PANORAMIC RESOURCES LTD

23 December 2019

RECEIPT OF INDEPENDENT EXPERT'S REPORT

Highlights

- First Supplementary Target's Statement released following receipt of Independent Expert's Report by KMPG
- KPMG has assessed the Offer as "fair and reasonable to Panoramic Shareholders, in the absence of a superior proposal"
- Assessed value per Panoramic share of $0.459 to $0.521 has only minor overlap with assessed value of Offer consideration of $0.446 to $0.473 per Panoramic share
- Independent Expert's assessed value per Panoramic share utilises forecast nickel prices below broker consensus expectations (as shown in Panoramic Target's Statement) and attributes zero value for Savannah exploration upside outside of existing Mineral Resources
- Panoramic Board will now carefully review the Independent Expert's Report and provide its detailed response in early January 2020
- Pending the Board's review and any impact it may have on the Board's current **REJECT** recommendation, Panoramic Shareholders should **TAKE NO ACTION** in relation to the Offer or any documents sent by IGO
- Panoramic remains in discussions with third parties who have been granted due diligence access

Panoramic Resources Limited (ASX:PAN, Panoramic or the **Company)** advises of the release of a First Supplementary Target's Statement (attached to this ASX announcement) in respect of an Independent Expert's Report received from KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215) (**KPMG**).

Panoramic appointed KPMG to prepare an Independent Expert's Report opining on whether the offer from Independence Group NL (**IGO**) to acquire ordinary shares in Panoramic announced on 4 November 2019 (**Offer**) is fair and reasonable to the Panoramic Shareholders.

KPMG has now provided Panoramic with its Independent Expert's Report, which can be found in Appendix A of the attached Supplementary Target's Statement. As part of the preparation of the Independent Expert's Report, SRK Consulting (Australasia) Pty Ltd (**SRK**) was engaged as an independent technical expert.

KPMG has assessed the Offer as "fair and reasonable to Panoramic Shareholders, in the absence of a superior proposal". This opinion has been formed on the basis that the assessed value of the IGO scrip consideration at the **top** end of the range is greater than the assessed value of Panoramic shares at the **bottom** end of the range.

Directors

PETER SULLIVAN
Non-Executive Chairman

VICTOR RAJASOORIAR
Managing Director & CEO

NICHOLAS CERNOTTA
Lead Independent
Non-Executive Director

REBECCA HAYWARD
Non-Executive Director

GILLIAN SWABY
Non-Executive Director

TREVOR ETON
CFO / Company Secretary

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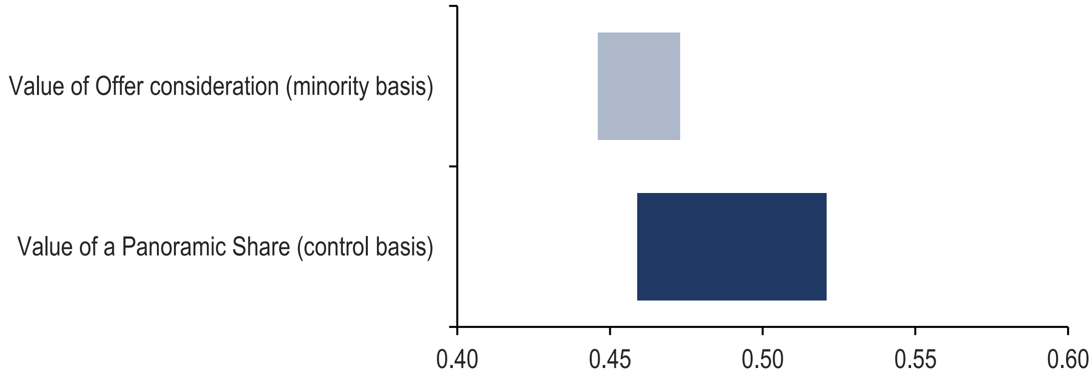
ABN: 47 095 792 288

ASX: PAN

However, as shown in Figure 1 below, the overlap between the Independent Expert's view on the value of the Offer consideration and the value of Panoramic shares is minor (i.e. 1.4 cents per share).

Figure 1: Value of Offer consideration versus value of a Panoramic Share (Independent Expert's Report estimates)



The Board notes that the Independent Expert's Report relies primarily on recent market trading in IGO shares to form a view on the value of the Offer consideration. KPMG has been unable to undertake a fundamental valuation of IGO's assets or shares.

The Board also notes that the Independent Expert's Report:

- states that if the value of IGO shares were to fall below $5.97, the implied Offer value would fall below KPMG's range of assessed fair value for Panoramic Shares. IGO shares have traded below that level on several occasions since the announcement of the Offer;
- confirms the inequality in the relative contribution of Panoramic to the enlarged IGO's contained nickel equivalent Ore Reserves and Mineral Resources relative to the pro rata interest acquired by Panoramic Shareholders in the enlarged IGO; and
- states that Panoramic Shareholders that have a different view as to the prospects and operations of the Savannah Project, forecast commodity prices, exchange rates and potential for further exploration success, could conclude that the Offer is not fair. The Independent Expert's Report observes that those Panoramic Shareholders will then need to consider, despite it not being fair, whether there are sufficient other factors for them to accept the Offer.

Board Response to Independent Expert's Report

In the Original Target's Statement, Panoramic Directors unanimously recommended that Panoramic shareholders **REJECT** the Offer from IGO.

The Panoramic Board will now carefully review the Independent Expert's Report and provide its detailed response, including any updates to the Board's current recommendation, by way of a further supplementary target's statement. This is expected to be released and mailed to shareholders (along with the Independent Expert's Report) in early January 2020.

Pending the outcome of the Board's review and any impact it may have on the Board's current recommendation, Panoramic Shareholders should **TAKE NO ACTION** in relation to the Offer or any documents sent by IGO.

The Board notes that the Offer has been extended to 17 January 2020, so there remains ample time for Panoramic Shareholders to consider the Offer. As noted in the Independent Expert's Report, there does not appear to be any commercial imperative for Panoramic Shareholders to accept the Offer early.

