being designed with input from consultants under supervision of the Remuneration Committee. This LTI Plan will be put before shareholders for review and approval during the 2018/19 financial year.

Further details in relation to director and executive remuneration are set out in the 2018 Remuneration Report on pages 32 to 44.

Directors' declaration

30 June 2018

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 64 to 123 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 2018 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) 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 2018.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 31 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



Peter Harold
Managing Director

Perth, 31 August 2018

INDEPENDENT AUDITORS REPORT

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Building a better working world

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 2018, the consolidated income statement, 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 balance sheet of the Group as at 30 June 2018 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* (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.

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 each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report.

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 matters below, provide the basis for our audit opinion on the accompanying financial report.

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PT:CT:PAN:017

INDEPENDENT AUDITORS REPORT

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1. Carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2018 the Group had non-current assets including capitalised exploration and evaluation expenditure, development properties, mine properties and property, plant and equipment (refer to Notes 13 and 15) totaling $73.64 million. The Group recorded an impairment reversal associated with the Lanfranchi cash generating unit ("CGU") of $7.26 million and an impairment loss of $45.15 million associated with the Magma and Gum Creek CGU's as described in Note 13 and 15. At the end of each reporting period, the directors exercise judgment in determining whether there is any indication of impairment or indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. As detailed in Notes 13 and 15, it was determined that the recoverable amount, based on the Director's assessment of fair value less costs of disposal (FVLCD) of certain Projects were different to their CGU's carrying value resulting in a reversal of impairment and impairment loss recorded at 30 June 2018 as noted above. We considered this to be a key audit matter because of the: ► Significant judgment involved in considering if there was an indicator of impairment present or an indicator that an impairment loss recognised in prior periods may no longer exist or may have decreased ► Significant judgment and estimates such as underlying reserves and resources, as well as resource multiples based on comparable transactions are involved in the determination of recoverable amount.	Our audit procedures included the following: ► We assessed the appropriateness of the Group's identification of indicators of impairment and indicators that losses recognised in prior periods may no longer exist or may have decreased ► For the FVLCD determined by the Group, we assessed the key assumptions in the Group's recoverability assessments, including assessing resource multiples and performing comparable transaction analysis using external data where available. Our valuation specialists were involved in this assessment ► For recoverable amounts determined by external independent experts engaged by the Group, we involved our valuation specialists to assess the valuation report provided by the experts including assessing: ► The qualifications, competence and objectivity the expert used by the Group ► The valuation method adopted ► The assumptions applied by the valuation expert as detailed in notes 13 and 15. ► We also considered the adequacy of the Group's disclosures with respect to the degree of estimation involved in the determination of the recoverable amount and the reversal of the impairment loss.

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INDEPENDENT AUDITORS REPORT

Building a better working world

3. Going concern assessment

Why significant	How our audit addressed the key audit matter
The Group is not currently generating revenue and is currently undertaking the refurbishment of its Savannah Nickel Mine. As disclosed in note 1 of the financial report, the Directors concluded that in their opinion there are reasonable grounds to believe that the Group has the ability to pay its debts as and when they fall due. The financial report has been prepared on a going concern basis. The going concern assumption is fundamental to the basis of preparation of the financial report. As the Group is not generating revenue and given the judgment involved in preparing cash flow forecasts, we considered this matter and the related disclosures to be a Key Audit Matter. The Directors' assessment is largely based on the expectations of and the estimates made by the Group of future cash flows. The expectations and estimates can be influenced by subjective elements such as estimates of amounts and timing of future cash outflows and inflows, including expected revenue and costs associated with the refurbishment and recommencement of mining at Savannah Nickel Mine. The financial report has been prepared on a going concern basis. The Group's assessment of going concern is set out in note 1 to the financial report.	Our audit procedures included the following: ► Analysed the Group's cash flow forecast prepared for the purpose of the going concern assessment ► Assessed whether the cash flow model was consistent with the budget that was approved by the Directors ► Assessed the reasonableness of the future cash inflows from the Group's borrowing facilities and revenue from Nickel offtake agreements ► Assessed the future cash outflows taking into account our knowledge of the Group's operations, historical spend and future plans ► Assessed the mitigating actions identified by the Group in the event that actual cash flows are below forecast, including performing sensitivity analysis ► Assessed the adequacy of the disclosures included in the financial report in respect of the use of the going concern basis.

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INDEPENDENT AUDITORS REPORT

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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 2018 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will 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 on the other information obtained prior to the date of this auditor's report, 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.

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INDEPENDENT AUDITORS REPORT



- 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.

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, related safeguards.

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 2018.

In our opinion, the Remuneration Report of Panoramic Resources Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

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INDEPENDENT AUDITORS REPORT

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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 2018

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AUDITORS INDEPENDENT DECLARATION

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

As lead auditor for the audit of Panoramic Resources Limited for the financial year ended 30 June 2018, 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 ended 30 June 2018.

Ernst & Young

Philip Teale
Partner
31 August 2018

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FINANCIAL REPORT



PANORAMIC RESOURCES LTD

Consolidated income statement

For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Revenue	3	**1,261**	8,966
Cost of sales of goods	5	**-**	(8,963)
Gross margin on sale of goods		**1,261**	3
Other income	4	**453**	700
Care and maintenance expenses		**(5,474)**	(7,539)
Corporate and marketing costs		**(4,022)**	(5,365)
Exploration and evaluation expenditure		**(487)**	(493)
Exploration expenditure written-off		**(619)**	-
Impairment loss	13, 15	**(45,152)**	-
Reversal of impairment loss	13, 15	**7,260**	9,178
Share based payments		**(160)**	(473)
Other expenses	5	**(156)**	(291)
Finance costs	5	**(943)**	(490)
Loss before income tax		**(48,039)**	(4,770)
Loss for the year		**(48,039)**	(4,770)
Loss for the year is attributable to:			
Owners of Panoramic Resources Limited		**(40,803)**	(4,241)
Non-controlling interests		**(7,236)**	(529)
		(48,039)	(4,770)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share	34	**(10.3)**	(1.0)
Diluted loss per share	34	**(10.3)**	(1.0)

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

Consolidated statement of comprehensive income

For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Loss for the year		**(48,039)**	(4,770)
Other comprehensive income			
Items that may reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets, net of tax	12	**1,422**	528
Exchange differences on translation of foreign operations		**439**	(324)
Other comprehensive loss for the year, net of tax		**1,861**	204
Total comprehensive loss for the year		**(46,178)**	(4,566)
Total comprehensive loss for the year is attributable to:			
Owners of Panoramic Resources Limited		**(38,942)**	(4,037)
Non-controlling interests		**(7,236)**	(529)
		(46,178)	(4,566)

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

Consolidated balance sheet

As at 30 June 2018

	Notes	2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**25,430**	20,650
Trade and other receivables	8	**421**	545
Inventories	9	**184**	3
Prepayments	11	**246**	226
Assets classified as held for sale	10	**17,002**	-
Total current assets		**43,283**	21,424
Non-current assets			
Available-for-sale financial assets	12	**2,703**	1,200
Exploration and evaluation	15	**45,763**	91,772
Development properties	15	**17,222**	17,028
Mine properties	15	**27**	1,403
Property, plant and equipment	13	**10,630**	11,555
Other non-current assets	16	**1,303**	1,803
Total non-current assets		**77,648**	124,761
Total assets		**120,931**	146,185
LIABILITIES			
Current liabilities			
Trade and other payables	17	**3,764**	2,533
Borrowings	18	**-**	769
Provisions	19	**923**	971
Liabilities directly associated with assets classified as held for sale	10	**3,502**	-
Total current liabilities		**8,189**	4,273
Non-current liabilities			
Borrowings	20	**-**	68
Provisions	22	**26,822**	29,722
Total non-current liabilities		**26,822**	29,790
Total liabilities		**35,011**	34,063
Net assets		**85,920**	112,122
EQUITY			
Contributed equity	23	**188,860**	169,044
Reserves	24(a)	**44,589**	42,568
Accumulated losses		**(154,269)**	(113,466)
Non-controlling interests		**6,740**	13,976
Total equity		**85,920**	112,122

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

Consolidated statement of changes in equity

For the year ended 30 June 2018

		Contributed equity $'000	Mineral properties revaluation reserve $'000	Available-for-sale financial assets reserve $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Equity Reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2016		169,044	19,845	324	21,083	1,085	-	(109,225)	-	102,156
Loss for the year		-	-	-	-	-	-	(4,241)	(529)	(4,770)
Other comprehensive income		-	-	528	-	(324)	-	-	-	204
Total comprehensive loss for the year		**-**	**-**	**528**	**-**	**(324)**	**-**	**(4,241)**	**(529)**	**(4,566)**
Transactions with owners in their capacity as owners:										
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	(446)	-	14,505	14,059
Employee share options - value of employee services		-	-	-	473	-	-	-	-	473
		-	-	-	473	-	(446)	-	14,505	14,532
Balance at 30 June 2017		169,044	19,845	852	21,556	761	(446)	(113,466)	13,976	112,122
Balance at 1 July 2017		169,044	19,845	852	21,556	761	(446)	(113,466)	13,976	112,122
Loss for the year		-	-	-	-	-	-	(40,803)	(7,236)	(48,039)
Other comprehensive income		-	-	1,422	-	439	-	-	-	1,861
Total comprehensive loss for the year		**-**	**-**	**1,422**	**-**	**439**	**-**	**(40,803)**	**(7,236)**	**(46,178)**
Transactions with owners in their capacity as owners:										
Contributions of equity, net of transaction costs and tax	23	19,816	-	-	-	-	-	-	-	19,816
Employee share options - value of employee services		-	-	-	160	-	-	-	-	160
		19,816	-	-	160	-	-	-	-	19,976
Balance at 30 June 2018		**188,860**	**19,845**	**2,274**	**21,716**	**1,200**	**(446)**	**(154,269)**	**6,740**	**85,920**

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

Consolidated statement of cash flows

For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,305**	8,782
Payments to suppliers and employees (inclusive of goods and services tax)		**(7,732)**	(16,098)
Interest paid		**(22)**	(53)
Payments for exploration and evaluation expense		**(487)**	(493)
Net cash (outflow) from operating activities	33	**(6,936)**	(7,862)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,209)**	(249)
Payments for available-for-sale financial assets		**(81)**	-
Payment of development costs		**(2,697)**	(265)
Exploration and evaluation expenditure		**(4,297)**	(4,955)
Return of proceeds from cash backed performance bonds		**500**	-
Proceeds from sale of property, plant and equipment		**55**	693
Interest received		**467**	557
Net cash (outflow) from investing activities		**(7,262)**	(4,219)
Cash flows from financing activities			
Proceeds from issues of shares (net of cost)		**19,816**	-
Proceeds from partial sale of subsidiary		**-**	14,055
Repayment of borrowings		**(838)**	(761)
Net cash inflow from financing activities		**18,978**	13,294
Net increase in cash and cash equivalents		**4,780**	1,213
Cash and cash equivalents at the beginning of the financial year		**20,650**	19,437
Cash and cash equivalents at end of year	7	**25,430**	20,650

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

Notes to the consolidated financial statements

30 June 2018

1 Summary of significant accounting policies

The financial report of Panoramic Resources Limited (the Parent or the Company) and its subsidiaries (the Group) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 31 August 2018.

Panoramic Resources Limited (the Parent) 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 principal place of business is Level 9, 553 Hay Street, Perth WA 6000.

The principal activities of the Group during the course of the financial year consisted of exploration, evaluation, and development of mineral deposits.

(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, trade receivables and available-for-sale investments, which have been measured at fair value. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board.

(b) Going concern basis

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. Both the Savannah and Lanfranchi nickel mine 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 Feasibility Study in October 2017 that demonstrates that the Project is economic at current nickel prices. In February 2018, the Company raised $20.9 million (before costs) in new capital and commenced various pre-production activities on site infrastructure, including the refurbishment of the Savannah Process Plant.

On 29 June 2018, Savannah Nickel Mines Pty Ltd (a wholly owned subsidiary of the Company) executed a new four-year Concentrate Sales Agreement with Jinchuan Group Co. Ltd and Sino Nickel Pty Ltd. The Agreement covers 100% of the concentrate that will be produced from the Savannah Nickel Project from early 2019.

On 16 July 2018, the Company announced that the Savannah Nickel Project will reopen following the Company and Savannah Nickel mines Pty Ltd (a wholly owned subsidiary of Panoramic) executed a credit approved term sheet with Macquarie Bank Limited for Project Finance Facilities (Facilities). The Facilities provided consist of a secured project loan of up to $40 million and nickel and copper hedging lines. The combination of the equity raised in February 2018 and the Macquarie project loan of up to $40 million means that the Savannah Project restart is fully funded.

The Group is expected to start generating revenue from its income producing assets in 2019. As a result, it is appropriate to prepare the financial statements on a going concern basis.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to 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.

Notes to the consolidated financial statements

30 June 2018

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.

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 (OCI) 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 OCI 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.

(d) New accounting standards and interpretations

Refer to Appendix A on page 120.

(e) Significant accounting judgements, estimates and assumptions

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

(i) 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 either under the 2012 or 2004 editions 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 judgement 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 and future developments.

Notes to the consolidated financial statements

30 June 2018

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 on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

(ii) Impairment of capitalised exploration and evaluation 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 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 successfully recovers 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.

(iii) Impairment of 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 an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised mine development expenditure and mine properties expenditure is dependent on a number of factors, including the level of proved, probable and inferred 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 mine development expenditure and mine properties 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.

(iv) Impairment of property, plant and equipment

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 an impairment trigger exists, 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) and 'fair value less costs to dispose' (FVLCD).

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

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

Notes to the consolidated financial statements
30 June 2018

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 are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. Refer to *Note 13: Non-current assets - Property, plant and equipment* for further information.

(v) 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 or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

The carrying amount of the provision for decomissioning and rehabilitation as at 30 June 2018 was $26.810 million (2017: $29.715 million). The Group estimates that the costs would be realised towards the end of the respective mine lives and calculates the provision using the discounted cash flow method based on expected costs to be incurred to rehabilitate the disturbed area. These costs are discounted at 2.46% (2017: 2.03%).

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.

(vi) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a Monte Carlo model and a Binomial model, using the assumptions detailed in note 35.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of concentrates/ore

A sale is recorded when risk and reward of ownership of the concentrates/ore has passed to the buyer.

(ii) 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.

(iii) 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, finance charges in respect of finance leases and foreign currency exchange differences net of the effect of hedges of borrowings.

Notes to the consolidated financial statements

30 June 2018

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than twelve months to get ready for their intended use or sale. 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.

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.

(h) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(i) 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 in the banks short-term deposits with an original maturity not exceeding three months and if greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts.

(j) Term deposits

Term deposits are stated at nominal value. These deposits have original maturity of three months or more.

(k) Trade receivables

(i) Nickel concentrate (if applicable)

Mining revenue from nickel concentrate sales exported from the Savannah Nickel Project is recognised at its provisional price on the day the product has been shipped from port. 100% of the provisional value is payable in approximately 7 working days from the issue of a provisional invoice. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period stipulated in the contract until the quotational period expires and change in fair value is recognised as revenue. Increments and decrements in the final measured contained nickel in nickel concentrate delivered to the customer are brought to account upon presentation of the final invoice. Receivables are carried at fair value.

(ii) Other receivables

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

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(l) Inventories

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

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

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

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

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

(ii) Spares for production

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

(m) Derivative financial instruments and hedging (if applicable)

When in production, the Group uses 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 prices fluctuations. These derivative financial instruments are stated at fair value.

Derivatives are not held for speculative purposes.

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 unless the derivative is designated and effective as a cash flow hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes 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 are expected to be highly effective in achieving offsetting changes in the fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is 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 are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement.

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

The Group tests each of the designated cash flow hedges for effectiveness at the inception of the hedge and then at each reporting date both prospectively and retrospectively using the dollar offset method. This is done by comparing the changes in the present value of the cash flow arising from hedged forecast sale at the forward rate, compared to changes in the fair value of the forward contract. Measurement of the cash flow changes is based on the respective forward curve over the hedge horizon.

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

(ii) Derivatives that do not qualify for hedge accounting

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

(n) Foreign currency translation

Both the functional and presentation currency of Panoramic Resources Limited and its Australian subsidiaries is Australian dollars (A$).

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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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Group companies

On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(o) Investments and other financial assets

(i) Available-for-sale financial assets

After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

Investments which are not classified as held for trading or held to maturity are treated as available-for-sale financial assets.

(p) 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 on all 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.

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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

Panoramic Resources Limited 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, Panoramic Resources Limited 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.

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.

(q) Other taxes

Revenue, expenses and assets are recognised net of the amount of 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 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.

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(r) 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 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:

Office equipment	3 - 4 years
Office furniture and fittings	5 years
Plant and equipment under hire purchase	over the lease term
Plant and equipment under finance lease	over the lease term
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.

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.

(s) 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.

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Exploration and evaluation in the area of interest that have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are expensed as incurred.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area or, alternatively, by its sale.

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

Impairment

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

The recoverable amount of capitalised exploration and evaluation expenditure is the higher 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

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.

(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 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 development is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs to sell 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

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An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Capitalised mine development 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.

(iii) Mine properties expenditure

Mine properties expenditure represents the cost 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 facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine properties expenditure is the higher 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Mine property 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.

(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 cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided in the period in which obligation arise. The cost is capitalised when it gives rise to future benefits, 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 the change in net present value based on a risk adjusted pre-tax discount rate appropriate to the risk inherent in the liability. The unwinding of the discount is included in financing cost. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted and the effect is recognised in the income statement on a prospective basis over the remaining life of the operation.

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(t) 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 determined for an individual asset, 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 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 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.

(u) Trade and other payables

Trade payables and other payables are carried at amortised costs 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.

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received 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 as well as through the amortisation process.

(w) 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.

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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.

(x) 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(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 rate with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Equity-settled transactions

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').

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.

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If the terms of an equity-settled award are 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 profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(y) Contributed equity

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.

(z) 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.

(aa)Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab)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.

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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 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Business combinations prior to 1 July 2009 were accounted for using the purchase method.

(ac)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 periods 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.

(ad)Joint Operations

When applicable, the Group's recognises its interest in joint operations:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2 Segment information

(a) Business 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.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold, as these are the sources of the Group's major risks and have the most effect on the rates of return.

The Group has identified five operating segments being: (1) Nickel, the Savannah Nickel Project; (2) Gold, the Gum Creek Gold Project; (3) Platinum Group Metals, the Thunder Bay North PGM Project and Panton PGM Project; (4) Australian Exploration; and (5) Overseas Exploration.

Nickel

The Savannah Nickel Project and the Lanfranchi Nickel Project, when in production, all mine nickel ore. The Lanfranchi Nickel Project was placed onto care and maintenance in November 2015 and the Savannah Nickel Project was placed onto care and maintenance in May 2016. Both mines remained in care and maintenance during the period other than the Lanfranchi camp being leased out. At 30 June 2018, the Lanfranchi Nickel Project was reclassified as asset held for sale and is excluded from this segment.

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Gold

The Gum Creek Gold Project (formerly Gidgee Gold) is located 640kms northeast of Perth in Western Australia, and was purchased by the Company in January 2011. The Company refurbished the site's village and administration areas and commenced exploration and evaluation activities from July 2011. The Company refurbished the site's village and administration areas and commenced exploration and evaluation activities from July 2011.

In May 2012, the Company acquired the Wilsons Gold Project from Apex Minerals Limited. The Wilsons Gold Project is within trucking distance of the existing Gum Creek processing facility which is under care and maintenance. The Wilsons Gold Project acquisition forms part of the Gum Creek Gold Project.

In October 2016, the Gum Creek Gold Project was sold to the Company's wholly owned subsidiary, Horizon Gold Limited. In December 2016, Horizon Gold Limited was listed on the Australian Stock Exchange (ASX) and raised $15 million in new capital. The Company has retained a 51% controlling equity in Horizon Gold Limited.

Platinum Group Metals (PGM)

In July 2012, the Company completed the acquisition of Magma Metals Limited by way of an off market takeover bid. Magma's principal project, the Thunder Bay North PGM Project, is located in northwest Ontario, Canada. Since acquisition, the Company undertook evaluation studies to re-optimise the mining method and mineral processing route contained in the 2011 Scoping Study/Preliminary Economic Assessment (PEA). In January 2015, Rio Exploration Canada Inc. (RTEC), having completed its review of all existing data on TBN, exercised a right under the "Earn In with Option to Joint Venture Agreement (July 2014)" by electing to proceed into the Earn-In option phase. RTEC is able to earn a 70% interest in the TBN by spending C$20 million over a five year period to January 2020.

In May 2012, the Company executed an agreement with Platinum Australia Limited to purchase the Panton PGM Project. The Panton Project is located 60km north of Halls Creek, in the East Kimberley Region of Western Australia. The Company will continue to develop the asset through the optimisation of the project's mining and processing options.

Australian and Overseas Exploration

The Group's primary greenfield exploration and evaluation activities currently cover the regional areas of Western Australia.

The Group's GM - Exploration is responsible for budgets and expenditure by the Group's exploration team. The exploration division does not normally derive any income. Should a project generated by the exploration division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from the exploration and become a separate reportable segment.

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 8 *Operating Segments*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, derivative financial instruments, property, plant and equipment and development and mine properties. Segment liabilities consist primarily of trade and other creditors, employee benefits, derivative financial instruments, finance leases and borrowings and provision for rehabilitation.

Notes to the consolidated financial statements

30 June 2018

(b) Operating business segments

2018	Nickel $'000	Gold $'000	Platinum Group Metals $'000	Australian Exploration $'000	Overseas Exploration $'000	Total $'000
Other revenue	21	189	1	-	-	211
Total segment revenue	**21**	**189**	**1**	**-**	**-**	**211**
Total segment results	**(5,066)**	**(14,764)**	**(32,723)**	**(30)**	**-**	**(52,583)**
Total segment assets	**24,654**	**24,234**	**10,647**	**22,583**	**-**	**82,118**
Total segment liabilities	**19,602**	**10,437**	**93**	**7**	**-**	**30,139**
Impairment of assets	-	12,569	32,583	-	-	45,152
Depreciation and amortisation	274	-	-	-	-	274
Exploration and evaluation written off	-	619	-	-	-	619
Interest expense	419	463	-	-	-	882
Interest income	(21)	(189)	(1)	-	-	(211)

In 2018, an impairment loss of $45.152 million was recognised to decrease the carrying amount of exploration and evaluation. As a result, $45.152 million has been recognised in the income statement.

2017	Nickel $'000	Gold $'000	Platinum Group Metals $'000	Australian Exploration $'000	Overseas Exploration $'000	Total $'000
Sales to external customers	8,409	-	-	-	-	8,409
Other revenue	139	186	1	-	-	326
Total segment revenue	8,548	186	1	-	-	8,735
Total segment results	(6,447)	7,371	(31)	(84)	(132)	677
Total segment assets	29,337	38,709	42,828	26,465	2	137,341
Total segment liabilities	22,431	10,059	80	7	-	32,577
Reversal of impairment loss	-	(9,178)	-	-	-	(9,178)
Depreciation and amortisation	450	-	-	-	-	450
Interest expense	351	139	-	-	-	490
Interest income	(139)	(186)	(1)	-	-	(326)

In 2017, a reversal of impairment loss of $9.178 million was recognised to increase the carrying amount of exploration and evaluation. As a result, $9.178 million was recognised in the income statement

(c) Other segment information

(i) Segment revenue

Segment revenue reconciles to total revenue from continuing operations as follows:

	2018 $'000	2017 $'000
Total segment revenue	**211**	8,735
Unallocated revenue	**1,050**	231
Consolidated revenue (note 3)	**1,261**	8,966

Segment revenues are allocated based on the country in which the customer is located.

Notes to the consolidated financial statements

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In 2018, total revenue derived from interest income in Australia is $0.211 million.

In 2017, total revenue derived from the sale of goods to external customers in China was $8.409 million. Sales of goods to external customers exclude hedging gains and losses, transport, port and shipping charges, and therefore the amounts will not agree to the revenue from continuing operations as shown in the consolidated income statement.

In 2017, the Group had two customers to which it delivered nickel concentrate. The Group's most significant customer accounted for $4.351 million of external revenue. The next most significant customer accounted for $4.058 million of revenue.

(ii) Segment results

A reconciliation of segment results to loss for the year is provided as follows:

	2018 $'000	2017 $'000
Segment results	**(52,583)**	677
Corporate charges	**(3,418)**	(5,447)
Revenue and expenses directly associated with assets held for sale	**7,962**	-
Loss for the year	**(48,039)**	(4,770)

At 30 June 2018, the Lanfranchi Nickel Project was classified as an asset held for sale. For further details, see Note 10.

(iii) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

	2018 $'000	2017 $'000
Segment assets	**82,118**	137,341
Intersegment eliminations	**117**	118
Unallocated assets	**21,694**	8,726
Assets held for sale	**17,002**	-
Total assets as per the consolidated balance sheet	**120,931**	146,185

Total non-current assets located in Australia is $92.059 million (2017: $109.746 million), and the total of these non-current assets located in Canada is $4.084 million (2017: $36.439 million). Non-current assets for this purpose consist of property, plant and equipment, exploration and evaluation, development and mine properties.

(iv) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2018 $'000	2017 $'000
Segment liabilities	**30,139**	32,577
Intersegment eliminations	**117**	118
Unallocated liabilities	**1,253**	1,368
Liabilities directly associated with assets held for sale	**3,502**	-
Total liabilities as per the consolidated balance sheet	**35,011**	34,063

Notes to the consolidated financial statements

30 June 2018

3 Revenue

	2018 $'000	2017 $'000
Sales revenue		
Sale of goods	-	8,409
Other revenue		
Rents and sub-lease rentals	794	-
Interest income	467	557
	1,261	557
	1,261	8,966

4 Other income

	2018 $'000	2017 $'000
Gain on measurement of rehabilitation liability	50	198
Sundry income	403	502
	453	700

5 Expenses

	2018 $'000	2017 $'000
Loss before income tax includes the following specific expenses:		
Cost of sales of goods		
Cost of goods sold/produced	-	8,473
Royalties	-	490
	-	8,963
Finance costs		
Interest and finance charges paid/payable	22	53
Unwinding of discount - rehabilitation	921	437
	943	490
Rental expense relating to operating leases		
Minimum lease payments	606	1,187
	606	1,187

	2018 $'000	2017 $'000
Other		
Net (gain)/loss on disposal of property, plant and equipment	-	(150)
Net foreign currency exchange loss/(gain)	-	62
Write down / (reversal of write-down) on inventory	14	(433)
Depreciation - property, plant and equipment not used in production	430	735
Depreciation - finance lease and hire purchase assets not used in production	-	25
	444	239
Breakdown of employee benefits expenses		
Salaries and wages	3,567	3,791
Payroll tax	206	317
Superannuation	328	390
Redundancies	78	1,300
Others	-	271
Share based payments expense	160	473
	4,339	6,542

Notes to the consolidated financial statements

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6 Income tax benefit

(a) Income tax benefit

	2018 $'000	2017 $'000
Relating to origination and reversal of temporary differences in current year	-	(3,422)
Deferred tax asset not recognised	-	2,967
Utilisation of unrecognised deferred tax asset	-	455
	-	-

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

	2018 $'000	2017 $'000
Loss from continuing operations before income tax benefit	**(48,039)**	(4,770)
Tax benefit at the Australian tax rate of 30.0% (2017 - 30.0%)	**(14,412)**	(1,431)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	**2**	1
Share based payments	**48**	142
Adjustments in relation to research and development	**(78)**	62
Other	**9,902**	771
Utilisation of unrecognised deferred tax asset	-	455
Deferred tax asset de-recognised	**4,538**	-
Income tax benefit	-	-

(c) Tax losses

	2018 $'000	2017 $'000
Unused tax losses for which no deferred tax asset has been recognised		
Capital losses	-	1,789
Income tax losses transferred to Panoramic Resources Limited from Magma Metals Limited on tax consolidation	**23,639**	23,695
Foreign tax losses	**878**	878
Income tax losses of Panoramic Resources Limited	**121,906**	121,006
Potential tax benefit @ 30%	**43,927**	44,210

7 Current assets - Cash and cash equivalents

	2018 $'000	2017 $'000
Cash at bank and in hand	**2,605**	1,860
Deposits at call	**22,825**	18,790
	25,430	20,650

(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:

	2018 $'000	2017 $'000
Cash at bank and in hand and deposits at call	**25,430**	20,650

Notes to the consolidated financial statements

30 June 2018

(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 1.85% (2017: 1.84%).

(c) Deposits at call

Short term deposits are made of varying maturities not exceeding three months and earn interest at the respective short-term deposit rates. If short term deposits have original maturity greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts. The weighted average interest rate achieved for the year was 2.5% (2017: 2.5%).

(d) Fair value

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

8 Current assets - Trade and other receivables

	2018 $'000	2017 $'000
Other receivables	**421**	545

(a) Other receivables

These amounts relate to receivables for goods and services tax, diesel fuel rebates and sundry items. Interest may be charged at commercial rates where the terms of repayments exceed six months. Collateral is not normally obtained.

(b) Fair value and credit risk

Information on credit risk is provided in note 37.

9 Current assets - Inventories

	2018 $'000	2017 $'000
Spares for production - at cost	**184**	3
	184	3

10 Assets and liabilities classified as held for sale

(a) Lanfranchi Nickel Project

With the improvement in nickel prices and the Company's increasing focus on the restart of operations at the Savannah Nickel Project, the Company has reviewed the future options for the Project, including retaining ownership and exploring for additional resources, seeking a joint venture partner to help fund exploration activities and/or divestment of the asset. In April 2018, the Company appointed Hartley Limited to assist in this process, including seeking expressions of interest to purchase the Project.

Leading up to the end of the financial period, there have been several interested parties that have reviewed the Project's assets. With the increasing likelihood that the Project will be sold over the 2018/19 financial year, the Project has been classified as an asset held for sale at 30 June 2018.

The major classes of assets and liabilities of the Project classified as held for sale consists of property, plant and equipment, exploration and evaluation properties, mine development and mineral properties and rehabilitation provision totalling to a net of $13.500 million as at 30 June 2018.

Immediately before the classification of the Project as assets held for sale, the recoverable amount was estimated for the assets of the Project and a reversal of a previous impairment loss was required. Following the classification, an impairment reversal of $7.260 million was recognised on 30 June 2018 to increase the carrying value of the assets in the Project to their fair value. This reversal of impairment loss was recognised in the consolidated income statement.

Notes to the consolidated financial statements

30 June 2018

The major classes of assets and liabilities of Cherish Metals Pty Ltd (the owner of the Lanfranchi Nickel Project) classified as held for sale as at 30 June 2018 are as follows:

	2018 $ '000
Assets	
Cash at bank and in hand	**146**
Other receivables	**8**
Inventory	**23**
Prepayments	**51**
Property, plant and equipment	**1,650**
Exploration and evaluation	**8,605**
Development properties	**1,953**
Mine properties	**4,566**
Asset held for sale	**17,002**
Liabilities	
Trade and other payables	**275**
Rehabilitation provision	**3,227**
Liabilities directly associated to asset held for sale	**3,502**
Net assets	**13,500**

11 Current assets - Prepayments

	2018 $'000	2017 $'000
Prepayments	**246**	226

12 Non-current assets - Available-for-sale financial assets

Available-for-sale financial assets include the following classes of financial assets:

	2018 $'000	2017 $'000
Listed securities		
Equity securities	**2,703**	1,200

	2018 $'000	2017 $'000
At beginning of year	**1,200**	677
Additions	**81**	-
Fair value gain/(loss) recognised in other comprehensive income	**1,422**	523
At end of year	**2,703**	1,200

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

Notes to the consolidated financial statements

30 June 2018

13 Non-current assets - Property, plant and equipment

	2018 $'000	2017 $'000
Plant and equipment		
Deemed cost	**163,547**	203,873
Accumulated depreciation and impairment	**(153,180)**	(192,575)
	10,367	11,298
Leased plant & equipment		
Cost	**365**	7,316
Accumulated depreciation	**(365)**	(7,257)
	-	59
Construction in progress		
Cost	**241**	176
Accumulated impairment	**22**	22
	263	198
	10,630	11,555

	Plant and equipment $'000	Leased plant and equipment $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2018				
Opening net book amount	11,298	59	198	11,555
Additions	1,144	-	65	1,209
Reclass to assets held for sale	(1,649)	-	-	(1,649)
Depreciation charge	(430)	-	-	(430)
Transfer (to) from other asset class	59	(59)	-	-
Disposals	(55)	-	-	(55)
Closing net book amount	**10,367**	**-**	**263**	**10,630**
At 30 June 2018				
Deemed cost	163,547	365	241	164,153
Accumulated depreciation and impairment	(153,180)	(365)	22	(153,523)
Net book amount	**10,367**	**-**	**263**	**10,630**
Year ended 30 June 2017				
Opening net book amount	9,255	123	145	9,523
Acquisition of subsidiary	(543)	-	-	(543)
Additions	199	-	53	252
Depreciation charge	(696)	(64)	-	(760)
Reversal of impairment loss	3,084	-	-	3,084
Foreign currency exchange adjustments	(1)	-	-	(1)
Closing net book amount	**11,298**	**59**	**198**	**11,555**
At 30 June 2017				
Cost or fair value	203,873	7,316	176	211,365
Accumulated depreciation	(192,575)	(7,257)	22	(199,810)
Net book amount	**11,298**	**59**	**198**	**11,555**

Notes to the consolidated financial statements

30 June 2018

(a) Impairment of assets

Savannah Nickel Project

On 16 July 2018, the Company's Board made the formal decision to restart operations at the Savannah Nickel Project, as a result of this decision, the consolidated entity has commenced Phase Two of the pre-production activities at the Project and is targeting to export the first shipment of Savannah bulk concentrate to China early in the March 2019 quarter.

It is expected that the refurbishment of the Savannah process plant and other site infrastructure will be completed during the December 2018 quarter. At that time, the Company will engage an external valuer to determine the market value of property, plant and equipment. Any adjustments to the carrying values, will be made at that time.

Lanfranchi Nickel Project

At 30 June 2018, the Lanfranchi Nickel Project was classified as an asset held for sale. The major classes of assets of the Project classified as held for sale consists of property, plant and equipment, capitalised exploration and evaluation, mine development and mineral properties expenditure totalling $17.002 million as at 30 June 2018.

Immediately before the classification of the Lanfranchi Nickel Project's assets being held for sale, the recoverable amounts were estimated for the property, plant and equipment of the Project and it was determined that the recoverable amount estimated approximated its carrying value and that no adjustment was required.

Gum Creek Gold Project

The deficiency in market capitalisation of Horizon Gold Limited (which owns the Gum Creek Gold Project) compared to its net assets during the year ended 30 June 2018 led to the Group to make an assessment of the recoverability of the carrying value of Horizon's assets at 30 June 2018 under AASB 136 *Impairment of Assets*. The carrying value of the Gum Creek Gold Project CGU was assessed to ensure that the assets within the CGU were being carried at lower of its carrying value (adjusted for depreciation and amortisation) and recoverable amount (being its fair value less cost to dispose (FVLCD)). It was determined that the FVLCD of property, plant and equipment of the Project approximated its carrying value and that no adjustment was required.

The FVLCD of the Gum Creek Gold Project has been determined based on comparable market transactions. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying "cash generating unit" (CGU).

(b) 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 2017, the carrying amounts of assets pledged as security for current and non-current borrowings were $0.059 million.

14 Non-current assets - Deferred tax assets

	2018	2017
	$'000	$'000
The balance comprises temporary differences attributable to:		
Tax losses	**43,927**	36,302
Employee benefits	**268**	293
Provisions	**10,404**	8,915
Depreciation and amortisation	**7,547**	-
Sundry temporary differences	**14**	53
Research and development tax offset	**4,091**	4,091
Business related costs	**727**	(57)
Deferred tax asset not recognised	**(47,012)**	(44,540)
	19,966	5,057
Set-off of deferred tax liabilities pursuant to set-off provisions (note 21)	**(19,966)**	(5,057)
Net deferred tax assets	**-**	-

Notes to the consolidated financial statements

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

	2018 $'000	2017 $'000
Mine development expenditure		
Deemed cost	**225,118**	349,963
Accumulated amortisation and impairment	**(207,896)**	(332,935)
	17,222	17,028
Exploration and evaluation		
Deemed cost	**116,983**	121,910
Accumulated impairment	**(71,220)**	(30,138)
	45,763	91,772
Mine (mineral) properties		
Deemed cost	**1,795**	89,703
Accumulated amortisation and impairment	**(1,768)**	(88,300)
	27	1,403
	63,012	110,203

	Mine Development Expenditure $'000	Exploration and Evaluation $'000	Mine (Mineral) Properties $'000	Total $'000
Year ended 30 June 2018				
Opening net book amount	17,028	91,772	1,403	110,203
Additions	2,697	4,297	-	6,994
Reclass to assets held for sale	(1,953)	(8,605)	(4,566)	(15,124)
(Reversal of) / impairment loss	-	(41,082)	3,190	(37,892)
Written off to profit and loss	-	(619)	-	(619)
Re-measurement of rehab provision	(550)	-	-	(550)
Closing net book amount	**17,222**	**45,763**	**27**	**63,012**
At 30 June 2018				
Deemed cost	225,118	116,983	1,795	343,896
Accumulated amortisation and impairment	(207,896)	(71,220)	(1,768)	(280,884)
Net book amount	**17,222**	**45,763**	**27**	**63,012**
Year ended 30 June 2017				
Opening net book amount	18,019	80,201	1,403	99,623
(Reversal of) / impairment loss	(403)	-	-	(403)
Expenditure incurred	262	5,075	-	5,337
Reversal of impairment loss (net)	(850)	6,943	-	6,093
Foreign currency exchange adjustments	-	(447)	-	(447)
Closing net book amount	**17,028**	**91,772**	**1,403**	**110,203**
At 30 June 2017				
Cost or fair value	349,963	121,910	89,703	561,576
Accumulated depreciation	(332,935)	(30,138)	(88,300)	(451,373)
Net book amount	**17,028**	**91,772**	**1,403**	**110,203**

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.

