

PANTORO

2020 ANNUAL REPORT



CORPORATE DIRECTORY

BOARD OF DIRECTORS

Wayne Zekulich (Non-Executive Chairman)

Paul Cmrlec (Managing Director)

Scott Huffadine (Operations Director)

Kyle Edwards (Non-Executive Director)

Fiona Van Maanen (Non-Executive Director)

COMPANY SECRETARY

David Okeby

REGISTERED OFFICE

1187 Hay Street

West Perth WA 6005

Telephone: +61 8 6263 1110

POSTAL ADDRESS

PO Box 1353

West Perth WA 6872

E-MAIL

admin@pantoro.com.au

WEBSITE

www.pantoro.com.au

AUDITORS

Ernst & Young

11 Mounts Bay Road

Perth WA 6000

Telephone: +61 8 9429 2222

Facsimile: +61 8 9429 2436

SHARE REGISTRY

Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Tce

Perth WA 6000

GPO Box 2975 Melbourne Vic 3001

Telephone: (within Australia) 1300 850 505

Telephone: (outside Australia) +61 3 9415 4000

Facsimile: +61 3 9473 2500

SECURITIES EXCHANGE

Australian Securities Exchange Limited

Level 40, Central Park

152-158 St Georges Tce

Perth WA 6000

Code: **PNR**

Cover Photo
Drill Core from Star of Erin, Norseman

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MANAGING DIRECTOR'S LETTER

Dear Shareholders

The board of directors of Pantoro Limited is pleased to present its operational results for the 2020 financial year. The company has navigated through the extraordinary circumstances presented by the COVID-19 pandemic without any material impacts on operations at Halls Creek or Norseman, and results, particularly in the second half of the year have been pleasing.

In July 2019 Pantoro shareholders voted in favour of issuing consideration shares in part consideration for the acquisition of 50% of the Norseman Gold Project, and work required to recommence operations commenced soon thereafter. In completing the acquisition, Pantoro recognised the dearth of drilling undertaken on the project since Western Mining divested its gold interests in 2001, and immediately commenced work on its first target mining centres. Results from all of the areas have been outstanding, confirming the quality of the assets acquired.

All of the projects under immediate consideration for mining have been well advanced with updated Mineral Resource estimation, mine design and scheduling and Ore Reserve calculation underway. A definitive feasibility study, being estimated to a cost accuracy of $\pm 10\%$ is also nearing completion at the time of reporting. Exploration outcomes outside of the immediate mining focus areas at Norseman have also been pleasing. Substantial high grade gold mineralisation has been identified outside of existing resources at the Scotia Mining Centre, while Sailfish, the first prospect to be drilled on Lake Cowan in over two decades returned exciting initial results including 8.1 m @ 67.29 g/t from 78.6 m.

Pantoro has formed an excellent relationship with the 50% owner of Norseman, Central Norseman Gold Corporation during the first year of operations. We thank our joint venture partner for their support of our work programs throughout the period.

A number of operational changes were made at Halls Creek during the period, including changes to key operational personnel, equipment and staffing levels. The changes were made in response to changes in the orebody, and the subsequent measures required to ensure that the project continues to be a positive contributor to the company. While production is currently slightly below the levels seen in previous years, the operations team have delivered on the primary focus for the operation, which is maximisation of positive cashflow.

Operational cashflow from Halls Creek has been aided by the company's decision to remain un-hedged once the last of the historical forward contracts were filled in April 2020. Record gold prices, and the reduced cost base have resulted in strong cashflow from the project in the second half of the year.

Pantoro's share price was volatile during the year with a number of operational and external factors such as COVID-19 contributing to the movements, however shareholders were rewarded with share price growth during the year of 32.5%. This compares favourably to the benchmark All Ordinaries Gold Index, which rose by 17.4% during the same period.

Subsequent to the end of the period, Pantoro completed an equity placement to Professional and Sophisticated Investors, and a share purchase plan for existing shareholders residing in Australia or New Zealand. The placement provided Pantoro with an additional \$55 million before costs, and places the company in a strong position to continue the drilling and development of the Norseman assets. Both parts of the capital raising were strongly supported with considerable excess demand.

I thank you for your ongoing support of the company and look forward to another productive year at both Halls Creek and Norseman.

Yours faithfully


Paul Cmrlec
Managing Director

Drilling on Lake Cowan
Norseman



Drilling at Scotia
Norseman



Existing Norseman Infrastructure



REVIEW OF OPERATIONS

Norseman Gold Project, Western Australia (50%)

Acquisition and Joint Venture

Pantoro Limited announced the transformative acquisition of 50% of the world class Norseman Gold Project in May 2019. All conditions precedent to the transaction were satisfied or waived during July 2019, and completion occurred on 10 July 2019.

Pantoro's total consideration for the unincorporated joint venture (UJV) holding comprises:

- A\$10 million in cash, with A\$2.5 million deposit paid to the Vendor on signing of the binding legal document and the balance paid on Completion (**Completed**).
- A\$20 million equivalent in Pantoro common shares issued to the Vendor at 20 cents per share (**Completed**).
- Deferred cash payments to the Vendor comprising A\$5 million payable 12 months after Completion (**Completed**) and A\$10 million payable 24 months after Completion (**Ongoing**).
- Pantoro is sole funding the first A\$50 million of project expenditure. (\$25.0 million spent (unaudited) as of August 31 2020) (**Ongoing**).
- 1% Net Smelter Royalty to the Vendor on Pantoro's attributable gold and silver produced from CNGP, capped at a total of A\$6 million plus a 0.0025% royalty for a period of 5 years after the first \$6 million is paid (**Ongoing**).
- A\$10 million milestone payment to the Vendor upon definition of 1.8 Moz JORC Ore Reserve (**Ongoing**).



Pantoro is the manager of the Unincorporated Joint Venture.

About the Norseman Gold Project

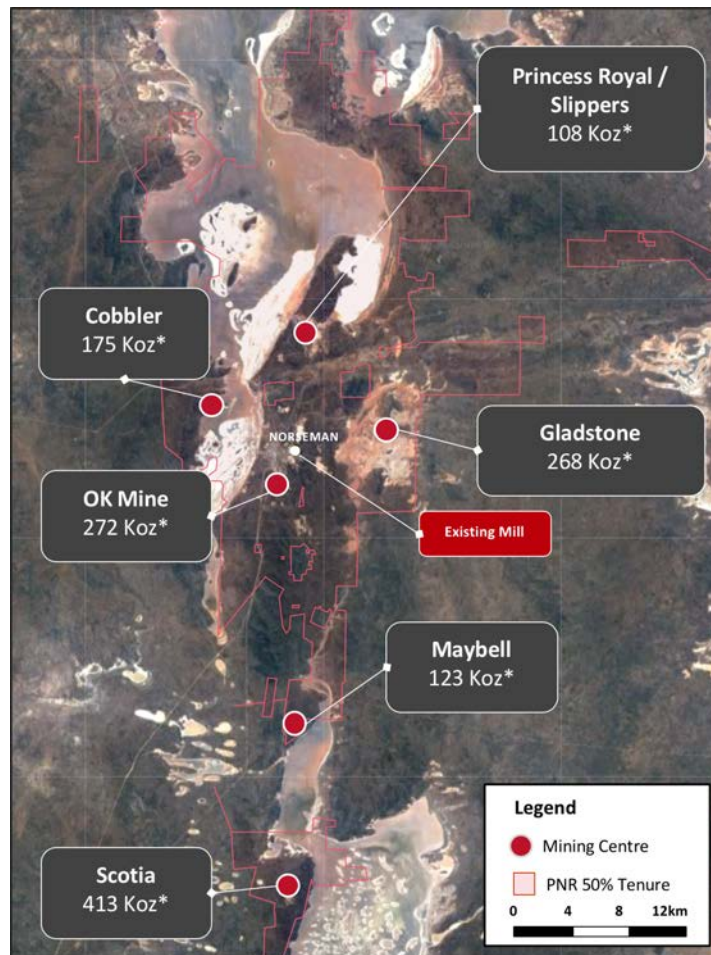
The Norseman Gold Project is located in the Eastern Goldfields of Western Australia, at the southern end of the highly productive Norseman-Wiluna greenstone belt. The project lies approximately 725 km east of Perth, 200 km south of Kalgoorlie, and 200 km north of Esperance.

The current Mineral Resource is 4.4 million ounces of gold (100% basis). Many of the Mineral Resources defined to date remain open along strike and at depth, and many of the Mineral Resources have only been tested to shallow depths. Pantoro is systematically drilling Mineral Resource areas and updating Mineral Resources and Ore Reserves as additional data becomes available. In addition, there are numerous anomalies and mineralisation occurrences which are yet to be tested adequately to be placed into Mineral Resources, with a number of highly prospective targets already identified by drilling.

The project comprises approximately 146 near-contiguous mining tenements, most of which are pre-1994 granted Mining Leases. The tenure extends approximately 70 lineal kilometres of the highly prospective Norseman – Wiluna greenstone belt covering more than 1,000 square kilometres.

Historically, the Norseman Gold Project areas have produced over 5.5 million ounces of gold since operations began in 1935, and is one of, if not the highest grade fields within the Yilgarn Craton.

The project is serviced by first class infrastructure at the project, local shire, and national infrastructure levels, all of which will contribute to significant capital cost reduction in redevelopment of the mine.



First Focus Mining Centres at Norseman.

Norseman Gold Project Activity Report

Activities completed during the 2020 financial year were undertaken on a two stream approach focussed on the drill out of the mining areas , and on new exploration prospects within the tenure.

Pantoro has now completed approximately 70,000m of RC and diamond drilling, with up to five drill rigs operating simultaneously.

Resource Definition

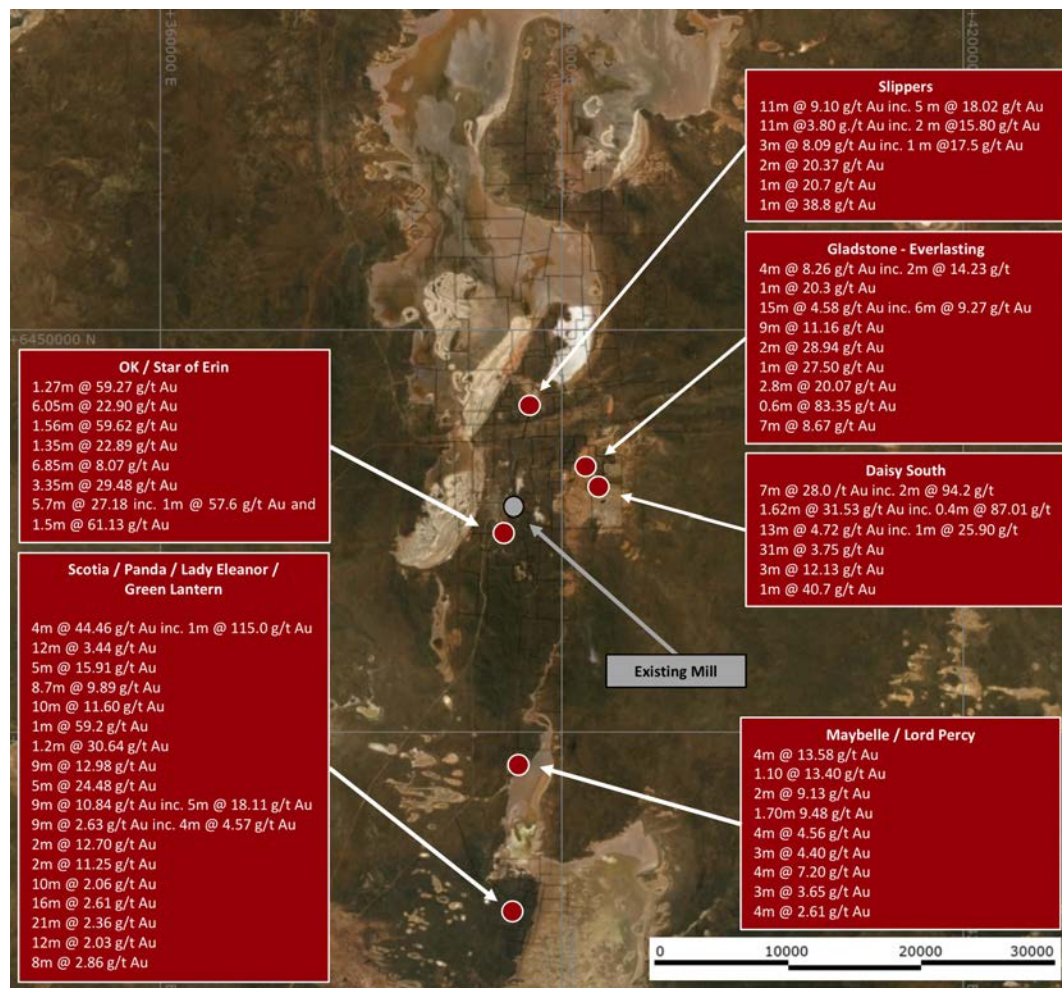
The majority of the drilling effort during the year was focussed on infill and extension at the six identified mining centres which include:

- Gladstone-Everlasting (open pit)
- Scotia (open pit)
- Cobbler (open pit)
- Princess Royal (open pit)
- Maybell (open pit), and
- OK (underground)

Drilling was designed to achieve adequate data density for conversion of Mineral Resources to Ore Reserves, and the majority of the required work was completed by year end. All deposits tested to date have broadly met or exceeded expectation, confirming quality of the resources available for mining.

REVIEW OF OPERATIONS (CONTINUED)

Drilling results have been routinely reported throughout the year, with highlights from each deposit shown in the figure below. Refer to page 12 for relevant ASX Announcement references.



Updating the Mineral Resources, and completion of mine design, scheduling and Ore Reserve calculation is underway. The new ore Reserves are intended to be finalised and released in conjunction with the definitive feasibility study for Norseman which is nearing completion. The feasibility study is being completed to an accuracy of $\pm 10\%$.

Exploration

In addition to the resource development work completed during the year, Pantoro has recommenced a systematic project-wide exploration program for the first time since the mid 1990's. Exploration programs commenced early in the year with appropriate work completed ahead of drill targeting including review of existing reports and data, re-logging of existing drill, surface mapping and revised structural interpretation. Re-processing of the extensive geophysical data sets existing over the majority of the project tenure has also been completed, with limited additional surveys planned for the coming year.

The pre-drilling diligence applied to the exploration program has paid immediate dividends, with excellent success in the first two prospects tested to date. The Panda deposit was first drilled in February 2020, following interpretation of the structural setting at Scotia. The discovery hole returned 5m @ 15.91g/t from 54m. Panda has now been well defined over approximately 130m, with step out drilling confirming mineralisation existing over a strike of greater than 600m. The near surface

mineralisation with excellent grade and width properties is expected to be suitable for open pit mining once fully defined, expanding the Scotia Mining Centre further.

The second exploration target drilled was the Sailfish prospect. Sailfish lies approximately 1.5km north of the Harlequin mine which has produced over 800,000 Oz of gold at a grade of approximately 10g/t Au. A limited 3 hole diamond drilling program was completed with an outstanding intersection of 8.1m @ 67.29g/t Au. Follow up drilling is planned in the first half of FY2021.

Forward Work Program

Pantoro has a clear forward work program strategy for Norseman which includes:

- Completion of the definitive feasibility study and recommencement of operations as soon as possible.
- Aggressively exploring for additional mineralisation within the tenement area, and
- Bringing additional existing resource areas to mine ready status.

The feasibility study is in the final stages at the time of reporting and is expected to be released to the ASX in the near term. The feasibility study is being completed to $\pm 10\%$ accuracy, and considers all aspects of mining, processing and infrastructure requirements to restart production from the project.

The exploration program for the coming year includes additional geophysical surveys, and drilling in priority areas. It is anticipated that additional follow drilling will be completed at Sailfish, and a wide range of targets are to be tested at the Scotia Mining centre. Extension to the Main Field, which has produced the majority of the historical ounces from the project will also be advanced. First pass drilling is also expected to be undertaken on several prospects within the Lake Cowan footprint. Structural interpretation and data review is also continuing, and is expected to generate additional drill targets during the period.

Following completion of the first phase of drilling at the six identified mining areas, planning for drilling of the next targets is underway. Pantoro has identified its targets for additional mining centres which include:

- Scotia Mining Centre Extensions;
- Mainfield Open Pit and underground opportunities;
- Polar Bear, and
- Buldania.

Drilling is expected to continue throughout the period, utilising multiple drill rigs.



Potential Norseman Project development plan showing three operating areas.

REVIEW OF OPERATIONS (CONTINUED)

Halls Creek Project, Western Australia (100%)

The Halls Creek Project includes the Nicolson's Mine, (45 km south west of Halls Creek) and a pipeline of exploration and development prospects located east of Halls Creek in the Kimberley Region of Western Australia.

Pantoro acquired its initial interest in the project during April 2014, and took possession of the site in May 2014 enacting its development plan for the project. First gold was poured in September 2015.

The project currently has a Mineral Resource estimate of 1.6 million tonnes at 6.6 g/t Au containing approximately 339,000 ounces of gold. The Ore Reserve estimate is 1.0 million tonnes at 4.6 g/t Au containing approximately 150,000 ounces of gold.

Nicolson's Mine is well located, only 8 km from the Great Northern Highway, a fully sealed transport corridor connecting Perth and Darwin. The mine is only 45 km from the town of Halls Creek, where extensive services, including camp accommodation and a sealed airstrip are utilised by the Company.



Halls Creek Project Location

Operating Results

Mining continued at both Nicolson's and Wagtail underground mines throughout the year. The main development focus at the mine has shifted from Nicolson's to Wagtail during the period, with encouraging results particularly in the Rowdies Lodes in the northern half of the mine.

Significant changes have been made at the Halls Creek operation during the year, with changes to senior management, and the operating philosophy at the mine. The main operational focus is maximisation of positive cashflow on a quarterly basis, rather than maximisation of production ounces. The changes have resulted in a substantial decrease in site costs and higher cashflows despite slightly lower production.

The operation fulfilled the last of the forward gold sale contracts in April 2020 and is now completely unhedged. Full exposure to the excellent gold market conditions has contributed to strong cashflows in the second half of the year.

Key production and cost data from the operations during the past year are set out in the table below.

	FY 2020			
Physical Summary	Q1	Q2	Q3	Q4
UG Ore Mined (t)	58,260	63,529	50,661	45,882
UG Grade Mined (g/t Au)	5.60	4.50	5.38	6.37
OP BCM Mined	193,210	38,836	0	0
OP Ore Mined (t)	4,919	6,263	0	0
OP Grade Mined (g/t Au)	8.90	6.29	0.00	0.00
Ore Processed (t)	54,343	58,456	55,986	59,002
Head Grade (g/t Au)	6.67	5.32	5.38	5.45
Recovery (%)	91.2%	94.0%	93.8%	92.7%
Gold Produced (oz)	10,631	9,403	9,085	9,586
Cost Summary (\$/oz)				
Production costs	\$1,432	\$1,642	\$1,524	\$1,344
Stockpile Adjustments	-\$87	\$74	\$80	-\$17
C1 Cash Cost	\$1,345	\$1,716	\$1,604	\$1,327
Royalties	\$39	\$59	\$64	\$65
Marketing/Cost of sales	\$5	\$6	\$5	\$6
Sustaining Capital	\$133	\$227	\$191	\$174
Corporate Costs	\$4	\$5	\$9	\$7
All-in Sustaining Costs	\$1,526	\$2,014	\$1,872	\$1,578
Major Project Capital	\$3.98M	\$1.74M	\$1.37M	\$1.40M
Exploration Cost	\$0.96M	\$1.02M	\$0.96M	\$0.36M
Project Capital	\$4.94M	\$2.76M	\$2.33M	\$1.76M

* C1 Cash Costs, All-in Sustaining Cost and Project Capital are non-IFRS financial information and are not subject to audit. These are widely used "industry" terms that certain investors use to evaluate company performance.

Impact of COVID-19

With the rapid onset of the COVID-19 pandemic in March 2020 the Company made significant changes to its Nicolson's Project located near Halls Creek, Western Australia. The changes implemented were designed to ensure the health and welfare of our staff, contractors, the Kimberley community, and to support the continuation of operations.

Travel restrictions specific to the Kimberley were announced by the Western Australian and Commonwealth Governments on 26 March 2020. As a result of these the Company activated its emergency contingency plan requiring the majority of operational staff and contractors to base themselves within the Kimberley region for an extended period of time to ensure continuity of operations. Additional accommodation, with in the region, was procured to fully meet the Company's requirements with the workforce working extended rosters and taking roster breaks with in the region. These additional accommodation costs were offset by reduced flights. By containing its workforce inside the broader Kimberley region operations continued largely unaffected by regional travel restrictions.