The Offer remains highly conditional and there is no certainty that it will proceed. Zeta Resources Limited (**Zeta**) has stated that it does not intend to accept the Offer in its current form (see its ASX announcement of 12 November 2019).[1] Further, several conditions to the Offer have been breached and IGO has reserved its position in relation to those breaches.

In the context of the minor overlap between the Independent Expert's view on the value of the Offer consideration and the value of Panoramic shares, the Board makes the following further observations in relation to the Independent Expert's Report:

- in calculating its valuation of the Savannah Ore Reserves, KPMG has applied forecast nickel prices that are below the consensus forecasts shown in Panoramic's Target's Statement. KPMG has included in its Independent Expert's Report sensitivity analysis that illustrates the impact on its valuation of key assumptions including commodity prices;
- the Panoramic Board will closely examine the methodology applied to form a view on Mineral Resources at Savannah not currently in the life-of-mine plan, including the selection of relevant comparable transactions and the manner of their utilisation; and
- **zero** value is attributed to Savannah exploration upside, outside of existing Mineral Resources. The Panoramic Board reiterates observations it made in the Original Target's Statement that the Savannah North orebody remains open in a number of directions and that exploration drilling and associated down-hole electromagnetic (DHEM) surveys indicate the Savannah North mineralisation may extend beyond the currently defined Mineral Resources.

It should also be noted that the Independent Expert's Report values Panoramic Shares on the basis of the enlarged share capital of the Company following completion of the Entitlement Offer. IGO has not yet determined whether the Offer will be extended to the Panoramic Shares issued under the Entitlement Offer or shortfall placement.

Third Party Proposals

Panoramic is continuing to provide data room access to third parties, as well as IGO, for the purpose of due diligence inquiries. These due diligence enquiries have included Savannah site visits. Panoramic remains in discussions with those parties.

No third party proposals have yet been received by Panoramic. While there can be no guarantee that any such proposals will emerge, Panoramic Shareholders who accept the Offer will not be able to accept any superior proposal that may emerge.

Further Information

Panoramic shareholders who have any questions in relation to the Offer should call the Panoramic Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia), on Monday to Friday between 9.00am and 5.00pm (Sydney time).

This ASX release was authorised on behalf of the Panoramic Board by: Victor Rajasooriar, Managing Director & CEO

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[1] Zeta has reserved the right to accept a superior proposal from IGO or any other bidder for Panoramic.

First Supplementary Target's Statement

Panoramic Resources Limited (ACN 095 792 288)

IN RESPECT OF THE OFFER BY IGO ANNOUNCED ON 4 NOVEMBER 2019

1 Important notice

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement issued by Panoramic Resources Limited ACN 095 792 288 (**Panoramic**) in relation to the off-market takeover bid by Independence Group NL ACN 092 786 304 (**IGO**) for all the fully paid ordinary Shares in Panoramic it does not already own and which were on issue as at the date of the takeover bid (**First Supplementary Target's Statement**). This First Supplementary Target's Statement supplements, and should be read together with, Panoramic's target's statement dated 9 December 2019 (**Original Target's Statement**). A copy of this First Supplementary Target's Statement was lodged with ASIC on 23 December 2019. Neither ASIC nor any of its officers take any responsibility for its contents.

2 Independent Expert's Report

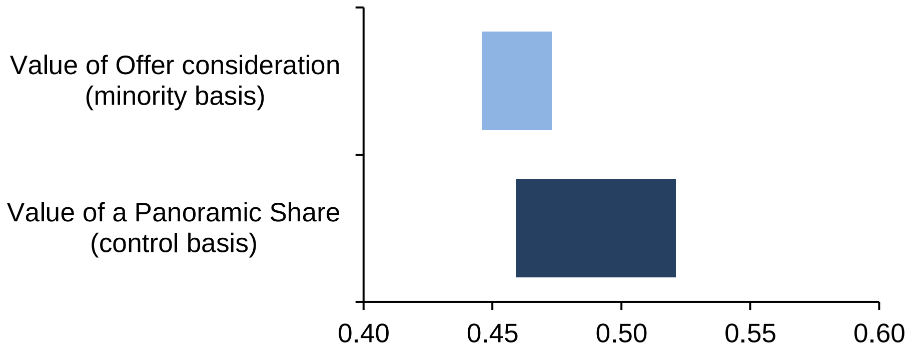
Panoramic appointed KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215) (**KPMG**), to prepare an Independent Expert's Report opining on whether IGO's offer to acquire your ordinary Shares in Panoramic announced on 4 November 2019 (**Offer**) is fair and reasonable to the Panoramic Shareholders.

KPMG has now provided Panoramic with its Independent Expert's Report which is attached in Appendix A. As part of the preparation of the Independent Expert's Report, SRK Consulting (Australasia) Pty Ltd (**SRK**) was engaged as an independent technical expert to prepare the Independent Specialist Report (**ISR**). The ISR provides detailed information about the mineral assets of Panoramic and IGO. KPMG has assessed the Offer as "fair and reasonable to Panoramic Shareholders, in the absence of a superior proposal".

KPMG has formed an opinion that the Offer is fair. This opinion has been formed on the basis that the assessed value of the Offer consideration at the **top** end of the range is greater than the assessed value of a Panoramic Share at the **bottom** end of the range. As the Offer has been assessed as fair, it has also been deemed to be reasonable.

However, as shown in Figure 1 below, the overlap between the Independent Expert's view on the value of the Offer consideration and the value of Panoramic Shares is minor (i.e. 1.4 cents per Share).

Figure 1: Value of Offer consideration versus value of a Panoramic Share (Independent Expert's Report estimates)



The Board notes that the Independent Expert's Report relies primarily on recent market trading in IGO shares to form a view on the value of the Offer consideration.[1] KPMG has been unable to undertake a fundamental valuation of IGO assets or shares.[2]

The Board also notes that the Independent Expert's Report:

- states that if the value of IGO shares were to fall below $5.97, the implied Offer value would fall below KPMG's range of assessed fair value for Panoramic Shares.[3] IGO shares have traded below that level on several occasions since announcement of the Offer;
- confirms the inequality in the relative contribution of Panoramic to the enlarged IGO's contained nickel equivalent Ore Reserves and Mineral Resources relative to the pro rata interest acquired by Panoramic Shareholders in the enlarged IGO;[4] and
- states that Panoramic Shareholders who have a different view as to the prospects and operations of the Savannah Project, forecast commodity prices, exchange rates and potential for further exploration success, could conclude the Offer is not fair. The Independent Expert's Report observes that those shareholders will then need to consider, despite it not being fair, whether there are sufficient other factors for them to accept the Offer.[5]

3 Board Response to Independent Expert's Report

In the Original Target's Statement, Panoramic Directors unanimously recommended that Panoramic shareholders **REJECT** the Offer from IGO.