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(a) Impairment of assets

Savannah Nickel Project

On 16 July 2018, the Company's Board made the formal decision to restart operations at the Savannah Nickel Project. As a result of this decision, the consolidated entity has commenced Phase Two of the pre-production activities at the Project and is targeting to export the first shipment of Savannah bulk concentrate to China early in the March 2019 quarter. In December 2018 quarter, the recoverable amount of the mine operation at the cash generating unit level will be determined based on a value in use calculation using cash flow projections based on financial budgets covering the life of the project incorporating current market assumptions approved by the Company's Directors. Any adjustments to the exploration and evaluation, mine development and mineral properties expenditure carrying values will be made at that time.

Lanfranchi Nickel Project

At 30 June 2018, the Lanfranchi Nickel Project was classified as an asset held for sale. The major classes of assets the Project classified as held for sale consists of property, plant and equipment, exploration and evaluation properties, mine development and mineral properties expenditure totalling to $17.002 million as at 30 June 2018.

Immediately before the classification of the Project's assets being held for sale, the recoverable amount was estimated for the exploration and evaluation expenditure, mine development and mineral properties expenditure and it was determined that a reversal of impairment loss was required. An impairment loss reversal of $7.260 million was recognised at 30 June 2018 to increase the carrying value of the exploration and evaluation expenditure and mineral properties expenditure to their fair value. This impairment loss reversal has been recognised in the consolidated income statement.

Gum Creek Gold Project

The deficiency in market capitalisation of Horizon Gold Limited (the owner of the Gum Creek Gold Project) compared to net assets during the year ended 30 June 2018 led to the Group to make an assessment of the recoverability of the carrying value of Horizon's assets at 30 June 2018 under AASB 136 *Impairment of Assets*. An external party was engaged to determine the fair value less costs to dispose (FVLCD) of the Gum Creek Gold Project. The FVLCD was then compared against the carrying value (adjusted for depreciation and amortisation) of capitalised exploration and evaluation expenditure. As a result of this comparison, an impairment loss of $12.569 million was recognised to reduce the carrying amount of exploration and evaluation expenditure. This amount has been recognised in the consolidated income statement.

The fair value less cost to dispose of the Project's assets were determined by a valuation performed by an external party based on a review of comparable market transactions that were completed between 2015 and 2018. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the assets of the underlying "cash generating unit" (CGU).

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Thunder Bay North Project

On 30 July 2014, the Company signed an Agreement with Rio Tinto Exploration Canada Inc. (RTEC) which allowed RTEC to review all existing data on the TBN Project on an exclusive basis until December 2014. On 16 January 2015, the Company announced that RTEC had exercised its right under the Agreement by electing to spend up to C$20 million (minimum spend of C$5 million before RTEC can withdraw) over the next five years to 16 January 2019, to earn a 70% interest in the Project. During this period, RTEC is responsible for managing the Project and ensuring the TBN tenements are kept in good standing.

In January 2017, RTEC confirmed that it had exceeded the minimum spend of C$5 million.

During the 2017/18 financial year, RTEC continued to fund activities on the TBN Project under the earn-in arrangement of the Agreement. The three part-time employees of TBN assisted RTEC as required and continued to undertake various consulting work for locally based exploration companies to assist in offsetting the costs of running the Thunder Bay Office.

The Company continued to hold discussions with RTEC on the future plans and strategy for the Project. As at the date of this report, these discussions are continuing.

The recoverable amount of the Project has been determined based an internal review of comparable market transactions for Platinum Group Metals (PGM) projects that were completed between 2010 and 2018.

In recognition of the uncertainty over the future of the Project, the Company reviewed and compared the carrying values of the TBN Projects assets against their estimated recoverable values as at 30 June 2018. As a result of this comparison, an impairment loss of $32.583 million was recognised to reduce the carrying amount of the exploration and evaluation properties. This amount has been recognised in the consolidated income statement.

16 Non-current assets - Other non-current assets

	2018	2017
	$'000	$'000
Others	**1,303**	1,803
	1,303	1,803

At 30 June 2018, $1.303 million (2017: $1.803 million) is cash backed against the drawn amount on the Company's performance bond facility.

17 Current liabilities - Trade and other payables

	2018	2017
	$'000	$'000
Trade payables	**2,154**	1,674
Accrued expenses	**1,610**	859
	3,764	2,533

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.

Notes to the consolidated financial statements

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18 Current liabilities - Borrowings

	2018 $'000	2017 $'000
Secured		
Lease liabilities (note 28)	-	769
Total secured current borrowings	-	769

(a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 37.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 37.

(c) Security and fair value disclosures

Details the Group's security relating to non-current borrowings are set out in note 20.

19 Current liabilities - Provisions

	2018 $'000	2017 $'000
Employee benefits - long service leave	**506**	510
Employee benefits - annual leave	**417**	461
	923	971

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 pro rata entitlement is recognised as a non-current provision for long service leave.

20 Non-current liabilities - Borrowings

	2018 $'000	2017 $'000
Secured		
Lease liabilities (note 28)	-	68

(a) Assets pledged as security

Finance 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 2017, the carrying amounts of assets pledged as security for current and non-current borrowings were $0.059 million.

(b) Other loans

Finance lease liabilities

In 2017, finance lease liabilities had an average term of 3 years. The average interest rate implicit in the hire purchase liability was 4.59%. Secured finance lease liabilities were secured by a charge over the asset.

Financing facilities available

At reporting date, there is a performance bond facility available. The performance bond facility is $2.0 million (2017: $2.0 million) with a drawdown amount at reporting date of $1.3 million (2017: $1.8 million) and $0.7 million (2017: $0.2 million) available to be used. The $1.3 million drawn amount is cash-backed with a financial institution (note 16).

Notes to the consolidated financial statements

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(c) Interest rate risk exposures

The following table sets out the Company's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

2018	Fixed interest rate						
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 17)	-	-	-	-	-	3,764	3,764
Lease liabilities (notes 18 and 20)	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**3,764**	**3,764**
Weighted average interest rate	-	-	-	-	-	N/A	

2017	Fixed interest rate						
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 17)	-	-	-	-	-	2,533	2,533
Lease liabilities (notes 18 and 20)	-	769	68	-	-	-	837
	-	**769**	**68**	**-**	**-**	**2,533**	**3,370**
Weighted average interest rate	-	4.59%	4.60%	-	-	N/A	

(d) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	2018		2017	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On-balance sheet (i)				
Non-traded financial liabilities				
Lease liabilities	-	-	837	837
	-	-	837	837

(i) On-balance sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

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21 Non-current liabilities - Deferred tax liabilities

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Financial instruments at fair value	-	256
Inventories	2,417	-
Borrowing costs capitalised	-	3
Accrued income	2	3
Exploration and evaluation, development expenditure and mine properties	15,274	4,637
Asset classified held for sale	2,273	-
Foreign exchange	-	158
	19,966	5,057
Set-off of deferred tax liabilities pursuant to set-off provisions (note 14)	(19,966)	(5,057)
Net deferred tax liabilities	-	-
Movements:		
Opening balance	5,057	4,602
Charged/credited:		
- profit or loss	14,909	455
	19,966	5,057

22 Non-current liabilities - Provisions

	2018 $'000	2017 $'000
Employee benefits - long service leave	12	7
Rehabilitation	26,810	29,715
	26,822	29,722

A provision for rehabilitation is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the rehabilitation are based on the anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislations in relation to rehabilitation of such mines in the future. Refer to note1(e)(v) for inputs used in determining the provision for rehabilitation.

Notes to the consolidated financial statements

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(a) Movements in provisions

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

2018	Rehabilitation $'000
Carrying amount at start of year	29,715
- unwinding of discount	921
- reclass to liabilities directly associated to assets held for sale	(3,226)
- reversal of unutilised provisions	(600)
Carrying amount at end of year	**26,810**

2017	Rehabilitation $'000
Carrying amount at start of year	29,883
- unwinding of discount	437
- reversal of unutilised provisions	(605)
Carrying amount at end of year	**29,715**

23 Contributed equity

(a) Share capital

	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Ordinary shares				
Ordinary shares - fully paid	**491,592,889**	428,567,271	**188,860**	169,044

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$'000
1 July 2016	Opening balance	428,567,271		169,044
30 June 2017	Balance	428,567,271		169,044
1 July 2017	Opening balance	428,567,271		169,044
1 August 2017	Performance rights issue	1,575,012		-
1 March 2018	Share Issue	61,450,606	$0.34	20,893
	Transaction costs, net of tax	-		(1,077)
30 June 2018	Balance	491,592,889		188,860

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(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.

Management monitor capital through the gearing ratio (total borrowings / contributed equity). The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2018 was nil (2017: 0.50%).

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2017: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. (Refer to note 37 Financial risk management)

The Group is not subject to any externally imposed capital requirements.

Management considers that the total equity of the Group (contributed equity, reserves and retained earnings) plus borrowings (current and non-current) is what it manages as capital. At 30 June 2018, this was $85.92 million (2017: $112,959,000).

24 Reserves

(a) Reserves

	2018 **$'000**	2017 $'000
Mineral properties revaluation reserve	**19,845**	19,845
Available-for-sale financial assets	**2,274**	852
Share-based payments	**21,716**	21,556
Foreign currency translation	**1,200**	761
Other reserves	**(446)**	(446)
	44,589	42,568

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(b) Nature and purpose of reserves

(i) Mineral properties revaluation reserve

In 2009, the Company increased the Group's interest in the Lanfranchi Project from 75% to 100%. This required a revaluation of the original interest in the project when acquired in 2004. The asset revaluation reserve resulted from the increase in the fair value of the original interest.

(ii) Available-for-sale investments revaluation reserve

This reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investment is derecognised or impaired.

(iii) 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 acquisition of an entity or asset.

(iv) Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

25 Dividends

(a) Ordinary shares

No final dividend was paid for the year ended 30 June 2018.

No interim dividend was paid for the half year ended 31 December 2017.

(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

	Consolidated entity	
	2018	2017
	$'000	$'000
Franking credits available for subsequent reporting periods	**10,503**	10,503

The tax rate at which paid dividends have been franked is 30% (2017: 30%).

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26 Remuneration of auditors

	2018 $	2017 $
Amounts received or due and receivable by Ernst & Young for:		
Audit and review of financial statements	**99,000**	114,744
Other services in relation to the Company and other entity of the consolidated entity:		
Tax compliance and other services	**95,493**	92,560
	194,493	207,304

27 Guarantees and contingencies

(a) Guarantees

At 30 June 2018, the Company had bank guarantees with a financial institution with a face value of $0.709 million (2017: $0.709 million) in respect to the leasing of the office space in the Perth CBD.

Controlled entities

Under the terms of Deeds of Cross Guarantee with several finance institutions, the Company has agreed to become a covenantor with Savannah Nickel Mines Pty and Cherish Metals Pty Ltd in regard to indebtedness and liabilities resulting from the lease and hire purchase of mobile equipment and mine buildings. As at reporting date, the Closed Group has lease liabilities amounting to nil (2017: $0.837 million).

The Company has guaranteed the bank facilities of controlled entities.

(b) Contingent assets

In the directors' opinion there are no contingent assets as at the date of signing this report.

(c) Contingent liabilities

There Group had no contingent liabilities at 30 June 2018.

Power Purchase Agreement

In 2016/17 financial year, the Company and a supplier were in discussions over power back charges and the termination date in relation to the supply of electricity to the Lanfranchi Nickel Project. In January 2018. the Company and the supplier agreed to settle on the termination date and on any amounts owing.

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28 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2018 $'000	2017 $'000
Mineral tenements expenditure commitments		
Not later than one year	**3,608**	3,815
Later than one year but not later than five years	**13,614**	11,794
Later than five years	**35,109**	32,237
	52,331	47,846

(b) Lease commitments: group as lessee

(i) Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2018 $'000	2017 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**-**	825
Later than one year but not later than five years	**-**	34
	-	**859**
Less future finance lease charges	**-**	(22)
Present value of minimum lease payments	**-**	837
Representing lease liabilities:		
Current (note 18)	**-**	769
Non-current (note 20)	**-**	68
	-	837

(c) Operating lease commitments as lessee

(i) Corporate office

The Group has a commercial lease on its corporate office premises. This non-cancellable lease, originally expiring on 28 February 2019, was extended to 28 February 2022 on 4 October 2017.

Future minimum rentals payable under the non-cancellable operating leases at 30 June 2018 are as follows:

	2018 $'000	2017 $'000
Within one year	**825**	1,701
Later than one year and not later than five years	**1,024**	1,168
	1,849	2,869

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(d) Operating lease commitments as lessor

(i) Corporate office

The Group sub-leases its excess corporate office space to third parties under non-cancellable operating leases expiring on 28 February 2019.

Future minimum rentals receivable under the non-cancellable operating leases at 30 June 2018 are as follows:

	2018 $'000	2017 $'000
Commitments for minimum lease receipts in relation to non-cancellable operating leases are as follows:		
Within one year	**210**	347
Later than one year but not later than five years	**-**	210
	210	557

(e) Remuneration commitments

	2018 $'000	2017 $'000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**694**	629

29 Related party transactions

(a) Compensation of key management personnel of the Group

Key management personnel of the Group (as defined by AASB 124: *Related Party Transactions*) include the following:

B M Phillips	Chairman (Non-Executive)
P J Harold	Managing Director
J Rowe	Director (Non-Executive)
P R Sullivan	Director (Non-Executive)
N L Cernotta	Director (Non-Executive)
R J Hayward	Director (non-Executive)
T R Eton	Chief Financial Officer and Company Secretary
J D Hicks	General Manager - Exploration
T S Mason	Manager - Projects

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

	2018 $'000	2017 $'000
Short-term employee benefits	**1,491**	1,765
Post-employment benefits	**112**	141
Long-term benefits	**29**	38
Termination/resignation benefits	**-**	586
Share-based payments	**211**	301
	1,843	2,831

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Notes to the consolidated financial statements

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30 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(c):

Name of entity	Country of incorporation	Class of shares	Equity holding 2018 %	Equity holding 2017 %
Cherish Metals Pty Ltd *	Australia	Ordinary	**100**	100
Pindan Exploration Company Pty Ltd	Australia	Ordinary	**100**	100
SMY Copernicus Pty Ltd**	Australia	Ordinary	**100**	100
Copernicus Nickel Mine Pty Ltd	Australia	Ordinary	**100**	100
Donegal Resources Pty Ltd ***	Australia	Ordinary	**-**	100
Donegal Lanfranchi Pty Ltd ***	Australia	Ordinary	**-**	100
Lanfranchi Nickel Mine Pty Ltd	Australia	Ordinary	**100**	100
Pindan (Finland) Exploration Ltd ****	Finland	Ordinary	**-**	100
Panoramic Copper Pty Ltd ***	Australia	Ordinary	**-**	100
Panton Sill Pty Ltd (formerly Panoramic Precious Metals Pty Ltd)	Australia	Ordinary	**100**	100
Mt Henry Gold Pty Ltd	Australia	Ordinary	**100**	100
Mt Henry Mines Pty Ltd	Australia	Ordinary	**100**	100
Magma Metals Pty Limited	Australia	Ordinary	**100**	100
Greenstone Metals Ltd ***	Australia	Ordinary	**-**	100
Panoramic PGM's (Canada) Ltd (formerly Magma Metals (Canada) Ltd)	Canada	Ordinary	**100**	100
Panoramic Nickel Pty Ltd ***	Australia	Ordinary	**-**	100
Panoramic PGMs Pty Ltd ***	Australia	Ordinary	**-**	100
Horizon Gold Limited	Australia	Ordinary	**51**	51
Panoramic Gold Pty Ltd	Australia	Ordinary	**51**	51

* Cherish Metals Pty Ltd is the holder of 100 shares (of 100 shares) in Lanfranchi Nickel Mines Pty Ltd (LNM) at a cost of $0.10 per share. LNM is incorporated in Australia and acts as the Operator of the Lanfranchi Nickel Project (formerly known as the Lanfranchi Joint Venture). For further information refer to note 31.

** SMY Copernicus Pty Ltd is the holder of 10 shares in Copernicus Nickel Mines Pty Ltd (CNM) at a cost of $0.10 per share. CNM is incorporated in Australia.

*** Deregistered on 30 March 2018.

**** Deregistered on 19 September 2017.

Refer to note 31 for details on deed of cross guarantee signed between certain subsidiaries and Panoramic Resources Limited.

Notes to the consolidated financial statements

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(b) Non-controlling interests (NCI)

In December 2016, the Company divested of its Gum Creek Gold Project by way of an initial public offering (IPO) and listing of subsidiary, Horizon Gold Limited ("Horizon"), on the Australian Securities Exchange (ASX). In October 2016, the Company entered into an Acquisition Agreement with Horizon and Panoramic Gold Pty Ltd ("Pan Gold"), which owns the Gum Creek Gold Project, in which on completion of the capital raising, the Company sold Pan Gold to Horizon and the Company would be issued 39,030,612 shares in Horizon as consideration.

In the IPO, Horizon raised $15,000,000 before costs in new equity and issued 37,500,000 shares at $0.40 per share. Following completion of the capital raising by Horizon, the Company's interest in Horizon has been diluted from 100% to 51%. The shares in Horizon held by the Company are held in escrow until 18 December 2018.

The financial information of Horizon in which material non-control interest now exist is provided below:

Summarised statement of financial position for the period:	**30 June 2018 $000**	30 June 2017 $000
Cash and bank balances (current)	**7,160**	11,704
Trade and other receivables	**21**	71
Prepayments (current)	**15**	-
Intercompany payables (current)	**(27)**	(116)
Trade and other payables (current)	**(545)**	(650)
Provisions (current)	**(50)**	(25)
Current net assets	**6,574**	10,984
Property, plant and equipment (non-current)	**4,296**	4,263
Exploration and evaluation (non-current)	**12,741**	22,670
Provisions (non-current)	**(9,842)**	(9,395)
Non-current net assets	**7,195**	17,538
Net assets	**13,769**	28,522
Accumulated balances of non-controlling interest (NCI)	**6,740**	13,976

Summarised statement of profit and loss for the period:	**30 June 2018 $000**	30 June 2017 $000
Other income	**224**	344
Care and maintenance expenses	**(774)**	(1,424)
IPO expenses	**-**	(444)
Corporate and administration	**(563)**	(286)
Reversal of impairment loss	**-**	9,178
Impairment loss	**(12,569)**	-
Exploration expenditure written-off	**(619)**	-
Finance costs	**(463)**	(138)
Profit before tax	**(14,764)**	7,230
Income tax benefit	**-**	1,714
Total comprehensive income	**(14,764)**	8,944

Summarised statement of profit and loss for the period:	**30 June 2018 $000**	30 June 2017 $000
Profit/(loss) allocated to NCI	**7,236**	(529)

Summarised cashflow information for the period:	**30 June 2018 $000**	30 June 2017 $000
Cash flows from operating activities	**(1,354)**	(1,433)
Cash flows from investing activities	**(3,102)**	(2,287)
Cash flows from financing activities	**(89)**	15,424
Net (decreases) increases in cash and cash equivalents	**(4,545)**	11,704

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31 Deed of cross guarantee

Pursuant to ASIC Corporations (wholly-owned companies) Instrument 2016/785, relief has been granted to Savannah Nickel Mines Pty Ltd and Cherish Metals 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.

On 23 June 2009, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd (now deregistered) joined as parties to the Deed of Cross Guarantee. As at the reporting date, the "Closed Group" comprised Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd and Cherish Metals Pty Ltd.

(a) Consolidated income statement and summary of movements in consolidated retained earnings

Set out below is a consolidated income statement and a summary of movements in consolidated retained earnings for the year ended 30 June 2018 of the Closed Group (consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd and Cherish Metals Pty Ltd).

	2018	2017
	$'000	$'000
Loss before income tax includes the following specific items:		
Revenue	1,070	8,778
Other income	386	470
Finance cost	(479)	(351)
Impairment loss reversal on assets held for sale	7,260	-

	2018	2017
	$'000	$'000
Consolidated income statement		
Loss before income tax	**(3,849)**	(11,667)
Loss for the year	**(3,849)**	(11,667)

	2018	2017
	$'000	$'000
Consolidated statement of comprehensive income		
Other comprehensive income		
Loss for the year	**(3,849)**	(11,667)
Items that may be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**1,364**	(536)
Other comprehensive loss for the period, net of tax	**1,364**	(536)
Total comprehensive loss for the year	**(2,485)**	(12,203)
Accumulated losses at the beginning of the financial year	**(100,606)**	(88,939)
Loss for the year	**(3,849)**	(11,667)
Accumulated losses at the end of the financial year	**(104,455)**	(100,606)

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(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2018 of the Closed Group (consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd and Cherish Metals Pty Ltd).

	2018 $'000	2017 $'000
Current assets		
Cash and cash equivalents	**18,218**	8,883
Trade and other receivables	**631**	494
Inventories	**184**	3
Assets held for sale	**17,002**	-
Total current assets	**36,035**	9,380
Non-current assets		
Receivables	**66,713**	69,840
Available-for-sale investments	**2,621**	1,176
Property, plant and equipment	**6,260**	7,185
Deferred exploration and evaluation expenditure	**22,500**	26,440
Development and mine properties	**17,248**	18,430
Other non-current asset	**1,303**	1,803
Total non-current assets	**116,645**	124,874
Total assets	**152,680**	134,254
Current liabilities		
Trade and other payables	**3,176**	1,486
Interest-bearing loans and borrowings	**-**	769
Provisions	**829**	883
Liabilities directly associated to assets held for sale	**3,502**	-
Total current liabilities	**7,507**	3,138
Non-current liabilities		
Interest-bearing loans and borrowings	**-**	68
Provisions	**16,979**	20,345
Total non-current liabilities	**16,979**	20,413
Total liabilities	**24,486**	23,551
Net assets	**128,194**	110,703
Equity		
Contributed equity	**188,861**	169,044
Reserves	**43,788**	42,265
Retained earnings	**(104,455)**	(100,606)
Total equity	**128,194**	110,703

32 Events occurring after the reporting period

Savannah Nickel Project Restart and execution of Committed Offer for Project Finance Facilities
On 16 July 2018, the Company announced that Board had made the formal decision to restart operations at the Savannah Nickel Project. The announcement was made concurrently with the execution by the Company, its wholly owned subsidiary, Savannah Nickel Mines Pty Ltd and Macquarie Bank Limited ("Macquarie") of a credit approved "Committed Offer" from Macquarie for Project Finance Facilities ("Facilities"), consisting of a secured project loan of up to $40 million and nickel and copper hedging lines. The Facilities was the last remaining precedent to the directors making the decision to restart the Project.

The nickel and copper hedging facility consists of mandatory and discretionary hedging. The mandatory hedge program has been completed, being 7,000 tonnes of contained nickel for delivery between February 2019 and June 2021 at an average achieved forward price of A$8.51 per pound and 3,000 tonnes of contained copper for delivery between February 2019 and June 2021 at an average achieved forward price of A$3.71 per pound.

As a result of the decision to reopen the Project, the Company has commenced Phase Two of pre-production activities at the Savannah Nickel Project and is targeting to export the first shipment of Savannah bulk concentrate to China early in the March 2019 quarter.

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Vesting of FY2016 Performance Rights and issue of Ordinary Shares
On 10 August 2018, the Company issued 2,935,093 ordinary shares to executives of the Company following vesting on 1 July 2018 of FY2016 Performance Rights. Following the issue of new shares for no consideration, the share capital of the Company has increased to 494,527,982 ordinary shares.

In the interval between the end of the financial year and the date of this report, apart from the matter mentioned 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.

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

	2018 $'000	2017 $'000
Loss for the year	**(48,039)**	(4,770)
Depreciation and amortisation of property, plant and equipment	**430**	760
Impairment of assets	**45,152**	-
Reversal of impairment of assets	**(7,260)**	(9,178)
Net gain on sale of non-current assets	**-**	(150)
Share based payments	**160**	473
Interest income	**(467)**	(557)
Exploration and evaluation written off	**619**	-
Net exchange differences	**439**	-
Gain on re-measurement of liability	**(50)**	(198)
Change in operating assets and liabilities:		
Decrease/(increase) in trade debtors and others	**116**	(50)
(Increase)/decrease in prepayments	**(71)**	75
Increase/(decrease) in trade creditors	**1,316**	(2,615)
(Increase)/decrease in inventories	**(203)**	8,470
Increase/(decrease) in provisions	**922**	(122)
Net cash (outflow) from operating activities	**(6,936)**	(7,862)

34 Loss per share

(a) Basic loss per share

	2018 Cents	2017 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(10.3)**	(1.0)
Total basic loss per share attributable to the ordinary equity holders of the Company	**(10.3)**	(1.0)

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(b) Diluted loss per share

	2018 Cents	2017 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(10.3)**	(1.0)
Total diluted loss per share attributable to the ordinary equity holders of the Company	**(10.3)**	(1.0)

(c) Reconciliation of loss used in calculating loss per share

	2018 $'000	2017 $'000
Basic loss per share		
Loss from continuing operations	**(48,039)**	(4,241)
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	**(48,039)**	(4,241)
Diluted loss per share		
Loss from continuing operations	**(48,039)**	(4,241)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	**(48,039)**	(4,241)

(d) Weighted average number of shares used as denominator

	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**465,750,375**	428,567,271

Performance rights on issue are not considered in the calculation of diluted loss per share as they are considered to be contingently issuable.

35 Share-based payments

(a) Performance Rights

Employee Share Plan (ESP)

On 30 July 2014, the Company's shareholders approved a three year exemption to ASX Listing Rule 7.1 [Issues exceeding 15% of Capital] on the annual grant of performance rights and the issue of shares on the exercise of those performance rights under the 2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan"). From 1 July 2014 until the expiry of the three year exemption on 30 July 2017, executives and senior employees were invited to receive a new grant of performance rights under the 2010 ES Plan. The number of performance rights granted each year was determined by dividing the LTI dollar by the fair value (FV) of one performance right on 1 July (as determined by an independent valuer).

Each grant of performance rights will vest subject to meeting service and performance conditions as defined below:

- 75% of the performance rights will be performance tested against the relative total shareholder return (TSR) of a customised peer group over a three year period; and
- 25% of the performance rights will be performance tested against the reserve/resource growth over a three year period, net of depletion.

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For FY2018, no performance rights were granted to key management personnel (KMP) and executives.

Grant date	Vesting date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
Consolidated 2018									
27/11/15	30/06/18	01/07/18	3,527,341	-	-	-	(592,248)	2,935,093	-
12/09/14	30/06/17	01/07/17	1,195,428	-	(896,566)	-	(298,862)	-	-
01/07/14	30/06/17	01/07/17	904,601	-	(678,446)	-	(226,135)	-	-
Total			**5,627,370**		**- (1,575,012)**		**- (1,117,245)**	**2,935,093**	**-**
Weighted average exercise price			$-	$-	$-	$-	$-	$-	$-

For FY2017, no performance rights were granted to key management personnel (KMP) and executives.

Grant date	Vesting date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
Consolidated 2017									
27/11/15	30/06/18	01/07/18	4,475,267	-	-	-	(947,926)	3,527,341	
12/09/14	30/06/17	01/07/17	1,777,371	-	-	-	(581,943)	1,195,428	-
01/07/14	30/06/17	01/07/17	904,601	-	-	-	-	904,601	-
Total			**7,157,239**	**-**	**-**		**- (1,529,869)**	**5,627,370**	**-**
Weighted average exercise price			$-	$-	$-	$-	$-	$-	$-

The weighted average remaining contractual life of performance rights outstanding at the end of the period was nil (2017: 1 year).

(b) Expenses arising from share-based payment transactions

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 as follows:

(i) Performance rights under employee share plan amount to $0.160 million (2017: $0.473 million).

Notes to the consolidated financial statements

30 June 2018

36 Parent entity financial information

(a) Summary financial information

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

	2018 $'000	2017 $'000
Balance sheet		
Current assets	**18,980**	7,286
Non-current assets	**8,763**	11,987
Total assets	**27,743**	19,273
Current liabilities	**1,250**	1,298
Non-current liabilities	**10**	7
Total liabilities	**1,260**	1,305
Shareholders' equity		
Contributed equity	**188,860**	171,174
Reserves	**14,381**	22,419
Retained earnings	**(176,758)**	(175,625)
Capital and reserves attributable to owners of Panoramic Resources Limited	**26,483**	17,968
Loss for the year	**8,268**	5,849
Total comprehensive income	**8,268**	5,849

(b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:

(i) leases of subsidiaries amounting to nil (2017: $0.837 million);
(ii) the bank facilities of a subsidiary amounting to $0.250 million (2017: $0.250 million); and
(iii) a rehabilitation bank guarantee of a subsidiary amounting to $2 million (2017: $2 million).

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

There are cross guarantees given by Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd and Cherish Metals Pty Ltd as described in note 31. No deficiencies of assets exist in any 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 2018 in respect of a bank guarantee put in place with a financial institution with a face value of $0.709 million (2017: $0.709 million) in respect to the leasing of the office space in Perth CBD.

Notes to the consolidated financial statements

30 June 2018

37 Financial risk management

The Group's principal financial instruments comprise receivables, payables, finance leases, hire purchase contracts, 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.

To manage exposure to commodity prices and exchange rates the Group used derivative instruments, principally forward sales contracts and put and call options. The purpose was to manage the commodity price and currency rate risks arising from the Group's operations. These derivatives provided economic hedges and qualified for hedge accounting and are based on limits set by the Board. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rate and foreign currency exchange risk and assessments of market forecasts for commodity prices and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

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 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.

(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. Approximately 100% of the Group's sales were denominated in United States Dollars, whilst most of the costs are denominated in Australian Dollars. The Group's functional currency is Australian Dollars.

The Group's profit and loss and balance sheet can be affected significantly by movements in the USD/AUD exchange rate. The Group seeks to mitigate the effect 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 enter into derivative instruments to hedge foreign currency exposure once the likelihood of such exposure is highly probable and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness. The Group will follow its current policy of matching and hedging up to 80% of sales revenues in USD.

As 30 June 2018, the Group had the following exposure to USD foreign currency that is not designated in cashflow hedges.

	2018 $'000	2017 $'000
Cash at bank	**15**	21

Notes to the consolidated financial statements

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Sensitivity

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The +/- 5% (2017: +/- 5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar, for the preceding 5 years and management's expectation of future movements.

At 30 June 2018, had the US dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	**Impact on post-tax profit**		**Impact on other equity**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
AUD to USD +5% (2017: +5%)	**1**	1	**-**	-
AUD to USD -5% (2017: -5%)	**(1)**	(1)	**-**	-

Management believes the balance sheet date risk exposures are representative 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 up to 180 days (2017: 180 days) 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 ensuing a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available.

	2018		2017	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash at bank and in hand	**1.9%**	**2,605**	1.9%	1,860

The following sensitivity is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity used is +/- 25 basis points (2017: +/- 25) which is based on reasonably, possible changes, over a financial year, using the observed range of actual historical Australian short-term deposit rate movements over the last three years and management's expectation of future movements.

Notes to the consolidated financial statements

30 June 2018

Sensitivity

At 30 June 2018	Carrying amount $'000	Interest rate risk -0.25% Profit $'000	-0.25% Equity $'000	+0.25% Profit $'000	+0.25% Equity $'000
Financial assets					
Cash and cash equivalents	**23,983**	**(15)**	**-**	**15**	**-**
Total increase/ (decrease)		**(15)**	**-**	**15**	**-**

At 30 June 2017	Carrying amount $'000	Interest rate risk -0.25% Profit $'000	-0.25% Equity $'000	+0.25% Profit $'000	+0.25% Equity $'000
Financial assets					
Cash and cash equivalents	20,445	(15)	-	15	-
Total increase/ (decrease)		(15)	-	15	-

(c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or 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 is directly or indirectly observable, and
(c) valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At 30 June 2018 the Group does not have any level 3 instruments.

Notes to the consolidated financial statements

30 June 2018

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities at 30 June 2018 and 30 June 2017:

At 30 June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Equity securities	**2,703**	-	-	**2,703**
Total assets	**2,703**	-	-	**2,703**
Liabilities				
Financial liabilities for which fair values are disclosed:				
Total liabilities	-	-	-	-

At 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Equity securities	1,200	-	-	1,200
Total assets	1,200	-	-	1,200
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	-	837	-	837
Total liabilities	-	837	-	837

The available-for-sale financial assets are traded in active markets. Their fair value is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

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.

The fair value of finance lease is estimated by discounting future cashflows using rates currently available to debt on similar terms, credit risk and remaining maturities.

(d) 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 exposures to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of these assets as indicated in the balance sheet.

Notes to the consolidated financial statements

30 June 2018

In relation to derivative financial instruments, credit risk arose 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 case of gross-settled derivatives, the maximum exposure is the notional value. Gross-settled derivatives were held with financial institutions with sound credit rating.

When in production, the Group had a concentration of credit risk in that it depends on two major customers for a significant volume of revenue.

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 both 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.

(e) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. The fair value of these investments are based on quoted market prices.

The Group holds investments of shares in several listed entities who are joint venture partners or potential joint venture partners. The Board has not reacted to short-term price fluctuations as it has a medium to long term view on these investments. These investments represent less than 1% (2017: 1%) of total assets and have yet to generate any revenue.

The following sensitivity is based on the equity price risk exposures in existence at the balance sheet date. The sensitivity used is +/- 100% (2017: 30%) which is based on reasonably, possible changes, over a financial year, based on the share price fluctuations of the last 12 months and management's expectation of future movements.

Sensitivity

	Impact on post-tax profit		**Impact on equity**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Available-for-sale financial investment +100% (2017: +30%)	**-**	-	**2,744**	360
Available-for-sale financial investment -100% (2017: -30%)	**-**	-	**(2,744)**	(360)

Notes to the consolidated financial statements

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(f) 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), finance leases and committed available credit lines.

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2017: 180 days) 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 ensuing 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, net and gross settled derivative financial instruments 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 **At 30 June 2018**	**Less than 1 year $'000**	**Between 1 and 5 years $'000**	**Total contrac-tual cash flows $'000**	**Carrying amount (assets)/ liabilities $'000**
Non-derivatives				
Trade payables	**3,764**	**-**	**3,764**	**3,764**
Total non-derivatives	**3,764**	**-**	**3,764**	**3,764**

Contractual maturities of financial liabilities At 30 June 2017	Less than 1 year $'000	Between 1 and 5 years $'000	Total contrac-tual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives				
Trade payables	2,533	-	2,533	2,533
Finance lease liabilities	825	34	859	837
Total non-derivatives	3,358	34	3,392	3,370

Notes to the consolidated financial statements

30 June 2018

Appendix A

New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2017:

• AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*

This Standard makes amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The adoption of AASB 2016-1 had no effect on the financial position or performance of the Group.

• AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*

The amendments to AASB 107 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The adoption of AASB 2016-2 had no effect on the financial position or performance of the Group.

• AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

This Standard clarifies the scope of AASB 12 *Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The adoption of AASB 2017-2 had no effect on the financial position or performance of the Group.

(ii) Accounting Standards and Interpretations issued but not yet effective

• AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation, effective 1 January 2019

This Standard amends AASB 9 *Financial Instruments* to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss.

The Standard also clarifies in the Basis for Conclusion that, under AASB 9, gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognised in profit or loss

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

Notes to the consolidated financial statements

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• AASB 2018-1 Annual Improvements to IFRS Standards 2015-2017 Cycle, effective 1 January 2019

The amendments clarify certain requirements in:

- AASB 3 *Business Combinations* and AASB 11 *Joint Arrangements* - previously held interest in a joint operation
- AASB 112 *Income Taxes* - income tax consequences of payments on financial instruments classified as equity
- AASB 123 *Borrowing Costs* - borrowing costs eligible for capitalisation.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

• AASB 9 *Financial Instruments*, effective 1 January 2018

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

Except for certain trade receivables, an entity 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.
Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.

The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.

The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

Available for sale financial assets will either be designated as fair value through other comprehensive income (when held for strategic investment reasons) or accounted for as financial assets through profit or loss.

The new standard is not expected to significantly impact the recognition and measurement of financial instrument as the Group does not have significant financial instruments.

Notes to the consolidated financial statements

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• AASB 15 *Revenue from Contracts with Customers,* effective 1 January 2018

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services)* and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied).

Whilst this standard does not have any impact to the Group in the current financial year, the Company is in the process of evaluating the impact of the above standards when the Company restart operations in 2018/19.

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

• AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions,* effective 1 January 2018

This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

• AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments*, effective 1 January 2018

The amendments clarify certain requirements in:

- AASB 1 *First-time Adoption of Australian Accounting Standards* - deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- AASB 12 *Disclosure of Interests in Other Entities* - clarification of scope
- AASB 128 *Investments in Associates and Joint Ventures* - measuring an associate or joint venture at fair value
- AASB 140 *Investment Property* - change in use.

• AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*, effective 1 January 2018

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Notes to the consolidated financial statements

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• AASB 16 *Leases*, effective 1 January 2019

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

• AASB Interpretation 23 and relevant amending standards, *Uncertainty over Income Tax Treatments*, effective 1 January 2019

The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

Additional Shareholder Information

As at 30 September 2018

Stock Exchange Listing

Panoramic Resources Limited shares are listed on the Australian Securities Exchange Limited. The Company's ASX code is PAN.

Substantial Shareholders (Holding Not Less Than 5%) in accordance with notices provided to the Company as at 30 September 2018.

Name of Shareholder	Total Number of Voting Shares in Panoramic Resources Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Zeta Resources Limited (including UIL Limited, General Provincial Life Pension Fund (L) Limited, Union Mutual Pension Fund Limited, ICM Limited and Duncan Saville)	148,215,414	30.15%

Class of Shares and Voting Rights

At 30 September 2018, there were 3,752 holders of 494,527,982 fully paid Ordinary shares of the Company. The voting rights attaching to the Ordinary shares are in accordance with the Company's Constitution being that:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

c. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully-paid share held by him, or in respect of which he is appointed a proxy, attorney or Representative have one vote for the share, but in respect of partly-paid shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to options or performance rights in the Company. Voting rights will be attached to the issued Ordinary shares when options and/or performance rights have been exercised.