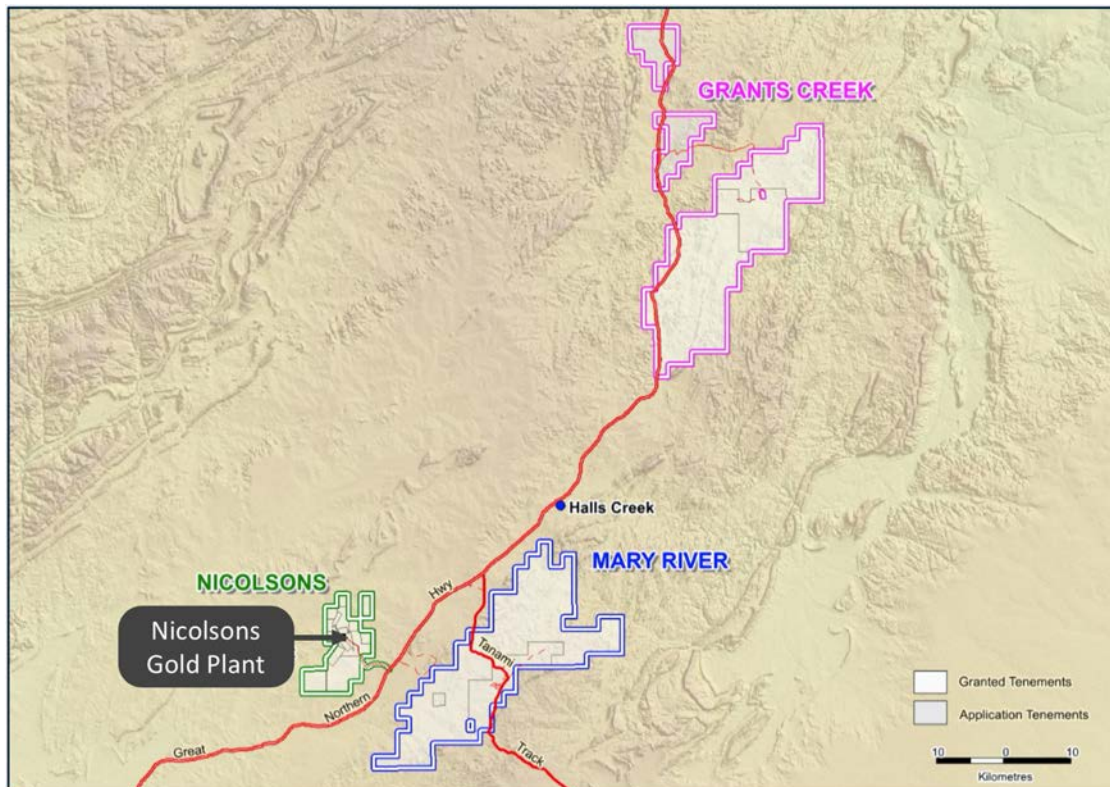
The operational management controls implemented were scaled back in response to the removal from lockdown of the Kimberley region under the Biosecurity Act 2015 (Cth), which was lifted on the 5 June 2020. Pantoro continues to actively monitor the situation and has plans in place to ensure continuity of the operations.

REVIEW OF OPERATIONS (CONTINUED)

Regional Exploration

Pantoro Holds a dominant position in the Halls Creek Region with tenement holdings across the majority of the historical gold production areas and the only processing plant within 300 kilometres. There is no other commercial scale gold processing facilities in the Kimberley Region of Western Australia.

The current tenement package consists of the Nicolson's Project, the Grants Creek Project and the Mary River Project. Nicolson's is the only package currently in the production phase, however a small Mineral Resource has now been estimated at the Perseverance and Star of Kimberly deposits at Grants Creek.



The exploration program for 2020 was the one work element at Halls Creek materially affected by the COVID 19 pandemic. The introduction of the bio-security zone in the Kimberley Region resulted in postponement of the regional exploration programs.

Access to exploration areas has now been regained, and short drilling programs at Grants Creek and Mary River are planned prior to the 2021 wet season.

Papua New Guinea (PNG)

Pantoro is in the process of exiting Papua New Guinea, and the only works being undertaken relate to the de-registering its subsidiary Pacific Niugini Minerals (PNG) Limited.

Corporate

Share Issues and Corporate Structure

In May 2019, Pantoro announced the acquisition of 50% of the Norseman Gold Project from Central Norseman Gold Corporation. On 10 July 2019 Pantoro issued 100,000,000 Ordinary Shares as part of the settlement of the 50% acquisition of the Norseman Gold Project.

The capital structure of the company at 30 June 2020 is shown in the table below:

Ordinary Shares (PNR)	1,175,943,929
Unlisted Employee Options	12,791,876 (various conversions and expiry dates)
Unlisted Options – Corporate Advisor	10,000,000 (various conversions dates expiring 31 March 2022)

Subsequent to the end of the year, Pantoro completed a \$55.5 million (before costs) equity placement in August 2020. The placement consisted of \$50 million to Sophisticated and Professional investors, and \$5.5 million to existing shareholders through a Share Purchase Plan.

The capital structure of the Company as at 25 September 2020 is shown below:

Ordinary Shares (PNR)	1,408,398,228
Unlisted Employee Options	11,395,398 (various conversions and expiry dates)
Unlisted Options – Corporate Advisor	10,000,000 (various conversions dates expiring 31 March 2022)

Gold Forward Contracts

Pantoro currently has no gold forward contracts with the last forward contract delivery being 30 April 2020.

Liquidity

Cash on hand at 30 June 2020 was \$22,492,639 (2019: \$53,696,188). As at 30 June 2020, the site gold inventory, cash and gold on hand was \$24 million (refer to June 2020 quarterly report, released to the ASX on 15 July 2020).

Environmental and Social Responsibility

Pantoro's strategy is to grow its business as a sustainable gold producer by building and developing quality assets to unlock their full potential. Pantoro recognises that it operates in environmentally and culturally sensitive regions of Australia and believes its performance is tied to respecting the land and communities in which we operate.

Pantoro aims to achieve excellent safety and environmental performance across our operations. To help achieve this, Pantoro has aligned certain key performance indicators of its short term incentive program for senior management with environmental and safety performance. For the financial year operations at Halls Creek recorded an improvement in key safety metrics and there were no material environmental issues.

As the Company grows, Pantoro will continue to set new targets to improve its safety and environmental performance. In August 2020 the Company established a new Audit & Risk Committee of the Board with a mandate to assess new and emerging sources of risk to the Company, including climate change and social sustainability risks.

Pantoro recognises the remote areas in which it operates and aims to give back to the communities through generating and providing employment, training and contracting opportunities. Pantoro also engages in community support via a number of sponsorship programs.

Highlights for the year from our Norseman operations includes providing assistance and equipment to the Ngadjju Ranger program, sponsorship of the Norseman festival and assistance for the DFES regional fire fighting effort.

In Halls Creek Pantoro continued with its ongoing program of providing equipment and resources to the local indigenous owned and operated Lamboo Station, sponsored an Indigenous Art Award in the Halls Creek Remote Community School through the Children's Charity Network and contributed to community projects like the regional Christmas presents drive.



Halls Creek Remote Community School

Compliance Statements

Norseman Project – Exploration Targets, Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Scott Huffadine (B.Sc. (Hons)), a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Huffadine is a Director and full time employee of the company. Mr Huffadine is eligible to participate in short and long term incentive plans of and holds shares and options in the Company as has been previously disclosed. Mr Huffadine has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Huffadine 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 relating to Exploration Targets and Exploration Results is extracted from reports entitled 'Successful Start to Norseman Drilling Campaign' dated 9 September 2020, 'Outstanding Results from Initial Drilling at Daisy South' dated 14 November 2019, 'Drilling Confirms High Grade Mineralisation at Gladstone' dated 25 November 2019, 'Additional Results at Daisy South and Gladstone-Everlasting' dated 28 January 2020, 'Drilling Indicates Significant Extensions at Norseman' dated 26 February 2020, 'High Grade Results from OK Underground Mine Drilling' dated 17 April 2020, 'Princess Royal/Slippers Drilling Confirms Multiple Ore Zones' dated 23 April 2020, 'New Discovery Confirmed at Panda' dated 21 May 2020, 'Exceptional Results Confirm Scotia as Key Mining Centre' dated 9 June 2020, 'High Grade Results Continue from OK Underground Mine' dated 16 June 2020, 'Panda Discovery Extended with Additional Drilling' dated 27 July 2020, 'Excellent Initial Results from Maybell Mining Centre' dated 29 July 2020, 'New Ore Zone Discovered at Scotia Mining Centre' dated 20 August 2020 and 'OK Mine Drilling Program Complete with High Grade Results' dated 3 September 2020 and available to view on Pantoro's website (www.pantoro.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Norseman Project – Mineral Resources

The information is extracted from the report entitled 'Strategic Transaction and Capital Raising Presentation' created on 15 May 2019 and is available to view on Pantoro's website (www.pantoro.com.au) and the ASX (www.asx.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Halls Creek Project – Exploration Targets, Exploration Results

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Scott Huffadine (B.Sc. (Hons)), a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Huffadine is a Director and full time employee of the company. Mr Huffadine is eligible to participate in short and long term incentive plans of and holds shares and options in the Company as has been previously disclosed. Mr Huffadine has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Huffadine consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Halls Creek Project – Mineral Resources & Ore Reserves

The information relating to Mineral Resources and Ore Reserves is extracted from a report entitled 'Halls Creek Project Mineral Resource and Ore Reserve Update' created on 25 September 2020 and available to view on Pantoro's website (www.pantoro.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

MINERAL RESOURCES & ORE RESERVES

Pantoro holds 100% of the Halls Creek Project. The total Mineral Resources and Ore Reserves for the Halls Creek Project were calculated as at 31 May 2020 and announced on 25 September 2020. The Mineral Resources and Ore Reserves have been rounded for reporting and are set out below.

Halls Creek Mineral Resources

	Measured			Indicated			Inferred			Total		
	kT	Grade	kOz	kT	Grade	kOz	kT	Grade	kOz	kT	Grade	kOz
Nicolsons	194	11.8	74	359	6.2	71	106	8.2	28	660	8.2	173
Wagtail	103	8.7	29	420	6.5	88	135	6.7	29	657	6.9	146
Grants Creek	-	-	-	-	-	-	179	2.4	14	179	2.4	14
Stockpiles	106	1.8	6	-	-	-	-	-	-	106	1.8	6
Total	404	8.4	109	779	6.4	160	420	5.3	71	1,602	6.6	339

Notes: Nicolsons Underground (3.0 g/t cut-off grade applied to stoping, 1.0 g/t cut-off grade applied to development).

Wagtail Underground (2.0 g/t cut-off grade applied to stoping, 1.0 g/t cut-off grade applied to development).

Open Pits (0.6 g/t cut-off grade applied).

Halls Creek Ore Reserves

	Proven			Probable			Total		
	kT	Grade	kOz	kT	Grade	kOz	kT	Grade	kOz
Nicolsons Underground	67	8.9	19	133	4.7	20	200	6.1	39
Nicolsons Open Pits	39	9.9	12	52	4.2	7	91	6.5	19
Wagtail Underground	99	4.4	14	432	4.2	58	531	4.2	72
Wagtail Open Pits	-	-	-	95	4.3	13	95	4.3	13
Stockpiles	106	1.8	6	-	-	-	106	1.8	6
Total	312	5.2	52	711	4.3	98	1,023	4.6	150

Norseman Gold Project Mineral Resources

Pantoro holds 50% of the Norseman Gold Project. The total Mineral Resources of the Norseman Gold Project were calculated as at January 2019 and announced on 9 September 2019. The Mineral Resources have been rounded for reporting and are set out below. The Norseman Gold Project was acquired by Pantoro during the financial year and a Mineral Resource and Ore Reserve review is ongoing with results expected to be announced with the results of the feasibility study in the next quarterly period.

Underground			
Category	Tonnes (M)	Grade (g/t)	Contained Au (Moz)
Measured	0.3	13.9	0.13
Indicated	1.34	17.86	0.77
Inferred	2.53	14.06	1.15
Total	4.17	15.27	2.05

Surface			
Category	Tonnes (M)	Grade (g/t)	Contained Au (Moz)
Measured	4.31	0.8	0.11
Indicated	11.37	2.02	0.74
Inferred	15.68	3.5	1.34
Total	31.35	2.34	2.36

Total			
Category	Tonnes (M)	Grade (g/t)	Contained Au (Moz)
Measured	4.6	1.64	0.24
Indicated	12.71	3.69	1.51
Inferred	18.21	4.24	2.48
Total	35.51	3.86	4.41

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Norseman Underground Resources January 2019												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mainfield Area												
Ajax	15,000	13	6,270	30,000	13	12,540	39,000	13	16,302	84,000	13	35,112
Bullen - Marora Shoots 1 and 2							91,883	16.86	49,808	91,883	16.86	49,808
Bullen - Mararoa (Phoenix)				56,000	24.99	45,000				56,000	24.99	45,000
Bullen - Mararoa (Regent)				20,900	10.57	7,100				20,900	10.57	7,100
Bullen - O'Briens Reef (CHWS)				5,315	15.31	2,617	35,456	26.9	30,660	40,771	25.39	33,277
Bullen - St Patricks (incl Norseman Reef)	3,000	20.74	2,000	43,000	15.91	22,000	39,000	19.14	24,000	85,000	17.56	48,000
Butterfly Deepes							56,340	16.72	30,295	56,340	16.72	30,295
Crown Reef (Pillars and Remnants)	252,000	14.5	117,491	144,000	11.45	53,000	230,000	12.44	92,000	626,000	13.04	262,491
OK - O2, O3 & O4				107,141	17.44	60,084	52,748	16.2	27,466	159,889	17.03	87,550
OK - Remnants	25,000	7.59	6,100	24,000	6.35	4,900				49,000	6.98	11,000
OK - Star Of Erin				52,793	23.45	39,803	92,821	22.49	67,112	145,614	22.84	106,915
Racetrack X-Link							124,571	11.15	44,666	124,571	11.15	44,666
Total Mainfield	295,000	13.9	131,861	483,149	15.9	247,044	761,819	15.61	382,309	1,539,968	15.37	761,214
North Royal												
N Royal/Slippers >200m							11,225	7.98	2,878	11,225	7.98	2,878
North Royal - Tiara				131,356	26.86	113,432	648,264	15.57	324,519	779,620	17.47	437,951
North Royal - Renegade							536,207	12.29	211,935	536,207	12.29	211,935
Total North Royal				131,356	26.86	113,432	1,195,696	14.03	539,332	1,327,052	15.3	652,764

Norseman Underground Resources January 2019												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Harlequin												
Harlequin East - Model2				91,095	29.57	86,593	82,652	13.69	36,383	173,747	22.01	122,976
Harlequin West - Model 3				479,947	16.86	260,116	66,935	7.73	16,645	546,882	15.74	276,761
Harlequin South (Model 4)							33,733	17.97	19,487	33,733	17.97	19,487
Total Harlequin				571,042	18.88	346,709	183,320	12.3	72,515	754,362	17.29	419,224
Scotia												
Scotia				60,803	15.58	30,454	58,560	15.04	28,315	119,363	15.31	58,769
Taurus				91,328	10.39	30,513	335,471	11.47	123,689	426,797	11.24	154,202
Total Scotia				152,131	12.46	60,967	394,031	12	152,004	546,160	12.13	212,971

Norseman Surface Resources January 2019 – South of Jemberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mainfield Area												
Ground Lark							70,000	2.8	6,300	70,000	2.8	6,300
Maloneys Reef							109,000	1.71	6,000	109,000	1.71	6,000
St Patricks Norseman Reef							293,000	2.65	25,000	293,000	2.65	25,000
Venture HW Reef							456,000	2.8	41,000	456,000	2.8	41,000
St Patricks X-Link							414,000	3.46	46,000	414,000	3.46	46,000
Mararoa Regent North							1,176,000	7.93	300,000	1,176,000	7.93	300,000
Bluebird Shear							149,000	6.26	30,000	149,000	6.26	30,000
Phoenix Crown Pillar							226,000	6.74	49,000	226,000	6.74	49,000
Butterfly Crown Pillar							292,000	3.94	37,000	292,000	3.94	37,000
Pascoe X-Link							330,000	10.84	115,000	330,000	10.84	115,000
Star of Erin East							97,000	7.05	22,000	97,000	7.05	22,000
Mount Barker							269,000	1.87	16,200	269,000	1.87	16,200
Total Mainfield Area							3,881,000	5.56	693,500	3,881,000	5.56	693,500

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Norseman Surface Resources January 2019 – South of Jimberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Mainfield East - Penneshaw												
Gladstone-Everlasting				1,165,000	2.59	97,000	1,536,000	3.14	155,000	2,701,000	2.9	252,000
Daisy South				129,600	3.5	14,600	10,700	3.2	1,100	140,300	3.48	15,700
Total Mainfield East - Penneshaw				1,294,600	2.68	111,600	1,546,700	3.14	156,100	2,841,300	2.93	267,700
Noganyer												
Andronicus							3,342,000	1.32	141,400	3,342,000	1.32	141,400
Lady Miller				702,000	2.08	47,000	309,000	1.71	17,000	1,011,000	1.97	64,000
Perkins	140,135	2.27	10,246	2,301,651	1.14	84,241	945,890	1.85	56,215	3,387,676	1.38	150,702
Lord Percy							573,000	2.88	53,000	573,000	2.88	53,000
Maybell				1,198,551	1.8	69,402	24,006	0.71	547	1,222,557	1.78	69,949
Total Noganyer	140,135	2.27	10,246	4,202,202	1.49	200,643	5,193,896	1.61	268,162	9,536,233	1.56	479,051
Scotia												
Scotia				886,000	4.09	116,400	457,000	3.56	52,300	1,343,000	3.91	168,700
Lady Eleanor							282,000	2.14	19,400	282,000	2.14	19,400
Freegift							254,000	1.53	12,500	254,000	1.53	12,500
Total Scotia				886,000	4.09	116,400	993,000	2.64	84,200	1,879,000	3.32	200,600

Surface Resources January 2019 – North of Jimberlana Dyke												
	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
North Royal												
Slippers N Royal Paleochannels				427,746	1.17	16,133	79,909	1.74	4,477	507,655	1.26	20,611
N Royal Grade Control				56,344	3.87	7,010	2,573	9.55	790	58,917	4.12	7,800
Slippers <200mRL				300,637	3.35	32,335	247,131	2.77	21,975	547,768	3.08	54,310
North Royal <200mRL				71,905	1.61	3,729	272,086	3.35	29,267	343,991	2.98	32,996
Golden Dragon				174,000	4.83	27,000	122,000	3.57	14,000	277,000	4.53	40,300
Kaipoi							92,000	1.89	5,600	92,000	1.89	5,600
Total North Royal				1,030,632	2.6	86,208	815,699	2.9	76,109	1,827,331	2.75	161,617
Harlequin												
Harlequin Top 200m				450,689	3.7	53,620	688,486	3.4	75,307	1,139,175	3.52	128,927
Total Harlequin				450,689	3.7	53,620	688,486	3.4	75,307	1,139,175	3.52	128,927
Lake Cowan												
Cobbler				2,415,000	1.53	119,000	1,102,000	1.55	55,000	3,518,000	1.55	175,000
Dhufish							456,000	3.21	47,000	456,000	3.21	47,000
Total Lake Cowan				2,415,000	1.53	119,000	1,558,000	2.04	102,000	3,974,000	1.74	222,000
Polar Bear												
Sontaran							259,000	2.21	18,400	259,000	2.21	18,400
Total Polar Bear							259,000	2.21	18,400	259,000	2.21	18,400
Buldania												
Buldania				1,095,000	1.44	50,600	743,000	1.63	39,000	1,844,000	1.51	89,800
Total Buldania				1,095,000	1.44	50,600	743,000	1.63	39,000	1,844,000	1.51	89,800
Surface Stockpiles												
Phoenix Tails	4,165,000	0.75	100,000							4,165,000	0.75	100,000
Total Surface Stockpiles	4,165,000	0.75	100,000							4,165,000	0.75	100,000

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Annual Update of Mineral Resource & Ore Reserves

On 25 September 2020 Pantoro released the results of its annual update of Mineral Resources & Ore Reserves at Halls Creek. Key results of the annual review of the Halls Creek Mineral Resources and Ore Reserves were:

- The total Halls Creek Project Mineral Resource now stands at 1,602,000 tonnes @ 6.6 g/t for 339,000 ounces, maintaining the inventory in line with the previous year's result after mining depletion.
- The total Halls Creek Project Ore Reserve now stands at 1,023,000 tonnes @ 4.6 g/t for 150,000 ounces.
- Underground Ore Reserves of 111,000 ounces maintains the rolling three year underground Ore Reserve life that the project has maintained since the first development in 2015.
- The Mineral Resource and Ore Reserves for Halls Creek remained consistent with the 2019 report after accounting for mine depletion during FY20. The project has consistently reported Mineral Resources in excess of 300,000 ounces of gold for the last four years while mine depletion has exceeded ~200,000 ounces since the commencement of operations. This pleasing result provides Pantoro with confidence it will continue to replenish the Mineral Resource inventory at Halls Creek and provide a platform for continued Ore Reserve growth.
- The Wagtail Ore Reserve increased to 626,000 tonnes @ 4.2 g/t for 85,000 ounces, a 16% increase from the prior year estimate and a 36% increase when accounting for mine depletion over this period. The Ore Reserve extends to ~250 metres below surface with Inferred Mineral Resource extending a further 50 metres below the base of the Ore Reserve. The Mineral Resource remains open at depth across all three lodes, Wagtail North, Wagtail South and Rowdies lodes.
- The Nicolsons Ore Reserve is estimated at 291,000 tonnes @ 6.3 g/t for 59,000 ounces, with the reduction in total Ore Reserve driven by mining depletion. The Ore Reserve is split between 200,000 tonnes @ 6.1 g/t for 39,000 ounces to be recovered from underground and 91,000 tonnes @ 6.5 g/t for 19,000 ounces to be recovered from open pit.