The Panoramic Board will now carefully review the Independent Expert's Report and provide its detailed response, including any updates to the Board's current recommendation, by way of a further supplementary target's statement. This is expected to be released and mailed to shareholders (along with the Independent Expert's Report) in early January 2020.

Pending the outcome of the Board's review and any impact it may have on the Board's current recommendation, Panoramic Shareholders should **TAKE NO ACTION** in relation to the Offer or any documents sent by IGO.

[1] Page 9, Independent Expert's Report.
[2] Pages 9 and 96, Independent Expert's Report.
[3] Page 12, Independent Expert's Report.
[4] Pages 16 and 72, Independent Expert's Report.
[5] Page 5, Independent Expert's Report.

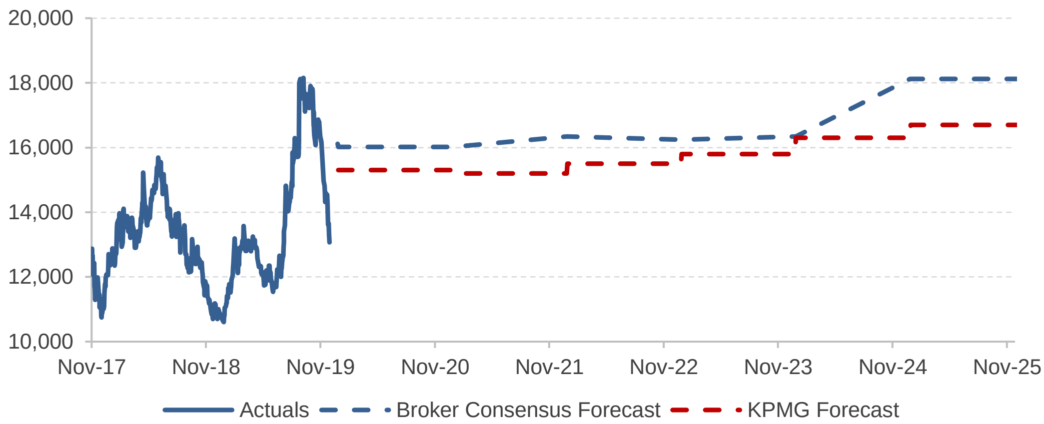
The Board notes that the Offer has been extended to 17 January 2020, so there remains ample time for Panoramic Shareholders to consider the Offer. As noted in the Independent Expert's Report, there does not seem to be any commercial imperative for Panoramic Shareholders to accept the Offer early.[6]

The Offer remains highly conditional and there is no certainty that it will proceed. Panoramic's largest shareholder, Zeta Resources Limited, has stated that it does not intend to accept the Offer in its current form (see its ASX announcement of 12 November 2019).[7] Further, several conditions to the Offer have been breached, and IGO has reserved its position in relation to those breaches.

In the context of the minor overlap between the Independent Expert's view on the value of the Offer consideration and the value of Panoramic shares, the Board makes the following further observations in relation to the Independent Expert's Report:

- in calculating its valuation of the Savannah Ore Reserves, KPMG has applied forecast nickel prices[8] that are below the consensus forecasts shown in Figure 8 of Panoramic's Original Target's Statement (see Figure 2 below). KPMG has included in its Independent Expert's Report sensitivity analysis that illustrates the impact on its valuation of key assumptions including commodity prices;[9]

Figure 2: Historical & Forecast Nickel Prices (Broker Consensus vs. KPMG Forecast, US$/t)



- the Panoramic Board will closely examine the methodology applied to form a view on the value attributed to Mineral Resources at Savannah not currently in the life-of-mine plan, including the selection of relevant comparable transactions and the manner of their utilisation; and

[6] Page 5, Independent Expert's Report.

[7] Zeta has reserved the right to accept a superior proposal from IGO or any other bidder for Panoramic.

[8] Page 84, Independent Expert's Report.

[9] Page 85, Independent Expert's Report.

- zero value is attributed to Savannah exploration upside, outside of existing Mineral Resources.[10] The Board reiterates observations made in the Original Target's Statement that the Savannah North orebody remains open in a number of directions, and that exploration drilling and associated down-hole electro-magnetic surveys indicate the Savannah North mineralisation may extend beyond the currently defined Mineral Resource.

It should also be noted that the Independent Expert's Report values Panoramic Shares on the basis of the enlarged share capital of the Company following completion of the Entitlement Offer. As at the date of this First Supplementary Target's Statement, IGO has not determined whether the Offer will be extended to the Panoramic Shares issued under the Entitlement Offer or shortfall placement.

4 Third Party Proposals

Panoramic is continuing to provide data room access to third parties, as well as IGO, for the purpose of due diligence inquiries. These due diligence enquiries have included Savannah site visits. Panoramic remains in discussions with those parties.

As at the date of this First Supplementary Target's Statement, no Third Party Proposals have been received by Panoramic. While there can be no guarantee that any such proposals will emerge, Panoramic Shareholders who accept the Offer will not be able to accept any superior proposal that may emerge.

5 Entitlement Offer

As at the date of this First Supplementary Target's Statement, the accelerated (institutional) component of the Entitlement Offer has closed with strong demand, with commitments received for approximately $6.4 million, including approximately $3.9m raised by the settlement of the accelerated component of the previously announced Entitlement Offer and the additional approximately $2.5 million shortfall settlement subject to shareholder approval (if required).

The closing date for the retail component of the Entitlement Offer has recently been extended to 10 January 2020 (unless extended or withdrawn). An extraordinary general meeting of Panoramic Shareholders has been convened for 13 January 2020 to consider resolutions for the placement of shortfall shares under the Entitlement Offer to the Underwriter (and sub-underwriters) for the purposes of ASX Listing Rule 7.9 and for all other purposes.