Unmarketable Shares

At 30 September 2018, the number of parcels of shares with a value of less than $500 was 173.

Distribution of Shareholders

As at 30 September 2018

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1 - 1,000	225	83,535
1,001 - 5,000	1,366	4,062,372
5,001 - 10,000	669	5,246,130
10,001 - 100,000	1,227	39,058,532
100,001 and over	265	446,077,413
Total	**3,752**	**494,527,982**

Additional Shareholder Information

As at 30 September 2018

Listing of 20 Largest Shareholders
As at 30 September 2018

	Name of Ordinary Registered Shareholder	Number of Shares Held	Percentage of Shares Held %
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	183,073,312	37.02
2.	CITICORP NOMINEES PTY LIMITED	47,058,036	9.52
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,725,698	8.84
4.	UBS NOMINEES PTY LTD	24,731,490	5.00
5.	ZETA RESOURCES LIMITED	22,839,350	4.62
6.	NATIONAL NOMINEES LIMITED	13,394,584	2.71
7.	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	5,719,557	1.16
8.	MR DAVID NORMAN DEITCH	5,258,541	1.06
9.	3RD WAVE INVESTORS LTD	5,014,286	1.01
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	4,873,466	0.99
11.	MR KWOK LEUNG FUNG + MS YUEN MAN MOK	4,450,000	0.90
12.	MATSA RESOURCES LIMITED	4,325,000	0.87
13.	PATINA RESOURCES PTY LTD	3,397,984	0.69
14.	BNP PARIBAS NOMS PTY LTD <DRP>	3,310,719	0.67
15.	WINTON VALE PTY LTD <HAROLD SUPER FUND A/C>	2,362,078	0.48
16.	SPRINGWAY INVESTMENTS PTY LTD <ALLNUTT VENTURES FAMILY A/C>	1,945,636	0.39
17.	COLENEW PTY LIMITED <PAUL XIRADIS ACCOUNT>	1,731,540	0.35
18.	DCG STAFF PLAN PTY LTD	1,545,680	0.31
19.	MR PETER HAROLD	1,450,000	0.29
20.	MRS SUE-ELLEN STUART	1,261,471	0.26
TOTAL		**381,468,428**	**77.14**

Schedule of Mining Tenements – 30 June 2018

Project	Tenement	Status	Current	Area	Equity	Tenement Manager	Panoramic Commtiment	Current Registered Holders
East Kimberley	E80/4880	Live	35	BL	100%	PanRes	100% of Commit, Rent & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/5131	Pending	5	BL	100%	PanRes	100% of Commit, Rent & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/5238	Pending	14	BL	100%	PanRes	100% of Commit, Rent & Rates	Pindan Exploration Company Pty Ltd
East Kimberley - Keller Creek	E80/4834	Live	15	BL	80% - THX has 20% free carried interest	PanRes	100% of Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 80/100 shares & Thundelarra Limited 20/100 shares
Lanfranchi	M15/473	Live	981.7	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/346	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/347	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/367	Live	119.85	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/368	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/369	Live	119.5	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/370	Live	119.75	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/371	Live	119.5	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/372	Live	119.9	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/375	Live	120.7	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/376	Live	120.2	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/377	Live	120.25	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/378	Live	120.6	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/379	Live	119.85	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/380	Live	119.7	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/381	Live	120.3	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/382	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/383	Live	120.05	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/384	Live	119.85	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/385	Live	120.2	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/386	Live	120.25	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/387	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/388	Live	119.95	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/389	Live	120.25	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/482	Live	120.6	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/483	Live	120.3	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd

Schedule of Mining Tenements – 30 June 2018

Project	Tenement	Status	Current	Area	Equity	Tenement Manager	Panoramic Commtiment	Current Registered Holders
Lanfranchi	ML15/484	Live	120.1	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/485	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/486	Live	120.25	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/487	Live	120.25	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/488	Live	119.85	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/489	Live	72.15	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/490	Live	120.3	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/491	Live	119.6	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/492	Live	119.7	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Lanfranchi	ML15/493	Live	120.05	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd
Laverton - Focus	M38/101	Live	583.15	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/159	Live	597.15	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/342	Live	316.25	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/363	Live	5.245	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/364	Live	18.375	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/37	Live	650	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/38	Live	280.05	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/49	Live	945.05	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/535	Live	464.55	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus	M38/693	Live	48.2176	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Panton	M80/103	Live	859.4	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Panton	M80/104	Live	570.3	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Panton	M80/105	Live	828.3	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Savannah	L80/64	Live	311	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/179	Live	241.85	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/180	Live	960.3	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/181	Live	960	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/182	Live	589.4	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/183	Live	967.05	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah - Copernicus	L80/52	Live	140.313	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah - Copernicus	L80/86	Live	0.04	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah - Copernicus	M80/540	Live	128.85	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd

Resources and Reserves

NICKEL – MINERAL RESOURCES AS AT 30 JUNE 2018

Resource	Equity	Metal	JORC Compliance	Measured		Indicated		Inferred		Total		Metal Tonnes
				Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project												
Savannah (above 900)	100%	Nickel	2012	1,275,000	1.51	759,000	1.20	-	-	2,034,000	1.39	28,300
		Copper			0.87		0.90		-		0.88	17,900
		Cobalt			0.07		0.07		-		0.07	1,400
Savannah (below 900)	100%	Nickel	2012	780,000	1.64	125,000	1.72	-	-	905,000	1.65	14,900
		Copper			0.76		0.75		-		0.76	6,900
		Cobalt			0.10		0.09		-		0.10	900
Savannah North (Upper)	100%	Nickel	2012	-	-	4,229,000	1.64	1,759,000	1.25	5,987,000	1.53	91,300
		Copper			-		0.65		0.49		0.60	36,100
		Cobalt			-		0.12		0.10		0.11	6,800
Savannah North (Lower)	100%	Nickel	2012	-	-	2,697,000	1.96	853,000	2.02	3,549,000	1.97	70,100
		Copper			-		0.98		0.93		0.97	34,400
		Cobalt			-		0.14		0.13		0.14	4,900
Savannah North (Other)	100%	Nickel	2012	-	-	242,000	2.22	493,000	1.67	735,000	1.85	13,600
		Copper			-		0.50		0.53		0.52	3,800
		Cobalt			-		0.14		0.11		0.12	900
Lanfranchi Project												
Cruikshank	100%	Nickel	2004	-	-	2,018,000	1.42	611,000	0.79	2,629,000	1.28	33,600
Deacon	100%	Nickel	2012	89,000	2.99	-	-	134,000	1.70	224,000	2.22	5,000
Gigantus	100%	Nickel	2004	-	-	-	-	652,000	1.63	652,000	1.63	10,600
Helmut South Ext	100%	Nickel	2012	21,000	4.54	29,000	2.87	-	-	50,000	3.59	1,800
John	100%	Nickel	2004	-	-	-	-	291,000	1.42	291,000	1.42	4,100
Lanfranchi	100%	Nickel	2012	40,000	4.12	55,000	4.40	63,000	3.49	158,000	3.97	6,300
Martin	100%	Nickel	2012	-	-	47,000	3.58	7,000	4.16	54,000	3.66	2,000
McComish	100%	Nickel	2004	-	-	-	-	992,000	1.49	992,000	1.49	14,800
Metcalfe	100%	Nickel	2012	-	-	280,000	1.99	111,000	1.35	391,000	1.81	7,100
Schmitz	100%	Nickel	2012	30,000	4.92	23,000	3.93	16,000	2.95	69,000	4.14	2,900
Lower Schmitz	100%	Nickel	2012	-	-	51,000	5.60	79,000	4.80	131,000	5.11	6,700
Winner	100%	Nickel	2004	-	-	14,000	4.40	-	-	14,000	4.40	600
Total (Equity)		Nickel										313,600
		Copper										99,100
		Cobalt										14,900

Notes:

- *Figures have been rounded and therefore may not add up exactly to the reported totals*
- *All resources are inclusive of reserves*
- *Savannah Project Resource cutoff grade is 0.50% Ni*
- *Lanfranchi Project Resource cutoff grade is 1.00% Ni*

Cross references to previous Company ASX announcements:

- *Savannah (above 900) - refer to ASX announcement of 30 September 2016, titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *Savannah (below 900) - refer to ASX announcement of 30 September 2015, titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Savannah North – refer to ASX announcement of 24 August 2016, titled "Major Resource Upgrade for Savannah North"*
- *Cruickshank - refer to ASX announcement of 28 April 2011, titled "Cruickshank Resource Upgraded 26% to 33,560t Ni"*
- *Deacon, Helmut South Ext, Lanfranchi, Metcalfe - refer to ASX announcement of 30 September 2016, titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *Gigantus, John, McComish, Winner - refer to ASX announcement of 12 October 2011, titled "Business Review 2011"*
- *Martin - refer to ASX announcement of 13 September 2013, titled "Resources and Reserves at 30 June 2013 and Exploration Update"*
- *Schmitz - refer to ASX announcement of 30 September 2015, titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Lower Schmitz - refer to ASX announcement of 28 April 2016, titled "Quarterly Report for the period ending 31 March 2016"*

No New Information or Data

The Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. 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 Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Resources and Reserves

NICKEL – ORE RESERVE AS AT 30 JUNE 2018

Reserve	Equity	Metal	JORC Compliance	Proven		Probable		Total		Metal Tonnes
				Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project										
Above 900 Fault	100%	Nickel	2012	1,365,000	1.15	194,000	1.24	1,558,000	1.16	18,100
		Copper			0.66		1.28		0.74	11,500
		Cobalt			0.06		0.07		0.06	900
Savannah North	100%	Nickel	2012	-	-	6,650,000	1.24	6,650,000	1.42	94,500
		Copper			-		1.28		0.61	40,900
		Cobalt			-		0.10		0.10	6,700
Lanfranchi Project										
Deacon	100%	Nickel	2012			42,000	2.67	42,000	2.67	1,100
Metcalfe	100%	Nickel	2012			113,000	1.57	113,000	1.57	1,800
Lanfranchi	100%	Nickel	2012			11,000	2.56	11,000	2.56	300
Schmitz	100%	Nickel	2012			15,000	2.96	15,000	2.96	500
Helmut Sth Ext	100%	Nickel	2012			27,000	2.19	27,000	2.19	600
Total (Equity)		Nickel								116,800
		Copper								52,400
		Cobalt								7,600

Notes:
- *Figures have been rounded and therefore may not add up exactly to the reported totals*
- *Savannah Project Reserve cutoff grade is 0.80% Ni*
- *Lanfranchi Project Reserve cutoff grade is 1.00% Ni except for airleg mining which is 2.00% Ni*

Cross references to previous Company ASX announcements:
- *refer to ASX announcement of 30 September 2016, titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *refer to ASX announcement of 2 February 2017, titled "Savannah Feasibility Study. Ten year life with minimal restart capital requirements"*

No New Information or Data

The Nickel Ore Reserve estimates tabled above have been previously reported, and the relevant market announcements cross referenced. 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 the estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed

Resources and Reserves

PLATINUM GROUP METALS – MINERAL RESOURCES AS AT 30 JUNE 2018

Resource	Equity	JORC Compliance	Tonnage	Grade									Contained Metal	
				Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Co %	Pt-Eq (g/t)	Pt (oz ,000)	Pd (oz ,000)
Thunder Bay North														
Open Pit	**100%**	**2004**												
Indicated			8,460,000	1.04	0.98	0.04	0.07	1.50	0.25	0.18	0.014	2.13	283	267
Inferred			53,000	0.96	0.89	0.04	0.07	1.60	0.22	0.18	0.014	2.00	2	2
Underground	**100%**	**2004**												
Indicated			1,369,000	1.65	1.54	0.08	0.11	2.60	0.43	0.24	0.016	3.67	73	68
Inferred			472,000	1.32	1.25	0.06	0.09	2.10	0.36	0.19	0.011	2.97	20	19
Sub-total – Thunder Bay North (Equity)			**10,354,000**	**1.13**	**1.07**								**377**	**355**
Panton														
Top Reef	**100%**	**2012**												
Measured			4,400,000	2.46	2.83	-	0.42	-	0.08	0.28	-	-	348	400
Indicated			4,130,000	2.73	3.21	-	0.38	-	0.09	0.31	-	-	363	426
Inferred			1,560,000	2.10	2.35	-	0.38	-	0.13	0.36	-	-	105	118
Middle Reef	**100%**	**2012**												
Measured			2,130,000	1.36	1.09	-	0.10	-	0.03	0.18	-	-	93	75
Indicated			1,500,000	1.56	1.28	-	0.10	-	0.04	0.19	-	-	75	62
Inferred			600,000	1.22	1.07	-	0.10	-	0.05	0.19	-	-	24	21
Sub-total – Panton (Equity)			**14,320,000**	**2.19**	**2.39**								**1,008**	**1,102**
Total - PGM (Equity)													**1,385**	**1,456**

Notes

Thunder Bay North Open Pit Resource: The open pit Mineral Resource is reported at a cut-off grade of 0.59 g/t Pt-Eq within a Lerchs-Grossman resource pit shell optimized on Pt-Eq. The strip ratio (waste:ore) of this pit is 9.5:1. The platinum-equivalency formula is based on assumed metal prices and overall recoveries. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.3204 + Au g/t x 0.6379 + Ag g/t x 0.0062 + Cu g/t x 0.00011 + Total Ni g/t x 0.000195 + Total Co g/t x 0.000124 + Rh g/t x 2.1816. The conversion factor shown in the formula for each metal represents the conversion from each metal to platinum on a recovered value basis. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,595/oz, Pd US$512/oz, Au US$1,015/oz, Ag US$15.74/oz, Cu US$2.20/lb, Ni US$7.71/lb, Co US$7.71/lb and Rh US$3,479/oz. The assumed combined flotation and PlatsolTM process recoveries used in the Pt-Eq formula are: Pt 76%, Pd 75%, Au 76%, Ag 55%, Cu 86%, Ni 44%, Co 28% and Rh 76%. The assumed refinery payables are: Pt 98%, Pd 98%, Au 97%, Ag 85%, Cu 100%, Ni 100%, Co 100% and Rh 98%.

Thunder Bay North Underground Resource: The underground mineral resource is reported at a cut-off grade of 1.94g/t Pt-Eq. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.2721 + Au g/t x 0.3968 + Ag g/t x 0.0084 + Cu g/t x 0.000118 + Sulphide Ni g/t x 0.000433 + Sulphide Co g/t x 0.000428 + Rh g/t x 2.7211. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,470/oz, Pd US$400/oz, Rh US$4,000/oz, Au US$875/oz, Ag US$14.30/oz, Cu US$2.10/lb, Ni US$7.30/lb and Co US$13.00/lb. The assumed process recoveries used in the Pt-Eq formula are: Pt 75%, Pd 75%, Rh 75%, Au 50%, Ag 50%, Cu 90%, and Ni and Co in sulphide 90%. The assumed smelter recoveries used in the Pt-Eq formula are Pt 85%, Pd 85%, Rh 85%, Au 85%, Ag 85%, Cu 85%, Ni 90% and Co 50%. Ni and Co in sulphide were estimated by linear regression of MgO to total Ni and total Co respectively. The regression formula for Ni in sulphide (NiSx) is: NiSx = Ni - (MgO% x 60.35 - 551.43). The regression formula for Co in sulphide (CoSx) is: CoSx = Co - (MgO% x 4.45 - 9.25).

Cross references to previous ASX announcements:

- *Thunder Bay North Open Pit Resources – refer to Magma Metals Limited (ASX:MMW) announcement of 7 February 2011, titled "Positive Scoping Study for Thunder Bay North Project"*
- *Thunder Bay North Underground Resources – refer to Magma Metals Limited (ASX:MMW) announcement of 23 February 2012, titled "Magma Metals Increases Mineral Resources at TBN to 790,000 Platinum-Equivalent Ounces"*
- *Panton - refer to the Company's ASX announcement of 30 September 2015, titled "Mineral Resources and Ore Reserves at 30 June 2015"*

No New Information or Data

The Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. 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 Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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Corporate Directory

BOARD OF DIRECTORS

Brian Phillips
Non-Executive Chairman

Peter Harold
Managing Director

John Rowe
Non-Executive Director

Peter Sullivan
Non-Executive Director

Nicholas Cernotta
Non-Executive Director

Rebecca Hayward
Non-Executive Director

MANAGEMENT

Trevor Eton
Chief Financial Officer & Company Secretary

John Hicks
General Manager Exploration

Ben Robinson
General Manager Savannah Project

Tim Mason
General Manager Projects & Innovation

Rochelle Lampard
Human Resources Manager

Robert Parkinson
Manager Business Development

Tim Shervington
Commercial Manager

Andrew Math
Group Financial Controller

Jeremy Smith
Manager Information & Technology

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BANKER

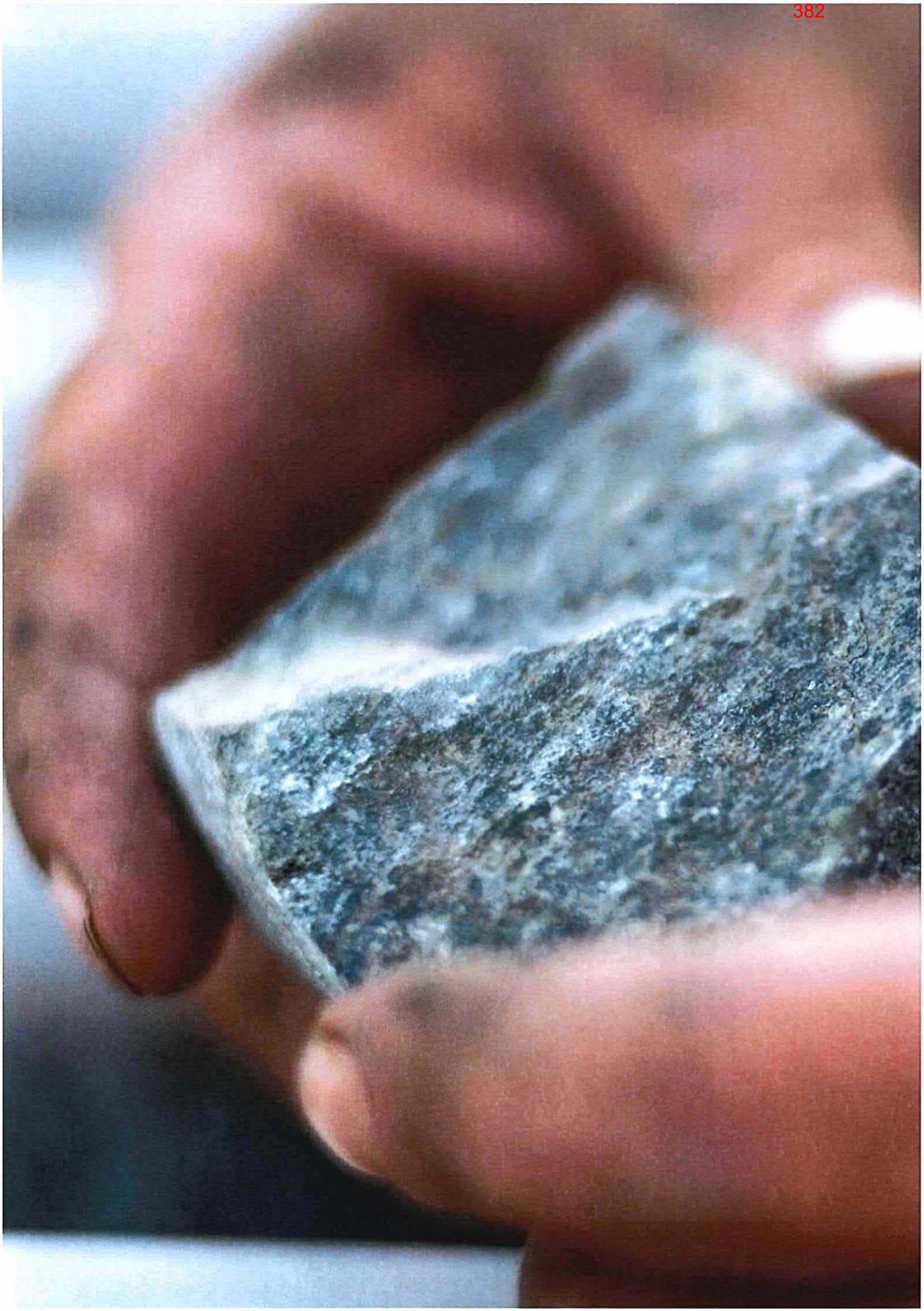
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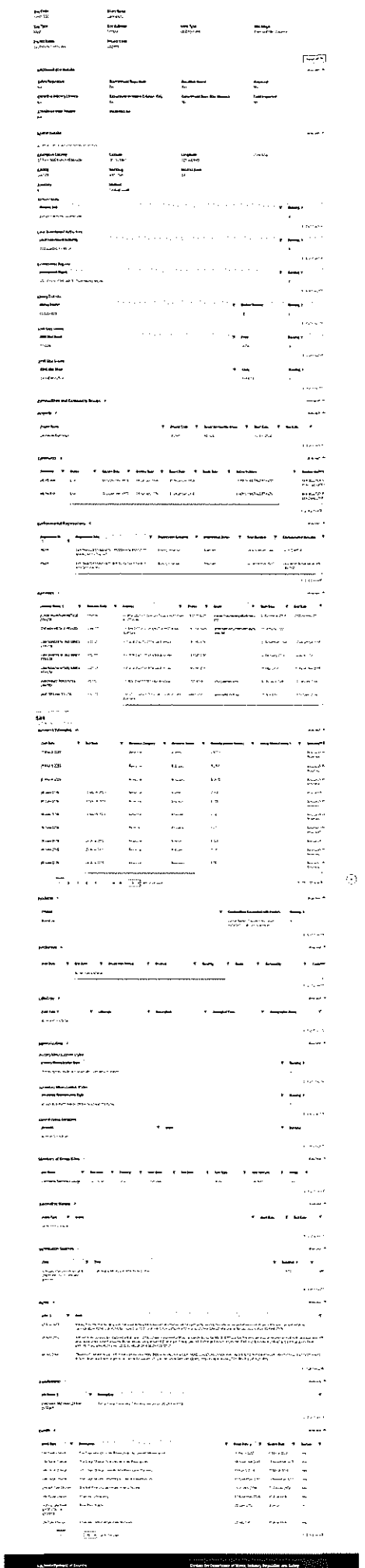
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FEDERAL COURT OF AUSTRALIA

EXPERT EVIDENCE PRACTICE NOTE (GPN-EXPT)

General Practice Note

1. INTRODUCTION

1.1 This practice note, including the *Harmonised Expert Witness Code of Conduct* ("**Code**") (see Annexure A) and the *Concurrent Expert Evidence Guidelines* ("**Concurrent Evidence Guidelines**") (see Annexure B), applies to any proceeding involving the use of expert evidence and must be read together with:

(a) the Central Practice Note (CPN-1), which sets out the fundamental principles concerning the National Court Framework ("**NCF**") of the Federal Court and key principles of case management procedure;

(b) the Federal Court of Australia Act 1976 (Cth) ("**Federal Court Act**");

(c) the *Evidence Act 1995* (Cth) ("**Evidence Act**"), including Part 3.3 of the Evidence Act;

(d) Part 23 of the *Federal Court Rules 2011* (Cth) ("**Federal Court Rules**"); and

(e) where applicable, the Survey Evidence Practice Note (GPN-SURV).

1.2 This practice note takes effect from the date it is issued and, to the extent practicable, applies to proceedings whether filed before, or after, the date of issuing.

2. APPROACH TO EXPERT EVIDENCE

2.1 An expert witness may be retained to give opinion evidence in the proceeding, or, in certain circumstances, to express an opinion that may be relied upon in alternative dispute resolution procedures such as mediation or a conference of experts. In some circumstances an expert may be appointed as an independent adviser to the Court.

2.2 The purpose of the use of expert evidence in proceedings, often in relation to complex subject matter, is for the Court to receive the benefit of the objective and impartial assessment of an issue from a witness with specialised knowledge (based on training, study or experience - see generally s 79 of the Evidence Act).

2.3 However, the use or admissibility of expert evidence remains subject to the overriding requirements that:

(a) to be admissible in a proceeding, any such evidence must be relevant (s 56 of the Evidence Act); and

(b) even if relevant, any such evidence, may be refused to be admitted by the Court if its probative value is outweighed by other considerations such as the evidence

being unfairly prejudicial, misleading or will result in an undue waste of time (s 135 of the Evidence Act).

2.4 An expert witness' opinion evidence may have little or no value unless the assumptions adopted by the expert (ie. the facts or grounds relied upon) and his or her reasoning are expressly stated in any written report or oral evidence given.

2.5 The Court will ensure that, in the interests of justice, parties are given a reasonable opportunity to adduce and test relevant expert opinion evidence. However, the Court expects parties and any legal representatives acting on their behalf, when dealing with expert witnesses and expert evidence, to at all times comply with their duties associated with the overarching purpose in the Federal Court Act (see ss 37M and 37N).

3. INTERACTION WITH EXPERT WITNESSES

3.1 Parties and their legal representatives should never view an expert witness retained (or partly retained) by them as that party's advocate or "hired gun". Equally, they should never attempt to pressure or influence an expert into conforming his or her views with the party's interests.

3.2 A party or legal representative should be cautious not to have inappropriate communications when retaining or instructing an independent expert, or assisting an independent expert in the preparation of his or her evidence. However, it is important to note that there is no principle of law or practice and there is nothing in this practice note that obliges a party to embark on the costly task of engaging a "consulting expert" in order to avoid "contamination" of the expert who will give evidence. Indeed the Court would generally discourage such costly duplication.

3.3 Any witness retained by a party for the purpose of preparing a report or giving evidence in a proceeding as to an opinion held by the witness that is wholly or substantially based in the specialised knowledge of the witness[1] should, at the earliest opportunity, be provided with:

(a) a copy of this practice note, including the Code (see Annexure A); and

(b) all relevant information (whether helpful or harmful to that party's case) so as to enable the expert to prepare a report of a truly independent nature.

3.4 Any questions or assumptions provided to an expert should be provided in an unbiased manner and in such a way that the expert is not confined to addressing selective, irrelevant or immaterial issues.

[1] Such a witness includes a "Court expert" as defined in r 23.01 of the Federal Court Rules. For the definition of "expert", "expert evidence" and "expert report" see the Dictionary, in Schedule 1 of the Federal Court Rules.

4. ROLE AND DUTIES OF THE EXPERT WITNESS

4.1 The role of the expert witness is to provide relevant and impartial evidence in his or her area of expertise. An expert should never mislead the Court or become an advocate for the cause of the party that has retained the expert.

4.2 It should be emphasised that there is nothing inherently wrong with experts disagreeing or failing to reach the same conclusion. The Court will, with the assistance of the evidence of the experts, reach its own conclusion.

4.3 However, experts should willingly be prepared to change their opinion or make concessions when it is necessary or appropriate to do so, even if doing so would be contrary to any previously held or expressed view of that expert.

Harmonised Expert Witness Code of Conduct

4.4 Every expert witness giving evidence in this Court must read the *Harmonised Expert Witness Code of Conduct* (attached in Annexure A) and agree to be bound by it.

4.5 The Code is not intended to address all aspects of an expert witness' duties, but is intended to facilitate the admission of opinion evidence, and to assist experts to understand in general terms what the Court expects of them. Additionally, it is expected that compliance with the Code will assist individual expert witnesses to avoid criticism (rightly or wrongly) that they lack objectivity or are partisan.

5. CONTENTS OF AN EXPERT'S REPORT AND RELATED MATERIAL

5.1 The contents of an expert's report must conform with the requirements set out in the Code (including clauses 3 to 5 of the Code).

5.2 In addition, the contents of such a report must also comply with r 23.13 of the Federal Court Rules. Given that the requirements of that rule significantly overlap with the requirements in the Code, an expert, unless otherwise directed by the Court, will be taken to have complied with the requirements of r 23.13 if that expert has complied with the requirements in the Code and has complied with the additional following requirements. The expert shall:

(a) acknowledge in the report that:

(i) the expert has read and complied with this practice note and agrees to be bound by it; and

(ii) the expert's opinions are based wholly or substantially on specialised knowledge arising from the expert's training, study or experience;

(b) identify in the report the questions that the expert was asked to address;

(c) sign the report and attach or exhibit to it copies of:

(i) documents that record any instructions given to the expert; and

(ii) documents and other materials that the expert has been instructed to consider.

5.3 Where an expert's report refers to photographs, plans, calculations, analyses, measurements, survey reports or other extrinsic matter, these must be provided to the other parties at the same time as the expert's report.

6. CASE MANAGEMENT CONSIDERATIONS

6.1 Parties intending to rely on expert evidence at trial are expected to consider between them and inform the Court at the earliest opportunity of their views on the following:

(a) whether a party should adduce evidence from more than one expert in any single discipline;

(b) whether a common expert is appropriate for all or any part of the evidence;

(c) the nature and extent of expert reports, including any in reply;

(d) the identity of each expert witness that a party intends to call, their area(s) of expertise and availability during the proposed hearing;

(e) the issues that it is proposed each expert will address;

(f) the arrangements for a conference of experts to prepare a joint-report (see Part 7 of this practice note);

(g) whether the evidence is to be given concurrently and, if so, how (see Part 8 of this practice note); and

(h) whether any of the evidence in chief can be given orally.

6.2 It will often be desirable, before any expert is retained, for the parties to attempt to agree on the question or questions proposed to be the subject of expert evidence as well as the relevant facts and assumptions. The Court may make orders to that effect where it considers it appropriate to do so.

7. CONFERENCE OF EXPERTS AND JOINT-REPORT

7.1 Parties, their legal representatives and experts should be familiar with aspects of the Code relating to conferences of experts and joint-reports (see clauses 6 and 7 of the Code attached in Annexure A).

7.2 In order to facilitate the proper understanding of issues arising in expert evidence and to manage expert evidence in accordance with the overarching purpose, the Court may require experts who are to give evidence or who have produced reports to meet for the purpose of identifying and addressing the issues not agreed between them with a view to reaching agreement where this is possible ("**conference of experts**"). In an appropriate case, the Court may appoint a registrar of the Court or some other suitably qualified person ("**Conference Facilitator**") to act as a facilitator at the conference of experts.

7.3 It is expected that where expert evidence may be relied on in any proceeding, at the earliest opportunity, parties will discuss and then inform the Court whether a conference of experts and/or a joint-report by the experts may be desirable to assist with or simplify the giving of expert evidence in the proceeding. The parties should discuss the necessary arrangements for any conference and/or joint-report. The arrangements discussed between the parties should address:

(a) who should prepare any joint-report;

(b) whether a list of issues is needed to assist the experts in the conference and, if so, whether the Court, the parties o r the experts should assist in preparing such a list;

(c) the agenda for the conference of experts; and

(d) arrangements for the provision, to the parties and the Court, of any joint-report or any other report as to the outcomes of the conference ("**conference report**").

Conference of Experts

7.4 The purpose of the conference of experts is for the experts to have a comprehensive discussion of issues relating to their field of expertise, with a view to identifying matters and issues in a proceeding about which the experts agree, partly agree or disagree and why. For this reason the conference is attended only by the experts and any Conference Facilitator. Unless the Court orders otherwise, the parties' lawyers will not attend the conference but will be provided with a copy of any conference report.

7.5 The Court may order that a conference of experts occur in a variety of circumstances, depending on the views of the judge and the parties and the needs of the case, including:

(a) while a case is in mediation. When this occurs the Court may also order that the outcome of the conference or any document disclosing or summarising the experts' opinions be confidential to the parties while the mediation is occurring;

(b) before the experts have reached a final opinion on a relevant question or the facts involved in a case. When this occurs the Court may order that the parties exchange draft expert reports and that a conference report be prepared for the use of the experts in finalising their reports;

(c) after the experts' reports have been provided to the Court but before the hearing of the experts' evidence. When this occurs the Court may also order that a conference report be prepared (jointly or otherwise) to ensure the efficient hearing of the experts' evidence.

7.6 Subject to any other order or direction of the Court, the parties and their lawyers must not involve themselves in the conference of experts process. In particular, they must not seek to encourage an expert not to agree with another expert or otherwise seek to influence the outcome of the conference of experts. The experts should raise any queries they may have in relation to the process with the Conference Facilitator (if one has been appointed) or in

accordance with a protocol agreed between the lawyers prior to the conference of experts taking place (if no Conference Facilitator has been appointed).

7.7 Any list of issues prepared for the consideration of the experts as part of the conference of experts process should be prepared using non-tendentious language.

7.8 The timing and location of the conference of experts will be decided by the judge or a registrar who will take into account the location and availability of the experts and the Court's case management timetable. The conference may take place at the Court and will usually be conducted in-person. However, if not considered a hindrance to the process, the conference may also be conducted with the assistance of visual or audio technology (such as via the internet, video link and/or by telephone).

7.9 Experts should prepare for a conference of experts by ensuring that they are familiar with all of the material upon which they base their opinions. Where expert reports in draft or final form have been exchanged prior to the conference, experts should attend the conference familiar with the reports of the other experts. Prior to the conference, experts should also consider where they believe the differences of opinion lie between them and what processes and discussions may assist to identify and refine those areas of difference.

Joint-report

7.10 At the conclusion of the conference of experts, unless the Court considers it unnecessary to do so, it is expected that the experts will have narrowed the issues in respect of which they agree, partly agree or disagree in a joint-report. The joint-report should be clear, plain and concise and should summarise the views of the experts on the identified issues, including a succinct explanation for any differences of opinion, and otherwise be structured in the manner requested by the judge or registrar.

7.11 In some cases (and most particularly in some native title cases), depending on the nature, volume and complexity of the expert evidence a judge may direct a registrar to draft part, or all, of a conference report. If so, the registrar will usually provide the draft conference report to the relevant experts and seek their confirmation that the conference report accurately reflects the opinions of the experts expressed at the conference. Once that confirmation has been received the registrar will finalise the conference report and provide it to the intended recipient(s).

8. CONCURRENT EXPERT EVIDENCE

8.1 The Court may determine that it is appropriate, depending on the nature of the expert evidence and the proceeding generally, for experts to give some or all of their evidence concurrently at the final (or other) hearing.

8.2 Parties should familiarise themselves with the *Concurrent Expert Evidence Guidelines* (attached in Annexure B). The Concurrent Evidence Guidelines are not intended to be exhaustive but indicate the circumstances when the Court might consider it appropriate for

concurrent expert evidence to take place, outline how that process may be undertaken, and assist experts to understand in general terms what the Court expects of them.

8.3 If an order is made for concurrent expert evidence to be given at a hearing, any expert to give such evidence should be provided with the Concurrent Evidence Guidelines well in advance of the hearing and should be familiar with those guidelines before giving evidence.

9. FURTHER PRACTICE INFORMATION AND RESOURCES

9.1 Further information regarding Expert Evidence and Expert Witnesses is available on the Court's website.

9.2 Further information to assist litigants, including a range of helpful guides, is also available on the Court's website. This information may be particularly helpful for litigants who are representing themselves.

J L B ALLSOP
Chief Justice
25 October 2016

Annexure A

HARMONISED EXPERT WITNESS CODE OF CONDUCT[2]

APPLICATION OF CODE

1. This Code of Conduct applies to any expert witness engaged or appointed:

   (a) to provide an expert's report for use as evidence in proceedings or proposed proceedings; or

   (b) to give opinion evidence in proceedings or proposed proceedings.

GENERAL DUTIES TO THE COURT

2. An expert witness is not an advocate for a party and has a paramount duty, overriding any duty to the party to the proceedings or other person retaining the expert witness, to assist the Court impartially on matters relevant to the area of expertise of the witness.

CONTENT OF REPORT

3. Every report prepared by an expert witness for use in Court shall clearly state the opinion or opinions of the expert and shall state, specify or provide:

   (a) the name and address of the expert;

   (b) an acknowledgment that the expert has read this code and agrees to be bound by it;

   (c) the qualifications of the expert to prepare the report;

   (d) the assumptions and material facts on which each opinion expressed in the report is based [a letter of instructions may be annexed];

   (e) the reasons for and any literature or other materials utilised in support of such opinion;

   (f) (if applicable) that a particular question, issue or matter falls outside the expert's field of expertise;

   (g) any examinations, tests or other investigations on which the expert has relied, identifying the person who carried them out and that person's qualifications;

   (h) the extent to which any opinion which the expert has expressed involves the acceptance of another person's opinion, the identification of that other person and the opinion expressed by that other person;

   (i) a declaration that the expert has made all the inquiries which the expert believes are desirable and appropriate (save for any matters identified explicitly in the report), and that no matters of significance which the expert regards as relevant have, to the

[2] Approved by the Council of Chief Justices' Rules Harmonisation Committee

knowledge of the expert, been withheld from the Court;

(j) any qualifications on an opinion expressed in the report without which the report is or may be incomplete or inaccurate;

(k) whether any opinion expressed in the report is not a concluded opinion because of insufficient research or insufficient data or for any other reason; and

(l) where the report is lengthy or complex, a brief summary of the report at the beginning of the report.

SUPPLEMENTARY REPORT FOLLOWING CHANGE OF OPINION

4. Where an expert witness has provided to a party (or that party's legal representative) a report for use in Court, and the expert thereafter changes his or her opinion on a material matter, the expert shall forthwith provide to the party (or that party's legal representative) a supplementary report which shall state, specify or provide the information referred to in paragraphs (a), (d), (e), (g), (h), (i), (j), (k) and (l) of clause 3 of this code and, if applicable, paragraph (f) of that clause.

5. In any subsequent report (whether prepared in accordance with clause 4 or not) the expert may refer to material contained in the earlier report without repeating it.

DUTY TO COMPLY WITH THE COURT'S DIRECTIONS

6. If directed to do so by the Court, an expert witness shall:

(a) confer with any other expert witness;

(b) provide the Court with a joint-report specifying (as the case requires) matters agreed and matters not agreed and the reasons for the experts not agreeing; and

(c) abide in a timely way by any direction of the Court.