Pantoro acquired the Norseman Project in the FY20 financial year and is currently undertaking a review of Mineral Resources & Ore Reserves. Pantoro expects to release an update to the Norseman Project Mineral Resources & Ore Reserve with the feasibility study results in the next quarterly period.

Material Changes since 31 May 2020

Between 31 May 2020 and 30 June 2020 there have been no material changes in the Mineral Resources or Ore Reserves except for mining depletion in the usual course of business.

Governance Arrangements and Internal Controls

Pantoro ensures that the Mineral Resource and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal reviews of Mineral Resource and Ore Reserve estimation procedures and results are carried out by the Managing Director and Operations Director. These reviews have not identified any material issues.

The Operations Director is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the Company and the estimation and reporting of resources and reserves

Pantoro reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by Pantoro are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

DIRECTORS' REPORT

Your directors present their report on the company, being Pantoro Limited ("the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2020.

DIRECTORS

The names of the directors in office and at any time during or since the end of the financial year are as follows. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Wayne Zekulich BBus, FCA – Independent Non-Executive Chairman⁽¹⁾ (appointed 2 October 2019)
Mr Zekulich has a broad range of experience covering advice on mergers and acquisitions, arranging and underwriting project financings, and debt and equity capital markets. Wayne previously was the Chief Financial Officer for Gindalbie Metals Ltd and prior to that the Chief Development Officer of Oakajee Port and Rail. He is currently a consultant to Deutsche Bank and a member of a number of non-for-profit sector boards and committees. Mr Zekulich serves on the Company's Remuneration and Audit and Risk Committees (both established 14 August 2020).

During the past three years he has served as a director of the following public listed companies:

- archTIS (resigned 31/7/2020)

Mr Paul Cmrlec BEng (Mining), Honours – Managing Director

Mr Cmrlec is a qualified mining engineer with over 20 years of experience. He has worked in numerous production, planning and corporate roles during his career and has worked in both executive and non-executive board positions for a number of mining and exploration companies.

He has held senior operational and or corporate positions within a range of companies including Metals X Limited, Harmony Gold, and Anglo Gold Ashanti, and has been the Managing Director of Pantoro since 2011.

Mr Cmrlec has a project development and operations focus, and has been integral in transitioning Pantoro Limited from exploration company to active developer and producer. He was the key company driver behind the recent acquisition of 50% of the Central Norseman Gold Project.

Mr Cmrlec has not held any other public company directorships in the past three years.

Mr Scott Huffadine BSc., Honours – Operations Director

Mr Huffadine is a geologist with more than 25 years' experience in the resource industry, specifically project management, geology and executive management. Mr Huffadine has held several key management positions ranging from operational start-ups involving open pit and underground mining projects, through to large integrated operations in gold and base metals. He was previously Managing Director of Kingsrose Mining Limited, an Executive Director of Metals X Limited and Managing Director of Westgold Resources Limited.

Mr Huffadine has not held any other public company directorships in the past three years.

Mr Kyle Edwards BArts/Law – Independent Non-Executive Director

Mr Edwards is a corporate and resources lawyer and a Director at EMK Lawyers (a Western Australian based corporate and resources law firm). Mr Edwards graduated from the University of Notre Dame Fremantle with a bachelor of Arts (Politics)/Law in 2008.

Mr Edwards' has over 10 years' experience as a lawyer with a particular focus on mining and resources law, mergers and acquisitions, capital markets and native title law. Mr Edwards is the Chair of the Company's Remuneration Committee and serves on the Audit and Risk Committee (both established 14 August 2020).

Mr Edwards has not held any other public company directorships in the past three years.

Mr Michael Jefferies BCom, CA – Independent Non-Executive Director (1) (resigned 3 August 2020)
Mr Jefferies has extensive experience in finance and investment, including 20 years as an executive at Guinness Peat Group plc. Michael is a non-executive director of Homeloans Limited and Ozgrowth Limited. He was formerly a director of a number of financial services companies including Australian Wealth Management Limited, Tower Australia Limited, Clearview Wealth Limited and Afterpay Touch Group Limited. Michael was also formerly a director of a number of resources companies.

During the past three years he has served as a director of the following public listed companies:

- Afterpay Touch Group Limited (resigned 16 January 2018)
- Ozgrowth Limited *
- Resimac Group Limited (resigned 26 November 2019)

Fiona Van Maanen BBus, CPA, Grad Dip CSP – Independent Non-Executive Director (Appointed 3 August 2020)

Mrs Van Maanen has more than 25 years' experience in accounting and financial management in the mining and resources industry. Mrs Van Maanen is currently the Chief Financial Officer and company secretary of Metals X Limited. Mrs Van Maanen is also the Chair of the Company's Audit and Risk Committee and serves on the Remuneration Committee (both established 14 August 2020).

During the past three years she has served as a director of the following public listed companies:

- Westgold Resources Ltd*

⁽¹⁾ On 6 February 2020 Mr Jefferies resigned as Chairman and Mr Zekulich was appointed as Chairman.

* Denotes current directorship

INTEREST IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Pantoro Limited were:

Director	Full Paid Ordinary Shares	Options
Paul Cmrlec	7,966,955	3,000,000
Kyle Edwards	108,593	1,000,000
Scott Huffadine	2,934,944	3,000,000
Michael Jefferies	432,820	-
Fiona Van Maanen	100,389	-
Wayne Zekulich	284,949	-

COMPANY SECRETARY

Mr David Okeby

Mr Okeby has extensive legal, contractual, administrative and corporate experience in the mining industry. Mr Okeby brings skills in governance, stakeholder relations and corporate activities including mergers, acquisitions and divestments to the Company.

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was gold mining, processing and exploration in Western Australia.

OPERATING RESULTS

With the completion of the 50% acquisition of the Norseman Gold Project early in July 2019, there was a focus on exploration at this project throughout the year. A detailed feasibility study on the project restart was commenced and is ongoing at year end. At the Company's Halls Creek project, operational changes to the mining method and scale as a result of reduced ounces per vertical metre observed at Nicolson's deposit were effectively implemented during the second half of the year. The reduced cost profile from these changes together with a rising gold price and the completion of gold hedge commitments saw the project return to positive cashflow in the second half of the year.

Key metrics:

- Gold produced – 38,704 oz (2019: 43,018 oz)
- Revenue - \$82,135,369 (2019: \$77,037,903);
- Cost of goods sold - \$90,406,272 (2019: \$73,656,131);
- Gross loss - \$8,270,903 (2019: \$3,381,772 profit);
- Loss before income tax - \$29,174,830 (2019: \$832,678 profit);
- Cash flows from operating activities - \$19,489,621 (2019: \$19,038,923);
- Cash flows used in investing activities - \$44,492,823 (2019: \$30,237,891); and
- Cash flows used in financing activities - \$6,199,097 (2019: \$53,136,770 from).

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2020, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 21,395,398 ordinary shares under options.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of exercising options

There were no options converted to shares during the financial year, refer to note 23(e). Subsequent to year end, on 6 July 2020, 1,035,810 Zero Exercise Price Options (ZEPOs) were exercised and ordinary shares issued.

REVIEW OF OPERATIONS

A full review of the operations of the Group during the year ended 30 June 2020 is included in this report. Refer to Review of Operations for further detail.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year other than as disclosed in this report or the consolidated financial statements.

AFTER BALANCE DATE EVENTS

On 1 July 2020, the Company announced the vesting of 1,203,997 unlisted employee options and the lapsing of 191,941 unlisted employee options. Both of these unlisted employee options transactions were tranche one of ZEPOs granted 4 October 2019.

On 6 July 2020, the Company announced the issue of 1,035,810 ordinary shares as a result of the exercise of employee options.

On 15 July 2020, Pantoro's corporate adviser Argonaut subscribed for two tranches of 5,000,000 unlisted options with exercise prices of \$0.15 and \$0.20 respectively and both expiring 31 March 2022. The subscription fee paid for the issue of both tranches was \$100,000.

On 4 August 2020, the Company announced the appointment of Ms Fiona Van Maanen as an Independent Non-Executive Director replacing retiring Independent Non-Executive Director Mr Michael Jefferies.

On 7 August 2020, the Company announced a \$55 million capital raising comprising \$50 million in firm commitments under a placement at an issue price of 24 cents per share and a share purchase plan to raise up to \$5 million at the same issue price to all existing Pantoro shareholders with a registered address in Australia or New Zealand.

On 14 August 2020, the company completed the \$50 million share placement and issued 208,333,334 ordinary shares in the Company.

On 2 September 2020, the Company announced the completion of the share purchase plan (SPP) and the issue of 22,916,967 ordinary shares to raise \$5,500,000.

There are no other matters or circumstances that have arisen since the end of the financial year to the date of this report, which 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 subsequent financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Business strategies and prospects for future financial years have been included in the review of operations.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulations under the laws of Australia and Papua New Guinea.

In Australia these issues are dealt with by the Operations Director of the Company.

In PNG these issues are dealt with by the Managing Director of Pacific Niugini Minerals (PNG) Ltd, the entity in PNG.

The Group is not aware of any matter that requires disclosure with respect to any significant environmental regulation in respect of its activities.

REMUNERATION REPORT

Contents

1. Remuneration report overview
2. Remuneration governance
3. Non-Executive Director remuneration
4. Executive remuneration
5. Performance and executive remuneration outcomes
6. Executive employment arrangements
7. Additional statutory disclosure

1. REMUNERATION REPORT OVERVIEW

The Directors of Pantoro Limited present the Remuneration Report (the Report) for the Group for the year ended 30 June 2020 (FY2020). This Report forms part of the Directors Report and has been audited in accordance with section 300A of the Corporations Act 2001 and its regulations.

The Report details the remuneration arrangements for Pantoro's Key Management Personnel (KMP) being the:

- Non-Executive Directors (NEDs); and
- Managing Director (MD), executive directors and senior executives (collectively "the executives").

KMP are those who directly, or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

Details of KMP of the Group are set out below:

Name	Position	Appointed	Resigned
(i) Non-Executive Directors			
W Zekulich	Non-Executive Chairman	2 October 2019	-
K Edwards	Non-Executive Director	5 October 2016	-
ML Jefferies	Non-Executive Director	5 October 2016	4 August 2020
FJ Van Maanen	Non-Executive Director	4 August 2020	-
(ii) Executive Directors			
PM Cmrlec	Managing Director & CEO	1 June 2010	-
SJ Huffadine	Operations Director	15 March 2016	-
(iii) Senior Executives			
SM Balloch	Chief Financial Officer	31 October 2014	-
DW Okeby	Company Secretary	31 October 2014	-

2. REMUNERATION GOVERNANCE

During the year ended 30 June 2020, the Company did not have a separately established nomination or remuneration committee. Considering the size of the Company, the number of directors and the economic entity's stage of its development, the Board were of the view that these functions can be efficiently performed with full Board participation. Post end of year and in recognition of the increasing company size and complexity the Board formed a Remuneration Committee on 14 August 2020. Members of this committee are detailed in the Director Report.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives was reviewed by the Board during the year. Reference was made to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Board did not engage a remuneration consultant in FY2020.

Outcome of Remuneration Review

The introduction of a formal short-term incentive (STI) policy that has the objective of linking executive remuneration with the achievement of the Group's key operational and financial targets. The STI will be an annual "at risk" component of remuneration for executives that is payable in cash based on performance against key performance indicators (refer to section 4).

The long-term incentive (LTI) policy was amended to focus the efforts of executives on long-term value creation to further align management's interests with those of the shareholders. The LTI is considered to be an "at risk" component of remuneration for executives that is payable in zero exercise price options (ZEPOs) (being an option to acquire an ordinary share in Pantoro for nil consideration). Each granting of ZEPOs will be made in two tranches:

- 50% of the options will be performance tested against the LTI performance measures for a one year performance period (e.g. 1 July 2019 to 30 June 2020); and
- 50% of the options will be performance tested against the LTI performance measures for a two year performance period (e.g. 1 July 2019 to 30 June 2021).

Executives are able to exercise any options that vest for up to two years after the vesting date before the vested options lapse.

ZEPOs will be subject to the following performance conditions:

- Relative Total Shareholder Return (TSR) (50%); and
- Absolute Share Price performance (ASP) (50%).

The Executive Directors have a maximum LTI opportunity of 50% of fixed remuneration and other executives have a maximum LTI opportunity of 40% of fixed remuneration. The number of ZEPOs granted is determined by dividing the LTI remuneration dollar amount by the volume weighted average price (VWAP) of Pantoro shares traded on the ASX during the 5-day trading period prior to the day of the grant.

The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to Pantoro's ability to deliver superior shareholder returns relative to its peer companies by comparing the TSR performance against the performance of the S&P/All Ordinaries Gold Index.

The Board considers that ASP is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is explicitly linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

REMUNERATION REPORT (CONTINUED)

2. REMUNERATION GOVERNANCE (Continued)

As a transitional arrangement for FY2020 Executive Directors were not granted ZEPOs due to having been issued premium exercise price options (PEPOs) (being an option to acquire a share in Pantoro for at a pre-determined exercise price at a premium to the 5 trading day Pantoro share price VWAP prior to the grant date) in July 2019 (recognition of expenses in relation to these PEPOs commenced in 30 May 2019). These PEPOs were issued in two equal tranches with a one year and two year service condition respectively before vesting. In addition for the FY2020 transitional year, other executives were granted a single tranche of PEPOs with a one year service condition. The vesting conditions for the PEPO's were chosen to align executive remuneration with the generation of shareholder wealth.

Remuneration report at FY2019 AGM

The FY2019 remuneration report received positive shareholder support at the FY2019 AGM with a vote of 99% in favour.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

Pantoro's NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Company's constitution and the ASX listing rules specify that the NED fee pool limit, shall be approved periodically by shareholders. The last determination was approved at a General Meeting of shareholders on 1 July 2019 with an aggregate fee pool of \$350,000 per year.

The amount of the aggregate remuneration sought to be approved by shareholders and the manner in which it is paid to NEDs is reviewed annually against comparable companies. The Board also considers advice from external advisors when undertaking the review.

Non-executive directors are encouraged to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

NED Remuneration Structure

The remuneration of NEDs consists of director's fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. NEDs do not participate in any performance-related incentive programs.

Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. No additional fees are paid to NEDs for being a Chair or Member of a sub-committee. However, NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. NEDs may be issued with non-performance based share options in exceptional circumstances as considered appropriate by the Board, which is subject to shareholder approval in accordance with the ASX Listing Rules. They may also be reimbursed for out-of-pocket expenses incurred as a result of their directorships.

In recognition of extra services performed by Mr Edwards associated with the Norseman Gold Project transaction Mr Edwards was issued 1,000,000 share options (PEPOs) as approved and granted at General Meeting of shareholders on 1 July 2019. Recognition of expenses in relation to these PEPOs commenced in 30 May 2019. These PEPOs were issued in two equal tranches with a one year and two year vesting period respectively before vesting.

4. EXECUTIVE REMUNERATION

Executive Remuneration Policy

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- linked to the performance of the Company;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance and is simple to administer and understand by executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Executive Remuneration Structure

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components:

- fixed remuneration;
- short-term incentives (STI); and
- long-term incentives (LTI).

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of executives' remuneration is placed "at risk". The relative proportion of FY2020 potential total remuneration packages split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Executive Directors	50%	25%	25%
Other Executives	56%	22%	22%

Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

Short Term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

REMUNERATION REPORT (CONTINUED)

4. EXECUTIVE REMUNERATION (Continued)

Short Term Incentive (STI) arrangements (Continued)

How is it paid?	Any STI award is paid in cash after the assessment of annual performance.
How much can executives earn?	In FY2020, the STI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% for the Executive Directors and 40% for the other executives.
How is performance measured?	<p>A combination of specific Company Key Performance Indicators (KPIs) are chosen to reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Group and its shareholders.</p> <p>The following KPIs were chosen for the 2020 financial year:</p> <ul style="list-style-type: none"> • KPI 1: HCM Safety & environmental performance targets (12.5%); • KPI 2: HCM All-in Sustaining Cost (AISC) relative to budget (12.5%); • KPI 3: HCM Gold production relative to budget (12.5%); • KPI 4: NGP Safety & environmental performance targets (12.5%); • KPI 5: NGP Conversion to mining plan (10%); • KPI 6: NGP Expenditure relative to budget (7.5%); • KPI 7: NGP Commencement of mining (7.5%); and • KPI 8: Personal KPI as assessed by the Board (25%). <p>These measures have been selected as they can be reliably measured, are key drivers of value for shareholders and encourage behaviours in line with the Company's core values.</p>
When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Board. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.
What happens if an executive leaves?	<p>Where executives cease to be an employee of the Group:</p> <ul style="list-style-type: none"> • due to resignation or termination for cause, before the end of the financial year, no STI is awarded for that year; or • due to redundancy, ill health, death or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year. <p>unless the Board determines otherwise.</p>
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control (subject to Board discretion).

STI performance

A combination of financial and non-financial measures were used to measure performance for STI rewards, with a score being calculated on the following measures:

Metric	Weighting	Targets	Score
Halls Creek Project (HCM)			
Safety – Medically Treated Injury Frequency Rate (MTIFR)	5	Annual MTIFR decreases by 25% or more	5
		Annual MTIFR stays within ±25%	2.5
		Annual MTIFR increases by 25% or more	0
Safety – Lost Time Injury Frequency Rate (LTIFR)	5	Annual LTIFR decreases by 25% or more	5
		Annual LTIFR stays within ±25%	2.5
		Annual LTIFR increases by 25% or more	0
Environmental	2.5	Exceptional environmental management performance	5
		No serious breaches of environmental management	1.25
		Serious breach of environmental management	0
AISC relative to budget	12.5	Actual costs below budget by 10%	12.5
		Actual costs below budget by between 5% and 10%	10
		Actual costs below budget by less than 5%	7.5
		Actual costs above budget by less than 5%	5
		Actual costs above budget by between 5% & 10%	2.5
		Actual costs above budget by more than 10%	0
Gold Production relative to budget	12.5	Actual production above budget by 10%	12.5
		Actual production above budget by between 5% and 10%	10
		Actual production above budget by less than 5%	7.5
		Actual production equals to budget	5
		Actual production below budget by less than 5%	2.5
		Actual production below budget by less than 5%	0
Norseman Gold Project (NGP)			
Safety – Medically Treated Injury Frequency Rate (MTIFR)	5	Annual MTIFR decreases by 25% or more	5
		Annual MTIFR stays within ±25%	2.5
		Annual MTIFR increases by 25% or more	0
Safety – Lost Time Injury Frequency Rate (LTIFR)	5	Annual LTIFR decreases by 25% or more	5
		Annual LTIFR stays within ±25%	2.5
		Annual LTIFR increases by 25% or more	0
Environmental	2.5	Exceptional environmental management performance	5
		No serious breaches of environmental management	1.25
		Serious breach of environmental management	0
Ore reserve	5	Ore Reserve total 500,000 ounces or more	5
		Ore Reserve > 250,000 ounces	2.5
		Ore Reserve < 250,000 ounces	0
Approved mining plan	5	> 3 Mining areas have mining plan approved	5
		> 1 Mining area has a mining plan approved	2.5
		0 Mining areas have a mining plan approved	0
Expenditure	7.5	Target drill metres achieved with costs < 80% of budget spent	7.5
		Target drill metres achieved with costs ± 5% of budget	5
		Target drill metres achieved with costs +5% to +10% of budget	2.5
		Target drill metres achieved with costs >+10% of budget	0
Commencement of mining	7.5	Mining commences	7.5
		Mining does not commence	0
Personal			
Personal performance	25	Exception effort and exceptional achievement	25
		Good Effort and Exceptional Achievement	20
		Good Effort and Good Achievement	15
		Average Effort and Good Achievement	10
		Average Effort and Average Achievement	5
Total	100		

REMUNERATION REPORT (CONTINUED)

4. EXECUTIVE REMUNERATION (Continued)

STI outcomes

Performance against those measure is as follows for FY2020:

Name	Position	Achieved STI %	STI Awarded (ii) \$	Maximum potential award \$
PM Cmrlec	Managing Director	31	75,000	240,000
SJ Huffadine	Director of Operations	42	75,000	180,000
SM Balloch	Chief Financial Officer	30	34,000	112,000
DW Okeby (i)	Company Secretary	30	15,000	50,000
Total			199,000	632,000

- (i) Mr Okeby's maximum potential award has been discounted by 50% due to Mr Okeby commencing employment with the Company on 23 December 2019. Prior to this Mr Okeby was an employee of Westgold Resources Ltd and his services were invoiced under a service agreement to Pantoro Ltd.
- (ii) The FY2020 STI awards were paid in July 2020.