As at the date of this First Supplementary Target's Statement, IGO has not confirmed whether the Offer will be extended to the Panoramic Shares issued under the Entitlement Offer or shortfall placement. Accordingly, those Shares will trade on ASX under the separate ticker "PANND" unless and until the Offer is extended to them, withdrawn or lapses. As disclosed previously, those Shares may trade with limited liquidity.

6 Consents

KPMG has given, and not withdrawn before the lodgement of this First Supplementary Target's Statement with ASIC, its written consent to be named in this First Supplementary Target's Statement as the Independent Expert in the form and context it is so named and to the inclusion of the Independent Expert's Report contained in Appendix A to this First Supplementary Target's Statement. KPMG has not caused or authorised the issue of this First Supplementary Target's Statement and, other than any references to its name and the Independent Expert's Report, takes no responsibility for any part of this First Supplementary Target's Statement.

SRK has given, and not withdrawn before the lodgement of this First Supplementary Target's Statement with ASIC, its written consent to be named in this First Supplementary Target's Statement as independent technical expert in the form and context it is so named and to the

[10] Page 83, Independent Expert's Report.

inclusion in the Independent Expert's Report contained in Appendix A to this First Supplementary Target's Statement of the ISR. SRK has not caused or authorised the issue of this First Supplementary Target's Statement and, other than any references to its name and the ISR, takes no responsibility for any part of this First Supplementary Target's Statement.

7 Further information

Capitalised terms in this First Supplementary Target's Statement have the same meaning given in the Original Target's Statement, unless the context otherwise requires.

The First Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

Panoramic shareholders who have any questions in relation to the off-market takeover bid by IGO should call the Panoramic Shareholder Information Line on 1300 362 398 (within Australia) or +61 2 8355 1004 (outside Australia), on Monday to Friday between 9.00am and 5.00pm (Sydney time).

8 Approval of this First Supplementary Target's Statement

This Target's Statement has been approved by a resolution passed by Directors.

Signed for and on behalf of Panoramic Resources Limited

Date 23 December 2019

Signed for and on behalf of Panoramic Resources Limited
By

Sign here ►

Director

Print name Peter Sullivan

Appendix A – Independent Expert's Report

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The Directors
Panoramic Resources Limited
Level 9, 533 Hay Street
Perth WA 6000

22 December 2019

Dear Directors

INDEPENDENT EXPERT REPORT AND FINANCIAL SERVICES GUIDE

PART ONE – INDEPENDENT EXPERT REPORT

1 Introduction

On 4 November 2019, Independence Group NL (**IGO**), announced that it intended to make a conditional off-market offer to acquire all of the issued capital of Panoramic Resources Limited (**Panoramic**) it did not already own (**the Offer**). The consideration to be paid under the Offer to eligible Panoramic shareholders [1] comprises one new ordinary IGO share for every 13 ordinary Panoramic shares on issue (**the Exchange Ratio**) (**the Offer Consideration**).

On 4 November 2019, IGO lodged a bidder's statement with the Australian Securities and Investments Commission (**ASIC**) and ASX Ltd (**ASX**) in relation to the Offer. On 22 November 2019, IGO lodged a replacement bidder's statement with ASIC and the ASX (**the Bidder's Statement**[2]). No change was made under the Bidder's Statement to the previously announced Offer Consideration. IGO gave notice that it had completed dispatch of the Bidder's Statement to Panoramic shareholders on 25 November 2019. The Offer opened on 25 November 2019 and, after being extended by IGO on 18 December 2019, will close at 7pm (Eastern Standard Time) on 17 January 2019, unless withdrawn or further extended (**the Offer Period**).

On 5 December 2019, Panoramic announced a conditionally underwritten 1 for 6 accelerated pro-rata non-renounceable entitlement offer to raise approximately $31 million, net of costs (**Entitlement Offer**).

[1] Other than Panoramic shareholders determined to be "foreign shareholders" or "small parcel shareholders" for the purpose of the Offer. IGO shares that would otherwise have been issued to these shareholders will be sold by a nominee and the net proceeds after costs will be remitted to the relevant shareholder. Further details are set out in section 5 of this report.

[2] Unless the context requires otherwise, references to "the Bidder's Statement" are references to the replacement bidder's statement dated 22 November 2019.

At the date of this report, IGO has not confirmed whether it will seek to vary the Offer so that it extends to new Panoramic shares issued under the Entitlement Offer.

Panoramic's board of directors (**the Board**) announced on 5 December 2019 that it unanimously recommended shareholders reject the Offer; noting that the Board would review its recommendation following receipt of this report. Panoramic issued a target's statement on 9 December 2019 (**Target's Statement**), which included a reaffirmation of the Board's previous recommendation.

Panoramic is an Australian mineral exploration and mining company listed on the Official List of ASX. As at 20 December 2019, Panoramic had a market capitalisation of approximately $253 million[3]. Panoramic's principal asset comprises its 100% owned Savannah nickel-copper-cobalt project located in the East Kimberley, Western Australia (**the Savannah Project**). Panoramic is headquartered in Perth, Western Australia.

IGO is an Australian mineral exploration and mining company listed on the Official List of ASX, and also has an established American Depositary Receipts program. As at 20 December 2019, IGO had a market capitalisation of approximately $3,739 million. IGO's principal assets comprise its 100% owned Nova nickel-copper-cobalt project located in the Fraser Range, Western Australia (**the Nova Project**) and a 30% joint venture interest in the Tropicana gold project located on the western edge of the Great Victorian Desert, Western Australia (**the Tropicana JV**). IGO is headquartered in Perth, Western Australia.

IGO shareholders voted on 20 November 2019 to change the legal status of IGO from a no liability company to a public company limited by shares and to change its name to IGO Limited.

2 Requirements for our report

Under Section 640 of the Corporations Act (**the Act**), an Independent Expert Report (**IER**) is required to be included in a target's statement where the bidder is connected with the target. A bidder is regarded as being connected with the target under the following circumstances:

- the bidder's voting power in the target is 30% or more
- the bidder and target have a common director.