CONFERENCE OF EXPERTS

7. Each expert witness shall:

(a) exercise his or her independent judgment in relation to every conference in which the expert participates pursuant to a direction of the Court and in relation to each report thereafter provided, and shall not act on any instruction or request to withhold or avoid agreement; and

(b) endeavour to reach agreement with the other expert witness (or witnesses) on any issue in dispute between them, or failing agreement, endeavour to identify and clarify the basis of disagreement on the issues which are in dispute.

ANNEXURE B

CONCURRENT EXPERT EVIDENCE GUIDELINES

APPLICATION OF THE COURT'S GUIDELINES

1. The Court's Concurrent Expert Evidence Guidelines ("**Concurrent Evidence Guidelines**") are intended to inform parties, practitioners and experts of the Court's general approach to concurrent expert evidence, the circumstances in which the Court might consider expert witnesses giving evidence concurrently and, if so, the procedures by which their evidence may be taken.

OBJECTIVES OF CONCURRENT EXPERT EVIDENCE TECHNIQUE

2. The use of concurrent evidence for the giving of expert evidence at hearings as a case management technique[3] will be utilised by the Court in appropriate circumstances (see r 23.15 of the *Federal Court Rules 2011* (Cth)). Not all cases will suit the process. For instance, in some patent cases, where the entire case revolves around conflicts within fields of expertise, concurrent evidence may not assist a judge. However, patent cases should not be excluded from concurrent expert evidence processes.

3. In many cases the use of concurrent expert evidence is a technique that can reduce the partisan or confrontational nature of conventional hearing processes and minimises the risk that experts become "opposing experts" rather than independent experts assisting the Court. It can elicit more precise and accurate expert evidence with greater input and assistance from the experts themselves.

4. When properly and flexibly applied, with efficiency and discipline during the hearing process, the technique may also allow the experts to more effectively focus on the critical points of disagreement between them, identify or resolve those issues more quickly, and narrow the issues in dispute. This can also allow for the key evidence to be given at the same time (rather than being spread across many days of hearing); permit the judge to assess an expert more readily, whilst allowing each party a genuine opportunity to put and test expert evidence. This can reduce the chance of the experts, lawyers and the judge misunderstanding the opinions being expressed by the experts.

5. It is essential that such a process has the full cooperation and support of all of the individuals involved, including the experts and counsel involved in the questioning process. Without that cooperation and support the process may fail in its objectives and even hinder the case management process.

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[3] Also known as the "hot tub" or as "expert panels".

CASE MANAGEMENT

6. Parties should expect that, the Court will give careful consideration to whether concurrent evidence is appropriate in circumstances where there is more than one expert witness having the same expertise who is to give evidence on the same or related topics. Whether experts should give evidence concurrently is a matter for the Court, and will depend on the circumstances of each individual case, including the character of the proceeding, the nature of the expert evidence, and the views of the parties.

7. Although this consideration may take place at any time, including the commencement of the hearing, if not raised earlier, parties should raise the issue of concurrent evidence at the first appropriate case management hearing, and no later than any pre-trial case management hearing, so that orders can be made in advance, if necessary. To that end, prior to the hearing at which expert evidence may be given concurrently, parties and their lawyers should confer and give general consideration as to:

   (a) the agenda;

   (b) the order and manner in which questions will be asked; and

   (c) whether cross-examination will take place within the context of the concurrent evidence or after its conclusion.

8. At the same time, and before any hearing date is fixed, the identity of all experts proposed to be called and their areas of expertise is to be notified to the Court by all parties.

9. The lack of any concurrent evidence orders does not mean that the Court will not consider using concurrent evidence without prior notice to the parties, if appropriate.

CONFERENCE OF EXPERTS & JOINT-REPORT OR LIST OF ISSUES

10. The process of giving concurrent evidence at hearings may be assisted by the preparation of a joint-report or list of issues prepared as part of a conference of experts.

11. Parties should expect that, where concurrent evidence is appropriate, the Court may make orders requiring a conference of experts to take place or for documents such as a joint-report to be prepared to facilitate the concurrent expert evidence process at a hearing (see Part 7 of the Expert Evidence Practice Note).

PROCEDURE AT HEARING

12. Concurrent expert evidence may be taken at any convenient time during the hearing, although it will often occur at the conclusion of both parties' lay evidence.

13. At the hearing itself, the way in which concurrent expert evidence is taken must be applied flexibly and having regard to the characteristics of the case and the nature of the evidence to be given.

14. Without intending to be prescriptive of the procedure, parties should expect that, when evidence is given by experts in concurrent session:

(a) the judge will explain to the experts the procedure that will be followed and that the nature of the process may be different to their previous experiences of giving expert evidence;

(b) the experts will be grouped and called to give evidence together in their respective fields of expertise;

(c) the experts will take the oath or affirmation together, as appropriate;

(d) the experts will sit together with convenient access to their materials for their ease of reference, either in the witness box or in some other location in the courtroom, including (if necessary) at the bar table;

(e) each expert may be given the opportunity to provide a summary overview of their current opinions and explain what they consider to be the principal issues of disagreement between the experts, as they see them, in their own words;

(f) the judge will guide the process by which evidence is given, including, where appropriate:

(i) using any joint-report or list of issues as a guide for all the experts to be asked questions by the judge and counsel, about each issue on an issue-by-issue basis;

(ii) ensuring that each expert is given an adequate opportunity to deal with each issue and the exposition given by other experts including, where considered appropriate, each expert asking questions of other experts or supplementing the evidence given by other experts;

(iii) inviting legal representatives to identify the topics upon which they will cross-examine;

(iv) ensuring that legal representatives have an adequate opportunity to ask all experts questions about each issue. Legal representatives may also seek responses or contributions from one or more experts in response to the evidence given by a different expert; and

(v) allowing the experts an opportunity to summarise their views at the end of the process where opinions may have been changed or clarifications are needed.

15. The fact that the experts may have been provided with a list of issues for consideration does not confine the scope of any cross-examination of any expert. The process of cross-examination remains subject to the overall control of the judge.

16. The concurrent session should allow for a sensible and orderly series of exchanges between expert and expert, and between expert and lawyer. Where appropriate, the judge may allow for more traditional cross-examination to be pursued by a legal representative on a particular issue exclusively with one expert. Where that occurs, other experts may be asked to comment on the evidence given.

17. Where any issue involves only one expert, the party wishing to ask questions about that issue should let the judge know in advance so that consideration can be given to whether

arrangements should be made for that issue to be dealt with after the completion of the concurrent session. Otherwise, as far as practicable, questions (including in the form of cross-examination) will usually be dealt with in the concurrent session.

18. Throughout the concurrent evidence process the judge will ensure that the process is fair and effective (for the parties and the experts), balanced (including not permitting one expert to overwhelm or overshadow any other expert), and does not become a protracted or inefficient process.





ASIC
Australian Securities & Investments Commission

REGULATORY GUIDE 112

Independence of experts

March 2011

About this guide

This is a guide for any person who commissions, issues or uses an expert report.

It explains how ASIC interprets the requirement that an expert is independent of the party that commissions the expert report (commissioning party) and other interested parties.

> Note: An interested party is a person with an interest in the outcome of the transaction different from the interest of the general body of security holders.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This version was issued on 30 March 2011 and is based on legislation and regulations as at 30 March 2011. The reference to the relief instrument in RG 112.37 was updated in August 2015 because this instrument was reviewed as part of the sunsetting of legislative instruments under the *Legislative Instruments Act 2003*.

Previous versions:

- Superseded Regulatory Guide 112, issued 30 October 2007

Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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A Overview

Key points

This guide gives ASIC's view on:

- the need for an expert to be independent (see Section B);
- how previous and existing relationships with commissioning and other interested parties may affect the independence of an expert (see Section C);
- how an expert should deal with the commissioning party and other interested parties to maintain its independence (see Section D); and
- when and how an expert should use a specialist when preparing an expert report (see Section E).

Reports covered by this guide

RG 112.1 This guide focuses on reports prepared for transactions under Chs 2E, 5, 6 and 6A of the *Corporations Act 2001* (Corporations Act), whether the reports are required in the Corporations Act or are commissioned voluntarily. The principles in this guide may also be relevant to independent expert reports commissioned for other purposes—for example, specialist reports like geologist reports or traffic forecast reports (see Section E) for inclusion in Ch 6D disclosure documents and Ch 7 Product Disclosure Statements (PDSs).

RG 112.2 We consider that security holders regard an expert report as being prepared by an independent expert irrespective of whether the report has been prepared voluntarily or because it is required under statute.

RG 112.3 This approach is consistent with the obligations on the holder of an Australian financial services licence (AFS licensee) to manage conflicts of interest. An AFS licensee's obligation to manage conflicts of interest applies to all of its activities as an AFS licensee and, as such, an expert who holds an AFS licence needs to manage conflicts of interest in respect of all expert reports it prepares.

RG 112.4 This guide does not apply to independent or investigating accountant reports.

Underlying principles

RG 112.5 An expert report that is biased frustrates rather than assists informed decision-making. Security holders will assume that an expert report is an independent opinion and will be misled if the opinion is not.

RG 112.6 Brooking J described the role of an expert in *Phosphate Co-operative v Shears (No 3)* (1988) 14 ACLR 323 (*Pivot*) at 339 in the following terms:

> Those who prepare experts' reports in company cases carry a heavy moral responsibility, whatever their legal duties may be. These reports are either required by the [Corporations Act] or provided by way of analogy with those requirements. In either case, they are supposed to be for the protection of individuals who are being invited to enter into some kind of transaction. Unless high [independence] standards are observed by those who prepare these reports, there is a danger that systems established for the protection of the investing public will, in fact, operate to their detriment through reliance on these reports and on the reputations of those who furnish them. In lending his name, the expert will often, as in this case, be lending a name to conjure with … The expert's integrity and freedom from baneful influences are essential.

RG 112.7 The Corporations Act indicates the need for an expert to be independent:

(a) an expert must not be associated with certain interested parties, and must disclose certain interests and relationships, when preparing reports required by the Corporations Act for:

  (i) a takeover bid under Ch 6 (s648A);

  (ii) a scheme of arrangement (reg 5.1.01 and Sch 8, cls 8303 and 8306 of the Corporations Regulations 2001 (Corporations Regulations)); and

  (iii) a compulsory acquisition or buy-out under Ch 6A (s667B); and

(b) as an AFS licensee, an expert needs to establish and maintain systems to comply with its obligations to manage conflicts of interest.

B Expert needs to be independent

Key points

An expert should be, and should appear to be, independent: see RG 112.8–RG 112.15.

An expert should give an opinion that is genuinely its own opinion: see RG 112.16–RG 112.20.

Independence

RG 112.8 The Corporations Act contains indicators that an expert must be, and must appear to be, independent in the provisions requiring an expert report for certain takeover bids, schemes of arrangement, for any compulsory acquisition and in the AFS licensee conflicts management provisions.

RG 112.9 The need for an expert to be, and to appear to be, independent is also indicated in case law establishing that the independence of an expert is critical for the protection of security holders. Mullighan J observed in *Duke Group v Pilmer* (1998) 27 ACSR 1 at 268:

> It may be seen that a true state of independence on the part of the expert is crucial to the efficacy of the [takeover] process and for the protection of the public generally and the company and its members in particular.

RG 112.10 We will consider regulatory action if we have concerns about the independence of an expert: see Regulatory Guide 111 *Content of expert reports* (RG 111) at RG 111.128–RG 111.130.

> Note: In addition to the term 'independence', language also used by the courts, our policies and commentators include: 'impartial judgment'; 'disinterested'; 'objective'; 'unbiased'; 'genuine expression of opinion'; 'integrity' and, negatively: 'conflict of interest'; 'compromised'; 'collusion' and 'acting in a partisan capacity'.

AFS licensee obligations to manage conflicts

RG 112.11 An expert report typically includes a statement of opinion or recommendation intended to influence investors in making a decision on a financial product: s766B(1). This means the expert report usually constitutes financial product advice, triggering the need for an AFS licence: s766A and 911A(1). Accordingly, in most cases, an expert who prepares an independent expert report that will be made available to retail investors will hold an AFS licence.

RG 112.12 Under s912A(1)(aa), an AFS licensee must:

> have in place adequate arrangements for the management of conflicts of interest that may arise wholly, or partially, in relation to activities

> undertaken … in the provision of financial services as part of the financial services business of the licensee or the representative …

RG 112.13 This conflicts management obligation applies irrespective of:

(a) whether the expert states that it is independent of the commissioning party;

(b) any requirement that the expert not be an associate of the commissioning party or any other interested party to a transaction (e.g. s648A); or

(c) whether the expert report has been prepared to meet a statutory obligation.

RG 112.14 Whether an expert's conflicts management arrangements (i.e. measures, processes and procedures) are adequate will depend on the nature, scale and complexity of the expert's business and the circumstances of the expert's engagement. The expert should document its conflicts management policies and procedures. The expert should keep records demonstrating how it has complied with those procedures. General guidance on these obligations is provided in Regulatory Guide 181 *Licensing: Managing conflicts of interest* (RG 181) at RG 181.10–RG 181.11.

RG 112.15 Expert reports are exempt from the licensing regime (reg 7.6.01(u)) when the advice is an opinion on matters other than financial products (e.g. a geologist report) and:

(a) it does not include advice on a financial product;

(b) the document includes a statement that the person is not operating under an AFS licence when giving the advice; and

(c) the expert discloses remuneration, interests and relationships.

Genuine opinion

RG 112.16 The courts have required the opinion of an expert to be genuine and a product of the expert's professional judgment. An expert's opinion that is tailored to support the views of the commissioning party or any other interested party is not a genuine opinion. It may also be misleading or deceptive.

RG 112.17 A court found that a commissioning party's active role in shaping an expert report meant that the expert report was not the product of 'an exercise of judgment' by the expert 'uninfluenced by pressure brought to bear by or on behalf of [the commissioning party]' and was not 'a genuine expression of opinion … but was the result of an exercise carried out for the purpose of arriving at a desired result': *Pivot* at 340 and 342 per Brooking J.

RG 112.18 An expert is subject to statutory obligations to avoid making misleading or deceptive statements and engaging in misleading or deceptive conduct.

Note: See, for example, s412(8), 670A(1)(h), 1041E, 1041F and 1041H and s12DA of the *Australian Securities and Investments Act 2001* (ASIC Act).

RG 112.19 An expert has been found to have engaged in misleading or deceptive conduct when the expert did not hold the opinions expressed in the expert report: *MGICA v Kenny & Good* (1996) 140 ALR 313 at 356–357 (a case involving a property valuation).

RG 112.20 Similarly in *Reiffel v ACN 075 839 226* (2003) 45 ACSR 67 at 92–93, the court held that the expert report was misleading and deceptive in circumstances when 'there was no reasonable basis for the [expert's] statement in the report' and the expert 'did not hold the opinion it expressed'. The court held that the expert should have disclosed that it disagreed with the methodology used by a promoter in its forecasts and disclosed the methodology that the expert in fact used.

C Relationship between the expert and the commissioning party

Key points

An expert should identify relationships and interests that may affect, or may be perceived to affect, the expert's ability to prepare an independent report: see RG 112.21–RG 112.24.

The expert should then consider whether, on the basis of that relationship or interest:

- it should decline the engagement (see RG 112.25–RG 112.27); or
- the relationship or interest can be adequately dealt with by way of disclosure in the expert report (see RG 112.28–RG 112.37).

The expert may also need to take other actions to manage a conflict of interest: see RG 112.38.

Before engaging an expert, a commissioning party should be satisfied that the expert is independent and has sufficient expertise and resources to provide a thorough report: see RG 112.39–RG 112.41.

Note: A reference to expert in this guide is to the person or entity that issues the report. In most cases, this will be a corporate entity holding an AFS licence, even though a senior director or employee may sign the report in the name of the corporate entity and be principally responsible for preparing the report.

Identifying relationships

RG 112.21 Previous and existing relationships may threaten, or appear to threaten, the independence of an expert. The objectivity of an expert may also be compromised, or called into question, if the expert has an interest in the outcome of the transaction that is the subject of its report.

RG 112.22 The closer the relationship between the expert and a commissioning party or any other interested party, the greater the onus on the expert to demonstrate the absence of bias.

RG 112.23 In identifying relationships and interests that may affect, or may be perceived to affect, the expert's ability to prepare an independent report, the expert should not only identify relationships with, and interests of, the expert but also of:

(a) the expert's associates;

(b) those directors and senior employees who are principally responsible for preparing and issuing the expert report; and

(c) the spouse, children and associates of the directors and senior employees who are principally responsible for preparing and issuing the expert report.

RG 112.24 The need to undertake this identification process also arises from the obligation to manage conflicts of interest if the expert is an AFS licensee.

Declining the engagement

RG 112.25 An expert should seriously consider declining an engagement when:

(a) a person to be involved in preparing the expert report is an officer of the commissioning party or an interested party;

(b) the expert, a director or a senior employee who is involved in preparing the expert report has a substantial interest in or is a substantial creditor of the commissioning party or has other material financial interests in the relevant transaction;

(c) the expert has participated in strategic planning work for the commissioning party as a lawyer, financial consultant, tax adviser or accountant, whether in connection with the relevant transaction or generally (e.g. advising on possible takeovers or takeover defences); or

(d) the expert has acted as a lawyer, financial consultant, tax adviser or accountant to the commissioning party (other than providing professional services strictly for compliance purposes rather than strategic or operational decisions or planning).

RG 112.26 The Corporations Act specifically states that an expert must decline an engagement for the preparation of an expert report in each of the following circumstances:

(a) when the report is to be cited or included in a target statement if the expert is an 'associate' (as defined in s12) of the bidder or the target and the bidder has 30% or more of the voting power in the target entity or there are common directors of the target and the bidder (s640 and 648A(2));

(b) when the report is to be cited or included in a bidder's statement if the expert is an 'associate' (as defined in s12) of the bidder or the target and the consideration for a pre-bid stake acquired in a target was unquoted securities (s636(1)(h)(iii), 636(2) and 648A(2));

(c) when the report is to be cited or included in the explanatory statement for a scheme of arrangement if the expert is an 'associate' (as defined in s12) of the parties to the scheme if the other party to a reconstruction in a scheme of arrangement has at least 30% of the voting shares of the scheme company or there are common directors (reg 5.1.01(b) and Sch 8, cls 8303 and 8306 of the Corporations Regulations); and

(d) if the expert is an 'associate' (as defined in s12) of the person issuing a compulsory acquisition or buy-out notice (s663B, 664C, 665B and 667B).

RG 112.27 An expert's AFS licensee obligations to manage conflicts of interest may oblige an expert to decline engagements in some circumstances. Licensee experts may be offered an engagement in which relationships and interests pose such a serious risk of conflict of interest that the threat to the expert's

independence cannot be adequately managed through disclosure or internal controls. The only way an expert can adequately manage these threats is to avoid them and the expert's conflicts management policies and procedures should give specific guidance on circumstances when it should decline engagements: see RG 181.42–RG 181.43 and RG 181.60.

Disclosing relationships and interests

Requirement

RG 112.28 As security holders rely on an expert report, they should be clearly informed about any relationships or interests (including financial or other interests) that could reasonably be regarded as relevant to the independence of the expert. This requirement arises from the Corporations Act and case law: see *ANZ Nominees v Wormald* (1988) 13 ACLR 698 at 707.

RG 112.29 Disclosure of relationships or interests is required under the Corporations Act for an expert report when the report is required to be included in:

(a) a target statement, when the bidder has 30% or more of the voting power in the target entity or there are common directors of the target and the bidder (s648A(3));

(b) a bidder's statement, when the consideration for a pre-bid stake acquired in a target is unquoted securities (s648A(3)); and

(c) a compulsory acquisition or buy-out notice (s667B(2)).

RG 112.30 Similarly, as an AFS licensee, an expert needs to make appropriate disclosure of conflicts of interest to commissioning parties and to those relying on the report as part of the conflicts management obligation: see RG 181.49–RG 181.63.

Content of disclosure

RG 112.31 An expert should prominently disclose in the report:

(a) the business or professional relationships with a commissioning party or any other interested party;

(b) any financial or other interest that could reasonably be regarded as capable of affecting the expert's ability to give an unbiased opinion on the matter being reported on; and

(c) any fee or benefit (whether direct or indirect) to be received in connection with the report (s648A(3) and 667B(2)).

RG 112.32 If an expert has, within the previous two years, valued assets representing more than a *de minimus* (i.e. trivial) proportion by value of the assets that it

has been engaged to value for the commissioning party, this should also be prominently disclosed in the report.

> Note: Disclosure is also required by RG 112.31 if the expert was previously engaged to value the relevant assets by the commissioning party or any other interested party.

RG 112.33 These disclosures should be made in all expert reports irrespective of whether the report is required to be prepared by the Corporations Act or is voluntarily commissioned and supplied to security holders.

RG 112.34 These disclosures should relate to relationships or interests existing at the time of preparation of the report or existing in the previous two years. This two-year period is a minimum period for disclosure and earlier relationships might be so significant that they warrant disclosure as well.

> Note: In *Duke Group v Pilmer,* Mullighan J referred to this benchmark with approval (at 268).

RG 112.35 Disclosures should be timely, prominent, specific and meaningful. An expert should not use 'boilerplate' disclosures (e.g. that the expert has been paid 'a normal professional rate'). An actual amount should be shown for fees paid to an expert for the report.

RG 112.36 When an expert report is cited or included in a bidder's statement in which any securities in the bidder (or a person who controls the bidder) are offered as consideration under the bid, these disclosures must also meet the specific disclosure obligations that apply to prospectuses under s711(2)–(4), including:

(a) any interests that the expert has in the bidder; and

(b) any fees or benefits given or agreed for the expert's services (s636(1)(g)).

RG 112.37 As an expert report will usually constitute financial services advice, an expert will need to give retail investors a Financial Services Guide (FSG). We have given relief to allow an expert to include a FSG as a separate and clearly identifiable part of an expert report: see ASIC Corporations (Financial Services Guides) Instrument 2015/541. In view of this relief, we consider that an expert should include all of its disclosure of interests and benefits, whether flowing from the FSG requirements, conflicts management, s648A or case law, in the FSG rather than duplicating that disclosure in another part of the expert report.

Other measures

RG 112.38 In addition to disclosing any conflict of interest, an expert will need to consider whether other measures to properly manage the conflict of interest are appropriate (e.g. implementing information barriers): see RG 181.35–RG 181.37.

Commissioning an expert

RG 112.39 In commissioning an expert, a commissioning party should consider whether the expert is independent and whether the expert has sufficient expertise and resources to give a thorough opinion on the proposed transaction. The quality of an expert report may be affected if this is not the case. If an expert considers that it is not independent or does not have sufficient expertise or resources to give a thorough opinion, it should decline the engagement.

RG 112.40 In selecting an appropriate expert, we consider that relevant factors are likely to include:

(a) whether the expert has adequate resources (which may include access to appropriate third party specialists) to perform the necessary work;

(b) the qualifications of the expert and whether the expert has the requisite level of technical expertise (including whether the expert meets the requirements of any relevant industry codes);

(c) the experience of the expert. For example, a commissioning party may ask what comparable transactions the expert has given an opinion on and whether that experience is relevant to the current transaction;

(d) whether the expert can meet the timeframe required for the report to be produced; and

(e) whether there are any independence issues.

RG 112.41 While a commissioning party should satisfy itself that an expert is competent, it should ensure that any pre-engagement discussions do not compromise the expert's independence. For example, these discussions should not deal with how the expert proposes to evaluate the transaction or the merits of the transaction: see RG 112.46–RG 112.48.

D Expert's conduct in preparing its report

Key points

An expert should:

- obtain written terms of engagement from the commissioning party before commencing work;
- take care to avoid any communication with the commissioning party or any other interested party that may undermine, or appear to undermine, independence; and
- consent to the use or incorporation of its report.

Commissioning parties should be careful not to release the conclusions of an expert report in advance of the final report.

Interactions with commissioning party

Terms of engagement

RG 112.42 Before commencing work, an expert should obtain written terms of engagement from the commissioning party that:

(a) set out the scope and purpose of the report;

(b) set out the facts of the proposal and relevant data;

(c) recognise the expert's right to refuse to give an opinion or report at all if it is not given the information and explanations it requires to prepare the report;

(d) give the expert the same access to the commissioning party's records as the auditor of the commissioning party; and

(e) set out the fee.

Approval of appointment

RG 112.43 It is possible that some directors of a commissioning party may have a conflict of interest in the proposed transaction, such as cross-directorships held in the target and the bidder. In these circumstances, the expert and commissioning party should ensure that the directors without a conflict select and engage the expert.

RG 112.44 The commissioning party should ensure that the method by which an expert is appointed, and the scope of its engagement, is consistent with the concepts of independence and perceived independence of the expert. For example, it may be appropriate to have a non-executive director oversee the appointment process if management is likely to be perceived to have a strong interest in the outcome of the expert report.

Expert's fee

RG 112.45 We will consider that an expert is not independent if the amount it is to receive for the expert report depends in any way on the outcome of the transaction to which the report relates. This is consistent with the requirement that a person who provides financial services must not hold itself out as 'independent', 'impartial' or 'unbiased' if it is paid success fees or has a conflict of interest arising from a relationship with an issuer of financial products that might reasonably be expected to influence the report: s923A.

Manner of communication

RG 112.46 Ensuring security holders receive an objective expression of opinion in an expert report involves more than identifying and dealing with previous or existing relationships or interests. An expert's objectivity, or the appearance of objectivity, may be undermined by the interactions between the expert and the commissioning and other interested parties.

RG 112.47 We are likely to view the following interactions as indicators of a lack of independence:

(a) the commissioning party having rejected another expert after the expert disclosed its likely approach to evaluating the proposal;

(b) an expert attending discussions on the development of the transaction, the merits of the transaction or on strategies to be adopted by the commissioning party;

(c) an expert taking instructions from, or holding discussions with, a commissioning party, its advisers or any interested party on the choice of methodologies for the report or evaluation of the transaction (including the underlying assumptions or reasoning), although the expert may interrogate those parties for the purpose of the expert's own analysis;

(d) an expert accepting from a commissioning party, its advisers or any interested party their analysis of the transaction, although the expert may interrogate those parties for the purpose of the expert's own analysis;

(e) the expert discussing preliminary views or findings with the commissioning party or any other interested party;

(f) the expert entering into a success fee arrangement with the commissioning party or any other interested party;

(g) the expert discussing future business relationships with the commissioning party or any other interested party before finalising the report. This includes refraining from cross-selling other services of the expert; and

(h) the expert changing its opinion at the suggestion of the commissioning party or any other interested party without adequate explanation: see RG 112.56–RG 112.57.

RG 112.48 We expect that an expert who is an AFS licensee will include in its internal policies and procedures guidelines to address:

(a) communications and interactions with the commissioning party and any other interested party during the commissioning of the expert and the preparation of the report;

(b) remuneration arrangements; and

(c) supervision of the preparation of the report.

Preparing the report

Access to information

RG 112.49 The expert, not the commissioning party, should determine what information will be required for the report. The commissioning party should give the expert all the information it is aware of about the subject of the expert report, in sufficient detail to enable the expert to determine its relevance.

RG 112.50 If the expert is not given access to the records it requires, or is given an unduly short time to complete the report (relative to any applicable statutory time constraints), it should consider refusing to prepare a report at all. An expert should not prepare an unsatisfactory report and attempt to deal with deficiencies in the report by disclaiming responsibility.

Communication

RG 112.51 An expert and its commissioning party may communicate and meet with each other during the preparation of the expert report for the expert to:

(a) discuss the progress of the report;

(b) gain access to information;

(c) ascertain matters of fact or to correct factual errors (*Re Matine* (1998) 28 ACSR 268 at 288); and

(d) interrogate the commissioning party or another interested party for the purposes of its own analysis.

RG 112.52 To help maintain independence and negate any inference of bias, we consider that an expert should direct and lead all meetings and discussions with the commissioning party, its advisers and any other interested party. The expert should keep appropriate file notes of discussions and retain copies of documents worked on in discussions with the commissioning party, its advisers and any other interested party.

RG 112.53 Brooking J in *Pivot* at 339 summarised this issue in the following terms:

> The guiding principle must be that care should be taken to avoid any communication which may undermine, or appear to undermine, the independence of the expert.

Drafts of reports

RG 112.54 An expert may give draft copies of parts of its report to a commissioning party or its advisers for factual checking before delivery of a full draft copy of the report. These early drafts should not contain the expert's analysis of the transaction, the merits of a transaction or the methodologies employed: *Pivot* at 339.

RG 112.55 The expert should only provide a full draft copy of the report to the commissioning party for factual checking when the expert is reasonably assured that the conclusions in the report are unlikely to change.

RG 112.56 If a commissioning party or an adviser disagrees with the expert's analysis in a draft of the expert report, the report should only be altered if the expert is persuaded that all or part of the expert's assessment is based on an error of fact. We would expect an expert, in this situation, to independently reassess the whole or relevant part of the report based on its view of the revised facts.

RG 112.57 After a full draft copy of an expert report has been provided to a commissioning party or its advisers, any alteration of the report made at the suggestion of the commissioning party or its advisers that affects an expert's analysis of the transaction or the expert's conclusions should be clearly and prominently disclosed in the report. This disclosure should include an explanation of the changes, the reasons why the expert considered the changes appropriate and the significance of the changes to the expert's opinion.

RG 112.58 Minor factual corrections made at the suggestion of the commissioning party or its advisers that are immaterial to an expert's analysis, conclusions or opinion need not be disclosed in the report.

Use and distribution

RG 112.59 If a party commissions two or more reports, a copy of each report should be sent to security holders. This should be done regardless of whether more than one report is prepared by the same expert or by different experts: *Pivot* at 339. It should also be done regardless of whether the commissioning party is obliged to do so under s648A(1).

RG 112.60 An expert should deliver its final, signed report to the commissioning party even if the commissioning party requests otherwise (unless the transaction is discontinued or varied substantially).

RG 112.61 The directors of a commissioning party should not adopt or recommend that security holders accept the findings of an expert report without critically analysing the report. The directors should satisfy themselves that the information relied on in the report is accurate and that the report has not omitted material information known to the directors but not given to the expert.

Release of conclusions of expert reports

RG 112.62 An expert report needs to contain sufficient information to assist security holders to make a decision, including providing details of the methodologies and material assumptions on which the report is based, together with any qualifications: see RG 111.64–RG 111.79. The directors of a commissioning party need to ensure that an expert report is not used or referred to in a way that may be misleading or deceptive.

RG 112.63 If a commissioning party releases the conclusions of an expert report in advance of the final report, this is likely to be misleading or deceptive, particularly if the final report contains any 'surprises' for a person who has only read the conclusions. Releasing conclusions without providing relevant supporting information may cause confusion or uncertainty since security holders and the market will not be able to determine whether those conclusions are reasonable.

> Note: In *Re Origin Energy Limited 02* [2008] ATP 23, the Takeovers Panel considered that it was potentially misleading to quote the conclusions of a technical expert's report in a target's statement without giving shareholders a copy of the report or the underlying assumptions and qualifications.

RG 112.64 Consequently, a commissioning party that releases the conclusions of an expert report in advance of the final report risks regulatory action for contravention of the misleading or deceptive conduct provisions or other regulatory action. For example, if a report is provided in relation to a bid, the commissioning party risks an application by us, or another party, to the Takeovers Panel for a declaration of unacceptable circumstances.

RG 112.65 There may be limited situations in which a commissioning party's continuous disclosure obligations will require disclosure of the conclusions of an expert report in advance of the final report (e.g. if confidentiality has been lost before the final report is ready for release to the market). Commissioning parties and experts should put in place processes that minimise the risk that preliminary disclosure will be required before the report has been finalised. If preliminary disclosure is required, commissioning parties should ensure that this is done in a way that is not misleading or confusing (e.g. by highlighting the limitations of the preliminary disclosure and providing all available material information about the report).

Consent of expert

RG 112.66 An expert report may only be incorporated or referred to in a bidder's statement or target statement if the expert has consented to the use of the report in the form and context in which it appears: s636(3) and 638(5). Before consenting, the expert should consider whether the report has been accurately reproduced and used for the purpose for which it was commissioned. The expert should also consider the appropriateness, or otherwise, of express or implied representations about its report, the conclusions or recommendations: see Regulatory Guide 55 *Prospectus and PDS: Consent to quote* (RG 55), which also applies to the consent obligations in s636(3) and 638(5).

E Use of specialists

Key points

If an expert does not have the necessary specialist expertise on a matter that must be determined for the purposes of the report, it should retain an appropriate specialist for that matter who is independent of the commissioning party: see RG 112.67–RG 112.70.

The specialist should report to the expert rather than the commissioning party: see RG 112.71–RG 112.72.

The expert should ensure that the specialist has consented to the use of its report: see RG 112.73–RG 112.77.

Engagement of specialists

RG 112.67 It is the expert's responsibility to:

(a) determine that a specialist's assistance is required on a matter that must be determined for the purposes of the report;

(b) select the specialist and ensure that the specialist is competent in the field;

(c) negotiate the scope and purpose of the specialist's work and ensure that this is clearly documented in an agreement (though the agreement may be with the commissioning party or the expert); and

(d) be satisfied that the specialist is independent of, and is perceived to be independent of, the commissioning party and any other interested party.

RG 112.68 We consider best practice would be for the expert to pay the specialist its fees and recover those fees from the commissioning party.

RG 112.69 We would expect a specialist report to be specifically commissioned and prepared for the transaction the subject of the expert report. We would also expect the expert to make it clear to the specialist that the report is being commissioned for inclusion in the expert report. If the specialist report is not prepared specifically for the current transaction, this should be clearly explained to security holders. The Takeovers Panel in *Re Great Mines Limited* [2004] ATP 01 expressed the disclosure requirement in the following terms (at [56]):

> Wherever a report is re-used in this way, however, shareholders should be advised of the purpose for which the report was prepared. It would be inappropriate to re-use a report in this way to satisfy a requirement for an independent experts report and in general, it would be misleading to describe a report re-used in this way as independent.

RG 112.70 While these comments were made in the context of an independent expert report, we consider they are equally applicable to the use of a specialist report.

Review of specialist report

RG 112.71 The expert should:

(a) critically review the specialist report, particularly to consider whether the specialist has used assumptions and methodologies which appear to be reasonable and has drawn on source data which appears to be appropriate in the circumstances;

(b) have reasonable grounds for believing the specialist report is not false or misleading;

(c) ensure the specialist signs its report and consents to its use in the form and context in which it will be published; and

(d) ensure that the specialist report is used in a way that will not be misleading or deceptive.

RG 112.72 A specialist report commissioned by the expert should be dated close enough to the date of the expert report to ensure that assumptions applied have not been overtaken by time or events.

Use of specialist report

RG 112.73 The expert should ensure that the specialist consents to the use of its report in the form and context in which it will be published. If a specialist does not take responsibility for, or authorise the use of, its report and the expert considers that the material the subject of the report needs to be included in the expert report, the expert must accept entire responsibility for the statements as the expert's own and, as such, must have reasonable grounds for believing the statements not to be misleading or deceptive. This is consistent with our approach to directors assuming responsibility for statements in a prospectus or PDS that are not attributed to another person: see RG 55.11–RG 55.12.

RG 112.74 The expert should exercise its judgment to determine whether to include the specialist report in full or include a concise or short form version or cite or extract the specialist report.

RG 112.75 We encourage an expert to consider whether it is appropriate to have the specialist prepare a concise or short form specialist report for inclusion in the expert report with a longer specialist report available on request free of charge or accessible online.

RG 112.76 An expert should only quote or cite the specialist's work in a way that is fair and representative. Otherwise the expert risks misleading security holders. If the full specialist report contains any 'surprises' for the security holder who only reads the short form or concise report, this would indicate the short form specialist report was misleading.

RG 112.77 In the situation when an expert has obtained more than one specialist report on the same matter, we consider that security holders will not be given all material information if the expert merely supplies abridged results of those reports, and states, without comment or analysis, the result is the sum of the values given in each of the specialist reports.

Key terms

Term	Meaning in this document
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries out a financial services business to provide financial services Note: This is a definition contained in s761A of the Corporations Act.
AFS licensee	A person who holds an Australian financial services licence under s913B of the Corporations Act Note: This is a definition contained in s761A of the Corporations Act.
ASIC	Australian Securities and Investments Commission
ASIC Act	*Australian Securities and Investments Commission Act 2001*
Corporations Act	*Corporations Act 2001*, including regulations made for the purposes of that Act
Corporations Regulations	Corporations Regulations 2001
expert	The meaning given to that term in s9 of the Corporations Act
Financial Services Guide (FSG)	A document that must be given to a retail client in relation to the provision of a financial service in accordance with Div 2 of Pt 7.7 of the Corporations Act Note: See s761A for the exact definition.
Product Disclosure Statement (PDS)	A document that must be given to a retail client in relation to the offer or issue of a financial product in accordance with Div 2 of Pt 7.9 of the Corporations Act Note: See s761A for the exact definition.
reg 5.1.01 (for example)	A regulation of the Corporations Regulations (in this example numbered 5.1.01)
RG 181 (for example)	An ASIC regulatory guide (in this example numbered 181)
s648A (for example)	A section of the Corporations Act (in this example, numbered 648A), unless otherwise specified
Sch 4 (for example)	A schedule of the Corporations Act (in this example numbered 4), unless otherwise specified

Related information

Headnotes

experts, expert reports, independence, genuine opinion, relationships or interests, declining the engagement, disclosing relationships or interests, conduct of experts, use of specialists

Regulatory guides

RG 55 *Disclosure documents and PDS: Consent to quote*

RG 111 *Content of expert reports*

RG 181 *Licensing: Managing conflicts of interest*

Legislative instruments

ASIC Corporations (Financial Services Guides) Instrument 2015/541

Legislation

Corporations Act, Chs 2E, 6 and 6A, s12, 412(8), 636, 638, 640, 648A, 663B, 664C, 665B, 667B, 670A(1)(h), 711, 766A, 766B(1), 911A(1), 912A(1)(aa), 1041E, 1041F and 1041H, Corporations Regulations, regs 5.1.01 and 7.6.01(u), Sch 8, cls 8303 and 8306

ASIC Act, s12DA

Cases

ANZ Nominees v Wormald (1988) 13 ACLR 698

Re AuIron Energy Limited [2003] ATP 31

Duke Group v Pilmer (1998) 27 ACSR 1

Re Great Mines Limited [2004] ATP 01

Re Matine (1998) 28 ACSR 268

MGICA v Kenny & Good (1996) 140 ALR 313

Re Origin Energy Limited 02 [2008] ATP 23

Phosphate Co-operative Co of Aust Ltd v Shears & Anor (No 3) (1988) 14 ACLR 323

Reiffel v ACN 075 839 226 (2003) 45 ACSR 67

Consultation papers and reports

CP 62 *Better experts' reports*

CP 143 *Expert reports and independence of experts: Updates to RG 111 and RG 112*

REP 234 *Response to submissions on CP 143 Expert reports and independence of experts*





ASIC
Australian Securities & Investments Commission

REGULATORY GUIDE 111

Content of expert reports

October 2020

About this guide

This is a guide for any person who commissions, issues or uses an expert report.