Long Term Incentive (LTI) arrangements

Under the LTI plan, annual grants of options are made to executives to align remuneration with the creation of shareholder value over the long-term.

How is it paid?	<p>Executives are eligible to receive options.</p> <p>In FY2020 Zero Exercise Price Options were issued, being an option to acquire an ordinary share in Pantoro for a zero exercise price. As a transitional arrangement for FY2020 Executive Directors were not granted ZEPOs due to having been issued PEPOs in July 2019 (expense recognised from 30 May 2019). In addition for the FY2020 transitional year, other executives were granted a single tranche of PEPOs with a one year service condition.</p> <p>In FY2019 Premium Exercise Price Options were granted to Executive Directors, being an option to acquire an ordinary share in Pantoro for a pre-determined exercise price, calculated at 130% of the volume weighted average price (VWAP) of Pantoro shares traded on the ASX during the 5 day trading period prior to the day of the grant. These PEPOs were issued in two equal tranches with a one year and two year service condition respectively before vesting. No options were issued to executives.</p>
Are options eligible for dividends?	Executives are not eligible to receive dividends on unvested options.

<p>How much can executives earn?</p>	<p>The LTI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% (FY2019: nil) for the Executive Directors and 40% (FY2019: 40%) for the other executives.</p> <p>The number of options granted were determined using the fair value at the date of grant using a Black and Scholes or Monte Carlo valuation model as appropriate, taking into account the terms and conditions upon which the options were granted.</p>										
<p>How is performance measured?</p>	<p>ZEPOs</p> <p>The options will vest and become exercisable subject to the service and performance conditions being met. The options have been issued in two tranches.</p> <p>Tranche 1</p> <p>The service condition requires:</p> <ul style="list-style-type: none"> Continued employment for the one-year period from 1 July 2019 to 30 June 2020. <p>The performance condition comprises the following:</p> <ul style="list-style-type: none"> Relative Total Shareholder Returns (50%); and Absolute Share Price Performance (50%). <p>Tranche 2</p> <p>The service condition requires:</p> <ul style="list-style-type: none"> Continued employment for the two-year period from 1 July 2019 to 30 June 2021. <p>The performance condition comprises the following:</p> <ul style="list-style-type: none"> Relative Total Shareholder Returns (50%); and Absolute Share Price Performance (50%). <p>Relative Total Shareholder Return Performance Condition</p> <p>Total Shareholder Return (TSR) is the percentage growth in shareholder value, which takes into account factors such as changes in share price and dividends paid. The Relative TSR performance condition measures Pantoro's ability to deliver superior shareholder returns relative to its peer companies by comparing the share price performance of Pantoro against the performance of the S&P/All Ordinaries Gold Index. The vesting schedule for the Relative TSR measure is as follows:</p> <table border="1"> <thead> <tr> <th>Relative TSR Performance</th><th>% Contribution to the Number of Employee Options to Vest</th></tr> </thead> <tbody> <tr> <td>Below Index</td><td>0%</td></tr> <tr> <td>Equal to the Index</td><td>50%</td></tr> <tr> <td>Above Index and below 15% above the Index</td><td>Pro-rata from 50% to 100%</td></tr> <tr> <td>15% above the Index</td><td>100%</td></tr> </tbody> </table>	Relative TSR Performance	% Contribution to the Number of Employee Options to Vest	Below Index	0%	Equal to the Index	50%	Above Index and below 15% above the Index	Pro-rata from 50% to 100%	15% above the Index	100%
Relative TSR Performance	% Contribution to the Number of Employee Options to Vest										
Below Index	0%										
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15% above the Index	100%										

REMUNERATION REPORT (CONTINUED)

4. EXECUTIVE REMUNERATION (Continued)

Long Term Incentive (LTI) arrangements (Continued)

<p>How is performance measured? (continued)</p>	<p>Absolute Share Price Performance Condition</p> <p>Absolute Share Price Performance (ASP) measures the movement in Pantoro's share price from over the measurement period. The vesting schedule for the ASP measure is as follows:</p> <table border="1"> <thead> <tr> <th>ASP Performance</th><th>% Contribution to the Number of Employee Options to Vest</th></tr> </thead> <tbody> <tr> <td>Share price appreciation < 10%</td><td>0%</td></tr> <tr> <td>Share price appreciation > 10%</td><td>50%</td></tr> <tr> <td>Share price appreciation > 10% < 60%</td><td>Pro-rata from 50% to 100%</td></tr> <tr> <td>Share price appreciation > 60%</td><td>100%</td></tr> </tbody> </table> <p>PEPOs</p> <p>PEPOs issued to Executive Directors in July 2019 were made in two equal tranches, with a one year and two year service-period performance measure.</p> <p>PEPOs issued to Other Executives have a one year service-period performance measure.</p> <p>There are no other performance conditions, they are designed as a retention plan.</p> <p>The options have an exercise price of 130% of the 5-day VWAP of Pantoro shares traded on the ASX prior to the day of the grant.</p> <p>The long-term incentive policy has been amended for FY2020 to focus on long-term value creation and further align managements' interest with those of the shareholders.</p>	ASP Performance	% Contribution to the Number of Employee Options to Vest	Share price appreciation < 10%	0%	Share price appreciation > 10%	50%	Share price appreciation > 10% < 60%	Pro-rata from 50% to 100%	Share price appreciation > 60%	100%
ASP Performance	% Contribution to the Number of Employee Options to Vest										
Share price appreciation < 10%	0%										
Share price appreciation > 10%	50%										
Share price appreciation > 10% < 60%	Pro-rata from 50% to 100%										
Share price appreciation > 60%	100%										
<p>When is performance measured?</p>	<p>ZEPOs</p> <p>Tranche 1</p> <p>The measurement date is 1 July 2020 unless otherwise determined by the Board.</p> <p>Tranche 2</p> <p>The measurement date is 1 July 2021 unless otherwise determined by the Board.</p> <p>Executives may exercise the options for up to two years after the vesting date before the options lapse.</p>										
<p>What happens if an executive leaves?</p>	<p>Where executives cease to be an employee of the Group:</p> <ul style="list-style-type: none"> • due to resignation or termination for cause, then any unvested options will automatically lapse on the date of the cessation of employment; or • where an employee ceases employment after the vesting of their options, the options automatically lapse after three months of cessation of employment. <p>unless the Board determines otherwise on compassionate grounds.</p>										

5. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Remuneration earned by executives in 2020

The actual remuneration earned by executives in the year ended 30 June 2020 is set out in Table 1. This provides shareholders with a view of the remuneration paid to executives for performance in FY2020 year.

While COVID-19 required some significant short term changes to the Halls Creek project workforce travel and roster arrangements these did not have a significant impact on the business and therefore has not impacted the variable remuneration of KMP.

STI performance and outcomes

A combination of financial and non-financial measures were used to measure performance for STI rewards. As a result of the Group's performance against those measures STIs rewarded for the FY2020 were paid in July 2020, but have been disclosed in Table 1.

LTI performance and outcomes

PEPOs granted in FY2019 vested in July 2020 (50%) and July 2021 (50%). ZEPOs granted in FY2020 will be subject to performance hurdles and issued in two tranches. Tranche 1 has a one year vesting period ending in July 2020 and Tranche 2 has a two year vesting period ending in July 2021.

Executive Directors (PM Cmrlec and SJ Huffadine) were granted a total 6,000,000 PEPOs and Non-Executive Director Mr Edwards was granted 1,000,000 PEPOs in May 2019. These were both approved by shareholders at the General Meeting held on 1 July 2019 and issued on 4 July 2019.

Other Executive were granted a total 1,000,000 PEPOs and 1,021,876 ZEPO's in November 2019 under the Incentive Options and Performance Rights Scheme.

For further details of options granted and vested refer to Table 3 below.

Overview of Company performance

The table below sets out information about Pantoro's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Closing share price	\$0.265	\$0.20	\$0.30	\$0.25	\$0.13
Profit/(loss) per share (cents)	(2.49)	0.10	1.76	(2.15)	(1.08)
Net tangible assets per share (cents)*	7.61	9.33	5.75	3.84	3.86
Total Shareholder Returns	33%	-33%	20%	92%	160%
Dividends	-	-	-	-	-

* Net tangible assets per share includes right-of-use assets.

** The comparatives have not been adjusted for the changes due to the adoption of AASB 15 and AASB 9 in 2019 and AASB 16 in 2020.

Clawback of remuneration

In the event of serious misconduct or material misstatement in the Group's financial statements, the board has the discretion to reduce, cancel or clawback any unvested short-term incentives or long-term incentives.

REMUNERATION REPORT (CONTINUED)

5. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES (Continued)

Share trading policy

The Pantoro trading policy applies to all non-executive directors and executives. The policy prohibits employees from dealing in Pantoro securities while in possession of material non-public information relevant to the Group. Executives must not enter into any hedging arrangements over unvested long-term incentives under the Group's long-term incentive plan. The Group would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

6. EXECUTIVE EMPLOYMENT ARRANGEMENTS

A summary of the key terms of employment agreements for executives is set out below. There is no fixed term for executive service agreements and all executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Base Salary \$	Superannuation	Notice Period	Termination Payment*
PM Cmrlec (Managing Director)	480,000	9.5% to a maximum of \$25,000	6 months	6 months base salary
SJ Huffadine (Operations Director)	360,000	9.5% to a maximum of \$25,000	6 months	6 months base salary
SM Balloch (Chief Financial Officer)	280,000	9.5%	3 months	3 months base salary
DW Okeby (Company Secretary)	250,000	9.5%	3 months	3 months base salary

* Represents payments in relation to termination of employment agreements by the Group for anything other than for cause.

Table 1: Remuneration for the year ended 30 June 2020

2020	Short Term		Post employment	Long term benefits	Share-based payments	Total	% Performance related
	Salary and Fees	Cash Bonus	Superannuation	Leave ⁽¹⁾	Options		
Directors							
Paul Cmrlec	480,000	75,000	25,001	40,106	110,782	730,889	10
Kyle Edwards	65,000	-	6,175	-	36,927	108,102	-
Scott Huffadine	360,000	75,000	24,999	28,400	110,782	599,181	13
Michael Jefferies	60,000	-	5,700	-	-	65,700	-
Wayne Zekulich ⁽²⁾	65,000	-	6,175	-	-	71,175	-
	1,030,000	150,000	68,050	68,506	258,491	1,575,047	
Other key management personnel							
Scott Balloch	279,563	34,000	26,559	12,276	61,666	414,064	17
David Okeby ⁽³⁾	156,725	15,000	11,236	9,726	56,340	249,027	18
	436,288	49,000	37,795	22,002	118,006	663,091	
Total	1,466,288	199,000	105,845	90,508	376,497	2,238,138	

(8) Leave entitlement relates to annual and long service leave excluding oncosts.

(9) Mr Zekulich was appointed 2 October 2019.

(10) Mr Okeby became an employee of Pantoro Ltd on 23 December 2019. Prior to this Mr Okeby was an employee of Westgold Resources Ltd and his services were invoiced under a service agreement to Pantoro Ltd. Amounts invoiced to Pantoro Ltd by Westgold Resources Ltd are included in the salary and fees amount. The amount shown in the options column relates to options issued directly to Mr Okeby.

REMUNERATION REPORT (CONTINUED)

6. EXECUTIVE EMPLOYMENT ARRANGEMENTS (Continued)

Table 2: Remuneration for the year ended 30 June 2019

2019	Short Term			Post employment	Long term benefits	Share-based Payment		Total	% Performance related
	Salary and Fees	Consultancy Fees	Cash Bonus	Superannuation	Long service leave	Performance Rights	Options		
Directors									
Paul Cmrlec ⁽¹⁾	129,736	292,200	-	6,250	646	(7,775)	49,638	470,695	-
Kyle Edwards	50,000	-	-	4,750	-	-	3,229	57,979	-
Scott Huffadine	349,987	-	-	25,000	11,718	(27,009)	49,638	409,334	-
Michael Jefferies	60,000	-	-	5,700	-	-	-	65,700	-
	589,723	292,200	-	41,700	12,364	(34,784)	102,505	1,003,708	
Other key management personnel									
Scott Balloch	248,674	-	-	22,251	2,011	-	7,990	280,926	-
David Okeby ⁽²⁾	74,328	-	-	-	-	-	7,990	82,318	-
	323,002	-	-	22,251	2,011	-	15,980	363,244	
Total	912,725	292,200	-	63,951	14,375	(34,784)	118,485	1,366,952	

(1) Mr Cmrlec services were provided to Pantoro under a service agreement with Berrimil Services Pty Ltd up to 31 March 2019. From 1 April 2019 Mr Cmrlec was an employee of Pantoro Ltd.

(2) Mr Okeby is an employee of Westgold Resources Ltd and his services are invoiced under a service agreement to Pantoro Ltd. Amounts invoiced to Pantoro Ltd by Westgold Resources Ltd are included in the salary and fees amount. The amount shown in the options column relates to options issued directly to Mr Okeby.

7. ADDITIONAL STATUTORY DISCLOSURES

Table 3: Compensation options/rights – Granted and vested during the year

The table below shows options and performance rights granted and vested during the 2020 financial year.

2020	Granted Number	Grant Date	Value per Option/ Right at Grant Date \$	Fair value of options granted \$	Exercise Price \$	Vesting Date	Expiry Date	Options/ rights vesting during the year	Options/ rights lapsed during the year
Directors and key management personnel									
S Balloch-PEPOs	-	1/12/16	0.0775		0.215	1/12/17	1/12/19	-	500,000
S Balloch-PEPOs	-	1/12/16	0.0762		0.220	1/12/18	1/12/19	-	500,000
S Balloch-PEPOs	500,000	4/10/19	0.0721	36,050	0.205	8/11/20	8/11/22	-	-
S Balloch-ZEPOs	138,282	4/10/19	0.096	13,275	Nil	1/7/20	1/7/22	-	-
S Balloch-ZEPOs	138,282	4/10/19	0.069	9,541	Nil	1/7/20	1/7/22	-	-
S Balloch-ZEPOs	138,282	4/10/19	0.113	15,626	Nil	1/7/21	1/7/23	-	-
S Balloch-ZEPOs	138,282	4/10/19	0.094	12,998	Nil	1/7/21	1/7/23	-	-
P Cmrlec-PEPOs	-	1/12/16	0.0775		0.215	1/12/17	1/12/19	-	2,500,000
P Cmrlec-PEPOs	-	1/12/16	0.0762		0.220	1/12/18	1/12/19	-	2,500,000
P Cmrlec-PEPOs	1,500,000	1/7/19	0.0541	81,106	0.240	4/7/20	4/7/22	-	-
P Cmrlec-PEPOs	1,500,000	1/7/19	0.0516	77,411	0.250	4/7/21	4/7/22	-	-
P Cmrlec-Rights	-	29/11/16	0.0560		Nil	N/A	29/11/19	-	500,000
P Cmrlec-Rights	-	29/11/16	0.1850		Nil	N/A	29/11/19	-	500,000
K Edwards-PEPOs	500,000	1/7/19	0.0541	27,035	0.240	4/7/20	4/7/22	-	-
K Edwards-PEPOs	500,000	1/7/19	0.0516	25,804	0.250	4/7/21	4/7/22	-	-
S Huffadine-PEPOs	-	1/12/16	0.0775		0.215	1/12/17	1/12/19	-	2,500,000
S Huffadine-PEPOs	-	1/12/16	0.0762		0.220	1/12/18	1/12/19	-	2,500,000
S Huffadine-PEPOs	1,500,000	1/7/19	0.0541	81,106	0.240	4/7/20	4/7/22	-	-
S Huffadine-PEPOs	1,500,000	1/7/19	0.0516	77,411	0.250	4/7/21	4/7/22	-	-
S Huffadine-Rights	-	29/11/16	0.0560		Nil	N/A	29/11/19	-	500,000
S Huffadine-Rights	-	29/11/16	0.1850		Nil	N/A	29/11/19	-	500,000
D Okeby-PEPOs	-	1/12/16	0.0775		0.215	1/12/17	1/12/19	-	500,000
D Okeby-PEPOs	-	1/12/16	0.0762		0.220	1/12/18	1/12/19	-	500,000
D Okeby-PEPOs	500,000	4/10/19	0.0721	36,050	0.205	8/11/20	8/11/22	-	-
D Okeby-ZEPOs	117,188	4/10/19	0.096	11,250	Nil	1/7/20	1/7/22	-	-
D Okeby-ZEPOs	117,188	4/10/19	0.069	8,086	Nil	1/7/20	1/7/22	-	-
D Okeby-ZEPOs	117,188	4/10/19	0.113	13,242	Nil	1/7/21	1/7/23	-	-
D Okeby-ZEPOs	117,188	4/10/19	0.094	11,016	Nil	1/7/21	1/7/23	-	-

For details on the valuation of the options, including models and assumptions used, please refer to note 25 to the financial statements.

The value of the share based payments granted during the year is recognised in compensation over the vesting period of the grant. The total unvested option value yet to be expensed as at 30 June 2020 is \$137,882.

REMUNERATION REPORT (CONTINUED)

7. ADDITIONAL STATUTORY DISCLOSURES (Continued)

Table 4: Option and performance right holdings of key management personnel

The numbers of options and performance rights over ordinary shares in the company held during the financial year by directors and other key management personnel, including their personally related parties, are set out below.

30 June 2020	Balance at beginning of year or on appointment	Granted during the year as Compensation	Expired during the year	Exercised during the year	Balance at end of year	Vested and exercisable at the end of the year
Directors						
Paul Cmrlec	9,000,000	-	6,000,000	-	3,000,000	-
Kyle Edwards	1,000,000	-	-	-	1,000,000	-
Scott Huffadine	9,000,000	-	6,000,000	-	3,000,000	-
Michael Jefferies	-	-	-	-	-	-
Wayne Zekulich	-	-	-	-	-	-
Key management personnel						
Scott Balloch	1,000,000	1,053,126	1,000,000	-	1,053,126	-
David Okeby	1,000,000	968,750	1,000,000	-	968,750	-
Total	21,000,000	2,021,876	14,000,000	-	9,021,876	-

Table 5: Shareholdings of key management personnel

The numbers of shares in the Company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below. No shares were granted as remuneration. No shares were issued on the vesting of remuneration performance rights (2019: 500,000) and no shares were issued on exercise of remuneration options (2019: 2,000,000).

30 June 2020	Balance at start of year	Acquired during the year	Disposed during the year	Exercise of options / vesting of performance rights	Other changes during the year	Balance at the end of the year
Directors						
Paul Cmrlec	7,448,992	350,000	-	-	-	7,798,992
Kyle Edwards	75,000	-	-	-	-	75,000
Scott Huffadine	2,725,962	125,000	-	-	-	2,850,962
Michael Jefferies	432,820	-	-	-	-	432,820
Wayne Zekulich	-	184,172	-	-	-	184,172
Key management personnel						
Scott Balloch	524,450	-	-	-	-	524,450
David Okeby	700,000	-	-	-	-	700,000
Total	11,907,224	659,172	-	-	-	12,566,396

Loans to key management personnel and their related parties

There were no loans to key management personnel during the years ended 30 June 2020 and 30 June 2019.