There is no statutory requirement for Panoramic to commission an IER in the present circumstances, as IGO's voting power in the Panoramic, when it made the Offer, was approximately 3.8%, and there are no common directors between Panoramic and IGO. However, in order to assist shareholders in assessing the Offer, the Directors of Panoramic have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) to prepare an IER setting out whether or not, in our opinion, the Offer is fair and reasonable to Panoramic shareholders taken as a whole.

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[3] All amounts are stated in Australian dollars (**$ or AUD**) unless otherwise specifically noted. Where applicable, United States dollars are denoted as US$ or USD, Canadian dollars are denoted as C$ or CAD.

Accordingly, this report has been prepared for inclusion in Panoramic's supplementary target's statement (**Supplementary Target's Statement**) in response to the Offer as if it was required for the purposes of Section 640 of the Act.

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which ASIC expects a person preparing an IER to consider when providing an opinion on whether a transaction is "fair and reasonable".

The sole purpose of this report is an expression of the opinion of KPMG Corporate Finance as to whether the Offer is fair and reasonable to Panoramic shareholders. This report should not be used for any other purposes or by any other party. Our opinion should not be interpreted as representing a recommendation to Panoramic shareholders to either accept or reject the Offer, which remains a matter solely for individual shareholders to determine.

This report should be considered in conjunction with and not independently of the information set out in both the Target's Statement and the Supplementary Target's Statement in their entirety.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

3 Opinion

In our opinion the Offer is fair and reasonable to Panoramic shareholders, in the absence of a superior proposal.

Assessment of fairness

We have assessed the value of the equity of Panoramic to lie in the range of $350.7 million to $397.7 million, which equates to an assessed value per Panoramic share (on a diluted basis[4]) of between approximately $0.459 to $0.521. Our range of assessed values represents the value of a 100% interest in Panoramic and includes a premium for control. As the valuation includes a control premium, it exceeds the price at which we expect Panoramic shares would trade on the ASX in the absence of the Offer.

We have assessed the value of the equity of Panoramic on a "sum-of-the-parts" basis by aggregating the estimated market value of Panoramic's 100% interest in the Savannah Project, its other mineral assets and

[4] Whilst the final outcome of the Entitlement Offer, and in particular the underwriting of any shortfall which is subject to shareholder approval, is not known at the date of this report, our range of values reflects that there is no reason to expect that shareholder approval will not be received, particularly as Panoramic's major shareholder, Zeta Resources Limited (**Zeta**), which holds approximately 34.5% of Panoramic's issued capital has confirmed its intention, subject to certain conditions being satisfied, to subscribe for its full entitlement under the Entitlement Offer, and is eligible to vote in relation to the underwriting. Zeta's current interest in Panoramic reflects that the Institutional element of the Entitlement Offer has been completed. Following completion of the Entitlement Offer in its entirety, it is expected that Zeta's current interest in Panoramic will return to 35.2%. Accordingly, for the purpose of this report we have adopted an interest of 35.2% in relation to Zeta's interest in Panoramic.

assets considered to be surplus to the mineral assets and deducting net borrowings and non-trading liabilities.

In contrast, we have assessed the value of the Offer Consideration having regard to recent trading in IGO shares on the ASX[5] and then adjusting for the Exchange Ratio. This is required because, in the event the Offer is successful, Panoramic shareholders will receive consideration in the form of a minority interest share in the enlarged IGO (**Enlarged IGO**). Neither the theoretical value of the Enlarged IGO as a stand-alone entity nor considerations of control premia are relevant to minority interest shareholders in the Enlarged IGO except in the event of an offer for the Enlarged IGO itself.

We have assessed the implied value of the Offer Consideration to be in the range \$0.446 to \$0.473 per Panoramic share[6].

As the Offer Consideration crosses over our assessed value range for a Panoramic share, we consider the Offer to be fair.

In arriving at our range of assessed values for Panoramic, we have placed reliance on the report prepared by SRK Consulting (Australasia) Pty Ltd (**SRK**), the independent mining industry specialist engaged by Panoramic, and instructed by us, to assist in relation to the assessment of the value of the mineral asset interests held by Panoramic. A copy of SRK's independent technical specialist's report is attached at Appendix 7.

In considering our range of assessed values, we would highlight that, although we consider our range of assessed market values for Panoramic to be reasonable at the date of this report:

- whilst Panoramic's principal asset, being its interest in the Savannah Project, is potentially very valuable, the project has not recently operated to budgeted levels following its re-commissioning, is yet to achieve full ramp-up and is dependent upon the successful exploitation of the yet to be mined Savannah North stope ore, which is currently forecast by the Company to commence in the March 2020 quarter. As a result, such assets are by their nature difficult to value.

  Panoramic has recently completed an operational review (**Operational Review**) to address the issues encountered to date and SRK has taken each of these issues and the outcome of the Operational Review into account in forming its view as to reasonable technical and operational assumptions to be adopted by us; however there remains a degree of risk inherent in the balance of work to be completed in the re-commissioning, development and ramp-up of the Savannah Project in comparison to an established production project with consistent operating profiles and parameters. Should any further material delays or operational difficulties not already addressed by Panoramic be encountered, this would likely adversely impact upon our range of assessed values for a Panoramic share and may place strain on Panoramic's short term working capital position.

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[5] Over the period from the announcement of the Offer to 16 December 2019, inclusive.

[6] Calculated as our range of assessed values for a share in the Enlarged IGO of \$5.80 to \$6.15 divided by the Exchange Ratio

- our range of assessed values for Panoramic is particularly sensitive to future metal production, AUD:USD exchange rates and USD nickel price assumptions.

  There is a wide range of views on the part of commodity, foreign exchange and market analysts as to future USD nickel prices and AUD:USD exchange rates. KPMG Corporate Finance's forecast commodity price and foreign exchange rate assumptions have been determined after consideration of the forecasts of various broking houses and market analysts, as well as prevailing forward curves. However, a wide range of assumptions could credibly be adopted, which could impact assessed fair values either positively or negatively.

In this context, we would draw shareholders' attention to the sensitivity analysis set out in section 11 of this report.