It provides guidance on the content of an expert report and how an expert can help security holders make informed decisions about transactions.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This version was issued in October 2020 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Regulatory Guide 111, issued October 2007, reissued March 2011

Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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A Overview

Key points

This guide gives ASIC's views on how an expert can help security holders make informed decisions about transactions.

It gives guidance to experts on how to draft an expert report that satisfies the requirements of the *Corporations Act 2001* (Corporations Act).

This guide outlines our views on:

- how experts should analyse a proposed transaction (see Section B);
- the different valuation methodologies used by experts and the treatment of assumptions (see Section C);
- general requirements for all expert reports (see Section D); and
- the regulatory action we might take against an expert (see Section E).

Reports covered by this guide

RG 111.1 This guide focuses on reports prepared for transactions under Chs 2E, 5, 6 and 6A of the Corporations Act, whether the reports are required by the Corporations Act or are commissioned voluntarily. The principles in this guide may also be relevant to independent expert reports commissioned for other purposes—for example, specialist reports like geologist reports or traffic forecast reports for inclusion in Ch 6D disclosure documents and Ch 7 product disclosure statements.

RG 111.2 This guide does not apply to independent or investigating accountant reports.

RG 111.3 Examples of transactions for which entities are required to commission an independent expert report or may do so voluntarily to assist security holders to make an informed choice are takeover bids, compulsory acquisitions and buy-outs, schemes of arrangement, related party transactions and capital reorganisations: see Table 1.

RG 111.4 Where the Corporations Act or Australian Securities Exchange Limited (ASX) Listing Rules require an entity to commission an independent expert report, this is generally to ensure that shareholders receive an independent analysis of transactions involving related parties or other persons of influence. For example, s640 of the Corporations Act requires an independent expert report where the bidder has a 30% voting power in the target company or the bidder and target have common directors. It is important that an expert applies close scrutiny to a transaction involving a related party or other person of influence and critically analyses the information provided to it.

Table 1: Examples of transactions for which entities commission an independent expert report

Transaction	Circumstances
Takeover bids	• The target must commission an expert report when the bidder's voting power in the target is at least 30% of the target or when the bidder and the target have common directors: s640. • The bidder must commission an expert report when the consideration paid by the bidder for acquiring a pre-bid stake includes unquoted securities: s636(1)(h)(iii) and 636(2). • Targets often commission expert reports to assist security holders, even if there is no requirement to do so. • In joint bids the bidders must use their best endeavours to have the target engage an independent expert to prepare a report on whether the joint bid is fair and reasonable to target shareholders who are not associates of the bidders: see Table 9 in Regulatory Guide 9 *Takeover bids* (RG 9) and RG 9.649.
Schemes of arrangement	• The scheme company must commission an expert report when the other party to the scheme holds at least 30% of the voting shares of the scheme company or when they have common directors: reg 5.1.01 and Sch 8, cls 8303 and 8306 of the Corporations Regulations 2001 (Corporations Regulations). • Scheme companies often commission an expert report when transactions are complex or effect a takeover.
Compulsory acquisitions or buy-outs	The bidder in a compulsory acquisition must commission an expert report under s663B, 664C, 665B and 667A.
Acquisitions approved by security holders under item 7 of s611	The company commissions an expert report (or, if it has the expertise, a director's report to the same standard) to discharge the requirement to disclose all material information on how to vote on the resolution: item 7(b) of s611.
Selective capital reductions	An expert report should usually accompany the explanatory memorandum to satisfy the information requirements of fairness under s256C(4).
Related party transactions	An expert report may be supplied to members as part of the material to accompany the notice of meeting: s218, 219, 220 and 221.
Transactions with persons in a position of influence	Notices of meeting for approvals under ASX Listing Rule 10.10 must be accompanied by an expert report: ASX Listing Rule 10.10.2.
Demutualisations of financial institutions	An expert report must accompany a notice of meeting for a demutualisation of a financial institution or friendly society: Sch 4, cl 29(4).
Buy-backs	If a company proposes to buy-back a significant percentage of securities or the holdings of a major shareholder, it should consider providing an independent expert report with a valuation of the shares: Regulatory Guide 110 *Share buy-backs* (RG 110) at RG 110.18 and RG 110.20.

Transaction	Circumstances
Share transfers under s444GA	Share transfers under s444GA that require relief from s606 will generally require an expert report to help: • ASIC in determining whether to grant relief from s606; • members, creditors, interested persons and ASIC in their decision to oppose leave of the court; and • the court in its decision to grant leave.

B Analysing a transaction

Key points

An expert should focus on the issues facing the security holders for whom the report is being prepared: see RG 111.5–RG 111.7.

An expert should focus on the substance of the transaction rather than the legal mechanism used to achieve that purpose: see RG 111.8–RG 111.34.

Some transactions will require a different form of analysis, particularly:

- demergers and demutualisations (see RG 111.35–RG 111.40);
- approval of a sale of securities under item 7 of s611 (see RG 111.41–RG 111.46);
- compulsory acquisitions and buyouts (see RG 111.47–RG 111.51); and
- share transfers under s444GA (see RG 111.64–RG 111.80).

When assessing whether a related party transaction is 'fair and reasonable', an expert should consider the overall effect of the transaction: see RG 111.53–RG 111.63.

A recommended approach

RG 111.5 In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111.6 The Corporations Act requires an expert to express the opinion using particular language depending on the type of transaction. For example:

(a) whether a takeover bid is 'fair and reasonable' under s640;

(b) whether a scheme of arrangement is in 'the best interests of the members of the company' under Sch 8, cl 8303 of the Corporations Regulations; and

(c) whether the proposed terms in the buy-out or acquisition notice give a 'fair value' for the securities under s667A(1).

RG 111.7 Nevertheless, the form of analysis an expert uses to evaluate a transaction should address the issues faced by security holders. The rest of this section sets out our guidance on the form of analysis an expert should use for particular types of transactions.

Control transactions

RG 111.8 A control transaction, when a person acquires, or increases, a controlling stake in a company, can be achieved by way of a number of different legal mechanisms, including, for example:

(a) a takeover bid under Ch 6;

(b) a scheme of arrangement under Pt 5.1;

(c) approval of an issue of shares using item 7 of s611; and

(d) a selective capital reduction or selective buy-back under Ch 2J.

Note 1: Ch 6 extends to listed managed investment schemes and listed bodies that are not companies. For the purposes of this regulatory guide, references to a 'company' in the context of Ch 6 takeovers can be read as references to these bodies or schemes, when appropriate.

Note 2: Not all transactions under item 7 of s611 involve the issue of shares. For those transactions that do not involve the issue of shares, see RG 111.41–RG 111.46.

RG 111.9 It is important for an expert to focus on the substance of a control transaction, rather than the legal mechanism used to effect it.

Takeover bids

RG 111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in s640 establish two distinct criteria for an expert analysing a control transaction:

(a) is the offer 'fair'; and

(b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

RG 111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and

Note: Any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under this comparison, but see RG 111.13(e).

(b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG 111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 When deciding whether an offer is reasonable, an expert might consider:

(a) the bidder's pre-existing voting power in securities in the target;

(b) other significant security holding blocks in the target;

(c) the liquidity of the market in the target's securities;

(d) taxation losses, cash flow or other benefits through achieving 100% ownership of the target;

(e) any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc;

(f) the likely market price if the offer is unsuccessful; and

(g) the value to an alternative bidder and likelihood of an alternative offer being made

RG 111.14 For example, a bidder who controls a target and makes a takeover bid may offer a price which is 'not fair' as it includes a minority discount. The offer price may, however, be greater than the price at which the securities were trading before the takeover bid was made. In such circumstances, it is appropriate for the expert to consider whether the market price may fall if the offer is unsuccessful: see RG 111.13(f). It would also be appropriate for the expert to consider the matters set out in RG 111.13(d) and RG 111.13(f) in assessing the likelihood that the bidder would increase its offer price, including to a price that an expert would assess as 'fair'.

RG 111.15 A bidder may also offer a price which is 'not fair' where the target is in financial distress. This is because the fair value of the target securities should be determined on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the bid (e.g. an orderly realisation of the target's assets). Such an offer may nonetheless be reasonable if the alternative methods of remedying the financial distress are likely to be less attractive to security holders than a successful offer.

> Note: For the avoidance of doubt, funding requirements for a target that is not in financial distress (e.g. capital that is required to develop a project) should generally be taken into account when determining the fair value of target securities: see *Northern Energy Corporation Limited* [2011] ATP 2. Such funding requirements will generally be relevant to determining the value of the target securities assuming knowledgeable and willing, but not anxious, parties. These funding requirements will often be implicitly reflected in certain methodologies (e.g. the quoted price for listed securities). The expert may need to expressly determine to take funding requirements into account when using other methodologies (e.g. the discounted cash flow methodology).

RG 111.16 An expert concluding that an offer is not fair, but reasonable, should clearly explain the meaning of this opinion, why the expert has reached this conclusion and the significance of the conclusion to the decision to be made by security holders (e.g. what it might mean for the security holder's decision making). Otherwise, depending on the circumstances, the report might be misleading or deceptive. In describing the factors that are relevant to a conclusion that an offer is reasonable, an expert should generally only include the factors that are material to this conclusion.

RG 111.17 To the extent reasonably practicable, and where it can do so with sufficient precision to assist security holders, the expert should quantify the reasonableness factors it considers to be material. For example:

(a) if the expert comments that the share price may fall if the bid is unsuccessful, the expert should consider providing quantitative information such as the pre-announcement share price (or volume weighted average price) and the liquidity profile of the target's shares; and

(b) if the bidder controls the target, the expert should consider quantifying the size of the minority discount.

Control transactions by way of a scheme of arrangement

RG 111.18 Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as for a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is 'in the best interests of the members of the company'. This reflects that the legislative test for schemes of arrangement differs from that applicable to a Ch 6 takeover bid.

RG 111.19 When an expert report is required in a scheme of arrangement involving a change of control, the expert is expected to apply the analysis and provide an opinion as to whether the proposal is 'fair and reasonable' as set out in RG 111.10–RG 111.17 as if:

(a) the 'bidder' was the 'other party'; and

(b) the 'target' was the company that is the subject of the proposed scheme.

RG 111.20 If an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.

RG 111.21 If an expert would conclude that the proposal was 'not fair but reasonable' if it was in the form of a takeover bid using the analysis described in RG 111.10–RG 111.17, it is still open to the expert to also conclude that the scheme is 'in the best interests of the members of the company'. The expert

should clearly say that the consideration is not equal to or greater than the value of the securities the subject of the scheme, but there are sufficient reasons for security holders to vote in favour of the scheme in the absence of a higher offer.

RG 111.22 If an expert concludes that a scheme proposal is 'not fair and not reasonable', then the expert would conclude that the scheme is not in the best interests of the members of the company.

RG 111.23 When a scheme of arrangement is used to acquire or increase a party's control, the report should address the interests of members who are bound to give up rights under the scheme. The expert should separately consider the interests of each class of those members under the scheme.

Other control transactions

RG 111.24 An issue of shares by a company otherwise prohibited under s606 may be approved under item 7 of s611 and the effect on the company's shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of s611 that are comparable to takeover bids under Ch 6 include:

(a) a company issues securities to the vendor of another entity or to the vendor of a business and, as a consequence, the vendor acquires over 20% of the company incorporating the merged businesses. The vendor could have achieved the same or a similar outcome by launching a scrip takeover for the company; and

(b) a company issues securities in exchange for cash and, as a consequence, the allottee acquires over 20% of the company. The allottee could have achieved the same or a similar outcome by using a cash-rich entity to make a scrip takeover bid for the company.

RG 111.25 If this is the case, an expert should apply the analysis outlined in RG 111.10–RG 111.17 —that is, the transaction should be analysed as if it was a takeover bid under Ch 6. However, references to, for example, the 'bidder' and the 'target' should be taken to mean the 'allottee' and 'company' respectively.

RG 111.26 An issue of shares for cash may have other benefits that should be considered in deciding whether the transaction is reasonable. These benefits may include:

(a) the provision of new capital to exploit business opportunities;

(b) a reduction in debt and interest payments; or

(c) a needed injection of working capital.

RG 111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment

or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG 111.11.

RG 111.28 A transaction otherwise prohibited under s606 for which approval is sought under item 7 of s611 will not always involve the issue of shares. For the analysis of other transactions under item 7 of s611, see RG 111.41–RG 111.46.

RG 111.29 Similar considerations apply in relation to control transactions by way of a selective capital reduction or selective buy-back under Ch 2J.

Assessing non-cash consideration in control transactions

RG 111.30 If the bidder is offering non-cash consideration in a control transaction, the expert should examine the value of that consideration and compare it with the valuation of the target's securities, whether the transaction is effected by a takeover bid, a scheme of arrangement or an issue of shares.

RG 111.31 The comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

However, the expert may need to assess whether a scrip takeover is in effect a merger of entities of equivalent value when control of the merged entity will be shared equally between the 'bidder' and the 'target'. In this case, the expert may be justified in using an equivalent approach to valuing the securities of the 'bidder' and the 'target'.

RG 111.32 If the expert uses the market price of securities as a measure of the value of the offered consideration, the expert should consider and comment on:

(a) the depth of the market for those securities;

(b) the volatility of the market price; and

(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

RG 111.33 For example, trading after a bid is announced may reflect some of the benefits of the combined entity, depending on whether the market has confidence that the transaction will proceed.

RG 111.34 If, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued assuming a notionally combined entity. However, the expert should still allow for the fact that accepting holders are likely to hold minority interests in that combined entity. The comparison should include the assets and liabilities of the target and the dilution effect of the acquisition on the target's earnings, asset backing and dividends. The expert should also discuss the bases for calculating the dilutions.

> Note: Reverse takeovers (either by takeover bid or scheme of arrangement) can raise special issues: see Regulatory Guide 60 *Schemes of arrangement* (RG 60) at RG 60.35–RG 60.37.

Demergers and demutualisations

RG 111.35 Demergers and demutualisations might not involve:

(a) a change in the underlying economic interests of security holders;

(b) a change of control; or

(c) selective treatment of different security holders.

RG 111.36 In the absence of these factors, the issue of 'value' may be of secondary importance (particularly in demutualisations). The expert should provide an opinion as to whether the advantages of the transaction outweigh the disadvantages. In some cases, it might still be appropriate to carry out a valuation. In a demerger, the expert may still choose to value the demerged businesses to test whether the value of the sum of the parts (the demerged entities) is greater or less than the whole (the existing entity). If the expert does not undertake such a valuation, to the extent reasonably practicable, and where it can do so with sufficient precision to assist security holders, the expert should quantify the advantages and disadvantages that it considers to be material. For example, the expert may comment on the likelihood of a 'market re-rating' by analysing the post-transaction performance of other de-mergers.

RG 111.37 If the demerger or demutualisation involves a scheme of arrangement and the expert concludes that the advantages of the transaction outweigh the disadvantages, the expert should say that the scheme is in the best interests of the members.

RG 111.38 In a demerger, security holders will typically have to balance issues such as the benefits of a greater focus afforded to the demerged entities against increased costs and reduction in diversified earnings streams.

RG 111.39 In a demutualisation, the advantages and disadvantages to be considered might include questions of unlocking value for members and greater management accountability as reasons to demutualise, as compared to the loss of the benefits of being a mutual organisation.

RG 111.40 An expert might need to consider whether using the form of analysis described at RG 111.10–RG 111.17 is appropriate when demergers and demutualisations involve one or more of:

(a) a change in the underlying economic interests of security holders;

(b) a change of control; or

(c) selective treatment of different security holders.

Approval of a sale of securities under item 7 of s611

RG 111.41 Approval for a sale of securities that would otherwise contravene s606 may be sought under item 7 of s611. Item 7 of s611 envisages that security holders not associated with such a transaction may approve it. In doing so, these security holders may be forgoing:

(a) the opportunity of receiving a takeover bid; and

(b) sharing in any premium for control.

RG 111.42 The expert should identify the advantages and disadvantages of the proposal to security holders not associated with the transaction. In contrast with the analysis for an issue of shares approved under item 7 of s611, the expert should provide an opinion either:

(a) that the advantages of the proposal outweigh the disadvantages; or

(b) that the disadvantages of the proposal outweigh the advantages.

RG 111.43 A specific issue the expert should determine is whether the vendor is to receive a premium for control.

RG 111.44 The greater the control premium, the greater the advantages of the transaction to the non-associated holders would need to be to support a finding that the advantages of the proposal outweighed the disadvantages. These other advantages may come, for example, from a better long-term profit outlook as the incoming security holder offers superior management skills.

RG 111.45 The expert should also inquire whether further transactions are planned between the entity, the vendor or any of their associates. If any are contemplated, the expert should determine whether those transactions would be on an arm's length basis. If not, an implication arises that they may compensate a vendor for a price that is too low.

RG 111.46 An expert should also consider whether any proposed acquisition by way of sale, if approved, might deter the making of a takeover bid for the entity.

Compulsory acquisitions and buy-outs

RG 111.47 Chapter 6A prescribes the steps an expert must take in reaching an opinion for compulsory acquisitions and buy-outs. Section 667A(1) requires an expert to:

(a) provide an opinion on whether the proposed terms in the buy-out or acquisition notice give a 'fair value' for the securities; and

(b) set out the reasons for its opinion.

RG 111.48 To determine what is 'fair value', s667C requires that an expert:

(a) first assess the value of the entity as a whole;

(b) then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk and the voting and distribution rights of the classes); and

(c) then allocate the value of each class pro rata among the securities in that class (without allowing any premium or applying a discount for particular securities or interest in that class).

RG 111.49 In determining the fair value for securities, an expert must also take into account the prices paid for securities in that class in the previous six months: s667C(2).

RG 111.50 The weight of judicial authority is that an expert should not reflect 'special value' that might accrue to the acquirer (e.g. *Capricorn Diamonds Investments Pty Ltd v Catto* (2002) 41 ACSR 376 at 431; *Winpar Holdings Ltd v Austrim Nylex Ltd* [2005] VSCA 211 at [11]–[37]; *Teh v Ramsay Centauri* (2002) 42 ACSR 354 at 359). In practice, the issue of 'special value' might not be a critical issue. Special value might not be material once it has been allocated pro rata to each security in the class, including the securities of the party seeking to make the compulsory acquisition. An expert should not add any premium for forcible divestment: see *Capricorn* at 432.

> Note: Similar considerations apply as to whether consideration under a capital reduction 'is fair and reasonable to the company's shareholders as a whole': see s256B(1)(a) and *Re Goldfields Kalgoorlie; Winpar Holdings Ltd v Goldfields Kalgoorlie Ltd* (2000) 34 ACSR 737 at [69].

RG 111.51 Our approach to nominating experts to provide valuations under Ch 6A is set out in Regulatory Guide 10 *Compulsory acquisitions and buyouts* (RG 10) at RG 10.173–RG 10.178.

Related party transactions

RG 111.52 Experts who are asked to prepare a report for the following transactions should comply with RG 111.53–RG 111.63:

(a) a transaction with a related party that requires member approval under Ch 2E (including as modified by Pt 5C.7 for registered managed investment schemes); or

(b) a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10.

RG 111.53 When analysing related party transactions, it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism. For example, where a related party transaction is made up of a number of separate components, the expert should consider the overall effect of the related party transaction.

RG 111.54 Where the related party transaction is one component of a broader transaction or a series of transactions involving non-related parties (such as a control transaction), the expert should carefully consider what level of analysis of the related party aspect is required: see also RG 111.4. In this consideration, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction.

'Fair' and 'reasonable' test

RG 111.55 Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.56 Where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Ch 2E or ASX Listing Rule 10.1), this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this provides members with sufficient valuation information. See Regulatory Guide 76 *Related party transactions* (RG 76) at RG 76.105–RG 76.112 for further details.

RG 111.57 A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and

Note: This is a separate test to the consideration of relevant factors and circumstances when determining whether the transaction is on 'arm's length' terms for the purposes of s210: see Section C of RG 76.

(b) for control transactions, on the basis referred to in RG 111.11.

RG 111.58 Where the proposed transaction consists of an asset acquisition by the entity, it is 'fair' if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. Where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by a related party, the value of the entity's securities should be compared to the value of the securities it is purchasing. If the expert uses the market price of either of the securities as a measure of their value, it should consider, among other things, the factors set out in RG 111.32(a)–RG 111.32(b).

RG 111.59 In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transactions.

RG 111.60 A proposed related party transaction is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.

RG 111.61 If an expert concludes that a related party transaction is not fair, but reasonable, it should clearly explain the meaning of this opinion, why the expert has reached this conclusion, and the significance of the conclusion to the decision to be made by security holders (e.g. what it might mean for the security holders' decision-making): see also RG 111.16–RG 111.17.

RG 111.62 When deciding whether a proposed transaction is 'reasonable', factors that an expert might consider include:

(a) the financial situation and solvency of the entity, including the factors set out in RG 111.26, if the consideration for the financial benefit is cash;

(b) opportunity costs;

(c) the alternative options available to the entity and the likelihood of those options occurring;

(d) the entity's bargaining position;

(e) whether there is selective treatment of any security holder, particularly the related party;

(f) any special value of the transaction to the purchaser, such as particular technology or the potential to write off outstanding loans from the target; and

(g) the liquidity of the market in the entity's securities.

RG 111.63 Generally an expert need only conduct one analysis of whether the transaction is 'fair and reasonable', even if the report has been prepared for a reason other than the transaction being a related party transaction (e.g. if item 7 of s611 approval is also required).

Transfer of shares under s444GA

RG 111.64 Section 444GA allows shares of a company in administration to be transferred by an administrator as part of a deed of company arrangement (DOCA). The transfer may only occur if shareholders consent or when the court is satisfied that the transfer would not 'unfairly prejudice' the interests of shareholders.

RG 111.65 Where a transfer under s444GA will result in a person acquiring a relevant interest in voting shares in a company subject to Ch 6 above 20%, relief from s606 must be granted by ASIC.

RG 111.66 ASIC generally requires an expert's report to be prepared for s444GA transactions to assist in determining whether to grant relief from s606. The expert's report is also included as part of an explanatory statement to:

(a) assist members, creditors, interested persons and ASIC in determining whether to oppose the application for leave of the court under s444GA; and

(b) provide further evidence to assist the court in its assessment of granting leave under s444GA.

Note: Regulatory Guide 6 *Takeovers: Exceptions to the general prohibition* (RG 6) at RG 6.202(b) provides more information on the requirements for the explanatory statement.

RG 111.67 In exceptional circumstances, where a company clearly holds assets of negligible value and/or has no business, there may be limited benefit in providing an expert's report. In these circumstances, you should approach ASIC early in the process to discuss whether or not an expert's report is required.

RG 111.68 Provided the requirements in RG 6.202(b) are met, ASIC will generally grant relief from s606 where the expert's report concludes that shareholders' equity has no residual value. This aligns with the position of the courts when

considering whether unfair prejudice exists. The courts consider that the possibility of prejudice to a shareholder only arises if there is some residual equity in the company: see Martin CJ in *Weaver v Noble Resources Ltd* [2010] WASC 182 and White J in *Lewis, In the matter of Diverse Barrel Solutions Pty Ltd (subject to a Deed of Company Arrangement)* [2014] FCA 53.

RG 111.69 Experts who are asked to prepare a report for share transfers using s444GA should generally comply with RG 111.70–RG 111.80.

Form and content of report

RG 111.70 An expert's report should provide an independent opinion of the value, if any, of shareholders' residual equity. The expert is not required to form a view on the 'fairness' or 'reasonableness' of the transaction.

RG 111.71 Shareholders' residual equity should be derived by assessing the value of the company's assets and/or business operations, less borrowings, other liabilities and creditors' claims.

RG 111.72 The value of shareholders' residual equity should be assessed on the basis that the company is in administration.

RG 111.73 Consistent with the approach of the courts, an expert should generally value shareholders' residual equity in a company under administration on a 'winding up' or 'liquidation' basis where that is the likely or necessary consequence of the transfer of shares not being approved: see *Re Mirabela Nickel Ltd (subject to deed of company arrangement)* [2014] NSWSC 836 at [42]; *Re Nexus Energy Limited* (2014) 105 ACSR 246 at 254 [24].

RG 111.74 Experts should:

(a) value any underlying assets, and where necessary business(es), using the guidance in Part C, including crosschecks;

(b) consider valuation evidence provided by the sales process conducted by the administrator (if any) as well as the value (if any) of potential recoveries for voidable transactions; and

(c) seek specialist technical assistance, where relevant, consistent with the requirements in Section E of Regulatory Guide 112 *Independence of experts* (RG 112).

RG 111.75 The selection of the appropriate approach and methods to value company assets and/or businesses will depend on the facts and circumstances involved, available data and the professional judgement of the expert. The rationale for the selection of the approach and method used should be fully disclosed in the report.

Asset and business valuations

RG 111.76 We expect in many cases that it will be clear from the administration process whether the company under administration holds a business (or businesses) capable of sale or, rather, a series of assets that, but for the proposed DOCA, would otherwise be sold on a piecemeal basis to realise value (if any).

RG 111.77 Where a company under administration holds assets that form a business, the expert should generally base the assessment on the higher of;

(a) the sum of liquidation value of the underlying business assets; and

(b) the value of the business as a whole.

RG 111.78 A business will likely be subject to various constraints associated with the company being under administration. These may affect the expected performance of the business directly and/or perceptions of business risk to potential acquirers. These should be considered by the expert in deriving the expected sale value of the business and should be disclosed in the report.

RG 111.79 Any assets that do not form part of the business may be valued assuming liquidation value. Liquidation value is defined by the International Valuation Standard 104: *Bases of Value* (effective 31 January 2020) at paragraph 80.1 as:

> the amount that would be realised when an asset or group of assets are sold on a piecemeal basis. Liquidation Value should take into account the costs of getting the assets into saleable condition as well as those of the disposal activity. Liquidation Value can be determined under two different premises of value:
>
> (a) an orderly transaction with a typical marketing period, or
>
> (b) a forced transaction with a shortened marketing period.

RG 111.80 Valuations of residual company assets should generally be determined using the premise of, '… an orderly transaction with a typical marketing period'. The marketing period assumption should be disclosed by the expert.

C Methodologies and assumptions

Key points

An expert should:

- if possible use more than one valuation methodology and compare the values derived from using different methodologies to minimise the risk that the opinion is unreliable; and
- justify its choice of methodologies and describe the methods used: see RG 111.81–RG 111.90.

An expert's opinion should be based on reasonable assumptions and all material assumptions should be disclosed: see RG 111.91–RG 111.94.

An expert should usually give a range of values and that range should be as narrow as possible: see RG 111.95–RG 111.96.

An expert might need to value individual assets in certain circumstances: see RG 111.97–RG 111.100.

Choice of methodology

RG 111.81 An expert should use its skill and judgment to select the most appropriate methodology or methodologies in its report. The expert must have a reasonable (or tenable) basis for choosing its valuation methodologies: *Re Matine* (1998) 28 ACSR 268 at 290–291. An inappropriate choice might be misleading: *Re EPHS Ltd* [2002] ATP 12. It might also lead to liability because the expert did not take sufficient care and skill in the preparation of the report: *Duke Group Ltd v Pilmer* (1999) 31 ACSR 213.

RG 111.82 We consider that an expert should, when possible, use more than one valuation methodology. We consider that this reduces the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment on any differences. Further, if the expert's valuation of a company's securities differs materially from the price of the company's securities in the period leading up to the announcement of the proposed transaction (together with a typical premium for control for such a transaction), the expert should comment on this difference and the factors underlying it. The expert should also comment if its valuation is less than the price of the company's securities in the period leading up to the announcement of the transaction.

Note: The expert should also consider whether the price of the company's securities is an appropriate valuation methodology: see RG 111.86(d).

RG 111.83 However, we will not prescribe the valuation methodologies that an expert should use in preparing its report since an expert should exercise its own skill and judgment to choose methodologies that are appropriate in the circumstances of the entity or the asset being valued.

RG 111.84 An expert should justify its choice of methodology or methodologies (including when the expert has used only one methodology, the basis for doing so) and describe the method or methods used in the report. We consider that an expert report that does this allows security holders to better understand the expert report and determine the weight to be attached to the report. It also allows another expert, professional adviser or institutional investor to replicate the expert's work and assess the valuation.

RG 111.85 An expert should discuss how much weight is being placed on each methodology used in the valuation. For instance, one methodology may be identified as the primary methodology whereas another is used to provide a cross-check to the valuation.

RG 111.86 It is generally appropriate for an expert to consider using the following methodologies:

(a) the discounted cash flow method (see also RG 111.112–RG 111.118) and the estimated realisable value of any surplus assets;

(b) the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;

(c) the amount that would be available for distribution to security holders on an orderly realisation of assets;

(d) the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale; and

(e) any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets.

Note: Some valuation methodologies include a premium for control while others do not. An expert needs to ensure that the choice of methodology or methodologies is appropriate for the circumstances of the transaction.

RG 111.87 The amount an alternative bidder might be willing to offer if all the securities in the target were available for purchase may provide a useful framework for the application of methodologies (e.g. in selecting earnings multiples) and in underpinning any overall judgment as to value.

RG 111.88 An expert should not take into account highly speculative alternative proposals which are so unformulated that no sensible value could be placed on them.

RG 111.89 If an entity has recently conducted a sale process without success or has been 'in play' for some period without an alternative bid emerging, it may be possible to comment that no alternative acquirer appears likely to offer a higher price.

Option valuations

RG 111.90 The most commonly used methodologies for valuing unlisted or thinly traded options are the Binomial Model and the Black–Scholes Model. In selecting an approach, an expert should assess whether the assumptions used in the methodology are appropriate for the options being valued.

Assumptions

RG 111.91 An expert's opinion should be based on reasonable assumptions. This reduces the risk that the report will be misleading: s670A(2); s12DA of the *Australian Securities and Investments Commission Act 2001* (ASIC Act); *MGICA (1992) Ltd v Kenny & Good Pty Ltd* (1996) 140 ALR 313 at 356; *RAIA Insurance Brokers v FAI General Insurance Co Ltd* (1993) 112 ALR 511 at 522.

RG 111.92 An expert should disclose all material assumptions on which its report is based. This allows security holders to assess the reasonableness of the report and its main uncertainties: *Re BNQ Sugar Pty Ltd and Others* (1994) 12 ACSR 695 at 702; *GIO Australia Holdings Pty Ltd v AMP Insurance Investment Holdings Pty Ltd* (1998) 29 ACSR 584 at 621–622.

RG 111.93 The material assumptions disclosed should be specific and definite. All-embracing assumptions of no specific relevance to the entity being valued should not be included (e.g. the continued absence of war or the non-occurrence of natural disasters). However, assumptions concerning specific future economic conditions (such as assumed interest rates, exchange rates and commodity prices) and the assessment of their impact on the report should be disclosed.

RG 111.94 If changes in material assumptions are likely to materially impact on a report's valuation (e.g. changes in the exchange rate or interest rate assumptions), an expert should consider including a sensitivity analysis which sets out the impact of such changes.

> Note: See Regulatory Guide 170 *Prospective financial information* (RG 170) at RG 170.65–RG 170.66.

Value ranges

RG 111.95 An expert should usually give a range of values. The value of securities is typically subject to uncertainty and volatility. Placing a precise dollar value on them is likely to imply a misleading accuracy to a valuation.

RG 111.96 Nevertheless, the range of values should be as narrow as possible. If an expert cannot give a narrow range because of uncertainty (e.g. start-up companies), the expert should prominently explain in its report what factors create this uncertainty and how the expert is able to justify its findings despite the uncertainty. In our view, a broad range of values undermines the usefulness of the report.

Valuing assets

RG 111.97 An expert might need to value individual assets in undertaking the analysis required to prepare its report, for example, if the assets are considered 'surplus' to other business activities being valued. In valuing individual assets, an expert may need to quantify and discuss any material differences between its valuation and the market value of the asset used for accounting purposes.

RG 111.98 An expert may also need to assess the carrying value of an entity's assets if the primary valuation methodology it has employed results in a value that is less than the entity's reported net assets (after allowing for reasonable realisation costs).

RG 111.99 In such circumstances, the expert should ensure that it has the expertise to value the assets (e.g. to value real property or exploration mining tenements) or retain a specialist to do so.

RG 111.100 Real property assets that are planned or are in the process of development should be valued on the basis of their current market value rather than on an 'as complete' basis.

D Other key requirements

Key points

An expert report should help security holders make their decision by clearly disclosing key information: see RG 111.101–RG 111.106.

An expert's opinion should be based on reasonable grounds. These grounds should be discussed in the report: see RG 111.107–RG 111.118.

An expert might need to act on changes in circumstances after issuing its report: see RG 111.119–RG 111.121.

Particular considerations apply to the inclusion of certain information (e.g. disclaimers): see RG 111.122–RG 111.133.

An expert should have the relevant expertise to prepare the expert report: see RG 111.134–RG 111.139.

An expert should maintain adequate records of the work undertaken to prepare the expert report: see RG 111.140–RG 111.144.

Clear, concise and effective communication

RG 111.101 An expert report should help security holders make their decision. The report should:

(a) address the varying information needs of a report's audience;

(b) clearly explain the meaning of the expert's opinion and the significance of that opinion to the decision to be made by security holders;

(c) highlight key information;

(d) be easy to navigate and understand (e.g. through including an up-front summary of the expert's opinion and the reasons for the opinion, the use of content tables, signposting, cross-references, numbered sections, sub-sections and the avoidance of jargon); and

(e) be as brief as possible.

RG 111.102 An expert report should only contain information that relates directly to the decision to be made by security holders. Including extraneous information in an expert report undermines the effectiveness of that report. Santow J dealt with this issue in *Re Australian Co-operative Foods Ltd* (2001) 38 ACSR 71 at 77 in the following terms:

> Experts are responsible for what they say in their reports. They must ensure that their reports deal adequately with the kind of concerns that could reasonably be anticipated from those affected by the scheme, in reporting

> on whether the relevant scheme proposal is fair and reasonable from their viewpoint … This is so those members can then make an informed decision with the benefit of a report that is as simple, clear and useful as possible. A plethora of peripheral information is more likely to distract than illuminate.

RG 111.103 For example, an analysis of the industry in which the company (i.e. the subject of the opinion) operates might be useful. However, copying material out of an industry research database may merely add to the length of reports. An expert should include an analysis of the material and relate the material directly to its opinion.

Technical terms

RG 111.104 Technical terms should be avoided when possible. If the expert uses technical terms, it should use them consistently in a report and consistently with the way they are used in the relevant industry. When appropriate, the expert should provide a glossary, especially when the definition or interpretation of specific terms is central to its report.

Concise or short form expert report

RG 111.105 We encourage an expert to consider preparing a concise or short form expert report. The commissioning party would make a longer expert report containing additional, more technical or detailed information available on request free of charge or ensure it is accessible online. This reflects a developing market practice.

> Note: See RG 60.84 for information about the use of concise expert reports in schemes of arrangement.

RG 111.106 The concise report would still need to contain sufficient information to help security holders make their decision. The concise report should include the information that we emphasise in the rest of this guide and in RG 112 (e.g. material assumptions). If the longer report contained any 'surprises' for the security holder who only read the concise report, this would indicate the concise report was inadequate or misleading. Table 2 contains examples of types of information that an expert might consider including and leaving out of the concise report. Determining what information to include in the concise report and what to leave out is a matter for the expert's professional judgment in the particular circumstances of the report. However, we are happy to work with experts on these issues.

Table 2: Examples of information that an expert might consider putting in and leaving out of a concise expert report

Include in the concise expert report	• Expert's conclusion • Meaning of conclusion and significance for the decision to be made • Summary of reasons for conclusion • Summary of valuation including: – methodologies used; – material assumptions; and – a justification of these • Financial Services Guide
Leave out of the concise expert report	• Industry overview • Disclaimers • Detailed financial information • Detailed profile of parties to the transaction • Qualifications, declarations (e.g. indemnities) and consents • Detailed share price analysis • Details of capital structure (e.g. shareholder spread and directors' relevant interests if not linked to the expert's analysis) • List of previous ASX announcements • List of sources of information

Statements should be supportable

Reasonable grounds

RG 111.107 An expert's opinion should be based on reasonable grounds. These grounds should be set out in the report.

RG 111.108 We consider that setting out the reasons for the opinion will assist security holders to understand the expert's opinion, to assess the weight to attach to that opinion and to evaluate the validity of the expert's conclusions: s636(2); 640(1); 667A(1)(c); Sch 8, cl 8303 of the Corporations Regulations and *Makita (Australia) Pty Ltd v Sprowles* (2001) 52 NSWLR 705 at 729 and following. Further, security holders cannot make an informed decision without the benefit of 'sufficient supporting information': *Australian Co-operative Foods* at 77.

Review of information

RG 111.109 We expect an expert to:

(a) critically evaluate the information provided to it; and

(b) take note of any grounds held for questioning the truth, accuracy and completeness of the information.

RG 111.110 An expert should conduct such critical analysis of the information on which it relied to prepare the report as is reasonable in the circumstances and as the law requires: *Australian Co-operative Foods* at 77. The more material the information is to the conclusions reached by the expert, the greater the responsibility on the expert to be satisfied that the information is not materially inaccurate. If there are indications suggesting that the information in question may not be reasonably relied on, then the expert should make additional enquiries. We do not expect an expert to conduct an audit of the subject matter of the report.