Other transactions to key management personnel and their related parties

There are no other transactions with key management personnel during the years ended 30 June 2020 and 30 June 2019.

END OF THE AUDITED REMUNERATION REPORT

DIRECTORS' REPORT (CONTINUED)

MEETINGS OF DIRECTORS

During the financial year details of meetings of directors held and attendances by each director (while a director of the Company) were as follows:

	Board Meetings	
	Eligible to attend	Attended
P Cmrlec	13	13
K Edwards	12	12
S Huffadine	13	13
M Jefferies	13	12
W Zekulich	9	9

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit and Risk Committee and a Remuneration Committee of the Board of Directors. Both of these were established 14 August 2020.

Audit and Risk Committee	Remuneration Committee
F Van Maanen *	K Edwards *
K Edwards	F Van Maanen
W Zekulich	W Zekulich

* Designates the Chairperson of the Committee

INDEMNIFYING AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year and to the extent permitted by law, the Company has paid premiums to insure the directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. The Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed.

INDEMNIFICATION OF AUDITORS

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

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is available on the Company's website at <https://www.pantoro.com.au/about/corporate-governance/>

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor Ernst & Young. 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 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to note 9):

Tax compliance services	\$42,263
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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 is on the following page and the declaration forms part of this directors' report.

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



Paul Cmrlec
Managing Director

Dated 25 September 2020

AUDITOR'S INDEPENDENCE DECLARATION



Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Pantoro Limited

As lead auditor for the audit of the financial report of Pantoro Limited for the financial year ended 30 June 2020, 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 Pantoro Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Philip Teale
Partner
25 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 Jun 20 \$	30 Jun 19 \$
Revenue	6	82,135,369	77,037,903
Cost of sales	7(a)	(90,406,272)	(73,656,131)
Gross (loss)/profit		(8,270,903)	3,381,772
Other income	6	627,652	161,126
Administration and other expenses	7(b)	(3,189,153)	(2,488,654)
Finance costs	7(c)	(1,802,923)	(92,239)
Care and maintenance costs	7(d)	(948,966)	-
Impairment loss on non-financial assets	36	(15,200,000)	-
Exploration and evaluation expenditure written off		(390,537)	(129,327)
(Loss)/profit before income tax		(29,174,830)	832,678
Income tax expense	8	-	-
(Loss)/profit after income tax		(29,174,830)	832,678
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(1,308)	(187)
Other comprehensive loss for the year, net of tax		(1,308)	(187)
Total comprehensive (loss)/profit for the year, net of tax		(29,176,138)	832,491
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic (loss)/profit per share (cents per share)	10	(2.49)	0.10
Diluted (loss)/profit per share (cents per share)	10	(2.49)	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 Jun 20 \$	30 Jun 19 \$
CURRENT ASSETS			
Cash and cash equivalents	11	22,492,639	53,696,188
Trade and other receivables	12	1,121,539	1,294,206
Inventories	13	3,595,954	4,246,615
Prepayments	14	768,983	824,565
Total current assets		27,979,115	60,061,574
NON-CURRENT ASSETS			
Prepayments	14	-	4,142,417
Property, plant and equipment	15, 35	31,585,859	16,321,437
Exploration and evaluation expenditure	16, 35	83,927,367	4,149,862
Mine properties and development costs	17, 36	18,903,789	36,997,155
Total non-current assets		134,417,015	61,610,871
TOTAL ASSETS		162,396,130	121,672,445
CURRENT LIABILITIES			
Trade and other payables	18	16,149,961	13,748,311
Provisions	19	1,525,866	1,573,268
Interest-bearing loans and borrowings	3, 20	5,049,666	779,613
Deferred Consideration	22	4,995,761	-
Total current liabilities		27,721,254	16,101,192
NON-CURRENT LIABILITIES			
Provisions	19	26,218,078	5,200,312
Interest-bearing loans and borrowings	3, 20	9,334,980	8,000
Deferred Consideration	22	9,606,090	-
Total non-current liabilities		45,159,148	5,208,312
TOTAL LIABILITIES		72,880,402	21,309,504
NET ASSETS		89,515,728	100,362,941
EQUITY			
Issued capital	23	246,503,884	229,029,186
Reserves	24	8,026,713	7,173,794
Accumulated losses		(165,014,869)	(135,840,039)
TOTAL EQUITY		89,515,728	100,362,941

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 Jun 20 \$	30 Jun 19 \$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from customers		82,135,369	77,037,903
Payments to suppliers and employees		(62,284,642)	(58,119,889)
Interest paid		(1,013,458)	(40,217)
Interest received		488,839	137,166
Other income		138,813	23,960
Proceeds from security deposits		24,700	-
Net cash flows from operating activities	11	19,489,621	19,038,923
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,719,067)	(3,746,109)
Payments for exploration and evaluation		(18,412,769)	(2,107,913)
Payments for mine properties and development		(15,905,990)	(20,241,451)
Proceeds from sale of property, plant and equipment		45,003	-
Payments for acquisition of Interest in Norseman	14	(7,500,000)	(2,500,000)
Payments for Norseman sole spend prior to settlement		-	(1,642,418)
Net cash flows used in investing activities		(44,492,823)	(30,237,891)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of insurance premium funding	20	(953,281)	(827,589)
Payment of principal portion of lease liabilities	21	(5,220,514)	(71,875)
Proceeds from share issues	23	-	56,742,757
Proceeds from exercise of options	23	-	245,700
Transaction costs on issue of shares		(25,302)	(2,952,223)
Net cash flows from financing activities		(6,199,097)	53,136,770
Net (decrease)/increase in cash and cash equivalents held		(31,202,298)	41,937,802
Net foreign exchange differences		(1,251)	(146)
Cash and cash equivalents at the beginning of the financial year		53,696,188	11,758,532
Cash and cash equivalents at the end of the financial year	11	22,492,639	53,696,188

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Options reserve	Share based payment reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$	\$
At 1 July 2018	174,992,952	4,513,958	3,001,650	(136,672,717)	(440,716)	45,395,127
Profit for the year	-	-	-	832,678	-	832,678
Other comprehensive income/(loss), net of tax	-	-	-	-	(187)	(187)
Total comprehensive profit/(loss) for the year	-	-	-	832,678	(187)	832,491
Shares issued during the year	56,742,757	-	-	-	-	56,742,757
Exercise of options	245,700	-	-	-	-	245,700
Share issue costs	(2,952,223)	-	-	-	-	(2,952,223)
Share-based payments	-	-	99,089	-	-	99,089
At 30 June 2019	229,029,186	4,513,958	3,100,739	(135,840,039)	(440,903)	100,362,941

	Issued Capital	Options reserve	Share based payment reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$	\$
At 1 July 2019	229,029,186	4,513,958	3,100,739	(135,840,039)	(440,903)	100,362,941
Loss for the year	-	-	-	(29,174,830)	-	(29,174,830)
Other comprehensive loss, net of tax	-	-	-	-	(1,308)	(1,308)
Total comprehensive loss for the year	-	-	-	(29,174,830)	(1,308)	(29,176,138)
Shares issued during the year	17,500,000	-	-	-	-	17,500,000
Share issue costs	(25,302)	-	-	-	-	(25,302)
Share-based payments	-	-	854,227	-	-	854,227
At 30 June 2020	246,503,884	4,513,958	3,954,966	(165,014,869)	(442,211)	89,515,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

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

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

The address of the registered office is 1187 Hay Street, West Perth WA 6005.

The financial report of Pantoro Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 25 September 2020.

2. 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 and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The functional currency of the Group's Papua New Guinea subsidiary is the PNG Kina, the functional currency of all other entities within the Group is Australian dollar.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and also International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Tax consolidation

Pantoro Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group under tax consolidation legislation. The head entity, Pantoro Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. Entities in the tax consolidated group have entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the head entity in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. Members of the tax consolidated group have entered into a tax sharing agreement, which provides for the allocation of income tax liabilities between members of the tax consolidated group should the parent, Pantoro Limited, default on its tax payments obligations.

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group applied AASB 16 Leases and AASB Interpretation 23 Uncertainty over Income Tax Treatments for the first time from 1 July 2019. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year

Several other new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2019, but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

3. NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED (CONTINUED)

AASB 16 Leases

The Group adopted AASB 16 as of 1 July 2019.

The leases recognised by the Group under AASB 16 predominantly relate to mobile mining equipment and a power station.

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The depreciation of the lease assets and interest on the lease liabilities are recognised in the consolidated statement of profit and loss and other comprehensive income.

Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at inception as either a finance lease or operating lease. For operating leases, the leased item was not capitalised and the lease payments were recognised in the profit and loss on a straight-line basis.

Transition to AASB 16

The Group adopted the new standard using the modified retrospective approach and applied the practical expedient allowing the application of a single discount rate to a portfolio of leases with similar characteristics. Comparatives have not been restated for the impact of AASB 16. Lease liabilities are measured at the present value of future payments on the initial date of application, being 1 July 2019. On transition, the Group has recognised right-of-use assets at an amount equal to the lease liability for all leases.

Impact on financial statements

On transition to AASB16, the Group recognised an additional \$22,169,083 of right-of-use assets and lease liabilities. When measuring lease liabilities, the Group discounts lease payments using its incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rate applied was 5%.

Lease liabilities reconciliation on transition	\$
Operating lease commitments disclosed at 30 June 2019	24,578,928
Less:	
Present value of discounting of lease liabilities	(2,321,845)
Other adjustments	(88,000)
Lease liabilities recognised on transition at 1 July 2019	22,169,083

The impact on cash flows on the adoption of AASB 16 is the payment of principal for operating leases, previously classified as operating activities, is now classified as financing activities in the statement of cash flow.

New accounting policies (applied from 1 July 2019)

Refer to note 5(m) for the new accounting policies of the Group upon adoption of AASB 16.

AASB Interpretation 23 Uncertainty Over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain 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; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group determined, based on a review of its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities. The Group assessed that the interpretation will not have an impact on the consolidated financial statements of the Group.

New and amended standards and interpretations issued but not yet effective

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant judgements

Revenue from contracts with customers

Judgment is required to determine the point at which the customer obtains control of gold. Factors including transfer of legal title, transfer of significant risks and rewards of ownership and the existence of a present right to payment for the gold typically result in control transferring on delivery of the gold.

Stripping activity assets

Judgment is required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each orebody component. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g. in tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Significant judgment is required in determining the waste capitalisation ratio for each component of the mine. Factors that are considered include:

- any proposed changes in the design of the mine;
- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- identifiable components of orebody;
- future production levels;
- impacts of regulatory obligations and taxation legislation; and
- future cash cost of production.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant judgements (Continued)

Determining the lease term of contracts with renewal options

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

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

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e. two to three years) and there will be a significant negative effect on production if a replacement is not readily available.

Classification as a joint arrangement

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Judgement is required to determine if the Group has joint control over the Norseman Gold Project, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities do not require unanimous consent and therefore does not meet the definition of a joint arrangement.

Accounting for contingent consideration payable

Contingent consideration payable in connection with the purchase of individual assets outside of business combinations is recognized as a financial liability only when the consideration is contingent upon future events that are beyond the Group's control. In cases where the crystallisation of contingent payments is dependent on the future actions of the Group, the liability is recognised as it accrues at the date a non-contingent obligation arises. Contingent consideration linked to the purchase of individual assets primarily relates to future royalty and milestone payments in connection with the acquisition of the Norseman Gold Project as disclosed in note 35.

Judgement is required to determine whether the abovementioned obligations meet the recognition criteria as a financial liability or as a contingent liability as at 30 June 2020. The Group has determined that these obligations do not meet the definition of a financial liability and accordingly have accounted for the royalty and milestone payments as a contingent liability under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Significant accounting estimates and assumptions

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Group estimates its mineral resource and ore reserves in accordance with the Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the JORC code). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under 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.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately, result in the reserves being restated

Impairment of capitalised mine development expenditure and property, plant and equipment

The Group assesses each asset or cash generating unit (CGU) at the end of each reporting period to determine whether an indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of value in use (VIU) (being net present value of expected future cashflows of the relevant CGU and fair value less cost to dispose (FVLCD)).

In determining FVLCD, future cash flows for each CGU (i.e. each mine site) are prepared basis utilising managements latest 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;
- future cash cost of production;
- impacts of changes in regulatory obligations;
- royalties and taxation; and
- other relevant cash inflows and outflows.

Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a post-tax discount rate. This discount rate is derived from the Group's post-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU.

The Group's cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs.

To the extent capitalised mine development expenditure and property, plant and equipment is determined not to be recoverable in the future, this will reduce profit in the period in which this determination is made.

Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results. Refer to note 5(k) for further discussion on the impairment assessment process undertaken by the Group.

Impairment of capitalised exploration and evaluation expenditure

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 area interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and 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, profits and net assets will be reduced 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 that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Unit of production method of amortisation and depreciation

The Group applies the unit of production method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and production capacity are the Group's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant accounting estimates and assumptions (Continued)

Mine rehabilitation provision

The Group assesses its mine rehabilitation provisions on an annual basis in accordance with the accounting policy stated in note 5(n). In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new rehabilitation techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in resources 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.

In recognising the amount of rehabilitation obligation at each reporting date, estimates are made on the extent of rehabilitation that the Group is responsible for at each reporting date.

Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in its leases, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Taxation

Balances disclosed in the financial statements and the notes relating to taxation, are based on the best estimates of management and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and management's understanding thereof. No adjustment has been made for pending taxation legislation.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets, when recognised, are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Unrecognised deferred tax assets are only recognised to the extent that it is probable that there are future taxable profits available against which deductible temporary differences can be utilised. As at 30 June 2020, no deferred tax assets have been recognised by the Group due to the uncertainty of available future taxable profits.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, unless otherwise stated and have been applied consistently across the Group.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are entities controlled by the Company. The Company has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control ceases.

(ii) *Transactions eliminated on consolidation*

Intra-Group balances, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries are consistent with the parent.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired. For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred.

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale financial assets, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

(c) Foreign currency transactions and balances

(i) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Transactions in foreign currencies are converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated at rates of exchange current at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the financial year.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency transactions and balances (Continued)

(iii) Group companies

The results and financial position of all entities in the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Share capital, reserves and accumulated losses are converted at applicable historical rates;
- Income and expenses for each item of profit or loss are presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Cash and cash equivalents

For the Consolidated Statement of Cash Flows purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(e) Trade and other receivables

Receivables are classified, at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss. The classification of receivables at initial recognition depends on the receivable's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables the Group initially measures a receivable at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price determined in accordance with the accounting policy for revenue.

(i) Receivables at amortised cost

The Group classifies receivables as financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment.

(ii) *Impairment*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies the simplified approach in calculating ECLs, as permitted by AASB 9. For other receivables that are due in less than 12 months, the 12-month ECL equals to lifetime ECL. Therefore, the Group does not track changes in credit risk for short term receivables, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL when there has not been a significant increase in credit risk since origination. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

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

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(g) Property, plant and equipment

Recognition and measurement

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment (Continued)

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Major depreciation periods are:

- Mine Specific plant and equipment is depreciated using the shorter of life of mine and useful life. Useful life ranges between 1 and 10 years.
- Buildings are depreciated using shorter of life of mine and useful life. Useful life ranges between 3 and 10 years.
- Office plant and equipment is depreciated over useful lives ranging between 1 and 10 years.

The useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Capital work in progress is not depreciated until it is ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(h) Mineral exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and;

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment regularly and if after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period when the new information becomes available.

(i) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

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

Recoverable amount is 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Refer to note 5(k) for further discussion on impairment testing performed by the Group.

(j) Deferred stripping

As part of its mining operations, the Group incurs mining stripping (waste removal) costs both during the development and production phase of its operations.

When stripping costs are incurred in the development phase of a mine before the production phase commences (development stripping), such expenditure is capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method, in accordance with the policy applicable to mine properties. The capitalisation of development stripping costs ceases when the mine or relevant component thereof is commissioned and ready for use as intended by management.

Waste development costs incurred in the production phase creates two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to ore to be mined in the future, the costs are recognised as a stripping activity asset within mine properties.

If the costs of the inventory produced and the stripping asset are not separately identifiable, the allocation is undertaken based on the waste-to-ore stripping ratio for the particular ore component concerned. If mining of waste in a period occurs in excess of the expected life-of-component waste-to-ore strip ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life-of-component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventory produced.

Amortisation is provided on the units-of-production method over the life of the identified orebody component. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

(k) 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal (FVLCD) and its value in use (VIU). Recoverable amount is 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value. The discount rate is derived from the Group's post-tax weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU. In determining FVLCD, an appropriate valuation model such as a discounted cash flow analysis is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure based on life-of-mine plans.

Value in use does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in fair value less costs of disposal calculations. Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Leases

Pre 1 July 2019 accounting policy (before adoption of AASB 16)

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(ii) Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group 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 to profit and loss.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Post 1 July 2019 accounting policy (post adoption of AASB 16)

(i) Right-of-use assets

The Group has elected to present right-of-use assets as part of property, plant and equipment in the statement of financial position.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The useful lives of the Group's right-of-use assets ranges from one years to three years. Right-of-use assets are subject to impairment and assessed in accordance with the Group's impairment policies.

(ii) *Lease liabilities*

The Group has elected to present lease liabilities as part of interest bearing loans and borrowings in the statement of financial position.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group also applied the available practical expedients wherein it:

- Included non-lease components for all classes of assets;
- Applied the short term lease exemption to leases with lease terms that end within 12 months or less and do not contain a purchase option; and
- Applied the exemption to lease contracts for which the underlying asset is of low value.

(iii) *Short-term leases and lease of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(n) Provisions

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

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

Rehabilitation Costs

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 programme, discounted to its net present value, is provided when the related environmental disturbance occurs. 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. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. 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 restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (Continued)

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group primarily generates revenue from the sale of gold and silver bullion. Bullion is sold either under a spot sale contract with the refiner or through forward sale agreements with banks. The only performance obligation under the contract is for the sale of gold or silver bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs after the unrefined doré is outturned and the Group either instructs the refiner to purchase the outturned fine metal or advises the refiner to transfer the gold to the bank by crediting the metal account of the bank. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price. Forward sale agreements are accounted for as executory sale contracts for which revenue is recognised in the period in which the performance obligation is satisfied under the normal sale and purchase exemption.

Transaction prices for the sale of gold and silver bullion are determined on deal confirmation for spot sales and price within the forward contracts, with no further adjustments to the price.

(q) Interest revenue

Interest income is recognised on a time proportion basis using the effective interest method.

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Trade and other payables

Trade payables, accruals 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.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(w) Employee benefits

(i) *Superannuation*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) *Short-term benefits*

Liabilities for employee benefits for wages, salaries, sick leave and other short term benefits represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay when the liabilities are settled, including related on-costs, such as workers compensation insurance and payroll tax.

(iii) *Long service leave*

The liability for long service leave is recognised 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 on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Share-based payment transactions

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group has one plan in place that provides these benefits. It is the Incentive Option and Performance Rights Scheme which provides benefits to all employees including Directors.

In valuing equity-settled transactions, no account is taken of any vesting conditions (such as service conditions), other than conditions linked to the price of the shares of Pantoro Limited (market conditions) if applicable. 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 by using a Black & Scholes or Monte Carlo model as appropriate. Further details of which are given in note 25.

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

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Share-based payment transactions (Continued)

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

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. An additional 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 dilutive earnings per share.