Depending on shareholders' views as to the prospects and operations of the Savannah Project, particularly in light of the outcomes of the recent Operational Review and adjustments made by SRK to various Panoramic operating assumptions, the forecast commodity prices and AUD:USD exchange rates selected by KPMG Corporate Finance and the potential for further exploration success, it is conceivable that some shareholders could potentially form a view that the value of Panoramic, inclusive of a premium for control, more appropriately lies at or above the midpoint of our range of assessed fair values for Panoramic. In these circumstances Panoramic shareholders would conclude the Offer is not fair. These shareholders would then need to consider whether, despite not being fair, there are sufficient other factors to accept the Offer.

In considering this shareholders should take into account that whilst, based on our range of assessed fair values for Panoramic, there is a significant potential upside by continuing to hold a Panoramic share compared to its current trading price on the ASX, the risk and liquidity profile compared to holding a share in the much larger, steady state, more financially robust and dividend paying IGO is also significantly different.

It is also open to those Panoramic shareholders wishing to maintain an increased level of exposure to the volatility of the nickel market to that offered by holding a share in the Enlarged IGO, to sell the new Enlarged IGO shares issued to them on market and reinvest the proceeds in an alternative early stage nickel play company.

We also note that the Offer Period was recently extended until 17 January 2020. Given the outcome of the Entitlement Offer will be known by that date and that the period between the release of this report, including SRK's report and 17 January 2020 should provide sufficient time for any other potential bidder for the Company or its assets to emerge, particularly as Panoramic opened up a due diligence process to interested parties some time ago, there does not seem any commercial imperative for Panoramic shareholders minded to accept the Offer to do so until closer to the end of the Offer Period, particularly as there have already been various breaches of the conditions precedent to the Offer to enable IGO to withdraw the Offer should it so wish.

Our analysis of the fairness of the Offer is detailed further in section 3.1 below.

Assessment of Reasonableness

Whilst we have determined the Offer to be fair based on our assessment of the underlying value of Panoramic and therefore, in accordance with RG111, the Offer is also considered reasonable, we have considered various additional matters that shareholders may also wish to take into account in deciding whether or not to accept the Offer. These include:

- Based on our range of assessed values for the Offer Consideration, Panoramic shareholders are receiving a premium for control over the volume weighted average price (**VWAP**) of Panoramic shares at various points in the six months prior to the announcement of the Offer, ranging between a low of 37.2% (1 week VWAP) and a high of 54.1% (1 month VWAP), the level of which exceeds that typically observed in recent mining sector transactions
- In the event IGO is successful in acquiring Panoramic, Panoramic shareholders will hold shares in a larger, more financially robust multi-location mineral producer, which compares to Panoramic's current status as a single location producer in ramp up. However, Panoramic shareholders will have contributed approximately 28% of the Enlarged IGO's nickel equivalent Ore Reserves and 39% of nickel equivalent Mineral Resources compared to the 8.8% pro rata interest acquired in the Enlarged IGO[7]
- Zeta, which owns approximately 35.2% of Panoramic's issued capital, advised the market on 8 November 2019[8], that it does not intend to accept the Offer in its current form. Accordingly, the maximum shareholding that IGO can currently achieve is 64.8%. In these circumstances, scrip-for-scrip capital gains tax (**CGT**) rollover relief will not be available to Panoramic shareholders
- Panoramic remains in discussions in relation to an alternative transaction, accordingly, the prospect of a superior offer emerging cannot be discounted at this time
- IGO has paid regular dividends in recent times, in contrast Panoramic has not paid a dividend since 2015. Based on the current Offer Period, Panoramic shareholders will, in the event the Offer is successful, be entitled to participate in all future IGO dividends
- Panoramic's share price may fall from current levels in the absence of the Offer, or a superior offer. We also note that in the event IGO is successful in acquiring control but not full control of Panoramic and Zeta does not accept the current Offer, there is a real risk that the market for Panoramic's shares following the close of the Offer will be illiquid.

  In these circumstances, Panoramic shareholders may wish to continue to monitor the level of shares acquired by IGO and consider the potential impact on the future liquidity in Panoramic in deciding whether to accept the Offer

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[7] Assuming that all potential shares under the Entitlement Offer are issued and participate in the Offer. Refer to section 10 for further details

[8] Zeta Resources Believes Independence Group's Bid for Panoramic to be Opportunistic, Zeta website

- as the Offer Consideration is in the form of scrip, the final value of the Offer Consideration will not be known until the Offer closes

Further information in relation to each of the above and other matters we have considered in forming our opinion is set out below.

3.1 The Offer is fair

3.1.1 Valuation of Panoramic

We have assessed the value of Panoramic to lie in the range of $350.7 million to $397.7 million, inclusive of a premium for control, which equates to an assessed value per Panoramic share of between $0.459 and $0.521 per share. Our valuation is set out in full in section 11 of this report and summarised below.

Table 1: Summary of assessed market values of Panoramic inclusive of a premium for control

	Assessed Values	
	Low $m	**High $m**
Market values of Panoramic's interests in mineral assets:		
Savannah Project Ore Reserves	301.9	312.9
Savannah Project Mineral Resources (not included in the Life of Mine Model)	32.7	42.9
Other mineral assets	23.7	39.8
Total mineral assets	**358.3**	**395.6**
Add: Cash and cash equivalents [2]	39.4	39.4
Add: Panoramic's 51% interest in Horizon	10.2	19.8
Add: Other net assets[3]	1.3	1.3
Less: Out of the money hedgebook[4]	(26.7)	(26.7)
Less: Debt[5]	(27.6)	(27.6)
Less: Future corporate overheads	(4.1)	(4.1)
Total equity value	**350.7**	**397.7**
Number of ordinary shares - undiluted (millions)	654.2	654.2
Add: Entitlement Offer share[6]	109.0	109.0
Number of ordinary shares - diluted (millions)	**763.3**	**763.3**
Value per share, inclusive of a premium for control - $	**0.459**	**0.521**

Source: KPMG Corporate Finance analysis and the SRK Report

Notes:

1 *Figures may not add exactly due to rounding*

2 *Aggregate cash and cash equivalents as at 30 November 2019 adjusted to reflect the proceeds expected from the Entitlement Offer of $32.7 million less expected transaction costs of the Entitlement Offer of $1.4 million*

3 *Other net assets comprise other current assets ($0.2 million) as at 30 November 2019 and shares in listed equities ($1.0 million), excluding Panoramic's investment in Horizon Gold Limited (**Horizon**), as at 16 December 2019*

4 *Mark to market as at 16 December 2019*

5 *Total debt as at 30 November 2019 comprising borrowings and finance lease arrangements*

6 *Assumes the Entitlement Offer is completed in full, either through acceptance or underwriting*

Our range of assessed values represents the value of a 100% interest in Panoramic and incorporates direct corporate cost savings that would generally be available to a pool of purchasers but does not include any indirect benefits, such as potential economies of scale or increases in bargaining positions that a pool of purchasers might be able to achieve. Similarly, our valuation does not include any potential strategic or operational synergies that may be unique to individual investors. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

Our valuation of Panoramic shares exceeds the price at which, based on current market conditions, we would expect Panoramic shares to trade on the ASX in the absence of the Offer or some superior offer.