RG 111.111 For example, the expert must review directors' valuations and management accounts, partly to detect changes in the way those valuations and accounts have been prepared from period to period: see RG 111.113. If there are no indications of irregularities or omissions, an expert will ordinarily be entitled to take at face value valuations previously prepared by outside experts, audited financial statements and the accounting records of the company. An expert may also rely on management accounts if it has established reasonable grounds: see RG 111.113.

Forward-looking information and use of the discounted cash flow methodology

RG 111.112 An expert should not include prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters (together, 'forward-looking information') in its report unless there are reasonable grounds for the forward-looking information. Otherwise the opinion will be misleading under s670A(2) of the Corporations Act or s12DA of the ASIC Act.

RG 111.113 An expert should make sufficient inquiries to satisfy itself that forward-looking information on which it has relied was prepared on a reasonable basis. It is important that those producing such information to the expert have used methods of analysis and presentations previously used by the company (unless there is a sound reason to use a different approach), and have not used new systems or approaches which favour their objectives. If there are any material variations in method or presentation, the expert should adjust for or comment on them in the report.

RG 111.114 RG 170 gives detailed guidance on what we consider is a reasonable basis for stating prospective financial information. While RG 170 is expressed to apply to fundraising documents under Chs 6D and 7, it provides useful guidance for inclusion of prospective financial information in expert reports. We also consider that RG 170 provides useful guidance for inclusion of forward-looking information that does not fall within the definition of 'prospective financial information'.

RG 111.115 However, we recognise that using the discounted cash flow (DCF) methodology will involve the use of forward-looking information and assumptions over a longer period than the two-year period in RG 170: see RG 170.39–RG 170.41. As long as the focus of the disclosure in the expert report is on the valuation rather than forward-looking information that supports it, the expert does not need to commission an independent accountant report for the DCF methodology: see RG 170.41. However, the expert should undertake a critical analysis of the forward-looking information used in applying the DCF methodology to ensure it is based on reasonable grounds.

RG 111.116 ASIC recognises that there may be a reasonable basis for the use of DCF methodologies before a project generates cash flows as long as, at the date of reporting, the expert has reasonable grounds for the forward-looking information. Where the expert does not have reasonable grounds, other valuation methodologies should be used.

RG 111.117 When an expert includes forward-looking information in its report, the report should include all information that may be required for users of the report to assess the reasonableness of the methodology and assumptions used, including:

(a) the nature of the information, its limitations and the reason for its inclusion in the report;

(b) the material inputs and assumptions used and the reason for using those assumptions;

(c) if applicable, the discount rate selected and rationale;

(d) the extent and nature of the adjustments made to the DCF (if any) to allow for the development stage risks attaching to these cash flows (whether through risk weighting cash flows, adjustments to discount rates or other methods);

(e) the extent of inquiries and research undertaken by the expert and the compiler of that information;

(f) the technical and financial qualifications of the expert and the compiler in relation to the relevant industry and asset; and

(g) the specific period to which the information relates and the reason for the use of that period.

RG 111.118 Full disclosure of the types of matters raised in RG 111.117 and any other risk disclosure, warnings or cautionary language does not affect the requirement for forward-looking information to be based on reasonable grounds. It will also not prevent particular information from being misleading.

Changes in circumstances

RG 111.119 An expert who has delivered its report to the commissioning party should notify that party as soon as possible if the expert becomes aware of a significant change affecting the information in its report or if the expert believes that a material statement in the report is misleading or deceptive. The commissioning party should also notify the expert if that party becomes aware of a significant change affecting the information in the expert report prior to a meeting being held or during the offer period.

RG 111.120 When a material change in circumstances has arisen since a report was prepared, a failure by the expert to provide a supplementary report to its client may constitute misleading or deceptive conduct. Security holders will rely on an expert report when making their decision, not when they first receive the report: *ASIC v Solution 6 Holdings Ltd* (1999) 30 ACSR 605 at 611. If an expert becomes aware of a material change in circumstances, then depending on the circumstances, it may be appropriate for a commissioning party to send a supplementary report, even if security holders would receive the report:

(a) shortly before a meeting is held; or

(b) towards the end of an offer period.

See *Troy Resources NL v Taipan Resources NL* (2000) 36 ACSR 197.

Note: Commissioning parties should consider what period is appropriate for security holders to have to consider any supplementary information: see also RG 60.92–RG 60.93.

RG 111.121 Changes affecting valuations in reports are more likely to trigger the supplementary report obligation than tactical events in the progress of transactions, for example, the level of acceptances in a bid.

Inclusion of other information

Confidential information

RG 111.122 While an expert should not omit material information from its report merely because it is confidential, the expert may be able to adequately support an opinion by careful disclosure without revealing confidential information.

Disclaimers

RG 111.123 The purpose of an expert report is to give security holders an assessment on which they can rely. A disclaimer defeats this purpose.

RG 111.124 An expert cannot limit its statutory liability for the report through disclaimers (e.g. that the expert will not be liable for any loss incurred through reliance on its report). An expert report that purports to exclude the expert from liability may be misleading.

RG 111.125 An expert should consider refusing to give a report when it has not been given:

(a) sufficient information or unimpeded access to an entity's records; or

(b) enough time to prepare the report.

RG 111.126 When an expert decides that its report will assist security holders despite limitations that the expert cannot resolve (e.g. because the expert does not have time to investigate the reliability of certain information), the expert should prominently explain the nature of the uncertainties and the impact on its opinion so that security holders can assess what weight to attach to the opinion.

RG 111.127 When an expert is retained to provide a report on a limited matter, the expert may disclaim responsibility for matters outside the scope of its retainer.

Indemnities

RG 111.128 An expert may take an indemnity from the commissioning party (or any other person) under which it is to be compensated for certain liability. An acceptable indemnity would cover liability that arises because:

(a) the expert relied on information provided by the person; or

(b) the person did not provide the expert with material information.

RG 111.129 Such an indemnity will not diminish the liability of an expert to security holders. Nor will it reduce the expert's responsibility to ensure that it has reasonable grounds for its opinion and that the report is not misleading or deceptive.

RG 111.130 An expert report that implies that an indemnity relieves the expert from liability to security holders is potentially misleading. ASIC expects reports to explain the effect of any indemnity.

Additional disclosures

RG 111.131 Security holders will generally expect that an expert report will have been prepared on the following basis:

(a) the expert has made all the inquiries that it believes are desirable and appropriate in order to prepare the report; and

(b) the report has not omitted any matter that the expert regards as material to security holders' assessment of the expert's conclusions.

Note: To the extent that there are any normally applicable standards and guidelines for valuing a particular class of assets (e.g. the Valmin Code for valuations involving mineral and hydrocarbon assets), security holders will generally expect that these have been complied with. The report should disclose if that is not the case as that will be a matter that is relevant to security holders' assessment of the expert's conclusions.

RG 111.132 If an expert report has not been prepared on this basis, the report should prominently explain why this is the case and the impact of this on the report. If the report is unable to be prepared on such a basis, the expert may need to consider refusing to give the report: see RG 111.125–RG 111.126.

RG 111.133 An expert should also disclose to security holders, to the extent necessary to help them assess what weight to give to reports:

(a) the source of material used in the reports;

(b) the inquiries made by the expert;

(c) any unacceptable or unusual time constraints the expert worked under;

(d) whether the expert is dissatisfied with the quality of the information used for the report; and

(e) whether any concerned party to the relevant transaction has refused to provide adequate:

(i) access to information; or

(ii) explanations;

if the information or the explanations might have impacted on the report's conclusions.

Expertise

RG 111.134 ASIC expects an expert preparing an expert report to be, in fact, an expert in the relevant field. Section 9 defines an expert as 'a person whose profession or reputation gives authority to a statement made by him or her'. To this end, we expect an expert and the commissioning party to ensure that:

(a) the expert's profession or reputation is relevant to the matters upon which the expert is to report;

(b) the expert holds the licences or authorities necessary for providing the type of advice sought; and

(c) the expert states in the report its qualifications and experience or, if the report is made by a corporation or firm, the qualifications and experience of the individuals responsible for preparing the report.

RG 111.135 Gyles J observed in *Reiffel v ACN 075 839 266 Ltd* (2003) 45 ACSR 67 at 87:

> It is implicit … that such an expert will exercise the care, skill and judgment appropriate to the relevant field of expertise in forming and expressing the opinion.

RG 111.136 For technical matters beyond the expert's expertise, an expert should retain a specialist to advise them (e.g. a geologist to provide an opinion on recoverable ore the subject of mining tenements, or a traffic forecast report in relation to a toll road): see RG 112.67–RG 112.70.

RG 111.137 An expert should ensure that staff preparing and supervising the preparation of the report have sufficient skill, knowledge and experience to perform the expert's role.

RG 111.138 Expert reports typically constitute the giving of financial product advice so an expert must hold an Australian financial services (AFS) licence. An AFS licensee should have sufficient human and technological resources to provide the services specified in its licences and should ensure its staff are adequately trained and competent to provide those services: s912A(1).

> Note: ASIC has taken action against an expert when the expert lacked the expertise to complete the task, failed to comply with the law and did not meet standards of good practice.

RG 111.139 Detailed guidance on how we consider these licence obligations can be met are contained in Regulatory Guide 104 AFS *licensing: Meeting the general obligations* (RG 104), Regulatory Guide 105 *AFS licensing: Organisational competence* (RG 105) and Regulatory Guide 146 *Licensing: Training of financial product advisers* (RG 146).

Working papers

RG 111.140 In preparing an expert report, an expert should document its work and maintain adequate working papers that record the basis of the report. The expert should be able to readily draw on its working papers to demonstrate that its opinion is reasonably based.

> Note: Much of the expert's analysis will be described in the report. The requirement to document and maintain adequate working papers does not detract from the obligations of an expert with respect to the contents of an expert report.

RG 111.141 Maintaining adequate working papers is an important aspect of an expert's quality control and review process. In our view, the duties imposed by the Corporations Act on AFS licensees require licensees to keep adequate records about their financial services business: see Regulatory Guide 175 *Licensing: Financial product advisers—Conduct and disclosure* (RG 175) at RG 175.97 and RG 175.145.

RG 111.142 Maintaining adequate working papers will also assist the expert in demonstrating compliance with its legal obligations (including the obligations described in this guide and RG 112 and its obligations as an AFS licensee) and its internal procedures and processes.

RG 111.143 Working papers should be compiled so that someone with no prior involvement with the transaction can review them and understand the major issues. They should include, for example:

(a) documents supporting the expert's choice of methodology;

(b) documents supporting significant assumptions underpinning the expert's opinion;

(c) factual information relied on, or used by, the expert in preparing the report and material documenting the inquiries made by the expert in relation to that information;

(d) analysis of any financial models that the expert has relied on. Where the expert has relied on a financial model, the expert should undertake a review of the model and document its analysis, including which aspects of the model have been reviewed by the expert and the extent of the review. We do not expect an expert to conduct an audit of the model; and

(e) file notes of discussions and correspondence between the expert and the commissioning party: see RG 112.47.

RG 111.144 All records relevant to the preparation of an expert report may be subject to review by ASIC. Even where we do not have any particular concerns about an expert report, we may review the report, the working papers and the independence of the expert as part of our regular review of the independent expert sector.

E Regulatory action

Key points

We will consider regulatory action if we consider there are material issues with the content of an expert report or have concerns about the independence of an expert.

RG 111.145 We will consider regulatory action if we consider that there are material issues with the content of the report (e.g. as to the adequacy and the completeness of the expert's analysis) or if we have concerns about the independence of an expert.

RG 111.146 We might write to the expert or the commissioning party or both to raise concerns or request changes to an expert report. However, when delay might prejudice the interests of security holders or the market, we might take enforcement action without consulting the expert or the commissioning party.

RG 111.147 The action we might take could be one or more of the following:

(a) in a takeover bid, an application to the Takeovers Panel for a declaration of unacceptable circumstances;

(b) in a scheme of arrangement, opposition to the scheme at a court hearing;

(c) action for contravention of misleading or deceptive conduct provisions;

(d) action by us to revoke, suspend the expert's licence or add a condition after a hearing: s915C; or

(e) action by us to cease or suspend nominating the expert to prepare reports in compulsory acquisitions: s667AA and RG 10.173.

Key terms

Term	Meaning in this document
administrator	Has the meaning given in s9 of the Corporations Act Note: The definition in s9 includes both deed administrators and voluntary administrators.
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries out a financial services business to provide financial services Note: This is a definition contained in s761A of the Corporations Act.
AFS licensee	A person who holds an Australian financial services licence under s913B of the Corporations Act Note: This is a definition contained in s761A of the Corporations Act.
ASIC	Australian Securities and Investments Commission
ASIC Act	*Australian Securities and Investments Commission Act 2001*
ASX	Australian Securities Exchange Limited
bidder	Has the meaning given in s9 of the Corporations Act
Corporations Act	*Corporations Act 2001*, including regulations made for the purposes of that Act
Corporations Regulations	Corporations Regulations 2001
DOCA	A deed of company arrangement
DOCA proposal	A proposed DOCA or proposed variation of a DOCA
DOCA proponent	A person who advocates for the DOCA proposal
expert	Has the meaning given in s9 of the Corporations Act
prospective financial information	Financial information of a predictive character based on assumptions about events that may occur in the future and on possible actions by an entity
related party	Has the meaning given in s228 of the Corporations Act
reg 5.1.01 (for example)	A regulation of the Corporations Regulations (in this example numbered 5.1.01)
RG 175 (for example)	An ASIC regulatory guide (in this example numbered 175)
s648A (for example)	A section of the Corporations Act (in this example, numbered 648A), unless otherwise specified
Sch 4 (for example)	A schedule of the Corporations Act (in this example numbered 4), unless otherwise specified

Term	Meaning in this document
scheme of arrangement	A scheme of arrangement conducted under Pt 5.1
securities	Has the meaning given in s9 of the Corporations Act
security holder	The holder of interests or securities
target	Has the meaning given in s9 of the Corporations Act
Valmin Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports

Related information

Headnotes

experts, expert report, analysis of control transactions, substance of transaction not legal mechanism used, assumptions, methodology, valuing assets, clear communication, incorporation by reference, supportable statements, prospective financial information, disclaimers, indemnities, expertise, related party transactions

Regulatory guides

RG 6 *Takeovers: Exceptions to the general prohibition*

RG 9 *Takeover bids*

RG 10 *Compulsory acquisitions and buyouts*

RG 60 *Schemes of arrangement*

RG 74 *Acquisitions agreed to by shareholders*

RG 76 *Related party transactions*

RG 104 *AFS licensing: Meeting the general obligations*

RG 105 *AFS licensing: Organisational competence*

RG 110 *Share buy-backs*

RG 112 *Independence of experts*

RG 146 *Licensing: Training of financial product advisers*

RG 170 *Prospective financial information*

RG 175 *Licensing: Financial product advisers—Conduct and disclosure*

Legislation

ASIC Act, s12DA

Corporations Act, Chs 2E, 2J, 6 and 7; Pt 5.3A; s9, 210, 218, 219, 220, 221, 256C(4), 444GA, 606, item 7(b) of 611, 636(1)(g), 636(1)(h)(iii), 636(2), 640, 663B, 664C, 665B, 667A, 667C, 670A(2), 766B(3), 766(4), 912A(1) and Sch 4, cl 29(4)

Corporations Regulations, reg 5.1.01, Sch 8, cls 8303 and 8306

Cases

ASIC v Solution 6 Holdings Ltd (1999) 30 ACSR 605

Re Australian Co-operative Foods Ltd (2001) 38 ACSR 71

Re BNQ Sugar Pty Ltd and Others (1994) 12 ACSR 695

Capricorn Diamonds Investments Pty Ltd v Catto (2002) 41 ACSR 376

Duke Group v Pilmer (1999) 31 ACSR 213

Lewis, In the matter of Diverse Barrel Solutions Pty Ltd (subject to a Deed of Company Arrangement) [2014] FCA 53

Re EPHS Ltd [2002] ATP 12

Re Goldfields Kalgoorlie; Winpar Holdings Ltd v Goldfields Kalgoorlie Ltd (2000) 34 ACSR 737

Re Mirabela Nickel Ltd (subject to a Deed of Company Arrangement) [2014] NSWSC 836

Re Nexus Energy Limited (2014) 105 ACSR 246

GIO Australia Holdings Pty Ltd v AMP Insurance Investment Holdings Pty Ltd (1998) 29 ACSR 584

Makita (Australia) Pty Ltd v Sprowles (2001) 52 NSWLR 705

Re Matine (1998) 28 ACSR 268

MGICA (1992) Ltd v Kenny & Good Pty Ltd (1996) 140 ALR 313

Northern Energy Corporation Limited [2011] ATP 2

RAIA Insurance Brokers v FAI General Insurance Co Ltd (1993) 112 ALR 511

Reiffel v ACN 075 839 266 Ltd (2003) 45 ACSR 67

Teh v Ramsay Centauri (2002) 42 ACSR 354

Troy Resources NL v Taipan Resources NL (2000) 36 ACSR 197

Weaver v Noble Resources Ltd [2010] WASC 182

Winpar Holdings Ltd v Austrim Nylex Ltd [2005] VSCA 211

Consultation papers and reports

CP 62 *Better experts' reports*

CP 142 *Related party transactions*

CP 143 *Expert reports and independence of experts: Updates to RG 111 and RG 112*

CP 326 *Chapter 6 relief for share transfers using s444GA of the Corporations Act*

REP 233 *Response to submissions on CP 142 Related party transactions*

REP 234 *Response to submissions on CP 143 Expert reports and independence of experts*

REP 670 *Response to submissions on CP 326 Chapter 6 relief for share transfers using s444GA of the Corporations Act*

Miscellaneous

ASX Listing Rule 10

International Valuation Standard 104: Bases of Value (effective 31 January 2020)

PJD-4

FTI LANFRANCHI ITAR

Presented To:

FTI Consulting as Deed Administrators of Panoramic Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed)



Date Issued: 13/12/2024

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VRM Approval	Paul Dunbar	 Date: 13 December 2024
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Executive Summary

Valuation and Resource Management Pty Ltd (VRM) was engaged by FTI Consulting (FTI) in relation to preparation of Independent Technical Assessment Report (ITAR or Report) to value the Lanfranchi Nickel Project (Lanfranchi or the Project) owned by Cherish Metals Pty Ltd (Cherish) and located in the Kambalda District.

Paul Dunbar of VRM was engaged by FTI Consulting to answer three questions, provide an ITAR and opine on the market value of the Lanfranchi Nickel Project.

This Report has been prepared as a public document, in the format of an independent specialist's report and in accordance with the guidelines of the Harmonised Expert Witness Code of Conduct (Expert Code) which is appended to the Federal Court's Expert Evidence Practice Note (Practice Note). The Report has also been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – the 2015 VALMIN Code (**VALMIN**) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (**JORC, 2012**).

This Report is a technical review and valuation opinion of the Lanfranchi Nickel Project owned by Cherish. Applying the principles of the VALMIN Code, VRM has used several valuation methods to determine the value for the mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Cherish or but rather an asset valuation of the Cherish's Mineral Assets. VRM was instructed to assume that the only asset of Cherish is Lanfranchi.

The Valuation Date is 6 December 2024 and remains current / applies commodity prices as at that date. VRM provided a draft report on 12 December 2024 to FTI for factual accuracy checking.

As commodity prices, exchange rates and cost inputs fluctuate, this valuation is subject to change over time. The valuation derived by VRM is based on information provided by FTI via their legal representatives along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

Lanfranchi Nickel Project

The Project is located 45 km south of Kambalda in the Eastern Goldfields Region of Western Australia. Cherish owns 100% of the non-gold rights over the project which comprises 35 mineral licences and one mining lease.

VRM has estimated the value of the project on a 100% ownership basis considering the technical information supporting its prospectivity. As at the valuation date, the Project contains Mineral Resource estimates reported to have been prepared applying the guidelines of The JORC Code 2012 Edition (**JORC, 2012**). The valuation has been prepared as a sum of the parts with the value attributed to both the declared Mineral Resources and the exploration potential.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

Valuation Opinion

VRM has estimated the value of the Project considering the technical information available as at the valuation date as described further in the body of this report.

There are declared Mineral Resource estimates and Historical Ore Reserves within the Lanfranchi Project and Mineral Resources which have been prepared applying the guidelines of the Australasian Code for Reporting of Exploration Targets, Mineral Resources and Ore Reserves - The JORC Code 2012 Edition (**JORC**).

It is uncertain whether future exploration will result in the definition of any further Mineral Resources estimates.

The Project, 100% owned by Cherish, has been valued using a comparable transaction method based on resource multiples as the primary method with a secondary valuation using the Yardstick method.

The value of the processing plant and rehabilitation liabilities at Lanfranchi are considered to be included in the comparable transaction multiples applied to the Mineral Resource within the Project. The paste plant is believed to have last operated in 2015 when the Project was placed on care and maintenance.

Questions from the Deed Administrators

VRM was engaged by Daniel Woodhouse, Hayden White and Kate Warwick of FTI Consulting (together, the Deed Administrators) in their capacities as joint and several deed administrators of Panoramic Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (ACN 095 792 288) (Panoramic), to provide an ITAR answering three separate and interrelated questions. These questions (in *italics*), along with a summary of the answers, are detailed below:

Question 1

"Having regard to the materials provided to you in this brief, and any other materials or information you consider relevant, please provide your opinion as to whether there is likely to have been any material change in the value of Cherish's Lanfranchi Nickel Project asset as disclosed in Cherish's annual financial report for the year ended 30 June 2022 (A$10.2 million)"

Answer 1

In VRM's opinion there would have been a material change in the value of the Lanfranchi Nickel Project since 30 June 2022.

Question 2

"If the answer to question 1 is yes, please provide your opinion on the likely range of the change in valuation."

Answer 2 (the Report)

VRM has undertaken a valuation of the Project applying the principals of the VALMIN Code using information contained in VRM's brief from the Deed Administrators and using publicly available information and considers the likely market value of the Project to be between A$4.9 million and A$8.6 million with a preferred valuation of A$6.7 million.

Question 3

"Please explain if there has been any material change in the nickel market in Western Australia since 30 June 2022 and, if so, how any such changes have affected the valuation of nickel assets in the State. In answering this question, please provide any relevant case studies of projects that are of a similar nature and scale to Cherish's Lanfranchi Nickel Project."

Answer 3

In VRM's opinion there have been multiple events that have made a material difference in the nickel market in Western Australia and globally. Most of the events have had a negative impact on the nickel market. A summary of the significant changes to the nickel market are included in the report and are summarised as follows.

- Wyloo Pty Ltd suspended nickel mining at Cassini and their Northern Operations on or around 31 May 2024.
- BHP announced (BHP ASX release 15/2/24) that the Kambalda nickel concentrator would be placed on care and maintenance in June 2024 following Wyloo's decision to suspend its operations. The Wyloo operations provided the majority of the feed for the concentrator and that without that feed continuing operating the concentrator was not viable. Nickel West are reported to have a pre-emptive right to the treatment or sale of nickel or ore, or other products contain nickel or to charge a 1% royalty from most of the nickel projects in the Kambalda and Widgiemooltha region, including the deposits owned by Lunnon Metals, Wyloo, and Cherish.
- BHP's decision in early 2024 to make a significant impairment to the carrying value of the Nickel West business unit, their announcement of 15 February 2024 that they were assessing the future of the Nickel West Operations. On 11 July 2024 BHP announced that that they would suspend the operations of their Nickel West business including suspension of the Kalgoorlie nickel smelter and the Kwinana nickel refinery and their associated nickel mining and concentrating activities.
- During 2023, the London Metals Exchange (LME) benchmark nickel prices fell considerably as both the supply of nickel from Indonesia significantly increased and the LME began accepting Indonesian-origin nickel products. BHP announced on 20 February 2024 that they expected these unfavourable operating conditions to endure for a considerable time.

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1. Introduction

1. Valuation and Resource Management Pty Ltd (**VRM**) was engaged by FTI Consulting to prepare an Independent Technical Assessment Report (**Report** or **ITAR**), including valuation for the Mineral Assets of Cherish Metals Pty Ltd (**Cherish**) as part of an Independent Experts Report (**IER**).
2. As part of the IER, FTI engaged VRM as the independent expert to value the Lanfranchi Nickel Project including its resources, reserves and any other infrastructure and plant. In preparing the IER, VRM understands that FTI will rely on VRM's expert report or ITAR. VRM confirms it is independent of the companies listed in the Executive Summary.
3. VRM's opinion is based on specialist knowledge obtained from studies, training and experience of working in the resources industry. VRM has made all the enquiries that it believes are desirable and appropriate (save for any matter identified explicitly in the Report) and that no matters of significance which it regards as relevant, have to its knowledge, been withheld.
4. The Report provides an opinion based on facts, material and assumptions put before VRM (as detailed within Brief provided to VRM which is appended to this Report), supported by geological and technical information available in the public domain referenced herein. VRM is comfortable that it has been provided with sufficient facts, material and assumptions as are necessary to enable it to provide the opinions expressed herein.
5. I understand that I have an overriding duty to the court to provide independent assistance by way of objective unbiased opinion in relation to matters within my area of expertise. I have confirmed in writing that I have no relevant conflicts of interest in connection with this matter. VRM will be paid a fee for this work based on standard commercial rates for professional services.
6. I have been provided a copy and read the Expert Evidence Practice Note (GPN-EXPT) of the Federal Court of Australia including the Harmonised Expert Witness Code of Conduct ("Code") and the Concurrent Expert Evidence Guidelines ("Concurrent Evidence Guidelines") which are appended to the GPN-EXPT. Additionally, I have been provided a copy of, and read, the ASIC Regulatory Guides RG111 and RG112.
7. The Report summarises each of VRM's opinions, sets out the reasons for each of these opinions and sets out separately each of the factual findings or assumptions on which VRM's opinions are based.
8. The Mineral Asset of Cherish comprises the Lanfranchi Nickel Project and its surrounding Tenements (Figure 1 and Figure 2).

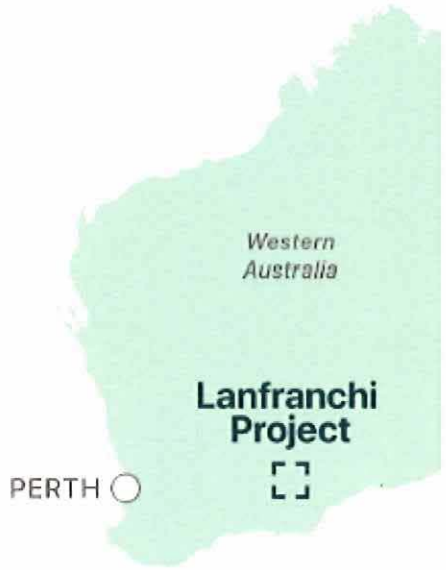


Figure 1: Location of Lanfranchi Nickel Project in Western Australia

1.1 Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

9. In preparing the ITAR, VRM has applied the guidelines and principles of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – 2015 VALMIN Code (VALMIN) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the 2012 JORC Code (JORC). Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

10. This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Cherish and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2 Scope of Work

11. VRM's primary obligation in preparing this ITAR is to independently describe and value the Mineral Assets of the company applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the Projects.

12. VRM has compiled the Report based on the principle of reviewing and interrogating both the documentation of the company involved and its consultants, and other previous exploration within the area. This Report is a summary of the work conducted, completed, and reported by the Cherish to 10 December 2024, based on information supplied to VRM by FTI, and other information sourced in the public domain, to the extent required by the VALMIN and JORC Codes.

13. VRM understands that its review and report will be included as an Independent Technical Assessment and valuation Report being prepared for the court and as such, it is understood that

VRM's review will be a public document. Accordingly, this report has been prepared in accordance with the requirements of the 2015 VALMIN Code.

1.3 Statement of Independence

14. VRM was engaged to undertake an ITAR of the Projects that comprise the asset portfolio of Cherish. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of Experts (RG112).

15. The Principal Authors of the Report are Paul Dunbar, Director and Principal of VRM and Lynda Burnett an Associate of VRM. They have not had any association with Cherish their individual employees, or any interest in the securities of these companies, which could be regarded as affecting her ability to give an independent, objective and unbiased opinion.

16. VRM provides independent assistance by way of objective unbiased opinion in relation to matters within its area of expertise. VRM has confirmed in writing that it has no relevant conflicts of interest in connection with this matter. VRM will be paid a fee for this work based on standard commercial rates for professional services and is estimated to be approximately $65,000 (excluding GST).

1.4 Competent Persons Declaration and Qualifications

17. This Report was prepared by Mr Paul Dunbar and Ms Lynda Burnett as the primary authors. Each of the authors peer reviewed sections of the report that they did not prepare.

18. The Report and information that relates to mineral asset valuation, Mineral Resources was completed by Mr Paul Dunbar, BSc (Hons), MSc, a Competent Person who is a member of the AusIMM and the AIG. Mr Dunbar is a Principal of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code and a Specialist under the 2015 VALMIN Code. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

19. The Report and information that relates to geology and exploration potential is based on information compiled by Ms Lynda Burnett, BSc (Hons), a Competent Person who is a member of the AUSIMM. Ms Burnett is an associate of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology, and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person under the 2012 JORC Code. Ms Burnett consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

20. Between the Valuation date and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions. The valuation date for the report is 1 December 2024.

1.5 Reliance on Experts and Sources of Information

21. The authors of this Report are not qualified to provide extensive commentary on the legal aspects of the tenure of the mineral properties or the compliance with the legislative environment and permitting in Western Australia. In relation to the tenement standing, VRM has relied on the information publicly available on the Western Australian Department of Energy, Mines, Industry Regulation and Safety (DEMIRS) website. On this basis VRM has confirmed the tenements which constitute the Projects held by Cherish and located in WA are in good standing. The company has confirmed their respective tenement status.

22. In respect of the information contained in this Report, VRM has relied on Information and Reports obtained from Cherish or the public domain including but not limited to:
    - Presentation material including several cross sections and plans.
    - Various public releases of Cherish including exploration results (posted on Cherish Metals)
    - Annual Reports
    - Public releases detailing any initial and updates to the Mineral Resource estimates.
    - Various ASX releases from previous owners and neighbouring companies.
    - Government Regional datasets, including geological mapping and explanatory notes.
23. All information and conclusions within this Report are based on information that VRM obtained from relevant publicly available data to 10 December 2024. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and joint venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has assessed the content of these reports and information and confirm that the contents are reasonable and that they meet the Reasonable Grounds Requirements. VRM has relied on the information contained within the reports produced by Cherish as detailed in this report. A draft of this Report was provided to FTI, for the purpose of identifying and addressing any factual errors or omissions prior to finalisation of the Report.
24. This ITAR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports that are publicly available from either government departments or the ASX. The authors of these previous reports have not consented to the statements' use in this report, and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

1.6 Site visit

25. A site visit to the Project was not undertaken for this ITAR.

2. Cherish's Kambalda District - Lanfranchi Mineral Assets

2.1 Location and Tenure

26. The Lanfranchi Project is located 45 kilometres south of the town of Kambalda and 100km south of the regional town of Kalgoorlie in Western Australia. The mine is amongst six underground nickel mines on care and maintenance in addition to the recently mothballed Kambalda Nickel West Concentrator.

27. Data from the Australian Bureau of Meteorology (Kalgoorlie) indicates average rainfall of 265mm which falls all year round in monsoonal thunderstorms and tropical lows between November to April and related to cold fronts from May to October. Mean maximum temperature in summer is around 33.7°C in January and mean minimum temperature is 18°C. In winter, the mean maximum temperature is around 17°C and mean minimum temperature around 5°C.

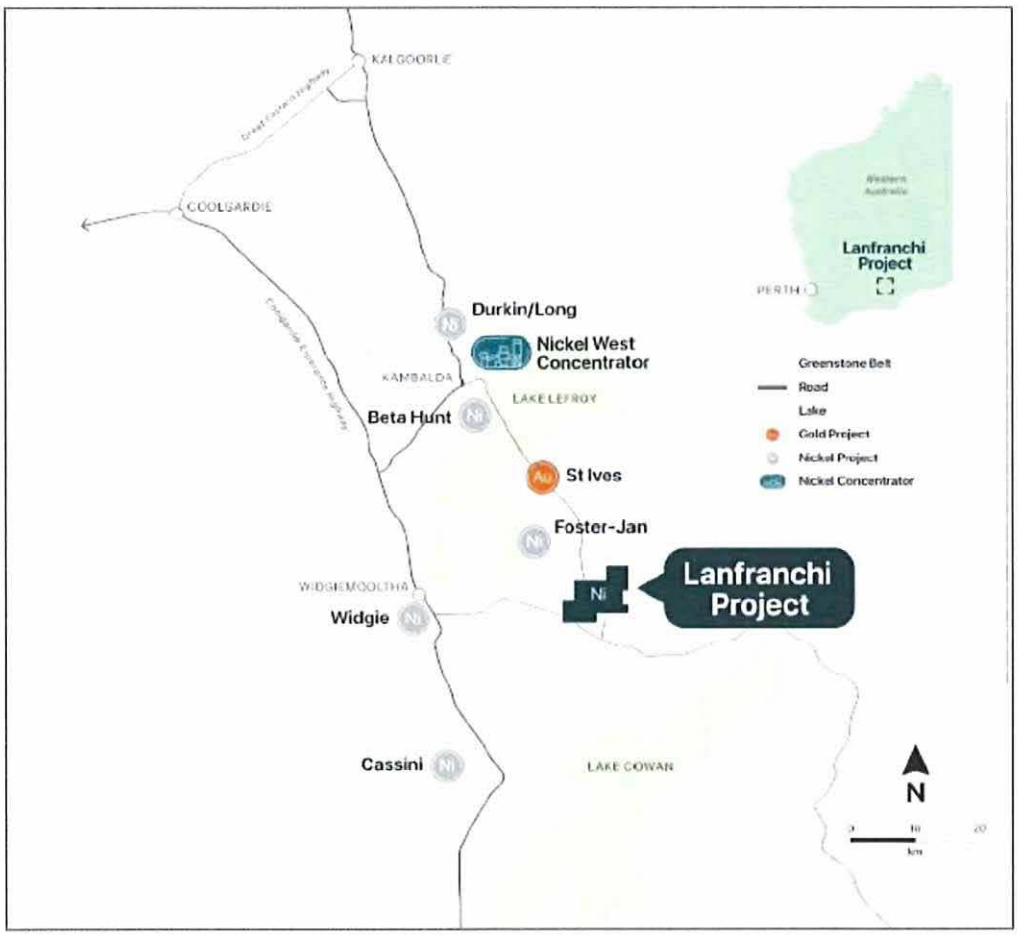


Figure 2: Location of the Lanfranchi nickel deposits in the Kambalda area WA

Source: Cherish Metals Website

2.2 Tenure

28. The tenements consist of 35 granted Mineral Leases and one granted Mining Lease covering 51km^2. Cherish Metals has the right to explore and mine for all commodities other than gold. Table 1 summarises the tenement details.

Table 1: Cherish Metals Tenements

Tenement	Start Date	Expiry Date	Claim Owner(s)	Area (ha)	Status
ML 15/377	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.1	Live
ML 15/375	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.8	Live
ML 15/368	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.	Live
ML 15/484	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.	Live
ML 15/485	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.	Live
ML 15/378	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.7	Live
ML 15/493	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.1	Live
ML 15/488	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.9	Live
ML 15/491	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.6	Live
ML 15/380	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.7	Live
ML 15/371	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.5	Live
ML 15/490	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.2	Live
ML 15/487	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.3	Live
ML 15/346	4/4/1973	12/31/2035	Cherish Metals Pty Ltd	119.9	Live
ML 15/489	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	72.	Live
ML 15/482	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.6	Live
ML 15/483	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.3	Live
ML 15/367	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.7	Live
ML 15/379	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.8	Live
ML 15/376	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.2	Live
ML 15/370	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.6	Live
ML 15/385	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.1	Live
ML 15/381	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.3	Live
ML 15/388	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.9	Live
M 15/473	7/31/1990	8/2/2032	Cherish Metals Pty Ltd	981.5	Live
ML 15/386	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.2	Live
ML 15/382	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.	Live
ML 15/383	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.	Live
ML 15/384	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.8	Live
ML 15/486	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.3	Live
ML 15/387	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.	Live
ML 15/369	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.4	Live
ML 15/347	4/4/1973	12/31/2035	Cherish Metals Pty Ltd	120.	Live
ML 15/372	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.9	Live
ML 15/389	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	120.2	Live
ML 15/492	1/14/1976	12/31/2038	Cherish Metals Pty Ltd	119.7	Live

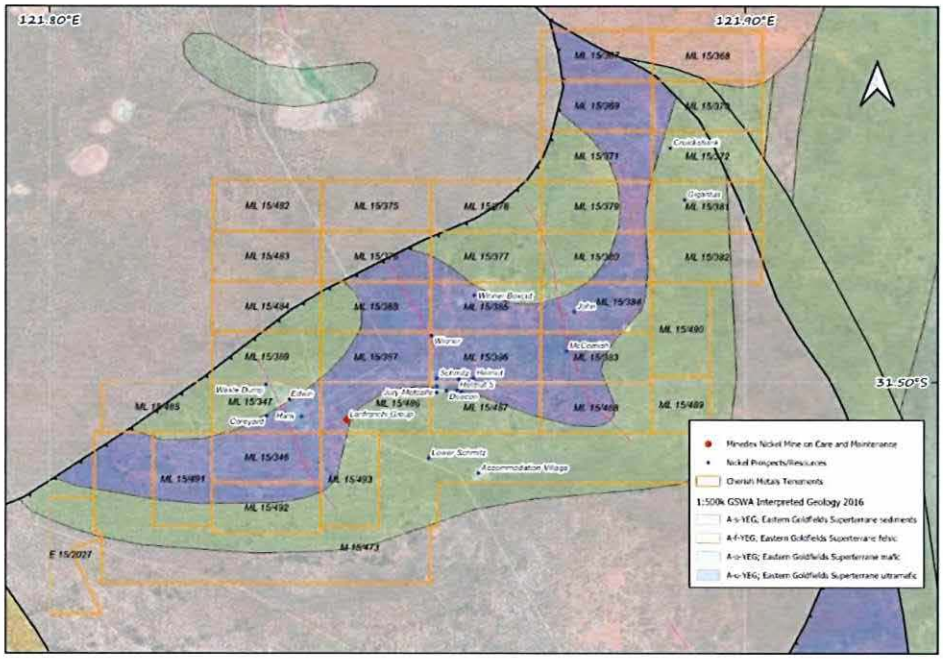


Figure 3: Lanfranchi Project Tenure in the North East Kambalda Mineral Field.