(y) Income Tax

Income tax expense comprises current and deferred tax. Current tax for the period is the expected tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction. Deferred tax is recognised using the full liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and unused tax losses. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax is recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates, which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure deferred tax.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Deferred tax is not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income and directly in equity are also recognised in other comprehensive income and directly in equity respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

	2020 \$	2019 \$
Revenue from contracts with customers		
Sale of gold under forward contracts	35,452,000	45,895,375
Sale of gold at spot	46,309,847	30,775,916
Sale of silver	373,522	366,612
Total revenue from contracts with customers	82,135,369	77,037,903

The transaction price allocated to remaining performance obligations unsatisfied under forward contracts is:

Gold forward contracts		
Within 1 year	-	35,452,000
	-	35,452,000

OTHER INCOME		
Interest revenue calculated using the effective interest rate method	488,839	137,166
Other income	138,813	23,960
Total other income	627,652	161,126

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

7. EXPENSES

	2020 \$	2019 \$
(a) Cost of Sales		
Salaries, wages expense and other employee benefits	(17,831,200)	(16,906,249)
Superannuation	(1,455,817)	(1,380,300)
Lease rentals	(144,750)	(5,453,519)
Other production costs net of inventory movements	(39,812,776)	(32,240,760)
Royalties	(2,172,632)	(1,835,952)
Reversal of write down in value of inventories to estimated net realisable value	143,273	280,991
Depreciation and amortisation expense		
Plant and equipment	(2,877,630)	(2,339,557)
Buildings	(110,041)	(82,448)
Mine properties and development costs	(20,617,776)	(13,698,337)
Right of use assets	(5,526,923)	-
Total cost of sales	(90,406,272)	(73,656,131)
(b) Other Expenses		
Administration Expenses		
Salaries, wages expense and other employee benefits	(1,024,332)	(365,857)
Superannuation	(83,853)	(29,950)
Directors' fees and other benefits	(220,748)	(127,075)
Share-based payments	(854,227)	(99,089)
Consulting expenses	(357,855)	(745,795)
Travel and accommodation expenses	(46,881)	(82,288)
Administration costs	(624,913)	(955,811)
Depreciation expense		
Depreciation of non-current assets		
Property, plant and equipment	(17,209)	(14,630)
Right of use assets	(62,815)	-
Total administration expenses	(3,292,833)	(2,420,495)
Other expenses		
Foreign exchange gain	444	79
Net loss on disposal of property, plant and equipment	(21,709)	(68,238)
Gain/(Loss) on right-of-use lease terminations	124,945	-
	103,680	(68,159)
Total other expenses	(3,189,153)	(2,488,654)

(c) Finance costs			
Interest	(38,020)	(40,217)	
Interest on lease liabilities	(975,438)	-	
Unwinding of rehabilitation provision discount	(264,094)	(52,022)	
Unwinding of deferred consideration discount	(525,371)	-	
Total finance costs	(1,802,923)	(92,239)	
(d) Care and maintenance costs			
Depreciation of non-current assets:			
Property, plant and equipment	(708,256)	-	
Buildings	(240,710)	-	
Total care and maintenance costs	(948,966)	-	
8. INCOME TAX	2020	2019	
	\$	\$	
(a) Major components of income tax expense:			
Income Statement			
Current income tax	-	-	
Relating to origination and reversal of temporary differences in current year	-	2,983,842	
Tax losses recognised to offset net DTL	-	(2,983,842)	
Income tax expense/(benefit) reported in the statement of profit and loss and other comprehensive income	-	-	
(b) A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:			
Accounting profit before tax from continuing operations	(29,174,830)	832,678	
Total accounting profit before income tax	(29,174,830)	832,678	
At statutory income tax rate of 30% (2019: 30%)	(8,752,449)	249,803	
<i>Non-deductible items</i>			
Share based payments	256,268	29,727	
Other non-deductible items	540	79,053	
Deductible items	(2,743,852)	(34,049)	
Previously unrecognised losses recognised in the current year	-	(324,534)	
Unrecognised deferred tax assets in the current year	11,239,493	-	
Income tax benefit reported in the statement of comprehensive income	-	-	

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

8. INCOME TAX (CONTINUED)

(c) Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of profit or loss and other comprehensive income	
	2020	2019	2020	2019
Deferred tax liabilities				
Exploration	(6,948,285)	(1,033,261)	5,915,024	385,533
Deferred mining	(3,703,289)	(10,262,189)	(6,558,900)	3,318,544
Mine properties & development	(112,159)	(83,705)	28,454	(442,572)
Rehabilitation asset	(503,593)	(746,338)	(242,745)	437,656
Consumables	(546,420)	(414,686)	131,734	131,310
Prepayments	(102,415)	(128,071)	(25,656)	45,142
Diesel rebate	(86,622)	(92,453)	(5,831)	21,395
Property, plant and equipment	(2,511,891)	-	2,511,891	-
Gross deferred tax liabilities	(14,514,674)	(12,760,703)		
Deferred tax assets				
Property, plant and equipment	-	1,286,493	1,286,493	(172,280)
Inventories	-	-	-	159,788
Financial assets	24,015	48,792	24,777	-
Accrued expenses	23,634	17,908	(5,726)	(7,408)
Provision for employee entitlements	659,618	572,458	(87,160)	(192,781)
Provision for fringe benefits tax	1,168	48	(1,120)	(48)
Provision for rehabilitation	4,166,255	1,459,885	(4,166,255)	(700,437)
Right-of-use lease amortisation	1,531,553	-	(71,668)	-
Recognised tax losses	8,108,431	9,375,119	1,266,688	(2,983,842)
Gross deferred tax assets	14,514,674	12,760,703		
Net deferred tax liabilities	-	-		
Deferred tax income/ (expense)			-	-

(d) Tax Consolidation and the tax sharing arrangement

The Company and its 100% owned Australian subsidiaries are a tax consolidated group with effect from 1 July 2014. Pantoro Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(e) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 'Income Taxes'.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Pantoro Limited. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

(f) Unrecognised deferred tax assets

At 30 June 2020, there are unrecognised Australian losses of \$17,804,158 for the Group (2019: \$6,828,699) and unrecognised temporary differences relating to blackhole expenditure of \$24,733 (2019: \$672,584).

9. AUDITORS' REMUNERATION

	2020	2019
	\$	\$
<i>Fees to Ernst & Young (Australia)</i>		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	145,656	87,226
Fees for other services - Tax compliance	42,263	52,500
Total auditor's remuneration	187,919	139,726
<i>Fees to Sinton Spence Chartered Accountants (PNG)</i>		
Fees for auditing the statutory financial report of controlled entity Pacific Niugini Minerals (PNG) Ltd	5,406	8,575
Fees for other services - Tax compliance	1,481	-
Total auditor's remuneration	6,887	8,575
<i>Fees to Greenwich & Co</i>		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	-	788
	-	788

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

10. EARNINGS PER SHARE

	2020 \$	2019 \$
Net (loss)/profit attributable to ordinary equity holders	(29,174,830)	832,678
Net (loss)/profit attributable to ordinary shareholders for diluted earnings per share	(29,174,830)	832,678
Basic (loss)/profit per share (cents)	(2.49)	0.10
Fully diluted (loss)/profit per share (cents)	(2.49)	0.10
Weighted average number of ordinary shares for basic earnings per share	1,173,484,913	868,843,340
Effect of dilution:		
Share options	-	353,409
Weighted average number of ordinary shares adjusted for the effect of dilution	1,173,484,913	869,196,749

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 30 June 2020, 22,791,876 outstanding share options were not considered in the current year diluted earnings per share calculation as they were either contingently issuable or anti-dilutive.

11. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	22,492,639	53,696,188
Total	22,492,639	53,696,188
- Refer to note 31 for credit risk disclosures		
Reconciliation of the net profit after tax to net cash flows from operations		
Profit after tax	(29,174,830)	832,678
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	30,161,360	16,134,972
Impairment loss on assets	15,200,000	-
Share-based payments	854,227	99,089
Unrealised foreign exchange difference	(59)	(76)
Exploration and evaluation expenditure written off	390,537	129,327
(Profit)/loss on disposal of property, plant and equipment	21,709	68,238
Gain on right-of-use lease terminations	(124,945)	-
Unwinding rehabilitation provision	264,094	52,022
Unwinding deferred consideration discount	525,371	-
Working capital adjustments:		
Decrease in receivables	927,008	703,876
Decrease in inventories	650,661	151,076
(Decrease)/increase in trade and other payables	(467,621)	103,697
Increase in provisions	262,109	764,024
Net cash from operating activities	19,489,621	19,038,923

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

12. TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Statutory receivables (i)	1,016,170	1,130,991
Other debtors (ii)	44,948	78,480
Security bonds (iii)	60,421	84,735
	<u>1,121,539</u>	<u>1,294,206</u>

- (i) - Statutory receivables consist of GST input tax credits and diesel fuel tax credits.
- (ii) - Other debtors are non-interest bearing.
 - The carrying amounts disclosed approximate fair value.
 - There are no past due nor impaired receivables at 30 June 2020. The Group has assessed the probability of default as low and the ECL insignificant.
- (iii) - Cash deposits used for government tenement bonds, office lease bond and miscellaneous security deposits.
- (iv) - All trade and other receivables are classed as recoverable in full. Refer to note 31 for credit risk disclosures.

13. INVENTORIES

	2020 \$	2019 \$
Ore stocks at net realisable value	535,223	720,159
Gold in circuit at cost	1,151,504	2,144,169
Gold in transit at cost	87,827	-
Stores and spares at cost	1,835,135	1,390,497
Provision for obsolete stores and spares	(13,735)	(8,210)
	<u>3,595,954</u>	<u>4,246,615</u>

During the year there were reversals of write downs in inventories to net realisable value of \$143,273 (2019: reversal of write downs of \$280,991) from continuing operations for the Group as a result of changes to estimated future sale prices of ore stocks. This is included in cost of sales refer to note 7(a).

14. PREPAYMENTS

	2020	2019
	\$	\$
Current		
Prepayments (i)	768,983	824,565
	768,983	824,565
Non-Current		
Norseman Gold Project deposit (ii)	-	2,500,000
Norseman Gold Project sole spend prior to settlement date (iii)	-	1,642,417
	-	4,142,417

(i) Prepayments primarily relate to payments made for the Groups insurance policy premiums.

(ii) Refundable to the Company on non-satisfaction of specified conditions precedent prior to settlement.

(iii) Refundable to the Company if the agreement is terminated prior to settlement. Refer to note 35 for details on the settlement.

15. PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
Plant and equipment		
Gross carrying amount - at cost	24,999,947	19,516,839
Accumulated depreciation	(8,920,012)	(5,412,127)
Net carrying amount	16,079,935	14,104,712
Land and buildings		
Gross carrying amount - at cost	1,986,883	726,460
Accumulated depreciation	(593,963)	(243,212)
Net carrying amount	1,392,920	483,248
Right of use assets		
Gross carrying amount - at cost	17,486,108	-
Accumulated amortisation	(3,878,831)	-
Net carrying amount (refer to note 21)	13,607,277	-
Capital work in progress at cost	505,727	1,733,477
Total property, plant and equipment	31,585,859	16,321,437

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movement in property, plant and equipment

Plant and equipment

	2020 \$	2019 \$
Net carrying amount at 1 July	14,104,712	8,662,613
Transfer from capital work in progress	2,054,765	7,864,524
Acquisition of Norseman Gold Project (50%)	3,590,265	-
Disposals	(66,712)	(68,238)
Depreciation charge for the year	(3,603,095)	(2,354,187)
Net carrying amount at 30 June	16,079,935	14,104,712

Land and buildings

Net carrying amount at 1 July	483,248	457,341
Transfer from capital work in progress	90,422	108,355
Acquisition of Norseman Gold Project (50%)	1,170,000	-
Depreciation charge for the year	(350,750)	(82,448)
Net carrying amount at 30 June	1,392,920	483,248

Capital works in progress

At 1 July	1,733,477	8,059,194
Additions	2,719,067	3,820,609
Transfer to mine properties and development	(1,801,630)	(2,173,447)
Transfer to plant and equipment	(2,054,765)	(7,864,524)
Transfer to land and buildings	(90,422)	(108,355)
At 30 June	505,727	1,733,477

16. EXPLORATION AND EVALUATION EXPENDITURE

	2020 \$	2019 \$
Opening balance at 1 July	4,149,862	2,159,094
Expenditure for the year	18,412,769	2,120,058
Transfer from prepayments	1,642,417	-
Acquisition of Norseman Gold Project (50%)	60,154,848	-
Exploration and evaluation expenditure written off	(390,537)	(129,290)
Adjustments to rehabilitation provision for relinquished tenements	(41,992)	-
Closing balance at 30 June	83,927,367	4,149,862

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Company has an interest in certain exploration licences and the amounts shown above include amounts expended to date in the acquisition and/or exploration of those tenements.

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the year, tenements which were or are to be relinquished or for which no substantial expenditure is planned, have been fully impaired. As a result, exploration and evaluation expenditure of \$390,537 (2019: \$129,327) was impaired.

17. MINE PROPERTIES AND DEVELOPMENT COSTS

	2020 \$	2019 \$
Mine properties and development		
Gross carrying amount - at cost	106,811,271	89,086,861
Accumulated amortisation and impairment	(87,907,482)	(52,089,706)
Net carrying amount	18,903,789	36,997,155
Net carrying amount at 1 July	36,997,155	25,997,825
Expenditure for the year	15,905,990	20,241,450
Transfer from capital work in progress (refer to note 15)	1,801,630	2,173,447
Impairment (refer to note 36)	(15,200,000)	-
Adjustment to rehabilitation provision for a change in conditions	16,790	2,282,770
Amortisation (refer to note 7(a))	(20,617,776)	(13,698,337)
Net carrying amount at 30 June	18,903,789	36,997,155

The amounts above relate primarily to the Halls Creek gold project for underground and open pit mine capital development.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

18. TRADE AND OTHER PAYABLES (CURRENT)

	2020 \$	2019 \$
Trade payables (i)	11,045,160	11,778,421
Sundry payables and accrued expenses (ii)	5,104,801	1,969,890
	16,149,961	13,748,311

(i) Trade payables are non-interest bearing and generally on 30 day terms.

(ii) Sundry payables and accruals are non-interest bearing and generally on 30 day terms.

Due to the short term nature of these payables, their carrying value approximates their fair value.

19. PROVISIONS

	2020 \$	2019 \$
Current		
Provision for annual leave	1,521,972	1,573,109
Provision for fringe benefits tax payable	3,894	159
	1,525,866	1,573,268
Non-current		
Provision for long service leave	600,683	334,027
Provision for rehabilitation (i)	25,617,395	4,866,285
	26,218,078	5,200,312

(i) Environmental obligations associated with the retirement or disposal of mining properties and/or of exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the Consolidated Statement of Profit and Loss and Other Comprehensive Income and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

	2020 \$	2019 \$
Movements in provision for rehabilitation		
Opening balance at 1 July	4,866,285	2,531,493
Acquisition of Norseman Gold Project (50%)	20,512,218	-
Adjustment due to revised conditions	(25,202)	2,282,770
Unwind of discount	264,094	52,022
Closing balance at 30 June	25,617,395	4,866,285

20. INTEREST-BEARING LOANS AND BORROWINGS

	2020 \$	2019 \$
Current		
Insurance premium funding	489,130	743,655
Lease liabilities (refer to note 21)	4,560,536	35,958
	<u>5,049,666</u>	<u>779,613</u>
Non-current		
Lease liabilities (refer to note 21)	9,334,980	8,000
	<u>9,334,980</u>	<u>8,000</u>

21. LEASES

Group as a lessee

The Group has lease contracts for various items of plant, machinery and commercial property used in its operations. Leases generally have lease terms between 1 month and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of machinery and equipment with lease terms of less than 12 months or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

Right-of-use assets	Plant and equipment	Land & buildings	Total
As at 30 June 2019	-	-	-
Transition adjustment on 1 July 2019	22,095,686	73,398	22,169,084
Additions	4,216,161	-	4,216,161
Depreciation expense	(5,526,924)	(62,815)	(5,589,739)
Terminations	(7,250,359)	62,130	(7,188,229)
As at 30 June 2020	13,534,564	72,713	13,607,277

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2020 \$	2019 \$
Lease liabilities		
As at 30 June 2019 / 30 June 2018	43,958	41,333
Transition adjustment on 1 July 2019	22,169,083	-
Additions	4,216,163	74,500
Accretion of interest	975,438	-
Payments	(6,195,952)	(71,875)
Terminations	(7,313,174)	-
As at 30 June	13,895,516	43,958

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

21. LEASES (CONTINUED)

The following are the amounts recognised in profit or loss:

	2020 \$	2019 \$
Depreciation expense of right-of-use assets	(5,589,738)	-
Interest expense on lease liabilities	(975,438)	(1,867)
Expense related to short-term leases (included in cost of sales)	(144,750)	-
Expense related to low-value assets (included in administration expenses)	(2,400)	-
Gain on lease terminations	124,945	-
	(6,587,381)	(1,867)

The Group had total cash payments for lease liabilities (including short-term and low value leases) of \$6,343,102 (2019: \$5,525,394).

22. DEFERRED CONSIDERATION

	2020 \$	2019 \$
Current		
Acquisition of Norseman Gold Project (50%)	4,995,761	-
	4,995,761	-
Non-current		
Acquisition of Norseman Gold Project (50%)	9,606,090	-
	9,606,090	-

The deferred cash payments include a \$5,000,000 and \$10,000,000 payable 12 and 24 months respectively after the date of acquisition (9 July 2019) adjusted for the impacts of discounting (refer to note 35). The carrying amount approximates the fair value at 30 June 2020.

23. ISSUED CAPITAL

(a) Ordinary Shares

Issued and fully paid

2020	2019
\$	\$
246,503,884	229,029,186

(b) Movements in ordinary shares on issue

At 1 July 2018

Placement

Share Purchase Plan

Placement

Exercise of options

Performance rights vested

Share issue costs

Number	\$
789,375,144	174,992,952
65,000,000	13,000,000
3,525,000	705,000
215,188,785	43,037,757
2,355,000	245,700
500,000	-
-	(2,952,223)

At 30 June 2019

At 1 July 2019

Acquisition of Norseman Gold Project (50%)

Share issue costs

1,075,943,929	229,029,186
1,075,943,929	229,029,186
100,000,000	17,500,000
-	(25,302)
1,175,943,929	246,503,884

At 30 June 2020

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company, the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

(d) Options and performance rights outstanding

At balance date there were unissued ordinary shares of the Company under option and performance rights as follows:

Type	Expiry Date	Exercise Price (\$)	2020 Number	2019 Number
Unlisted options	1/12/2019	0.215	-	6,050,000
Unlisted options	1/12/2019	0.22	-	6,050,000
Unlisted options	23/12/2019	0.19	-	950,000
Unlisted options	23/12/2019	0.20	-	950,000
Unlisted options	31/03/2022	0.15	5,000,000	-
Unlisted options	31/03/2022	0.20	5,000,000	-
Unlisted options	4/07/2022	0.24	3,500,000	3,500,000
Unlisted options	4/07/2022	0.25	3,500,000	3,500,000
Unlisted options	30/06/2022	nil	1,395,938	-
Unlisted options	8/11/2022	0.205	3,000,000	-
Unlisted options	30/06/2023	nil	1,395,938	-
Unlisted performance rights	1/12/2019	nil	-	2,000,000
Total			22,791,876	23,000,000

(e) Shares issued on exercise of options

There were nil options exercise during the year.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

24. RESERVES

	2020	2019
	\$	\$
Options reserve	4,513,958	4,513,958
Share-based payment reserve	3,954,966	3,100,739
Foreign currency translation reserve	(442,211)	(440,903)
	8,026,713	7,173,794

(a) Option reserve

The option reserve records items recognised as expenses on valuation of share options issued to third parties.

(b) Share-based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of the options and performance rights issued to directors and employees.

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiaries.

25. SHARE BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for services received during the year is shown in the table below:

	2020	2019
	\$	\$
Expense arising from equity-settled share-based payments	854,227	99,089

(b) Transactions settled using shares and options

On 9 July 2019, the Company completed the acquisition of a 50% interest in the Norseman Gold Project from Central Norseman Gold Corporation Pty Ltd. Consideration for the acquisition included the issue of 100,000,000 ordinary shares. The Company estimated the fair value of the assets acquired by reference to resource ounce multiples (level 3 in the fair value hierarchy). The resource ounce multiples ranged from USD 2.40/oz to USD 35.60/oz. Consequently the shares were valued by reference to resource ounce multiples. Refer to note 35 for further details.

(c) Options issued to corporate adviser

On 17 April 2020, the Company announced the appointment of Argonaut as its corporate adviser to support the company in managing the transition of the business from a small single asset producer to an Australian mid-tier gold company. Argonaut will receive ongoing advisory fees of \$15,000 per month for the first six months and \$7,500 per month for the remainder of the 12 month term for provision of services. To align the interest of Argonaut with the Group, Argonaut may also subscribe for 5,000,000 options at an exercise price of \$0.15 and 5,000,000 options at an exercise price of \$0.20 with both tranches expiring 31 March 2022. Argonaut is required to pay a subscription fee of \$100,000 for the issue of both option tranches. As there were no identifiable services attached to this grant, the Group measured the unidentified services using the grant date fair value of the equity instruments. The fair value of the options was determined using a Black-Scholes model using the following assumptions:

Grant date	17-Apr-20	
Expected Volatility (%)	60%	
Risk-free interest rate (%)	0.21%	
Expected life of options (yrs)	2.0	
Exercise price	\$0.150	\$0.200
Share price at grant date (\$)	\$0.135	\$0.135
Fair value at grant date (\$)	\$0.029	\$0.018

The expected volatility was determined using a historical sample of the Company's share price over a historical term consistent with the option period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At the end of the period 10,000,000 options were outstanding and none were exercisable. Subsequent to year end Argonaut paid the subscription fee and both tranches of options were issued on 15 July 2020.