In arriving at our range of values for Panoramic, we have placed reliance on the assumptions prepared by SRK in relation to a reasonable production scenario, including appropriate Ore Reserves estimations, capital expenditure and operational cost profiles in respect of the Savannah Project. In addition, SRK has assessed the value of other mineral asset interests held by Panoramic not captured in the Savannah Project operating model prepared by it, including Panoramic's indirect 51% interest in Horizon's Gum Creek Project. SRK's report is attached as Appendix 7.

The production, operating cost and capital cost assumptions prepared by SRK were adopted by us. KPMG Corporate Finance was responsible for specific corporate and other matters, including determining macro-economic and taxation assumptions.

We would highlight that whilst Panoramic's principal asset, being its interest in the Savannah Project, is potentially very valuable, the project has not recently operated to budgeted levels following its re-commissioning, is yet to achieve full ramp-up and is dependent upon the successful exploitation of the yet to be mined Savannah North stope ore, which is currently forecast by the Company to commence in the March 2020 quarter. As a result, such assets are by their nature difficult to value.

In this context, we would draw shareholders' attention to the sensitivity analysis set out in section 11 of this report. Whilst we consider our range of assessed market values for Panoramic to be appropriate at the date of this report, we note that, depending on shareholders' views as to long term macro-economic factors and the prospects of the Savannah Project, individual shareholders could form a view that the value of Panoramic lies at or above the midpoint of our assessed range for Panoramic and therefore could reach a different opinion in relation to fairness.

3.1.2 Comparison of assessed values to recent sharemarket trading

Our valuation range for a Panoramic share of $0.459 to $0.521 reflects a premium over the $0.335 closing price of Panoramic shares immediately prior to the Offer of between 37.3% and 55.8%. This premium in part reflects a valuation of 100% of Panoramic inclusive of a premium for control rather than a valuation of a portfolio interest in Panoramic as traded on the ASX. However, in our opinion it may also be as a result of adverse market sentiment in relation to, amongst other things:

- the operational difficulties and delays in the ramp-up of the Savannah Project and in the development of the Savannah North ore body, along with disappointing associated financial outcomes, including the need to renegotiate the Savannah Facility Agreement (**SFA**) entered into with Macquarie Bank Limited (**Macquarie**) in March 2019 and September 2019
- Panoramic approaching the market on two separate occasions in the eight months prior to the Offer seeking additional equity to fund working capital needs and debt repayments, with each raising being completed at a discount to the then prevailing share price,

which have likely acted to suppress Panoramic's share price in recent times.

Panoramic considers that its recent Operational Review has confirmed the integrity of the overall Savannah mine design and general operating parameters and that the Operational Review has also confirmed the absence of any fatal flaws in the overall project design and operating plan[9]. In addition, Panoramic considers the successful completion of the Entitlement Offer will provide Panoramic with sufficient funds to meet its working capital requirements to, inter alia, continue development and mining of the Savannah North orebody and repay an existing $10.5 million bridging loan from Zeta.

In our view, it may take some time to create confidence in the market as to the future performance and prospects of Panoramic and this certainly not will not occur before the current scheduled close of the Offer. As such, any discount for uncertainty that may currently be attaching to Panoramic shares will remain for some time. In this regard we note that were we to use the closing price of a Panoramic share on the ASX as a basis of determining value, which was $0.335 on 16 December 2019, it would need to increase by $0.138 (or approximately 41%) to $0.473 for us conclude the Offer is not fair.

3.1.3 Value of the Offer Consideration

The Offer Consideration to be received by Panoramic shareholders comprises new ordinary shares in the Enlarged IGO. Accordingly, RG 111 requires the value of the scrip consideration to be assessed on a minority interest basis. We have assessed the value of the Offer Consideration having regard to the Exchange Ratio to be in the range of $0.446 to $0.473.

It is common practice in these circumstances to have reference to the post announcement market price of the Offeror as a basis for estimating the value of an offer with a scrip component, as this is the price at which non-associated shareholders can monetise the Offer Consideration. Neither the theoretical value of the Enlarged IGO as a stand-alone entity nor considerations of control premia are relevant to portfolio

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[9] Panoramic ASX announcement "*Savannah North Update and Operational Review Outcomes*" 4 December 2019

shareholders in the Enlarged IGO except in the event of an offer for the Enlarged IGO itself. We note that in any event we have not had access to the internal records or management of IGO and the information contained in the Bidder's Statement is insufficient to enable a fundamental valuation of the company to be performed on a reasonable basis.

In assessing the estimated trading value of a share in the Enlarged IGO under current market conditions and assuming the Offer is successful, we have considered traded share prices for IGO on the ASX subsequent to the announcement of the Offer on 1 November 2019 and up to and including 16 December 2019. Utilising the post announcement market prices of IGO also requires consideration as to whether there are any factors that might suggest IGO's current trading prices may not be representative of future trading prices in the Enlarged IGO. Accordingly we have also considered the liquidity of IGO shares, the relative performance of IGO against its peers, recent comparative trading in IGO and Panoramic shares based on the Exchange Ratio and recent brokers forecasts as to the expected trading price of an IGO share on the ASX published in the periods immediately pre and post the announcement of the Offer.