Source: GSWA Mineral Titles Online, Bing Satellite Imagery

29. The tenements have been validated by VRM reviewing the tenement information provided by Cherish and comparing this with the tenement register from DEMIRS on 1 December 2024.

30. The tenements are held under the name of Cherish Metals Pty Ltd and are listed in Table 1.

31. VRM relies on and has reviewed the tenement information supplied by the Western Australian Department of Mines website as detailed above on 1 December 2024 and these tenements were all listed as active. VRM is not qualified or a specialist in the mining tenure or mining act of Western Australia and as no warranty, actual or implied is made regarding the validity or security of the tenure listed in Table 1 and shown in Figure 3 above.

2.3 Project History

32. The first discovery of nickel sulphide by Western Mining Corporation (**WMC**) at Tramways was in 1969, with mining commencing at the Edwin deposit in 1975 with the Edwin underlay shaft and subsequently via the main decline in 1986. WMC continued operation until 2002 when it made a strategic decision to divest the Kambalda nickel mines. The mine was one of seven WMC owned Kambalda Mines and produced 98,500 nickel tonnes at 3.19%. Most of the production was from the larger deposits of Lanfranchi, Schmitz and Skinner. At the time of closure in 2022 the remnant and undeveloped resources were 37150 Ni tonnes (Figure 5).

33. Lanfranchi was the last of the mines to be sold off by BHP (after the takeover of WMC) and was purchased by Panoramic Resources (initially as a JV with Donegal who held 25%) for $26 million (18 June 2004) recommenced mining in January 2005.

34. Panoramic operated the mine from 2005 to 2015 and produced 94,725 Ni tonnes at 2.45% mainly from Helmut South, Lanfranchi, Schmitz, Winner, Deacon and Metcalfe. The mine closed in September 2015 as a result of seismic activity (in August 2015) which forced Panoramic to suspend mining at Deacon and Jury Metcalfe, whilst mining continued at Lanfranchi and development continued towards Lower Schmitz for another month. At the time of closing, the remnant and undeveloped resources were estimated at 5.65Mt at 1.69% Ni for 95,500 Ni tonnes.

35. The production history of Lanfranchi is summarized below. Each era of ownership (WMC and Panoramic) yielded approximately 100,000 tonnes of contained nickel.

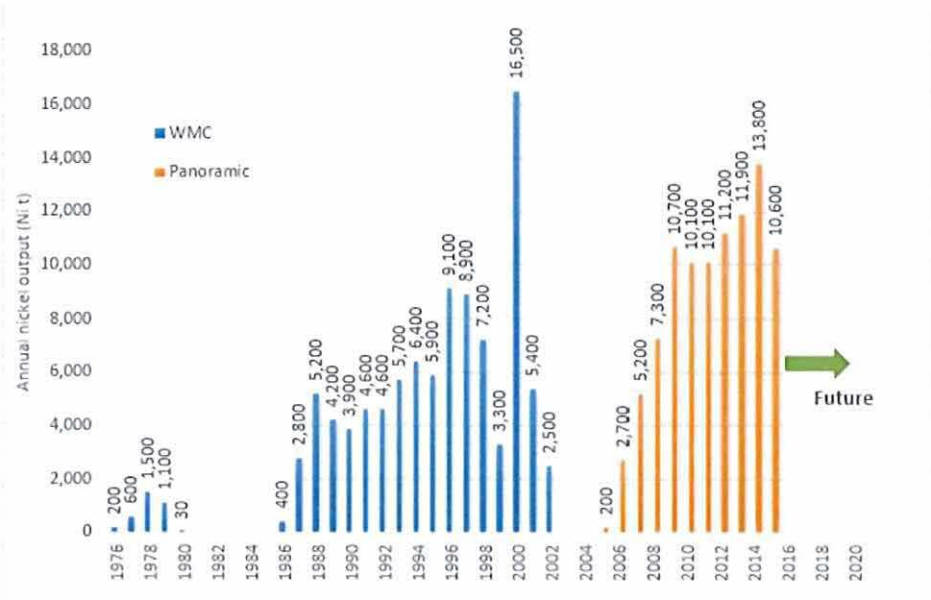


Figure 4: Production of Ni tonnes from Lanfranchi Mine 1976-2015

Source: Cherish Metals Website

36. On 13 September 2018, Panoramic announced it had agreed to sell Lanfranchi to Black Mountain Metals for $15.1 million in cash. On December 6 2018, Panoramic announced it had received $13.5 million. Panoramic was to receive the final deferred cash consideration of $1.60 million to be paid in 12 equal monthly instalments commencing from the date that is 14 days from the first supply of ore under the current contract with BHP Nickel West, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier. In the event that Black Mountain wishes to divest the Lanfranchi Nickel Project prior to payment of the Deferred Consideration, the entire Deferred Consideration amount is to be paid immediately.

37. The Lanfranchi Nickel Mine (LNM) is wholly owned by Cherish Metals Pty Ltd. Cherish Metals Pty Ltd, including LNM, is a subsidiary of Black Mountain Resources.

38. On October 5, 2021, Black Mountain Resources and the Tembo Capital Group (**Tembo**) created a strategic partnership to jointly advance the Lanfranchi nickel sulphide mine in Western Australia. As part of the transaction, Black Mountain sold a 50% ownership interest in Lanfranchi to Tembo Capital.

39. By 12 April 2023 Tembo had obtained full ownership of Cherish.

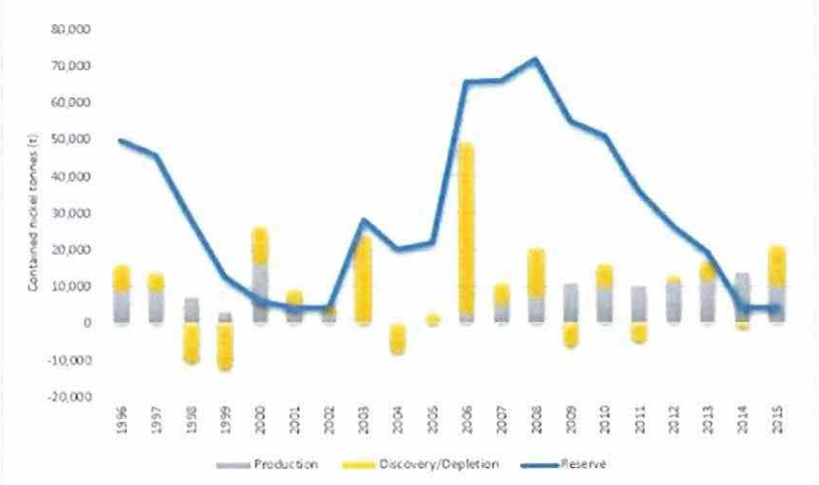


Figure 5: Lanfranchi Annual Production and Annual Discovery/Depletion of Reserves 1996-2015

Source: Cherish Metals Website

2.4 Regional Geological Setting

40. The Lanfranchi project is located within the Kambalda Domain of the Kalgoorlie Terrane, the westernmost Terrane of the Eastern Goldfields Superterrane within the Yilgarn Craton of Western Australia. Within the Kalgoorlie Terrane the project consists of the Coolgardie Domain to the west separated by the Zuleika Shear Zone with the Kambalda Domain in the east (Cassidy et al., 2006).

41. The Kambalda Domain is well studied and has been used as a template for greenstone stratigraphy throughout the Yilgarn craton, Woodall (1965), Gresham and Loftus-Hills (1981), and Roberts (1988) and includes the 2720-2690 Ma mafic ultramafic Kambalda Sequence or Hannans Subgroup which is overlain by the felsic volcanics and volcaniclastics of the Black Flag Group dated at 2690-2665 Ma .

42. In detail, the basal Lunnon Basalt is overlain by the Kambalda Komatiite, Devons Consols Basalt, Kapai Slate and Paringa Basalt. The sequence is overlain conformably to locally unconformably by the Black Flag Group (Smithies et al., 2022) (Figure 7).

43. Within the Eastern Goldfields Superterrane (Champion and Sheraton 1997) have recognised the following types of granites with magmatism occurring from 2720 to 2630Ma.

    - Mafic granites, a minor phase (~5%), peak between c. 2720-2680 Ma, decreasing until <2655 Ma.
    - High-Ca granites, the dominant granite type (~60%), mostly emplaced between c. 2720-2655 Ma.
    - Low Ca granites, younger than c. 2655 Ma, and interpreted to be derived by recycling of the older granites.

44. The Kambalda sequence is part of an extensional structural regime and was followed by cycles of transpression and extension / transtension (Blewett et al 2010).

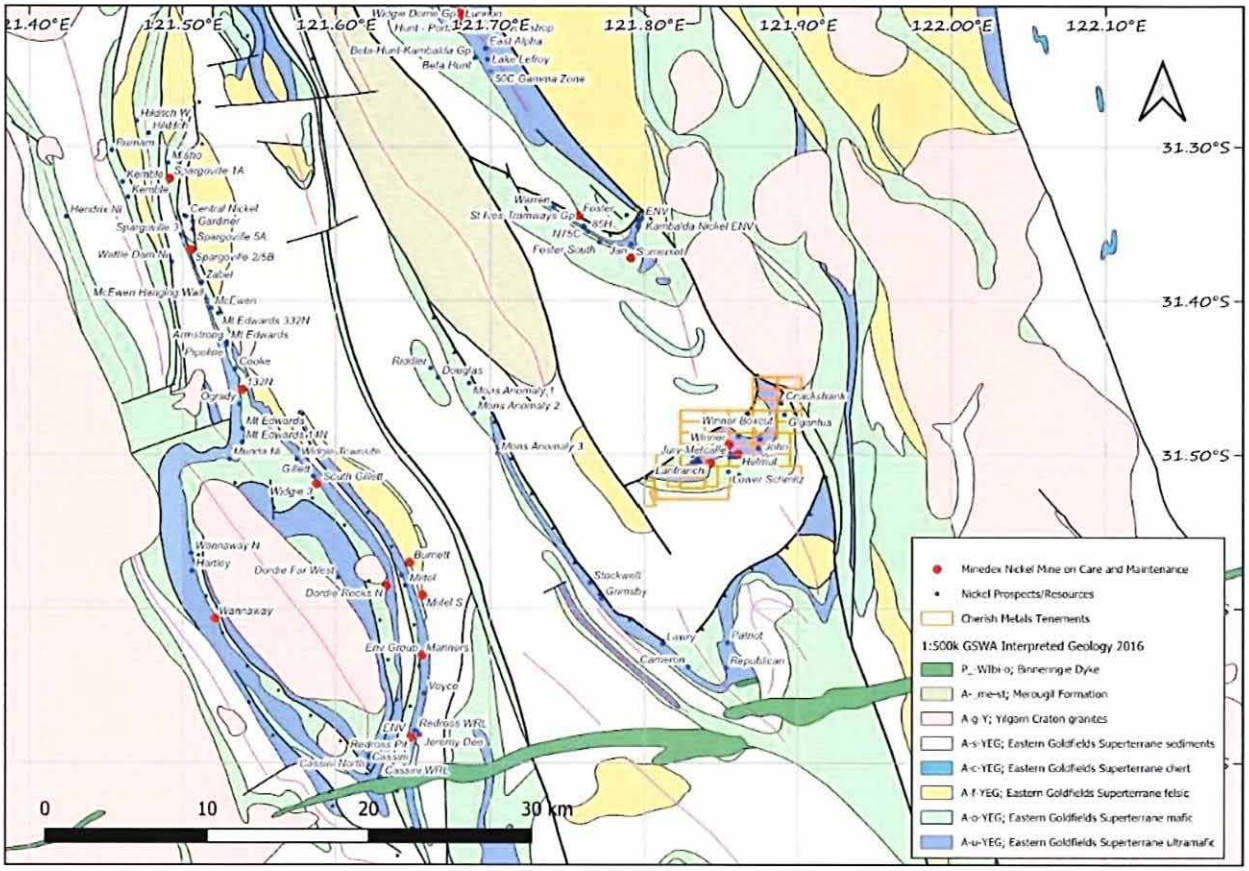


Figure 6: Regional Tectonostratigraphy of the Kambalda and Lanfranchi location

Source: GSWA Interpreted Geology 2016, Minedex.

2.5 Local Geology and Mineralisation

45. The project is situated at the southeast flank of the Tramways Dome (Figure 6), with these deposits historically known as the "Tramways Deposits".

46. Kambalda-style nickel sulphide mineralisation in the Lanfranchi area typically occurs at the base of channel flow facies as broadly tabular to ribbon-like bodies several hundred metres long, 25 m to 200 m wide and less than 5 m thick. The nickel sulphide ore shoots are largely developed within incised embayments into the underlying Lunnon Basalt with massive sulphide ores developed on or very slightly above (within a few metres of) the contact. The main sulphides are pyrrhotite, pentlandite and chalcopyrite.

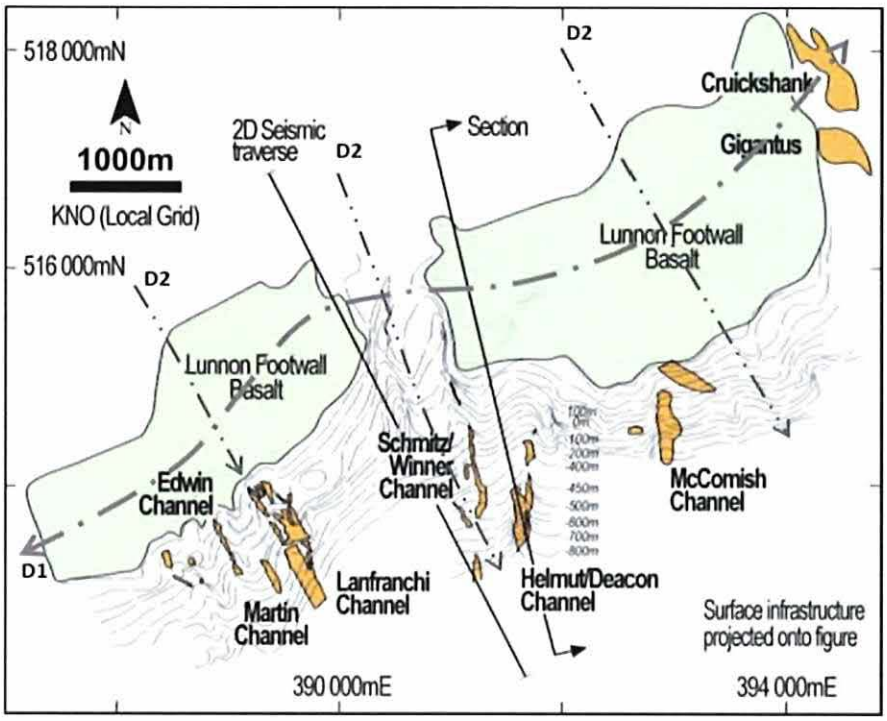


Figure 7: Plan of the Tramways Dome showing depth contours for the Lunnon Basalt – Kambalda Komatiite contact, with distributed Ni resources shown.

Source Hicks and Parkinson 2017

47. According to Hicks and Parkinson (2017), the Lunnon Basalt forms the core of the Tramways Dome with the Kambalda komatiite overlying the Lunnon Basalt. The southern side of the Dome contains the thickest portions of the komatiite up to 450-500m thick and dipping around 30-35 degrees to the south. The dome is interpreted to be overturned as shown in Figure 8 (rather than truncated by a thrust fault as shown in GSWA mapping in Figure 6)with drilling indicating the overturned footwall position to the north is also prospective.

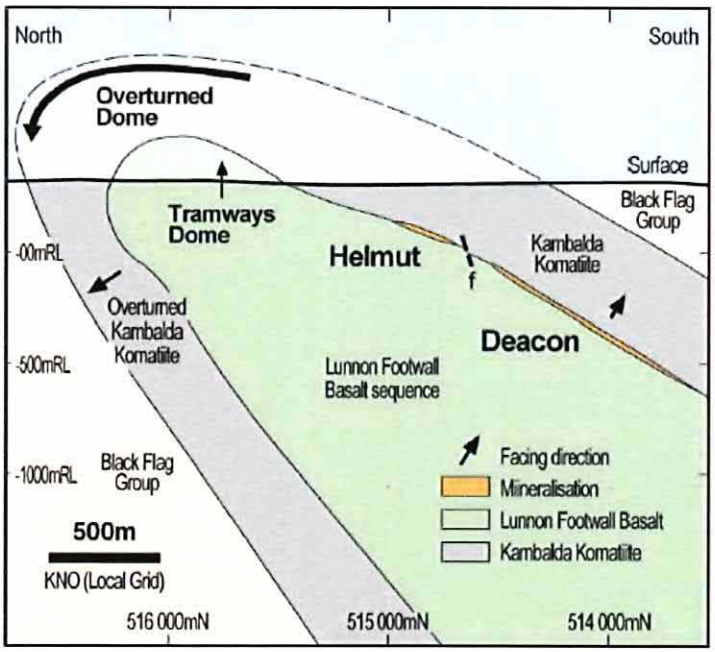


Figure 8: Section through Tramways Dome showing overturned prospective contact.

Source: Hicks and Parkinson 2017

2.6 Lanfranchi Mineral Resources

48. The 2024 Lanfranchi MRE is shown in Table 2.

Table 2: Lanfranchi Nickel Project Mineral Resource Estimates, Ni >1% as at June 2024

Resource	tonnes	grade	metal	tonnes	grade	metal	tonnes	grade	metal	Tonnes	Grade	Metal
Martin				46,901	3.58%	1,679	7,229	4.16%	301	54,130	3.66%	1,980
Lanfranchi	75,216	4.13%	3,109	53,302	4.12%	2198	297,926	4.60%	13,702	426,444	4.46%	19,009
Lincoln							430,697	1.53%	6,594	430,697	1.53%	6,594
Wilson							80,600	3.13%	2,524	80,600	3.13%	2,524
Metcalfe				351,036	1.94%	6,817	162,602	1.35%	2,198	513,638	1.76%	9,015
Lower Schmitz				112,718	5.25%	5921	39,325	3.70%	1,456	152,043	4.85%	7,377
Schmitz				31,730	3.16%	1,002	18,573	3.38%	628	50,303	3.24%	1,630
Winner				14,702	4.40%	647				14,702	4.40%	647
Deacon				354,355	2.05%	7,268	372,127	1.77%	6,587	726,482	1.91%	13,855
Helmut South Extension	27,423	3.82%	1,047	28,681	2.83%	813				56,104	3.32%	1,860
Helmut Upper							172,112	1.57%	2,695	172,112	1.57%	2,695
McComish							917,893	1.47%	13,493	917,893	1.47%	13,493
John							221,520	1.48%	3,278	221,520	1.48%	3,278
Cruikshank Oct 2023				1,549,376	1.74%	27012	255,006	1.27%	3,247	1,804,382	1.68%	30,259
Gigantus Oct 2023							651,510	1.63%	10,600	651,510	1.63%	10,600
TOTAL	102,639	4.05%	4,156	2,542,801	2.10%	53357	3,627,120	1.86%	67,303	6,272,560	1.89%	124,816

Note: Figures have been rounded and may not add up exactly to given totals.

The information in the above table that relates to Nickel Mineral Resources is based on information compiled by Brad Robinson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Robinson is a full-time employee of Cherish Metals Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Robinson consents to the inclusion in this table of the matters based on his information in the form

Source: Exhibit 4 – Cherish Metals Mineral Resources as of June 30 2024.

49. The information in Table 2 above is extracted from the report *Exhibit 4 – Cherish Mineral Resources as of June 2024*. No current Ore Reserve Statement has been provided. The information in the announcement is based on information compiled by Mr Brad Robinson at the time an employee of Cherish Resources Limited and member of the Australian Institute of Mining and Metallurgy.

50. No new Resource Statements have been made since 30 June 2024. The statement covers estimates of 15 separate underground deposits (Figure 9), three of which are new deposits discovered since the mine was sold in 2018.



Figure 9: Schematic Long section showing all Lanfranchi Deposits and Prospects

Source Exhibit 3. Lanfranchi Nickel Mine- Project Overview

51. From Q2 2022 to Q2 2023, 35km of underground drilling and 1.7km of surface drilling was completed at Lanfranchi with the purpose of extending areas of known peripheral mineralisation and making new discoveries using inground EM (*Exhibit 5 – Cherish Metals October 2023 Presentation)*.

VRM Mineral Resource Review

52. The Lanfranchi Nickel Project contains a JORC (2012) Mineral Resource Estimate (MRE) totalling 6.27 Mt of Measured, Indicated, and Inferred Mineral Resources at 1.89% Ni for 124,816 tonnes of contained Ni (Table 2).

53. The MRE is reported to be current as of 30 June 2024 however, there is no information to indicate whether this resource incorporates all drilling completed in 2022 and 2023. All MRE's are stated to be reported to JORC (2012) standards and at a cut-off grade of 1% Ni (Table 3).

54. As required by the VALMIN Code, VRM has undertaken an assessment of the reasonableness of any MRE's. This MRE review has been limited to publicly available ASX releases (see below), and Table 2 which forms Exhibit 4.

- ASX: PAN 28 April 2011 "Cruickshank Resource Upgraded 26% to 33,560t Ni. Cruickshank
- ASX: PAN 12 October 2011 "Business Review 2011" Gigantus, McComish, John, Winner
- ASX: PAN 13 September 2013 "Resources and Reserves at 30 June 2013 and Exploration Update" Martin
- ASX: PAN 30 September 2015 "Mineral Resources and Ore Reserves as at 30 June 2015" Schmitz
- ASX: PAN 28 April 2016 Quarterly Report for the period ending 31 March 2016" Lower Schmitz
- ASX: PAN 30 September 2016 "Mineral Resources and Ore Reserves at 30 June 2016" Deacon, Helmut South Ext, Lanfranchi, Metcalfe
- The remainder of the reported MRE's including Lincoln, Wilson and Helmut Upper have no JORC Tables to review.

Table 3: Comparison of June 2018, March 2023 and June 2024 MRE with last stated date from Panoramic Resources.

Deposit	Information Dates			Date MRE Reported	Increased / Decreased
	Jun-18 Contained Ni (t)	Mar-23 Contained Ni (t)	Jun-24 Contained Ni (t)		
Cruikshank	33600	28400	30259	2011	less than 2018
Deacon	5000	12000	13855	2016	
Gigantus	10600	10600	10600	2011	same as 2018
Helmut South Ext	1800	1600	1860	2016	same as 2018
John	4100	3300	3278	2016	less than 2018
Lanfranchi	6300	9500	19009	2016	
Martin	2000	2000	1980	2013	same as 2018
McComish	14800	13000	13493	2011	
Metcalfe	7100	8300	9015	2016	
Schmitz	2900	1600	1630	2015	less than 2018
Lower Schmitz	6700	8400	7377	2016	
Winner	600	650	647	2011	same as 2018
Lincoln		2700	6594	2024	Initial Resource
Wilson			2524	2024	Initial Resource
Helmut Upper		2700	2695	2024	Initial Resource
Total Ni Tonnes	95500	104750	124816		

55. VRM has not verified the underlying geological databases or completed a full review of the Mineral Resource Estimates and all associated input data, and macro processes used. The resource models have not been loaded or re-reported by VRM. A complete and detailed due diligence of the technical data associated with the MRE's has not been undertaken by VRM as part of this high-level review. VRM has not carried out a reconciliation review.

56. The CP for the information that relates to the Estimation and Reporting of Mineral Resources at Lanfranchi is based on information compiled by Brad Robinson. Mr Robinson was a member of the Australasian Institute of Mining and Metallurgy and was a full-time employee of Cherish based in Perth, Western Australia.

Database & Data Integrity

57. As no JORC Table Section 3 has been supplied for the 2024 Resources estimate, VRM has relied on the Table 1, Section 1 and Section 3 used for the 30 September 2016 Resource Estimate by Panoramic and also the Table 1 Section 1 information supplied in Exhibits 5,6,7 and 8 for updated drilling and assaying information.

58. The Lanfranchi drillhole database consists entirely of diamond drillholes of NQ2 or LTK 60 with some BQ and HQ drill core.

59. All diamond core is photographed and geologically logged with samples (typically between 0.2 metre to 1 metre long) defined by geological contacts.

60. Prior to August 2016, sample preparation included pulverising to 90% passing 75 µm. The standard analytical technique was a three-acid digest with an AAS finish. This method best approaches total dissolution for most minerals. The onsite exploration sample analytical method for Ni, Cu, Co is AAS 22S. Exploration samples were sent off-site and analysed using a four-acid drillhole

61. Samples were analysed by Kalassay in Perth. Samples involved crushing and pulverising to 90% passing 75 µm. A 0.2g assay aliquot was taken from each pulverised sample and digested by 4 acid digest and analysed by ICP_OES.

Modelling

62. The mineralised domains were defined by the presence of strongly contrasting mineralised and non-mineralised lithologies based on extensive operating experience and based on all available information including massive sulphide content, lithology, and structural boundaries. An approximate 1%Ni cut-off was used when defining the mineralised wireframes.

63. PAN make the comment in the 2016 MRE in relation to Lanfranchi that "Due to the consistent grade and low co-efficient of variation of nickel mineralisation generally, resource drilling is more for volume estimation purposes than grade estimation."

64. All modelling up to 2016 was by ID2 using Surpac. The modelling process is informed by good reconciliation of production data over many years.

65. The estimated elements in all the models are Ni, As, Cu, Co, Fe, MgO, S

Grade Estimation

66. Samples were flagged according to the domain wireframe and composited to 1m. The 1 m elemental composites were length and density weighted, whilst the 1 m composites for density were only length weighted. A top-cut analysis was undertaken which deemed that top-cuts were not required and top cuts were not applied to the 1m composites.

67. Underground drill sites are not always ideally positioned for resource definition drilling; however, no sampling bias was evident. The Ni grade is considered very consistent within individual resource domains and drill orientation is hence not a determinant for reliable grade estimation.

68. Block sizes were selected based on average drillhole spacings.

Density

69. Bulk density values have been determined using the water displacement method where possible for all resource definition samples. Whilst the mine has an extensive density database, density values have been assigned to samples without density measurements using a regression formula to calculate density values.

Model Validation

70. Validation checks undertaken include:

- Visual inspection of the final block estimates in relation to drill data on a section-by-section basis
- Swanson plots of composite grades versus block grades.

Classification

71. MRE's were classified in accordance with JORC (2012), and the classification is based on a number of factors such as database integrity, geological interpretation, estimation methodology, drillhole spacing, and the history of mining at the Lanfranchi Project.

72. Measured Resources were defined by areas of the resources with adjacent mining or development. Indicated Resources are assigned to areas of high geological confidence supported by a regular systematic pattern of drilling. No specific drill spacing was stated for inferred in the 2016 MRE Document.

VRM Comment

73. VRM has reviewed the Mineral Resource estimates for the Project.

74. In VRM's opinion the MRE's that have not materially changed (other than for rounding of the tonnes, grade and contained nickel) since they were first reported in 2011 are not JORC 2012 Mineral Resource estimates. The MRE's that have not changed since 2011 are considered to be JORC 2004 estimates. As these have not changed since 2011 for valuation purposes, they have been downgraded to the next lower classification of Mineral Resources, therefore the JORC 2004 indicated mineral resource material has been downgraded by VRM to be valued as inferred material while the JORC 2004 inferred material has been downgraded and valued as if it were an Exploration Target. VRM considers this to be reasonable due to the lack of any JORC table 1 information on the MRE's. This only impacts four of the mineral resources.

2.7 Current Exploration and Exploration Potential

75. The Cherish Exhibits 6,7,8 and 9 show that during 2022 and 2023, Cherish conducted nickel exploration down plunge of mined and developed deposits using existing development and access in combination with down hole EM and four underground EM loops. The intersections are at a very low angle to the mineralisation and are not true widths (Figure 10). Results included:

Lower Lanfranchi (announced Dec 2022 and 19 June 2023 and 2 October 2023)

- LAN362: 30.8m at 3.75% Ni from 274.22m downhole
- LAN335: 32.8m at 4.14% Ni from 529.25m downhole

- LAN378: 17.1m at 5.52% Ni from 378.9m downhole
- LAN389: 17.8m at 2.60% Ni from 29.35m downhole
- LAN394: 8.0m at 9.07% Ni from 71.85m downhole
- LAN395: 10.6m at 12.21% Ni from 553.95m downhole
- LAN395W3: 5.8m at 4.13% Ni from 682m downhole

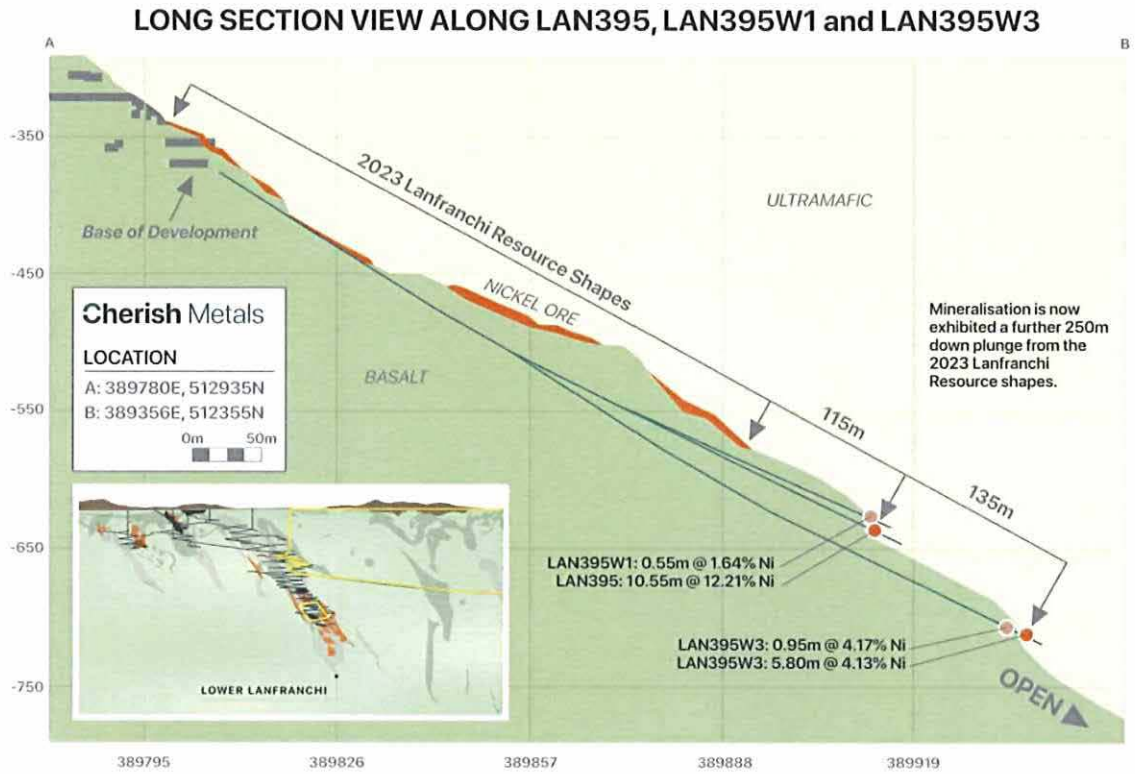


Figure 10: Long section Lower Lanfranchi

Source: Website release and Exhibit 9. - 2 October 2023

Lincoln (new discovery parallel to Lower Schmitz announced 4 September 2023)

- SMT391: 9.1m at 1.82% Ni from 208.92m downhole (Re-entered hole)
- SMT450: 11.5m at 1.43% Ni from 262.5m downhole

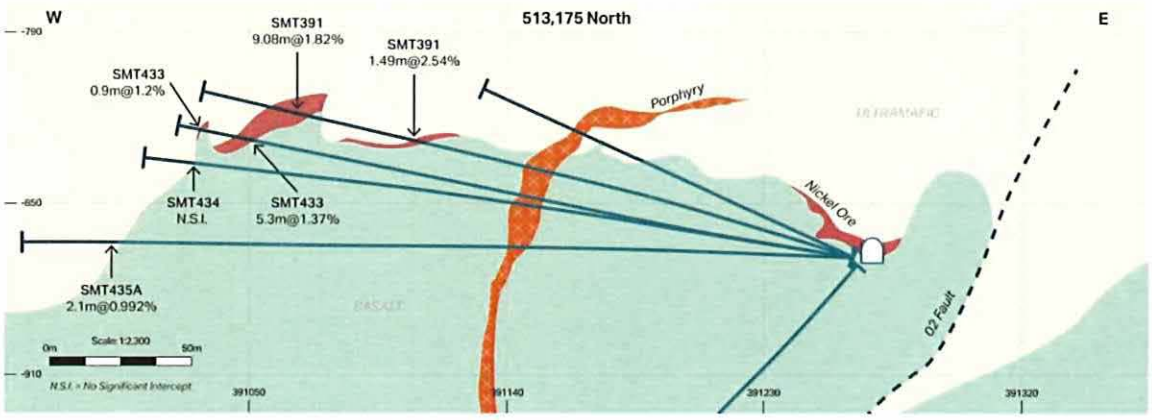


Figure 11: Cross section showing Lincoln discovery on left and Lower Schmitz mine on right.

Source: Website release and Exhibit 8 - 4 September 2023

Wilson

- SMT462: 4.4m at 4.54%Ni, 14.7m at 2.80% Ni, 4.2m at 4.46% Ni
- SMT499: 9.7m at 6.23% Ni

Ashby

- LAN380: 4.4m at 1.57% Ni from 322m downhole

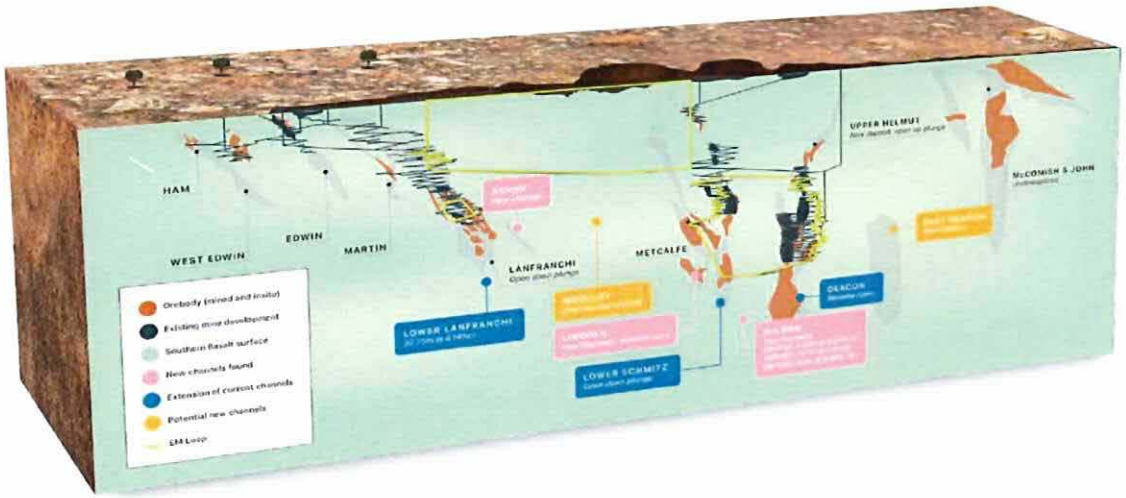


Figure 12: 3d model of Lanfranchi underground development and new mineralisation

Source: Exhibit 9. Cherish Press Release 2 October 2023

Exploration Upside

Cherish has compiled a target pipeline from Resource Definition to Conceptual Targets Figure 13. From a valuation perspective only the Extensional Targets and the Resource Definition Targets have value with some EM targets with drilling indicating potential. Given this is a mine setting, the earlier stage targets are much longer dated in terms of potential production timing and therefore would be risked down to a negligible value.

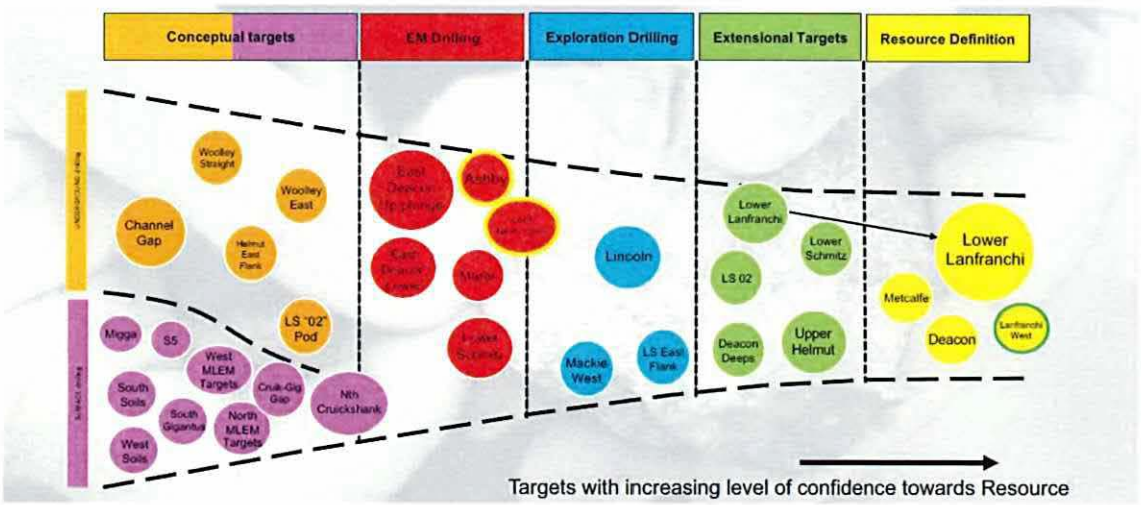


Figure 13: Exploration Target Pipeline

Source: Exhibit 5. Cherish Metals October 2023 Presentation.