(d) Incentive options and performance rights scheme

Under the Incentive Options and Performance Rights Scheme (Scheme), grants are made to senior executives and other staff members who have made an impact on the Group's performance. Scheme grants are delivered in the form of share options or performance rights which vest over periods as determined by the Board of Directors.

The current Scheme was approved at the 2019 Annual General Meeting replacing the previous Long Term Incentive Plan (LTIP) with wording updated to reflect current best practice.

PEPOs

Share options are issued for nil consideration. The exercise price, vesting conditions and expiry date are determined by the Board of Directors. Any options that are not exercised by the expiry date will lapse. Upon exercise, these options will be settled in ordinary fully paid shares of the Company.

ZEPOs (Performance options)

Performance options are issued for nil consideration. The performance options vest over a measurement period of one to two years subject to meeting performance measures. The Company uses relative total shareholder return and absolute share price as the performance measures for the performance options. Any performance options that do not vest on the first or second anniversary date of their grant will lapse. Upon vesting these performance options will convert into an option to acquire ordinary fully paid share of the Company for nil consideration. Any performance options that are not exercised by the second anniversary date of their vesting date will lapse.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

25. SHARE BASED PAYMENTS (CONTINUED)

Summary of rights/options granted under the Incentive Options and Performance Rights Scheme

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movement in, rights and share options issued under the Scheme.

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at the beginning of the year	23,000,000	0.205	19,080,000	0.172
Expired during the year	(16,000,000)	0.188	-	-
Granted during the year	6,431,876	0.104	7,000,000	0.245
Forfeited during the year	(640,000)	0.080	(225,000)	0.191
Exercised during the year	-	-	(2,855,000)	0.086
Outstanding at the year end	12,791,876	0.182	23,000,000	0.205
Exercisable at the year end	-	-	14,000,000	0.214

The outstanding balance as at 30 June 2020 is represented by the following table:

Grant Date	Vesting Date	Expiry Date	Exercise Price (\$)	Options Granted	Options lapsed / cancelled	Options Exercised	Number of options at end of period	
							On Issue	Vested
PEPOs								
1/07/2020 ⁽¹⁾	4/07/2020	4/07/2022	0.24	3,500,000	-	-	3,500,000	-
1/07/2020 ⁽¹⁾	4/07/2020	4/07/2022	0.25	3,500,000	-	-	3,500,000	-
8/11/2019	8/11/2020	8/11/2022	0.205	3,250,000	(250,000)	-	3,000,000	-
ZEPOs								
4/10/2019	1/07/2020	30/06/2022	nil	1,590,938	(195,000)	-	1,395,938	-
4/10/2019	1/07/2021	30/06/2023	nil	1,590,938	(195,000)	-	1,395,938	-
				13,431,876	(640,000)	-	12,791,876	-

(1) Recognition of expenses in relation to these PEPOs commenced in 30 May 2019

Weighted average remaining contractual life of performance rights and share options

The weighted average remaining contractual life for the performance rights and share options outstanding as at 30 June 2020 is 2.20 years (2019: 2.22 years).

Range of exercise price of performance rights and share options

The range of exercise price for performance rights and options outstanding at the end of the year is \$0.00 to \$0.25 (2019: \$0.00 to \$0.25).

Weighted average fair value of performance rights and share options

The weighted average fair value of options granted during the year was \$0.071 (2019: \$0.053).

ZEPO Performance conditions

The performance options have the following performance hurdles, which will be measured over the measurement period from grant date:

- The Relative Total Shareholder Return (TSR) performance options (50% of total performance options) are measured by comparing the performance of Pantoro against the performance of the S&P/All Ordinaries Gold Index. The Relative TSR performance condition measures Pantoro's ability to deliver superior shareholder returns relative to its peers.

The vesting schedule for the Relative TSR measure is as follows:

Relative TSR Performance	% Contribution to the Number of Employee Options to Vest
Below Index 0%	0%
Equal to the Index	50%
Above Index and below 15% above the Index	Pro-rata from 50% to 100%
15% above the Index	100%

- The Absolute Share Price (ASP) performance options (50% of total performance options) are measured based on the percentage growth in Pantoro's share price over the measurement period. The ASP performance condition aligns with our shareholders overall interests.

The vesting schedule for the ASP measure is as follows:

ASP Performance	% Contribution to the Number of Employee Options to Vest
Share price appreciation < 10%	0%
Share price appreciation > 10%	50%
Share price appreciation > 10% < 60%	Pro-rata from 50% to 100%
Share price appreciation > 60%	100%

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

25. SHARE BASED PAYMENTS (CONTINUED)

Share option valuation

The fair value of the equity-settled share options granted under the Scheme is estimated at the date of grant using either a Black & Scholes or a Monte Carlo model, which takes into account factors including the option's exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at grant date, historical and expected dividends and the expected life of the option, and the probability of fulfilling the required hurdles.

The following table gives the assumptions made in determining the fair value of the options granted:

2020					
Type	PEPO	ZEPO		ZEPO	
Tranche	N/A	Tranche 1		Tranche 2	
Performance Condition	N/A	TSR	ASP	TSR	ASP
Grant date	08-Nov-19	04-Oct-19	04-Oct-19	04-Oct-19	04-Oct-19
Expected Volatility (%)	60%	60%	60%	60%	60%
Risk-free interest rate (%)	0.59%	0.59%	0.59%	0.59%	0.59%
Expected life of options (yrs)	3.0	2.7	2.7	3.7	3.7
Exercise price	\$0.205	\$0.00	\$0.00	\$0.00	\$0.00
Share price at grant date (\$)	\$0.190	\$0.190	\$0.190	\$0.190	\$0.190
Fair value at grant date (\$)	\$0.072	\$0.096	\$0.069	\$0.113	\$0.094

2019		
Type	PEPO	PEPO
Tranche	Tranche 1	Tranche 2
Performance Condition	30-May-19	30-May-19
Grant date	50%	50%
Expected Volatility (%)	0.94%	0.94%
Risk-free interest rate (%)	3.0	3.0
Expected life of options (yrs)	3,500,000	3,500,000
Exercise price	\$0.24	\$0.25
Share price at grant date (\$)	\$0.215	\$0.215
Fair value at grant date (\$)	\$0.054	\$0.052

The expected volatility was determined using a historical sample of the Company's share price over a historical term consistent with the option period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

26. COMMITMENTS

(a) Capital commitments

At 30 June 2020, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not recognised as liabilities for the Group:

	2020 \$	2019 \$
- Within one year	64,515	418,230
(b) Mineral tenement commitments		
- Within one year	6,341,660	386,560
- After one year but not more than five years	16,043,590	786,360
- After more than five years	8,623,050	861,800
	31,008,300	2,034,720
(c) Future lease commitments		
Future lease commitments after 30 June 2020 for non-cancellable leases not yet commenced:		
- Within one year	84,000	
- After one year but not more than five years	84,000	
- After more than five years	-	
	168,000	

(d) Other commitments

The Group's royalty and production-based payments relates to the contingent consideration payable as part of the acquisition of the Norseman Gold Project as disclosed in note 35. As part of the terms of the acquisition of the Norseman Gold Project, the Group is committed to sole funded project expenditure of \$50.0 million.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Other than contingent consideration payable on asset acquisitions (refer to note 4) there are no contingent liabilities or contingent assets at balance date.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

28. SUBSEQUENT EVENTS

On 1 July 2020, the Company announced the vesting of 1,203,997 unlisted employee options and the cancellation of 191,941 unlisted employee options. Both of these unlisted employee options were tranche 1 ZEPOs granted 4 October 2019.

On 6 July 2020, the Company announced the issue of 1,035,810 ordinary shares as a result of the exercise of employee options.

On 15 July 2020, Pantoro's corporate adviser Argonaut subscribed for two tranches of 5,000,000 unlisted options with exercise prices of \$0.15 and \$0.20 respectively and both expiring 31 March 2022. The subscription fee paid for the issue of both tranches was \$100,000.

On 4 August 2020, the Company announced the appointment of Ms Fiona Van Maanen as an Independent Non-Executive Director replacing retiring Independent Non-Executive Director Mr Michael Jefferies.

On 7 August 2020, the Company announced a \$55 million capital raising comprising \$50 million in firm commitments under a placement at an issue price of 24 cents per share and a share purchase plan to raise up to \$5.5 million at the same issue price to all existing Pantoro shareholders with a registered address in Australia or New Zealand.

On 14 August 2020, the Company completed the \$50 million share placement and issued 208,333,334 ordinary shares in the Company.

On 2 September 2020, the Company announced the completion of the share purchase plan (SPP) and the issue of 22,916,967 ordinary shares to raise \$5,500,000.

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

29. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Pantoro Limited. The information presented here has been prepared using consistent accounting policies as presented in note 5.

	2020	2019
	\$	\$
Current assets	17,850,650	53,461,636
Non-current assets	75,584,233	20,818,564
Total assets	93,434,883	74,280,200
Current liabilities	4,533,861	1,166,984
Non-current liabilities	11,163,699	11,152,950
Total liabilities	15,697,560	12,319,934
Net assets	77,737,323	61,960,266
Issued capital	246,503,884	229,029,186
Accumulated losses	(177,235,485)	(174,683,616)
Option premium reserve	4,513,958	4,513,958
Share-based payments reserve	3,954,966	3,100,738
Total shareholders' equity	77,737,323	61,960,266
Net loss of the parent entity	2,551,869	8,930,728
Total comprehensive income for the year	2,551,869	8,930,728

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Pantoro Limited and certain Australian controlled entities are parties to a Deed of Cross Guarantee (the Deed) as disclosed in note 29.

Contingent liabilities of the parent entity

Nil

Contractual commitments by the parent entity for the acquisition of property, plant or equipment

Nil

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

30. DEED OF CROSS GUARANTEE

The subsidiaries identified with a '*' in note 33 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirements to prepare financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

These subsidiaries and Pantoro Limited together referred to as the 'Closed Group', entered into the Deed on 13 June 2019. The effect of the Deed is that each party to it has guaranteed to pay any deficiency in the event of the winding up of any of the entities in the Closed Group.

Consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income for the entities that are members of the Closed Group is as follows:

	Deed 2020 \$	Deed 2019 \$
Revenue	82,135,369	77,037,903
Cost of sales	(90,406,272)	(73,656,131)
Gross (loss)/profit	(8,270,903)	3,381,772
Other income	627,635	161,126
Other expenses	(3,188,860)	(2,470,093)
Finance costs	(1,802,923)	(92,239)
Care and maintenance costs	(948,966)	-
Impairment recognised	(15,217,000)	(7,059,218)
Exploration and evaluation expenditure written off	(390,537)	(43,070)
Loss before income tax	(29,191,554)	(6,121,722)
Income tax expense	-	-
Loss after income tax	(29,191,554)	(6,121,722)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	-	-
Other comprehensive profit for the year, net of tax	-	-
Total comprehensive loss for the year, net of tax	(29,191,554)	(6,121,722)
Summary of movements in retained earnings		
Retained earnings at the beginning of the year	(147,419,185)	(141,297,463)
Loss for the year	(29,191,554)	(6,121,722)
At 30 June	(176,610,739)	(147,419,185)

Consolidated statement of financial position

The consolidated statement of financial position for the entities that are members of the Closed Group is as follows:

	Deed 30 June 20 \$	Deed 30 Jun 19 \$
CURRENT ASSETS		
Cash and cash equivalents	22,490,813	53,685,786
Trade and other receivables	1,114,043	1,284,814
Inventories	3,595,954	4,246,615
Prepayments	768,908	824,488
Total current assets	27,969,718	60,041,703
NON-CURRENT ASSETS		
Prepayments	-	4,142,417
Property, plant and equipment	31,585,859	16,321,437
Exploration and evaluation expenditure	83,927,367	4,149,862
Mine properties and development costs	18,903,789	36,997,155
Total non-current assets	134,417,015	61,610,871
TOTAL ASSETS	162,386,733	121,652,574
CURRENT LIABILITIES		
Trade and other payables	16,141,273	13,713,733
Provisions	1,525,866	1,573,268
Interest-bearing loans and borrowings	5,049,666	779,613
Deferred Consideration	4,995,761	-
Total current liabilities	27,712,566	16,066,614
NON-CURRENT LIABILITIES		
Other Payables	11,152,950	11,152,950
Provisions	26,218,078	5,200,312
Interest-bearing loans and borrowings	9,334,980	8,000
Deferred Consideration	9,606,090	-
Total non-current liabilities	56,312,098	16,361,262
TOTAL LIABILITIES	84,024,664	32,427,876
NET ASSETS	78,362,069	89,224,698
EQUITY		
Issued capital	246,503,884	229,029,186
Reserves	8,468,924	7,614,697
Accumulated losses	(176,610,739)	(147,419,185)
TOTAL EQUITY	78,362,069	89,224,698

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

31. FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Group's principal financial instruments comprise receivables, payables, interest-bearing loans and borrowings, deferred consideration payable and cash and short-term deposits.

The Group uses gold forwards to manage its exposure to commodity price fluctuations. Exposure limits are reviewed by management on a continuous basis. As at 30 June 2020, the Group had no outstanding gold forward contracts. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews 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 and cash held at financial institutions.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
		2020	2019
Financial assets at amortised cost	Note	\$	\$
Cash and cash equivalents	11	22,492,639	53,696,188
Other receivables	12	105,369	163,215

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. The majority of all cash is held with Commonwealth Bank, an Australian bank with credit ratings of AA- (Standard & Poor's). For our PNG subsidiary a small amount of cash is held with Kina Bank a local PNG bank which acquired ANZ's commercial banking customers during the year. Kina Bank has a credit rating of B (Standard & Poor's), however, the credit risk is minimised by limiting the PNG cash holdings.

Trade and other receivables

As the Group operates primarily in gold mining and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. The Group's other receivables relate to other debtors and security deposits.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group's external borrowings are only in relation to its insurance premium funding facilities as disclosed in note 20.

The remaining contractual maturities of the Group's financial liabilities are:

	<6 months	6-12 months	1-5 years	>5 years	Total
2020					
Financial liabilities					
Trade and other payables	(16,149,961)	-	-	-	(16,149,961)
Interest bearing liabilities (excluding leases)	(432,083)	(72,014)	-	-	(504,097)
Lease liabilities	(2,583,906)	(2,569,070)	(9,828,424)	-	(14,981,400)
Deferred consideration	(5,000,000)	-	(10,000,000)	-	(15,000,000)
	(24,165,950)	(2,641,084)	(19,828,424)	-	(46,635,458)
2019					
Financial liabilities					
Trade and other payables	(13,748,311)	-	-	-	(13,748,311)
Interest bearing liabilities	(548,694)	(267,986)	(9,566)	-	(826,246)
	(14,297,005)	(267,986)	(9,566)	-	(14,574,557)

Currency risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the transacting entity's functional currency. The Group's exposure to foreign currency risk is however not considered to be significant.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group's exposure to risks of changes in market interest rates relate primarily to the Group's interest-bearing liabilities and cash balances. The level of debt is disclosed in note 20. The Group's policy is to manage its interest cost using fixed rate debt. Therefore, the Group does not have any variable interest rate risk on its debt. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The Group's exposure to interest rate risk is not considered to be significant.

At the reporting date, the Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

2020	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
Financial assets				
Cash and cash equivalents	5,088,672	17,403,967	-	22,492,639
Trade and other receivables	-	-	105,369	105,369
	5,088,672	17,403,967	105,369	22,598,008
Financial liabilities				
Trade and other payables	-	-	(16,149,961)	(16,149,961)
Interest-bearing liabilities	-	(14,384,646)	-	(14,384,646)
Deferred consideration	-	(14,601,851)	-	(14,601,851)
	-	(28,986,497)	(16,149,961)	(45,136,458)
Net financial liabilities				(22,538,450)
2019	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
Financial assets				
Cash and cash equivalents	517,674	53,178,514	-	53,696,188
Trade and other receivables	-	-	163,215	163,215
	517,674	53,178,514	163,215	53,859,403
Financial liabilities				
Trade and other payables	-	-	(13,748,311)	(13,748,311)
Interest bearing liabilities	-	(787,613)	-	(787,613)
	-	(787,613)	(13,748,311)	(14,535,924)
Net financial liabilities				39,323,479

Commodity price risk

The Group's revenues are exposed to commodity price fluctuations. The Group manages this risk through the use of gold forward contracts if deemed necessary. As at reporting date, the Group had no unrecognised sales contracts. There is therefore no exposure on recognised financial instruments at the balance sheet date.

Fair values

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There are no financial instruments that are measured at fair value during the year.

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Changes in liabilities arising from financing activities

	30 June 2019	Adoption of AASB 16	1 July 2019	Cash flows	Additions	Lease terminations	Reclassification adjustment	30 June 2020
Current obligations under leases	35,958	5,256,371	5,292,329	(5,220,514)	1,274,281	(2,114,219)	5,328,659	4,560,536
Current obligations under insurance premium funding	743,655	-	743,655	(953,281)	698,756	-	-	489,130
Non-current obligations under leases	8,000	16,912,712	16,920,712	-	2,941,882	(5,198,955)	(5,328,659)	9,334,980
Total liabilities from financing activities	787,613	22,169,083	22,956,696	(6,173,795)	4,914,919	(7,313,174)	-	14,384,646

	1 July 2018	Cash flows	Additions	Reclassification adjustment	30 June 2019
Current obligations under leases	16,000	(55,875)	74,500	1,333	35,958
Current obligations under insurance premium funding	579,705	(827,589)	991,539	-	743,655
Non-current obligations under leases	25,333	(16,000)	-	(1,333)	8,000
Total liabilities from financing activities	621,038	(899,464)	1,066,039	-	787,613

32. OPERATING SEGMENTS

During the year the Group completed the acquisition of 50% of the Norseman Gold Project (refer note 35). As a result of this acquisition the Group now has two reportable segments for the year ending 30 June 2020. On this basis the Group's reportable segments are as follows:

Halls Creek Project Mining and processing of gold

Norseman Gold Project (50%) Exploration and evaluation of gold mineralisation

The following table presents revenue and profit information regarding the Group's operating segments for the years ended 30 June 2020 and 30 June 2019.

Year ended 30 June 2020	Halls Creek Project	Norseman Gold Project	Total
Revenue			
External Customers	82,135,369	-	82,135,369
Total revenue	82,135,369	-	82,135,369
Results			
Depreciation and amortisation	(29,132,370)	(948,966)	(30,081,336)
Interest expense	(972,672)	(525,371)	(1,498,043)
Exploration and evaluation expenditure written off	(309,792)	(80,745)	(390,537)
Impairment	(15,200,000)	-	(15,200,000)
Segment profit/(loss)	(24,934,274)	(1,705,411)	(26,639,685)
Year ended 30 June 2019	Halls Creek Project	Norseman Gold Project	Total
Revenue			
External Customers	77,037,903	-	77,037,903
Total revenue	77,037,903	-	77,037,903
Results			
Depreciation and amortisation	(16,134,972)	-	(16,134,972)
Interest expense	(40,217)	-	(40,217)
Exploration and evaluation expenditure written off	(129,327)	-	(129,327)
Segment profit/(loss)	832,678	-	832,678
Segment Assets			
As at 30 June 2020	59,675,424	84,292,779	143,968,203
As at 30 June 2019	121,672,445	-	121,672,445

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

32. OPERATING SEGMENTS (CONTINUED)

	Halls Creek Project	Norseman Gold Project	Total
Segment Liabilities			
As at 30 June 2020	(29,324,754)	(38,865,179)	(68,189,933)
As at 30 June 2019	(21,309,504)	-	(21,309,504)

The following table presents segment capital expenditure of the Group's operating segments for the years ended 30 June 2020 and 30 June 2019.

	Halls Creek Project	Norseman Gold Project	Total
Capital Expenditure			
30 June 2020	19,896,222	83,681,053	103,577,275
30 June 2019	26,182,117	-	26,182,117

Reconciliation of segment results to consolidated results

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

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

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

Reconciliation of profit

	2020 \$	2019 \$
Segment profit	(26,639,685)	832,678
Corporate administration expenses	(2,194,296)	-
Share based payments	(854,227)	-
Corporate interest income	479,164	-
Other income	75,000	-
Corporate interest expense	(40,786)	-
Total consolidated profit/(loss) before tax	(29,174,830)	832,678

Reconciliation of assets

	2020 \$	2019 \$
Segment operating assets	144,105,375	121,672,445
Unallocated cash and receivables	17,860,047	-
Unallocated plant and equipment	430,708	-
Group operating assets	162,396,130	121,672,445

Reconciliation of liabilities	2020	2019
	\$	\$
Segment operating liabilities	(68,327,105)	(21,309,504)
Trade and other payables	(3,728,988)	-
Interest-bearing loans and borrowings	(562,527)	-
Provision for employee benefits	(261,782)	-
Group operating liabilities	(72,880,402)	(21,309,504)

Segment revenue is all derived from within Australia with all gold and silver being sold to The Perth Mint or delivered into forward sales contracts with its Australian banker. In the current year, this accounted for 57% and 43% of external revenue respectively (2019: 40% and 60%).

Non-current assets are all located within Australia.

33. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Pantoro Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Percentage Owned	
		2020	2019
Chrome Holdings SA Pty Ltd	Australia	100%	100%
Halls Creek Mining Pty Ltd *	Australia	100%	100%
Pacific Niugini Minerals Pty Ltd	Australia	100%	100%
Pacific Niugini Minerals (PNG) Ltd	PNG	100%	100%
Pantoro South Pty Ltd * ⁽¹⁾	Australia	100%	100%

* An ASIC-approved Deed of Cross Guarantee has been entered into by Pantoro Limited and these entities.

(1) Incorporated 18 April 2019

(b) Ultimate Parent

The group ultimate parent company is Pantoro Limited.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

34. KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

(i) Non-Executive Directors (“NEDs”)

		Appointed	Resigned
W Zekulich ⁽¹⁾	Non-Executive Chairman	2 October 2019	-
K Edwards	Non-Executive Director	5 October 2016	-
ML Jefferies ⁽²⁾	Non-Executive Director	5 October 2016	4 August 2020
FJ Van Maanen	Non-Executive Director	4 August 2020	-

(ii) Executive Directors

		Appointed	Resigned
PM Cmrlec ⁽³⁾	Managing Director	1 June 2010	-
SJ Huffadine ⁽⁴⁾	Operations Director	15 March 2016	-

(iii) Other Executives (“KMPs”)

		Appointed	Resigned
SM Balloch	CFO	31 October 2014	-
DW Okeby	Company Secretary	31 October 2014	-

(1) Mr Zekulich was appointed as a Non-Executive Director on 2 October 2019 and appointed Non-Executive Chairman on 6 February 2020.

(2) Mr Jefferies was appointed as a Non-Executive Chairman on 5 October 2016. Mr Jefferies stepped down as Chairman on 6 February 2020 and remained as a Non-Executive Director until his retirement from the board.

(3) Mr Cmrlec was appointed as a Non-Executive Director on 1 June 2010 and appointed Managing Director on 4 April 2011.

(4) Mr Huffadine commenced employment with the Company on 18 January 2016 and was appointed Operations Director on 15 March 2016.

There are no other changes of the key management personnel after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of key management personnel

	2020	2019
	\$	\$
Short-term employee benefits	1,665,288	1,204,925
Post-employment benefits	105,845	63,951
Other long-term benefits	90,508	14,375
Share-based payments	376,497	83,701
	2,238,138	1,366,952

The amounts disclosed in the table are the amounts recognised as an expense during the period related to key management personnel

(c) Loans to key management personnel

There were no loans to key management personnel during the current or previous financial year

(d) Interest held by Key Management Personnel under the Long Term Incentive Plan

Performance rights held by key management personnel under the long term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price \$	2020	2019
1/12/2016	1/12/2019	Nil	-	2,000,000
Total			-	2,500,000

Share options held by key management personnel under the long term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price \$	2020	2019
1/12/2016	1/12/2019	0.215	-	6,000,000
1/12/2016	1/12/2019	0.22	-	6,000,000
1/7/2019	4/7/2022	0.24	3,500,000	3,500,000
1/7/2019	4/7/2022	0.25	3,500,000	3,500,000
4/10/2019	1/7/2022	Nil	510,938	-
4/10/2019	1/7/2023	Nil	510,938	-
4/10/2019	8/11/2019	0.205	1,000,000	-
Total			9,021,876	19,000,000

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

35. ASSET ACQUISITION

On 9 July 2019, Pantoro completed the acquisition of a 50% interest in the Norseman Gold Project through its wholly owned subsidiary Pantoro South Pty Ltd.

Assets acquired and liabilities assumed

The identifiable assets and liabilities as at the date of acquisition are:

	\$
Assets	
Property, plant and equipment	4,760,265
Exploration and evaluation expenditure	60,154,848
	<u>64,915,113</u>
Liabilities	
Provisions	20,512,218
	<u>20,512,218</u>
 Net assets acquired	 <u>44,402,895</u>
 Costs of the Acquisition	
Shares issued	17,500,000
Cash	10,000,000
Deferred Cash Payments ⁽¹⁾	14,076,480
Stamp Duty	2,826,415
	<u>44,402,895</u>

(1) The deferred cash payments include a \$5,000,000 and \$10,000,000 payable 12 and 24 months respectively after the date of acquisition adjusted for the impacts of discounting.

In addition to the costs of acquisition above, the following contingent consideration is payable by way of:

- Royalties payable upon sale of gold and silver produced from the Norseman tenements;
- Contingent \$10,000,000 in cash payable upon definition of 1.8 million ounce reserve base.

The Group will recognise these payments as and when the hurdles are met.

36. IMPAIRMENT OF ASSETS

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

As at 31 December 2019 impairment indicators and the impairment expense recognised are discussed below. As at 30 June 2020 there were no indicators of impairment or impairment reversal.

As a result of the Group's impairment review at 31 December 2019 it was determined that changes to the Andersons lode at the Nicolson's underground mine and underperformance of the Wagtail South open pit mine causing uncertainty to scale of future underground operations at Wagtail South represented indicators of potential impairment of the Halls Creek Project CGU. The Group used a discounted cash flow (DCF) analysis under the fair value less cost to dispose approach to assess the recoverable value of the Halls Creek Project CGU.

The following key assumptions were used in the DCF valuation of the Halls Creek Project CGU:

- Future production based on the life of mine (LOM) plan;
- External gold price forecast per year ranging from \$2,312/oz to \$2,131/oz;
- Discount rate applied to post tax cashflow projections of 6.75%; and
- Average mill recovery rate of 94.7%.

The carrying value of the Halls Creek Project CGU before impairment charges was \$45,671,703. Pantoro has determined that the recoverable amount of the CGU of \$30,471,703 was less than its carrying value and therefore an impairment of \$15,200,000 was recognised at 31 December 2019 (2019: nil). The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

The Group considered a number of sensitivities in assessing the recoverable amount as at 31 December. It was estimated that changes in key assumptions, in isolation, would increase or (decrease) the recoverable amount of the Halls Creek Project CGU as at 31 December 2020 as follows:

Key Assumption	Change	Increase (\$'m)	Decrease (\$'m)
Gold Price (AUD/oz)	10%	14.72	(14.72)
Gold Production (oz)	10%	15.84	(15.85)
Cost of Production	10%	(9.01)	9.00
Mill Recovery	1%	1.40	(1.40)
Discount rate	1%	(0.44)	0.45

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

In the directors' opinion:

- (a) the financial statements and notes of the Company and of the Group are in accordance with the *Corporations Act 2001* including:
 - (i) comply with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the Company's and Group's financial position as at 30 June 2020 and of the performance for the year ended on that date; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (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.
- (d) This declaration has been made after receiving declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.
- (e) 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 comprising the company and the controlled entities marked '*' as identified in note 33(a) will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee referred to in note 30.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul Cmrlec

Managing Director

Dated 25 September 2020

INDEPENDENT AUDITOR'S REPORT



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Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Pantoro Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Pantoro Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 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.

INDEPENDENT AUDITOR'S REPORT



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1. Carrying value of non-current assets

Why significant

The Group's non-current assets comprising property, plant and equipment and mine properties are required to be assessed for indicators of impairment in accordance with the Group's accounting policies at each reporting date.

Where impairment indicators are identified, the applicable assets are required to be tested for impairment.

As at 31 December 2019, the Group identified impairment indicators and performed an assessment of the recoverable value of the Halls Creek cash generating unit ("CGU"), including the relevant property, plant and equipment and mine properties, utilising a fair value less costs of disposal ("FVLCD") model. It was determined that the recoverable amount of the Halls Creek CGU, based on the FVLCD model, was lower than the carrying amount resulting in an impairment loss of \$15,200,000 being recorded as at 31 December 2019.

As disclosed in Note 36 to the financial report, the recoverable amount of the assets is sensitive to changes in key assumptions including the estimated gold price, discount rate applied, mill recovery rates, cost of production and production quantities based on the life of mine plan.

No further indicators of impairment or reversal of impairment were identified by the Group as at 30 June 2020.

Given the significance of the CGU value relative to the Group's total assets and the degree of judgement involved in assessing the recoverable value of the CGU, we consider this a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the Group's identification of CGUs and of indicators of impairment
- ▶ Assessed the carrying value assigned to the CGU by the Group
- ▶ Evaluated the Group's assumptions and estimates to determine the recoverable value of the CGU, including those relating to discount rate, gold price, the size and grades of ore bodies and the projected operating and capital costs. In doing so, we involved our valuation specialists to compare certain assumptions against external market data
- ▶ Tested the mathematical accuracy of the impairment model and compared relevant data to supporting documentation
- ▶ Assessed the adequacy of the Group's disclosures in respect of asset carrying values, the impairment testing performed and the impairment recognised.

2. Acquisition of Norseman Gold Project

Why significant

On 9 July 2019, the Group completed the acquisition of a 50% interest in the Norseman Gold Project. The consideration transferred comprised of cash, deferred cash consideration, fully paid ordinary shares, royalties payable upon the sale of gold and silver produced from the Norseman tenements and contingent milestone payments.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Evaluated whether the Group's treatment of the transaction as an asset acquisition was consistent with the terms of the purchase agreement and the requirements of Australian Accounting Standards
- ▶ Evaluated whether the Group's measurement of the purchase consideration for the transaction, including contingent consideration payments, was consistent with the requirements of Australian Accounting Standards

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INDEPENDENT AUDITOR'S REPORT



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Why significant

Assets acquired and liabilities assumed from the acquisition comprised exploration and evaluation expenditure, property, plant and equipment and provisions. The acquisition has been accounted for as an asset acquisition as set out in Note 35 of the financial report.

We consider this to be a key audit matter as the acquisition is significant to the Group and accounting for the acquisition was complex due to the judgment required in determining the fair value of the assets and liabilities acquired.

How our audit addressed the key audit matter

- ▶ With the assistance of our valuation specialists, assessed the fair values of all of the assets and liabilities acquired, including considering whether the valuation methodologies applied were in accordance with the requirements of Australian Accounting Standards
- ▶ Assessed the qualifications, competence and objectivity of the Group's external and internal experts involved in the fair value assessment process
- ▶ Evaluated the adequacy of the Group's disclosures in the financial report relating to the acquisition of the Norseman Gold Project.

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 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

INDEPENDENT AUDITOR'S REPORT



Auditor's responsibilities for the audit of the financial report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT



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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Pantoro Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
25 September 2020

INTERESTS IN MINING TENEMENTS

AS AT 25 SEPTEMBER 2020

Halls Creek, Western Australia	Status	Interest %
E80/5451	Application	100%
E80/5456	Application	100%
G80/23	Application	100%
E80/2601	Granted	100%
E80/3861	Granted	100%
E80/4458	Granted	100%
E80/4459	Granted	100%
E80/4952	Granted	100%
E80/4958	Granted	100%
E80/4991	Granted	100%
E80/5003	Granted	100%
E80/5004	Granted	100%
E80/5005	Granted	100%
E80/5006	Granted	100%
E80/5054	Granted	100%
E80/5150	Granted	100%
E80/5185	Granted	100%
E80/5324	Granted	100%
L80/70	Granted	100%
L80/71	Granted	100%
L80/94	Granted	100%
L80/97	Granted	100%
M80/343	Granted	100%
M80/355	Granted	100%
M80/359	Granted	100%
M80/362	Granted	100%
M80/471	Granted	100%
M80/503	Granted	100%
P80/1842	Granted	100%
P80/1843	Granted	100%
P80/1844	Granted	100%
P80/1845	Granted	100%
P80/1846	Granted	100%

Norseman, Western Australia	Status	Interest %
E63/1759	Application	50%
E63/2034	Application	50%
E63/2062	Application	50%
L63/74	Application	50%
L63/95	Application	50%
M63/659	Application	50%
M63/666	Application	50%
M63/668	Application	50%
E63/1641	Granted	50%
E63/1919	Granted	50%
E63/1920	Granted	50%
E63/1921	Granted	50%
E63/1969	Granted	50%
E63/1970	Granted	50%
E63/1975	Granted	50%
L63/12	Granted	50%
L63/13	Granted	50%
L63/14	Granted	50%
L63/17	Granted	50%
L63/19	Granted	50%
L63/32	Granted	50%
L63/34	Granted	50%
L63/35	Granted	50%
L63/36	Granted	50%
L63/37	Granted	50%
L63/38	Granted	50%
L63/39	Granted	50%
L63/40	Granted	50%
L63/41	Granted	50%
L63/56	Granted	50%
M63/9	Granted	50%
M63/11	Granted	50%
M63/13	Granted	50%
M63/14	Granted	50%
M63/15	Granted	50%

Norseman, Western Australia	Status	Interest %
M63/26	Granted	50%
M63/29	Granted	50%
M63/35	Granted	50%
M63/36	Granted	50%
M63/40	Granted	50%
M63/41	Granted	50%
M63/42	Granted	50%
M63/43	Granted	50%
M63/44	Granted	50%
M63/45	Granted	50%
M63/46	Granted	50%
M63/47	Granted	50%
M63/48	Granted	50%
M63/49	Granted	50%
M63/50	Granted	50%
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M63/60	Granted	50%
M63/61	Granted	50%
M63/62	Granted	50%
M63/63	Granted	50%
M63/64	Granted	50%
M63/65	Granted	50%
M63/66	Granted	50%
M63/67	Granted	50%
M63/68	Granted	50%
M63/69	Granted	50%
M63/88	Granted	50%
M63/96	Granted	50%

Norseman, Western Australia	Status	Interest %
M63/99	Granted	50%
M63/100	Granted	50%
M63/105	Granted	50%
M63/108	Granted	50%
M63/110	Granted	50%
M63/112	Granted	50%
M63/114	Granted	50%
M63/115	Granted	50%
M63/116	Granted	50%
M63/118	Granted	50%
M63/119	Granted	50%
M63/120	Granted	50%
M63/122	Granted	50%
M63/125	Granted	50%
M63/126	Granted	50%
M63/127	Granted	50%
M63/128	Granted	50%
M63/129	Granted	50%
M63/130	Granted	50%
M63/133	Granted	50%
M63/134	Granted	50%
M63/136	Granted	50%
M63/137	Granted	50%
M63/138	Granted	50%
M63/140	Granted	50%
M63/141	Granted	50%
M63/142	Granted	50%
M63/145	Granted	50%
M63/152	Granted	50%
M63/155	Granted	50%
M63/156	Granted	50%
M63/160	Granted	50%
M63/164	Granted	50%
M63/173	Granted	50%
M63/174	Granted	50%
M63/178	Granted	50%
M63/180	Granted	50%

Norseman, Western Australia	Status	Interest %
M63/182	Granted	50%
M63/184	Granted	50%
M63/187	Granted	50%
M63/189	Granted	50%
M63/190	Granted	50%
M63/204	Granted	50%
M63/207	Granted	50%
M63/213	Granted	50%
M63/214	Granted	50%
M63/218	Granted	50%
M63/219	Granted	50%
M63/220	Granted	50%
M63/224	Granted	50%
M63/231	Granted	50%
M63/232	Granted	50%
M63/233	Granted	50%
M63/257	Granted	50%
M63/258	Granted	50%
M63/259	Granted	50%
M63/265	Granted	50%
M63/272	Granted	50%
M63/273	Granted	50%
M63/274	Granted	50%
M63/275	Granted	50%
M63/315	Granted	50%
M63/316	Granted	50%
M63/325	Granted	50%
M63/327	Granted	50%
M63/526	Granted	50%
P63/1391	Granted	50%
P63/1392	Granted	50%
P63/1393	Granted	50%
P63/1779	Granted	50%
P63/2003	Granted	50%
P63/2004	Granted	50%
P63/2010	Granted	50%

Norseman, Western Australia	Status	Interest %
P63/2089	Granted	50%
P63/2138	Granted	50%
P63/2139	Granted	50%
P63/2140	Granted	50%
P63/2141	Granted	50%
P63/2142	Granted	50%
Papua New Guinea	Status	Interest %
EL 2321	Granted	100%

SECURITY HOLDER INFORMATION

AS AT 23 SEPTEMBER 2020

(a) Top 20 Quoted Shareholders

	Units	%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	281,985,248	20.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	199,655,162	14.18
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	139,884,751	9.93
TULLA RESOURCES GROUP PTY LIMITED <TULLA RESOURCES INVEST A/C>	100,100,777	7.11
CITICORP NOMINEES PTY LIMITED	62,676,351	4.45
MR RICHARD FARLEIGH	22,736,545	1.61
UBS NOMINEES PTY LTD	15,853,155	1.13
ALL-STATES FINANCE PTY LIMITED	15,666,667	1.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	15,500,000	1.10
BUNDARRA TRADING COMPANY PTY LTD <THOMAS EMERY KENNEDY A/C>	13,458,397	0.96
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	13,226,941	0.94
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	13,128,287	0.93
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	13,018,426	0.92
LIBERTY MANAGEMENT PTY LTD <LIBERTY SUPERANNUATION FUND>	10,095,777	0.72
BRESRIM NOMINEES PTY LTD <DA HANNES SUPER FUND #2 A/C>	7,700,777	0.55
JAMARI PTY LTD <JAMARI P/L STAFF SUPER A/C>	6,800,000	0.48
DALTONVALE PTY LTD <KROGER PROPERTY INVEST A/C>	6,450,000	0.46
MR SHANE DOUGLAS OXENHAM + MS SALLYANNE LOUISE OXENHAM <S AND S OXENHAM SUPER A/C>	5,999,703	0.43
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	5,040,741	0.36
AEGP SUPER PTY LTD <AEGP SUPERANNUATION FUND A/C>	5,000,000	0.36
Total	953,977,705	67.73

(b) Distribution of quoted ordinary shares

Size of parcel	Number of share holders	Number of shares
1 - 1,000	258	53,928
1,001 - 5,000	768	2,624,248
5,001 - 10,000	598	4,927,420
10,001 - 100,000	2,006	81,530,270
100,001 -	754	1,319,262,362
Total	4,384	1,408,398,228

(c) Number of holders with less than a marketable parcel of ordinary shares

	Number of share holders	Number of shares
Minimum \$ 500.00 parcel at \$ 0.20 per unit (2,500 shares).	441	413,134

(d) Substantial Shareholders

	Units	%
ROBMAR INVESTMENTS PTY LTD	209,944,094	14.91%
TULLA RESOURCES GROUP PTY LTD	100,000,000	7.10%

(e) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each share held.

Unquoted Options

The holders of options have no rights to vote at a general meeting of the company.

(f) Unquoted Equity Securities

Unquoted Options	Exercise Price	Expiry Date	Number of Holders
3,500,000	\$0.24	04/07/2022	3 [^]
3,500,000	\$0.25	04/07/2022	3 [^]
3,000,000	\$0.205	08/11/2022	7 [^]
1,395,398	Nil, subject to performance conditions.	30/06/2023	7 [^]
5,000,000	\$0.15	31/03/2022	1
5,000,000	\$0.20	31/03/2022	1
21,395,398			

[^] Unquoted employee options issued under an employee incentive scheme.

(g) Substantial Holders of Unquoted Securities (Above 20%)

Unlisted Options, Exercise Price \$0.15, Expiry 31/03/2022

ARGONAUT INVESTMENTS PTY LTD <ARGONAUT INVEST NO. 3 A/C>

Units	%
5,000,000	100%

Unlisted Options, Exercise Price \$0.20, Expiry 31/03/2022

ARGONAUT INVESTMENTS PTY LTD <ARGONAUT INVEST NO. 3 A/C>

Units	%
5,000,000	100%

[^] Substantial holders of these unquoted options are not provided as they are issued under an employee incentive scheme.