VRM Comment

76. VRM considers that there is strong evidence from drilling and DHEM data that the mineralisation at Lanfranchi extends further down plunge. The Deacon and Lower Schmitz mineralisation is also open down plunge (Figure 12).

Plant and Equipment

77. VRM was provided information regarding Plant and Equipment via Exhibit 5. Cherish Metals October 2023 Corporate Presentation. As at the time of this presentation Cherish stated that the mine was permitted, dewatered and ventilated.



Figure 14 Photos of Lanfranchi Project Plant and Equipment

Source: Exhibit 5. Cherish Metals – October 2023 Presentation.

3. Valuation Methodology

78. The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 4 and provides a guide as to the most applicable valuation techniques for different assets.

Table 4: VALMIN Code 2015 valuation approaches suitable for mineral Properties.

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

79. In accordance with the definitions used in the VALMIN Code the Lanfranchi Projects are best described as a Care and Maintenance Project. There are historic Ore Reserves (not considered current) and Mineral Resource estimates within the Lanfranchi and Project which are reported under JORC 2012.

80. In VRM's opinion, the Lanfranchi project should be valued using a comparable transaction method based on Resource Multiples and a yardstick approach as a secondary valuation method.

3.1 Previous Valuations

81. A previous Valuation of Lanfranchi and Copernicus was conducted by SRK as part of KPMG's Independent Expert's Report released to the ASX on 23 December 2019. Note zero value was attributed by SRK for Lanfranchi exploration upside outside of existing Mineral Resources.

3.2 Valuation Subject to Change

82. The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 1 December 2024 being the valuation date of this Report and considering information up to that date. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

83. As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

3.3 General Assumptions

84. The Mineral Assets of Cherish are valued using appropriate methodologies as described Table 15 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

85. That all information provided to VRM is accurate and can be relied upon.

86. The valuations only relate to the Mineral Assets located within the tenements controlled by the Company, and not the Company, its shares or market value.

87. That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral license will remain active.

88. That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe.

89. That the owner of the mineral assets can obtain the required funding to continue exploration activities.

90. The commodity prices assumed (where used / considered in the valuation) are as at 1 December 2024, being;'

- Nickel US$15,754.72/t - AUD$24,684.78/t (source S&P Capital IQ)
- The US$ - AUS$ exchange rate used to determine the AUD$ prices was 0.63823 (www.xe.com).
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US$.

3.4 Nickel Commodity Market Analysis

91. Nickel has settled back to a current price of around $16,000 US per tonne after being consistently above this mark from 2021 to mid-2023. Inflation and rising costs have affected margins locally and the mass production of low grade Indonesian Ni laterites into battery grade nickel funded by Chinese interests has ensured that the local industry cannot compete on a cost basis. As a consequence, the western Australian nickel industry has almost closed completely including the 50 year old Kalgoorlie nickel smelter. Cobalt on relative terms to nickel has also fared badly.

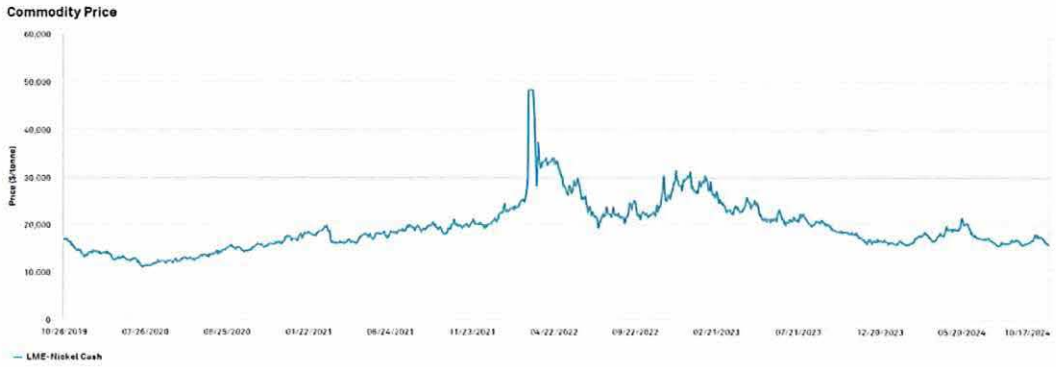


Figure 15: Five Year Spot Price for Nickel

Source: S&P Global

92. A summary of the significant changes to the nickel market are included in the report and are summarised as follows.

93. Wyloo Pty Ltd suspended nickel mining at Cassini and their Northern Operations on or around 31 May 2024.

94. BHP announced (BHP ASX release 15/2/24) that the Kambalda nickel concentrator would be placed on care and maintenance in June 2024 following Wyloo's decision to suspend its operations. The Wyloo operations provided the majority of the feed for the concentrator and that without that feed continuing operating the concentrator was not viable.

95. Nickel West are reported to have a pre-emptive right to the treatment or sale of nickel or ore, or other products which contain nickel or to charge a 1% royalty from most of the nickel projects in the Kambalda and Widgiemooltha region, including the deposits owned by Lunnon Metals, Wyloo, and Cherish.

96. BHP's decision in early 2024 to make a significant impairment to the carrying value of the Nickel West business unit, their announcement of 15 February 2024 that they were assessing the future of the Nickel West Operations. On 11 July 2024 BHP announced that that they would suspend the operations of their Nickel West business including suspension of the Kalgoorlie nickel smelter and the Kwinana nickel refinery and their associated nickel mining and concentrating activities.

97. During 2023, the London Metals Exchange (LME) benchmark nickel prices fell considerably as both the supply of nickel from Indonesia significantly increased and the LME began accepting Indonesian-origin nickel products. BHP announced on 20 February 2024 that they expected these unfavourable operating conditions to endure for a considerable time.

98. In order to determine the current nickel market, VRM undertook an analysis of four listed companies with nickel sulphide mineral resources in Western Australia which include projects on care and maintenance which are similar projects to the Lanfranchi Project and compared their share price, shares outstanding, debt and cash (or cash equivalents) to determine the Enterprise Value (EV) of the four comparable companies. The EV was then divided by the total contained nickel in the reported MRE's at various dates to determine an EV/t of contained nickel. The four companies are Lunnon Metals Limited, Poseidon Nickel Limited, WIN Metals Limited (formerly Widgee Nickel Limited) and Duketon Mining Limited.

99. Overall, there is a significant reduction in the EV/t of contained nickel for all the companies from 30 June 2022 to 1 December 2024 with the reduction averaging 84% over that period indicating that the value of these companies when compared to their underlying MRE's has been reduced by 84% due to the changes in the nickel market over that period. This is detailed further in the comparable transaction valuation below.

100. In VRM's opinion a 50% discount to the comparable transaction valuation for projects similar to the Lanfranchi Project is reasonable.

3.5 Valuation of Advanced Properties

101. There are several valuation methods that are suitable for advanced Properties including the following:

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions

- Yardstick valuations

102. At the Valuation Date there are current no Ore Reserves estimated for the Project; therefore, an income valuation approach is not considered reasonable as a primary valuation method.

3.6 Comparable Market Based Transactions – Resource Based

103. A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

104. However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

105. Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

106. The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

107. This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

108. The preference is to limit the transactions and resource multiples to completed transactions from the past two to five years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Project.

3.7 Yardstick Valuation

109. A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot commodity price. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used by other independent specialists and used in other VALMIN reports. The US$-AUS$ exchange rate and nickel price as of 1 December 2024 and documented above have been used to determine the yardstick valuation.

Table 5: Typical Yardstick Multiples used for Resource Projects

Resource or Reserve Classification	Lower Yardstick Multiple (% of Spot Price)	Upper Yardstick Multiple (% of Spot Price)
Ore Reserves	5%	10%
Measured Resources (less Proved Reserves)	2%	5%
Indicated Resources (less Probable Reserves)	1%	2%
Inferred Resources	0.5%	1%

3.8 Exploration Asset Valuation

110. To generate a value of an early-stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:
    - A Geoscientific (Kilburn) Valuation.
    - Comparable transactions (purchase) based on the Properties' area or Mineral Resource estimates (both current and historic).
    - Joint Venture terms based on the Properties' area; and
    - A prospectivity enhancement multiplier (PEM).

111. The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

112. VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. The area based comparable transaction multiples can also be useful in valuations but are strongly related to the projects tenement area so can be conservative for small areas and overstated for large areas. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

3.8.1 Geoscientific (Kilburn) Valuation

113. One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

114. While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early-stage projects often the anomaly factors and geological factors have limited information.

115. While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

116. Table 6 documents the ranking criteria that were used in conjunction with the base acquisition cost (BAC) for the project tenements to determine the technical valuation of the project.

117. VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. For the Panoramic and tenements, the BAC has been determined using the exploration commitments for the tenement and the annual rent payments. These commitments were either provided and confirmed from the original tenement certificates or DMIRS for the tenements in Western Australia.

118. The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

119. Using the ranking criteria from Table 6 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

120. The total technical valuation was adjusted to derive a market valuation by making a market factor adjustment and a locational adjustment. A market factor was derived to account for the status of the nickel market which is currently depressed as shown in Figure 24. On that basis, the technical valuations are decreased by 50 % for the nickel projects. These discount is based on the currently low prices of nickel and the market conditions as detailed above.

121. A 5% reduction was applied for social, heritage and permitting challenges for Western Australia; the latter is due to the uncertainty of the modified heritage protection act while the former is due to the general risk rating as documented by S&P Capital IQ.

122. For early-stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used for the surrounding exploration potential.

Table 6: Ranking Criteria used to determine the geoscientific technical valuation

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections – not correlated on section	
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

3.8.2 Prospectivity Enhancement Multiplier (PEM) Valuation

123. As outlined in Table 4 and in the VALMIN Code a cost – based or appraised value method is an appropriate valuation technique for early-stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property.

124. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria.

125. The PEM ranking criteria used in this report are outlined in Table 7 below. VRM considers the PEM valuation method as a secondary valuation method. In the opinion of the author, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated however if there are no comparable transactions then a PEM is a viable valuation method.

Table 7: Prospectivity Enhancement Multiplier (PEM) ranking criteria

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrades the potential
0.5 – 1	Exploration has maintained the potential
1.0 – 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting, mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

4. Market Valuation of the Cherish Lanfranchi Mineral Assets

126. The principal mineral assets valued as a part of this ITAR are the Lanfranchi Nickel Project where Cherish is reported to hold mineral rights other than gold.

127. The valuation has been undertaken as a sum of the parts with the main valuation being determined based on the Mineral Resource estimates within the Lanfranchi Nickel Project with minor additional value attributable to the exploration potential within the Project.

128. Each of the parts has had two separate valuation approaches undertaken as required by the VALMIN Code.

4.1 Mineral Resource Valuation

4.1.1 Comparable Transactions – Resource Multiples

129. VRM undertook a search of nickel sulphide project transactions and Joint Ventures within Australia and has identified six comparable nickel sulphide asset based transactions. One of these transactions was the 2018 transaction on the existing Project where Black Mountain Metals LLC acquired the Lanfranchi Project from Panoramic. VRM has excluded that transaction from the analysis with five transactions used in the comparable transaction analysis. The details of the transactions are appended to this Report as Appendix B.

130. All of the comparable transactions were completed between June 2015 and November 2020. VRM has not identified any more recent nickel asset transactions.

131. For all of these transactions VRM determined a Resource Multiple being the transaction or deal value divided by the contained nickel in the reported Mineral Resource estimates.

132. The nickel price at the transaction date was sourced and used to normalise the transaction to the nickel price at the valuation date. Normalisation is done to try and account for variations in the nickel price and as a proxy, the nickel market between the transaction date and the valuation date.

133. On a normalised basis the average of all five comparable transactions is of A$120.36/t of contained nickel.

134. Based on these resource multiples, the reported Mineral Resource estimates VRM has estimated the market value of the nickel sulphide Projects (Table 8).

135. An additional discount has been applied to the Comparable Transaction multiple value based on the structural changes in the to the nickel market in Western Australia since 2022 and have deteriorated during this time.

136. In order to determine the discount, VRM undertook an analysis of four listed companies with nickel sulphide mineral resources in Western Australia which include projects on care and maintenance which are similar projects to the Lanfranchi Project and compared their share price, shares outstanding, debt and cash (or cash equivalents) to determine the Enterprise Value (EV) of the four comparable companies. The EV was then divided by the total contained nickel in the reported MRE's at various dates to determine an EV/t of contained nickel. The four companies are Lunnon Metals Limited, Poseidon Nickel Limited, WIN Metals Limited (formerly Widgee Nickel Limited) and Duketon Mining Limited.

Table 8: Comparable Transaction Valuation, Nickel Sulphide Projects

Project	Equity	MRE Contained Ni (t)	Preferred Multiple	Lower Valuation (-25%) (A$ M)	Preferred Valuation (A$ M)	Upper Valuation (+25%) (A$ M)
Lanfranchi	100%	19,007	120.36	1.7	2.3	2.9
Martin	100%	1,980	120.36	0.2	0.2	0.3
Lincoln	100%	6,590	120.36	0.6	0.8	1.0
Wilson	100%	2,523	120.36	0.2	0.3	0.4
Metcalfe	100%	9,005	120.36	0.8	1.1	1.4
Lower Schmitz	100%	7,373	120.36	0.7	0.9	1.1
Schmitz	100%	1,630	120.36	0.1	0.2	0.2
Winner	100%	619	60.18	0.0	0.0	0.0
Deacon	100%	13,851	120.36	1.3	1.7	2.1
Helmut South Extension	100%	1,859	120.36	0.2	0.2	0.3
Helmut Upper	100%	2,702	120.36	0.2	0.3	0.4
McCornish	100%	13,493	60.18	0.6	0.8	1.0
John	100%	3,275	120.36	0.3	0.4	0.5
Cruikshank	100%	30,198	60.18	1.4	1.8	2.3
Gigantus	100%	10,620	60.18	0.5	0.6	0.8
Total		**124,724**	**1,565**	**8.8**	**11.7**	**14.6**
Market Discount 50%				**4.4**	**5.9**	**7.3**

Note: for Mineral Resources that are considered to be JORC 2004 estimates have had a 50% reduction in the multiples. Totals may not add due to rounding, appropriate rounding has been applied to the valuation.

137. VRM analysed the changes in the EV/t for these four companies on 30 June 2022, 30 June 2023, 30 June 2024 and 1 December 2024. Where there is uncertainty as to the debt or cash of the companies the most recent publicly available debt and cash position of each of the companies was used.

138. VRM considers that using changes in the EV/t of contained nickel as a proxy for the market sentiment toward nickel companies and projects in Western Australia is reasonable.

139. VRM has determined the average EV/t for the four companies on the four dates as being $627/t on 30 June 2022, $697/t on 30 June 2023, $82/t 30 June 2024, and $101/t on 1 December 2024. VRM also notes that if the increase in two of the companies share prices around November 2024 which are due to a takeover and gold exploration success were removed then the EV/t on 1 December 2024 would be approximately $46/t.

140. Overall, when compared to nickel company valuations on 30 June 2022 there is a minimal change as at 30 June 2023 however there is a decrease of around 87% as at 30 June 2024 and around 84% as at 1 December 2024.

141. Over the same period the US$ nickel price per tonne has decreased by 25% between 30 June 2022 and 30 June 2024 and 31% between 30 June 2022 and 1 December 2024.

142. Therefore, in VRM's opinion an additional discount of 50% to the comparable transaction valuation is considered appropriate.

143. VRM has determined, when appropriate rounding is applied, that a market value of the Mineral Resource estimates based on comparable transactions, to be between A$4.4 million and A$7.3 million with a mid-point valuation of A$5.9 million.

4.1.2 Yardstick Method

144. As detailed above, the yardstick method can also be considered as a valuation approach, particularly as a cross check or supporting valuation technique to support the valuation generated by a comparable transaction method. This method is typically used as a supporting approach for valuation of Mineral Resources and is based on a percentage of the current metal price.

145. For Mineral Resource estimates, a common yardstick value for gold Mineral Resources would be between 0.5% and 5% of the current commodity price, dependent on the Mineral Resource classification as at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. The risks relating to the resources described above have been incorporated into the Yardstick approach. The yardstick multiples are commonly used for gold transactions and has been developed by the valuation industry as a basis of possible project valuations based on a large dataset of gold transactions.

146. VRM has applied a range of percentage values as per Table 5, corresponding to the classification of the Mineral Resources within the Projects, the nickel (A$/t) prices at the valuation date and applied a 50% discount to that valuation due to the likely saleable product from the nickel sulphide project being a nickel sulphide concentrate which has additional costs including refining costs, treatment charges, additional shipping and insurance costs and higher Western Australian State Royalties in order to determine the market value of the nickel Mineral Resources within the Projects. The nickel MRE valuations are summarised in Table 9.

Table 9: Yardstick Valuation Summary of the Cherish Mineral Resources.

Project	Reserve, Resource & Exploration Target	Low (A$ million)	Preferred (A$ million)	High (A$ million)	Comment
Lanfranchi	19,007	1.1	1.7	2.4	
Martin	1,980	0.1	0.2	0.3	
Lincoln	6,590	0.2	0.3	0.5	
Wilson	2,523	0.1	0.1	0.2	
Metcalfe	9,005	0.6	0.8	1.1	
Lower Schmitz	7,373	0.5	0.7	0.9	
Schmitz	1,630	0.1	0.1	0.2	
Winner	619	0.0	0.0	0.0	JORC2004, unchanged since 2011
Deacon	13,851	0.7	1.1	1.5	
Helmut South Extension	1,859	0.2	0.3	0.5	
Helmut Upper	2,702	0.1	0.1	0.2	
McCornish	13,493	0.1	0.3	0.5	JORC2004, unchanged since 2011
John	3,275	0.1	0.2	0.2	
Cruikshank	30,198	1.0	1.5	2.0	JORC2004, unchanged since 2011
Gigantus	10,620	0.1	0.2	0.4	JORC2004, unchanged since 2011
Total Mineral Resources	124,724	4.9	7.9	10.8	

Note appropriate rounding has been applied

147. The Yardstick Valuation is based on a nickel price of A$24,684.78/t. with a 50% discount due to the Projects likely to produce a concentrate, as described in paragraph 118.

148. The contained nickel may vary slightly from the reported contained metal due to the contained metal in the table above being calculated by VRM.

149. Mineral resources that are considered to be JORC 2004 estimates have had their classification downgraded due to uncertainty in the estimates.

150. Appropriate rounding has been applied to the valuation and totals may not add due to rounding.

151. VRM considers the nickel Mineral Resource estimates within the Project as detailed above to be valued, based on a yardstick approach, at between A$4.9 million and A$10.8 million with a mid-point valuation of A$7.9 million.

4.2 Value of Exploration Assets

4.2.1 Geoscientific Valuation of Exploration Assets

152. There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing. The costs of tenement applications and targeting have not been included.

153. The Geoscientific rankings were derived for each of the ranking criteria with the Off-Property Criteria considered to be between 1.0 and 2.5, the On-Property Criteria between 1.0 and 2.5, the Anomaly Factor between 1.0 and 4.0 while the Geology Criteria are considered to be between 1.0 and 2.5. When these ranking criteria are combined with the base acquisition cost, as detailed in Appendix C, this has determined the technical value. A discount of 20% has been applied to the projects has been applied to the technical value to account for the current market conditions however a 5% discount has been applied for the heritage and environmental aspects and the current inflationary pressures on projects in Western Australia. The Technical and Market Values are shown in Table 10. The technical valuation is the base acquisition cost multiplied by the ranking factors outlined in Appendix C while the Market Value is the Technical Value multiplied by the geopolitical risk and market adjustment.

Table 10: Geoscientific valuation of the Cherish exploration projects.

Project	Technical Valuation (A$ Million)			Market Valuation (A$ Million)		
	Lower	Mid-Point	Upper	Lower	Mid-Point	Upper
Lanfranchi	$1.0	$1.8	$2.7	$0.5	$0.9	$1.3

Note a 50% market discount has been applied to the technical valuation for the nickel market and a 5% reduction due to permitting, heritage and environmental aspects of the project

154. Appropriate rounding to the total valuation has been undertaken, totals may not add due to rounding

155. The exploration potential external to the Mineral Resources for the Project using the Geoscientific method has a determined market value of between $0.5 million and $1.3 million with a mid-point value of $0.9 million.

4.2.2 Prospectivity Enhancement Multiplier (PEM) Valuation of Exploration Assets

156. VRM has undertaken a PEM valuation of the tenements based on the exploration expenditure either provided by the company or extracted from the DMIRS online tenement database Mineral Titles Online with the expenditure being limited to the exploration portion of the statutory annual tenement expenditure reports (Form 5). In addition to the reported expenditures VRM has assumed

that the exploration commitment for the current tenement year has already been spent. Project acquisition costs were excluded from the analysis as these are considered sunk costs and not contributing to geological / prospectivity knowledge.

157. This expenditure has been multiplied by the Prospectivity Enhancement Multiplier as detailed in Table 7. To generate a range in the PEM valuation VRM has assessed the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range of likely values of the Projects. The preferred valuation is the average of the upper and lower PEM valuation. Table 11 details the expenditure, and the valuations for the Project. The individual tenement expenditures and assigned PEM multiples are detailed in the Appendix D to this report.

Table 11: PEM Valuation by Project

Project	PEM Valuation (A$ Million)		
	Lower	Mid-Point	Upper
Lanfranchi	$0.8	$1.2	$1.6

Note Appropriate rounding has been applied

158. Note, only the exploration expenditure targeting nickel has been assigned with appropriate rounding undertaken.

159. The exploration potential external to the Mineral Resources for the Project has a market valuation as determined by the PEM valuation method between $0.8 million and $1.6 million with a mid-point valuation of $1.2 million.

5. Preferred Valuation Lanfranchi Project

160. Based on the valuation techniques detailed above, Table 12 provides a summary of the valuations derived for the Mineral Resources and the exploration potential within the projects by the various techniques. Figure 16 graphically shows the valuation range and preferred valuation for the Mineral Resources and exploration potential within the projects and the combined valuation range and preferred valuation for the mineral assets.

161. VRM's preferred valuation is based on the Comparable Transactions . Based on the rationale outlined in the body of this Report, VRM is of the view that the exploration potential is most appropriately valued applying a Geoscientific or Kilburn valuation method.

162. In the analysis of the nickel market in Western Australia and the nickel sulphide projects in the Kambalda region in particular VRM has determined that a 50% reduction in the valuations.

Table 12: Market Valuation Summary Project by method

Asset	Method		Lower Valuation (A$ M)	Mid-Point Valuation (A$ M)	Upper Valuation (A$ M)	Comment
MRE Total	Comparable Transactions (A$/t)	**Primary**	8.8	11.7	14.6	
	Comps with market Adjustment	**Primary**	4.4	5.9	7.3	50% Market Discount
	Yardstick	Supporting	4.9	7.9	10.8	
Exploration	Geoscientific	**Primary**	**0.5**	**0.9**	**1.3**	50% Market Discount
	PEM	Supporting	0.8	1.2	1.6	
Total Market Value			**4.9**	**6.7**	**8.6**	

Note the totals may not add due to rounding in the valuations.

163. In VRM's opinion, the Market Value of the Mineral Assets owned by Cherish is between A$4.9 million and A$8.6 million with a mid-point of A$6.7 million.

164. In VRM's opinion based on the recent but significant structural change in the fundamentals of the nickel industry, due to flow-on effects from the massive increase in the development of Indonesian nickel laterite production, an improvement of the nickel price in the short to medium term is uncertain and unlikely and until the nickel price improves or there is a change in the fundamentals of the supply and demand of the nickel industry, any owner of the Lanfranchi Nickel Project is unlikely to invest the capital to restart the operation.

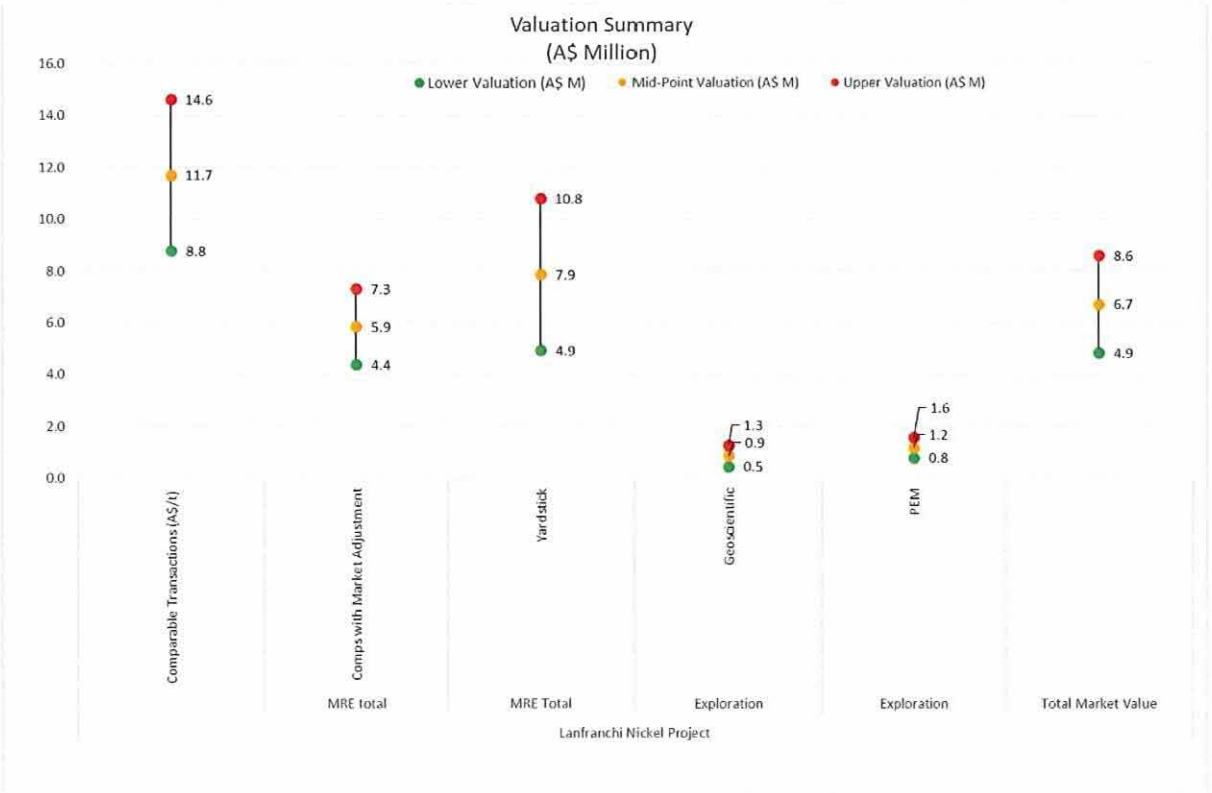


Figure 16: Lanfranchi Nickel Project Valuation Summary

6. References

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Appendix A Lanfranchi Nickel Project – Panoramic MRE Jun 2018

Lanfranchi Project												
Cruikshank	100%	Nickel	2004	-	-	2,018,000	1.42	611,000	0.79	2,629,000	1.28	33,600
Deacon	100%	Nickel	2012	89,000	2.99	-	-	134,000	1.70	224,000	2.22	5,000
Gigantus	100%	Nickel	2004	-	-	-	-	652,000	1.63	652,000	1.63	10,600
Helmut South Ext	100%	Nickel	2012	21,000	4.54	29,000	2.87	-	-	50,000	3.59	1,800
John	100%	Nickel	2004	-	-	-	-	291,000	1.42	291,000	1.42	4,100
Lanfranchi	100%	Nickel	2012	40,000	4.12	55,000	4.40	63,000	3.49	158,000	3.97	6,300
Martin	100%	Nickel	2012	-	-	47,000	3.58	7,000	4.16	54,000	3.66	2,000
McComish	100%	Nickel	2004	-	-	-	-	992,000	1.49	992,000	1.49	14,800
Metcalfe	100%	Nickel	2012	-	-	280,000	1.99	111,000	1.35	391,000	1.81	7,100
Schmitz	100%	Nickel	2012	30,000	4.92	23,000	3.93	16,000	2.95	69,000	4.14	2,900
Lower Schmitz	100%	Nickel	2012	-	-	51,000	5.60	79,000	4.80	131,000	5.11	6,700
Winner	100%	Nickel	2004	-	-	14,000	4.40	-	-	14,000	4.40	600
Total (Equity)		**Nickel**										**313,600**
		Copper										**99,100**
		Cobalt										**14,900**

Notes:

- *Figures have been rounded and therefore may not add up exactly to the reported totals*
- *All resources are inclusive of reserves*
- *Savannah Project Resource cutoff grade is 0.50% Ni*
- *Lanfranchi Project Resource cutoff grade is 1.00% Ni*

Cross references to previous Company ASX announcements:

- *Savannah (above 900) - refer to ASX announcement of 30 September 2016, titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *Savannah (below 900) - refer to ASX announcement of 30 September 2015, titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Savannah North – refer to ASX announcement of 24 August 2016, titled "Major Resource Upgrade for Savannah North"*
- *Cruickshank - refer to ASX announcement of 28 April 2011, titled "Cruickshank Resource Upgraded 26% to 33,560t Ni"*
- *Deacon, Helmut South Ext, Lanfranchi, Metcalfe - refer to ASX announcement of 30 September 2016, titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *Gigantus, John, McComish, Winner - refer to ASX announcement of 12 October 2011, titled "Business Review 2011"*
- *Martin - refer to ASX announcement of 13 September 2013, titled "Resources and Reserves at 30 June 2013 and Exploration Update"*
- *Schmitz - refer to ASX announcement of 30 September 2015, titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Lower Schmitz - refer to ASX announcement of 28 April 2016, titled "Quarterly Report for the period ending 31 March 2016"*

No New Information or Data

The Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. 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 Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Appendix B Comparable Nickel Transactions

DATE	Project	Contained Ni R&R Acquired	DEAL VALUE A$	% ACQUIRED	Ni Price - transaction date	Normalisation Ratio	Resource Multiple A$/t	Normalised A$/t
11/11/2020	Nepean	13,008	2.50	100.00	15929.50	0.9890279	192.19	190.08
23/05/2019	Long Complex	31,000	3.50	100.00	11892.00	1.3248167	112.90	149.58
28/04/2017	Radio Hill	66,446	2.60	100.00	9404.00	1.6753211	39.19	65.66
28/09/2016	Avebury	259,400	25.00	100.00	10651.00	1.4791775	96.38	142.56
19/06/2015	Cosmos	565,000	24.50	100.00	12671.50	1.2433193	43.36	53.91

Statistic	Non Normalised A$/t	Normalised A$/t
Average	97	120
Median	96	143
Minimum	192	190
Maximum	39	54
75th Percentile	153	170
25th Percentile	41	60
Count	5	5

Appendix C Geoscientific (Kilburn) Valuation

Tenement	Start Date	Interest	BAC	Off Property		On Property		Anomaly		Geology		Technical Value ($ M)			Market Value ($ M)		
			$	Low	High	Low	High	Low	High	Low	High	Low	Mid	High	Low	Mid	High
ML15/377	1/14/1976	100%	$12,100.00	1	1.5	1	1.5	1	1.5	0.9	1	$0.01	$0.03	$0.04	$0.01	$0.01	$0.02
ML15/375	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/368	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/484	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/485	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/378	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/493	1/14/1976		$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$-	$-	$-	$-	$-	$-
ML15/488	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/491	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/380	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/371	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/490	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/487	1/14/1976		$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$-	$-	$-	$-	$-	$-
ML15/346	4/04/1973	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/489	1/14/1976	100%	$7,200.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.02	$0.04	$0.05	$0.01	$0.02	$0.03
ML15/482	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/483	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/367	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/379	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/376	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/370	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/385	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/381	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/388	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
M15/473	7/31/1990		$98,200.00	2	2.5	1	1.5	1.5	2	0.9	1	$-	$-	$-	$-	$-	$-
ML15/386	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/382	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/383	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/384	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/486	1/14/1976		$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$-	$-	$-	$-	$-	$-
ML15/387	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/369	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04

Tenement	Start Date	Interest	BAC	Off Property		On Property		Anomaly		Geology		Technical Value ($ M)			Market Value ($ M)		
			$	Low	High	Low	High	Low	High	Low	High	Low	Mid	High	Low	Mid	High
ML15/347	4/04/1973	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/372	1/14/1976		$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$-	$-	$-	$-	$-	$-
ML15/389	1/14/1976	100%	$12,100.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
ML15/492	1/14/1976	100%	$12,000.00	2	2.5	1	1.5	1.5	2	0.9	1	$0.03	$0.06	$0.09	$0.02	$0.03	$0.04
Total												$1.0	$1.8	$2.7	$0.5	$0.9	$1.3

Note the conversion from technical valuation to market value is by multiplying the technical valuation by 95% for permitting challenges and 50% for the depressed nickel market since 30 June 2022. Appropriate rounding has been applied. For tenements that had a significant expenditure VRM has assumed that these tenements contain Mineral Resources and have been valued by comparable transactions, these tenements have a blank in their interest column of this table.

Appendix D PEM Valuation

Tenement	Start Date	Interest	Total Expenditure Last 5 yrs	Multiples		Valuation (A$ million)		
				Low	High	Low	Mid	Upper
ML15/377	1/14/1976	100%	$48,200.00	0.5	1	0.02	0.04	0.05
ML15/375	1/14/1976	100%	$22,345.00	0.5	1	0.01	0.02	0.02
ML15/368	1/14/1976	100%	$300,167.00	0.5	1	0.15	0.23	0.30
ML15/484	1/14/1976	100%	$47,011.00	0.5	1	0.02	0.04	0.05
ML15/485	1/14/1976	100%	$41,323.00	0.5	1	0.02	0.03	0.04
ML15/378	1/14/1976	100%	$43,700.00	0.5	1	0.02	0.03	0.04
ML15/493	1/14/1976		$6,626,607.00			0.00	0.00	0.00
ML15/488	1/14/1976	100%	$20,564.00	0.5	1	0.01	0.02	0.02
ML15/491	1/14/1976	100%	$48,747.00	0.5	1	0.02	0.04	0.05
ML15/380	1/14/1976	100%	$41,303.00	0.5	1	0.02	0.03	0.04
ML15/371	1/14/1976	100%	$51,499.00	0.5	1	0.03	0.04	0.05
ML15/490	1/14/1976	100%	$27,329.00	0.5	1	0.01	0.02	0.03
ML15/487	1/14/1976		$4,090,857.00			0.00	0.00	0.00
ML15/346	4/04/1973	100%	$13,109.00	0.5	1	0.01	0.01	0.01
ML15/489	1/14/1976	100%	$16,634.00	0.5	1	0.01	0.01	0.02
ML15/482	1/14/1976	100%	$21,692.00	0.5	1	0.01	0.02	0.02
ML15/483	1/14/1976	100%	$23,936.00	0.5	1	0.01	0.02	0.02
ML15/367	1/14/1976	100%	$33,100.00	0.5	1	0.02	0.02	0.03
ML15/379	1/14/1976	100%	$39,192.00	0.5	1	0.02	0.03	0.04
ML15/376	1/14/1976	100%	$26,180.00	0.5	1	0.01	0.02	0.03
ML15/370	1/14/1976	100%	$67,679.00	0.5	1	0.03	0.05	0.07
ML15/385	1/14/1976	100%	$31,140.00	0.5	1	0.02	0.02	0.03
ML15/381	1/14/1976	100%	$32,467.00	0.5	1	0.02	0.02	0.03
ML15/388	1/14/1976	100%	$32,309.00	0.5	1	0.02	0.02	0.03

Tenement	Start Date	Interest	Total Expenditure Last 5 yrs	Multiples		Valuation (A$ million)		
				Low	High	Low	Mid	Upper
M15/473	7/31/1990		$3,598,483.00			0.00	0.00	0.00
ML15/386	1/14/1976	100%	$54,620.00	0.5	1	0.03	0.04	0.05
ML15/382	1/14/1976	100%	$32,607.00	0.5	1	0.02	0.02	0.03
ML15/383	1/14/1976	100%	$25,035.00	0.5	1	0.01	0.02	0.03
ML15/384	1/14/1976	100%	$32,295.00	0.5	1	0.02	0.02	0.03
ML15/486	1/14/1976		$1,090,350.00			0.00	0.00	0.00
ML15/387	1/14/1976	100%	$58,920.00	0.5	1	0.03	0.04	0.06
ML15/369	1/14/1976	100%	$289,706.00	0.5	1	0.14	0.22	0.29
ML15/347	4/04/1973	100%	$27,029.00	0.5	1	0.01	0.02	0.03
ML15/372	1/14/1976		$1,001,066.00			0.00	0.00	0.00
ML15/389	1/14/1976	100%	$25,098.00	0.5	1	0.01	0.02	0.03
ML15/492	1/14/1976	100%	$21,294.00	0.5	1	0.01	0.02	0.02
Total						$0.80	$1.20	$1.60

Note where there has been significant expenditure over the past five years VRM considers that these tenements have been valued using the comparable transaction methods as they contain the Mineral Resources. Appropriate rounding has been applied.

Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral [Mineralogy Database (webmineral.com)] and Wikipedia (Wikipedia).

The terms listed below are taken from the 2015 VALMIN Code (The VALMIN Code - 2015 Edition).

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the *Australian Corporations Act 2001 (Cth).*

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1 of the VALMIN Code.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to https://www.jorc.org/ for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the *Corporations Act*.

Independent Expert Report means a Public Report as may be required by the *Corporations Act*, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 of the VALMIN Code for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 of the VALMIN Code for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects –** Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resource is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging, etc.).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Refer to https://www.jorc.org/ for further information.

Ore Reserve is defined in the current version of the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Refer to https://www.jorc.org/ for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resources and **Petroleum Reserves** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to Society of Petroleum Engineers (SPE) | Oil & Gas Membership Association for further information.

Practitioner is an Expert as defined in the *Corporations Act,* who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

(a) admits members primarily on the basis of their academic qualifications and professional experience;

(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and

(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build goodwill.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 of the VALMIN Code for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or **Royalty Interest** means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the *Corporations Act*.

Securities Experts are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the *Corporations Act*, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialists are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report must not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.