Key factors influencing our valuation approach included:

- the trading price of IGO shares reflects the value of portfolio interests as required by RG111
- IGO is a publicly listed company and is required to comply with ASX Listing Rules in relation to continuous disclosure, including in particular the release of price sensitive information
- there has been sufficient time and information available, including the information contained in:
  - IGO's Bidder's Statement, released to the market on 4 November 2019[10]
  - Panoramic's announcement as to the outcome of its Operational Review, released to the market on 4 December 2019
  - Panoramic's announcement as to details of the Entitlement Offer, released to the market on 5 December 2019
  - Panoramic's Target's Statement, released to the market on 9 December 2019
  - various broking house notes covering Panoramic and/or IGO, released subsequent to the Offer[11],

  for the market to assess the Offer and its implications for IGO should IGO's Offer be successful. Therefore, trading in IGO shares subsequent to 4 November 2019 should reflect the estimated impacts associated with the acquisition, albeit the market may also be taking into account an increasing level of completion risk associated with the Offer
- IGO is followed by various broking houses specifically and the Australian nickel and gold industries more generally by market analysts, both of which publish periodic research reports, which arguably

[10] Along with IGO's' First Supplementary Bidder's Statement dated 22 November 2019.

[11] Considered further in section 12 of this report.

assists the ability of shareholders to make informed decisions regarding the prospects of the company and industry and prices at which IGO shares should trade

- trading in IGO shares were traded on the ASX on each of the available trading days over the 12 months prior to the announcement date and also in the subsequent period and average daily trading volumes have been sufficient for portfolio shareholders desirous of realising their investments to do so.

Based on our assessed value range of an IGO share and the Exchange Ratio of 1 new IGO share for every 13 Panoramic ordinary shares held, the assessed value of the Offer Consideration is in the range of $0.446 to $0.473 per Panoramic share as summarised below.

Table 2: Assessed value of the Offer Consideration

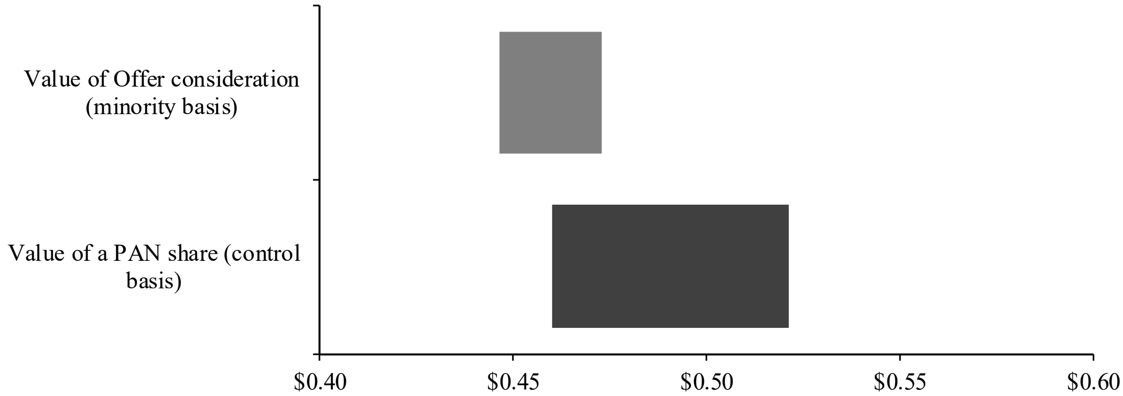
	Valuation range	
	Low	**High**
Value per IGO share - $	5.80	6.15
Exchange Ratio (1:13)	0.77	0.77
Assessed value of the Offer Consideration ($)	**0.446**	**0.473**

Source:KPMG Corporate Finance analysis

3.1.4 Comparison of Value

The chart below provides a comparison of our assessed valuation ranges for a Panoramic share on a control basis and the assessed value of the Offer Consideration.

Figure 1: Comparison of our assessed valuation ranges for a Panoramic share and the Offer Consideration



Source: KPMG Corporate Finance Analysis

According to RG 111, the Offer should be considered fair if the consideration offered to Panoramic shareholders is equal to or higher than our assessed value of a Panoramic share. As the value attributed to the Offer Consideration crosses over our assessed value range for a Panoramic share, we consider the Offer is fair.

However, we note that the implied value of the Offer Consideration under the Offer will vary with movements in the IGO traded price over the Offer Period, which will reflect company specific, industry and general market factors. Accordingly, the final value of the Offer Consideration will not be known until the Offer closes, which is currently scheduled for 17 January 2020, and could ultimately exceed, or be less than, $5.80 to $6.15 per Enlarged IGO share[12].

Also, as mentioned previously, in the event shareholders were to form the view that the value of a Panoramic share lies at or above the midpoint of our range of assessed values for a Panoramic share, then these shareholders would conclude that the Offer is unfair. These shareholders would then need to consider whether, despite not being fair, there are sufficient other factors to accept the Offer

The table below illustrates the sensitivity of the implied value of the Offer Consideration to changes in IGO's share price.

Table 3: Sensitivity of the implied value of the Offer Consideration

IGO share price ($)	5.70	5.85	6.00	6.15	6.30	6.45	6.60
Value of Offer consideration ($)	0.438	0.450	0.462	0.473	0.485	0.496	0.508

Source: KPMG Corporate Finance analysis

Accordingly, Panoramic shareholders will also need to consider the impact of company specific events and announcements, along with general market and industry conditions over the period leading up to the close of the Offer in deciding whether or not to accept the Offer.

Based on our assessed value range of $0.459 to $0.521 per Panoramic share and the exchange ratio of 1:13, the value of IGO shares would need to fall to $5.97 in order for the Offer Consideration to fall beneath the low end of our range of assessed fair values for a Panoramic share. We note that IGO shares have traded down to a closing low of $5.78 during the currency of the Offer Period.

3.2 Reasonableness

In accordance with RG111, a transaction is considered to be reasonable if it is fair. Accordingly, as we have determined that the Offer is fair, there is no technical requirement for us to separately consider matters of reasonableness. Notwithstanding this, we believe that there are various issues that shareholders may also wish to consider in deciding whether or not to accept the Offer, including those set out below.

3.2.1 Advantages

Based on our range of assessed values for the Offer Consideration and traded prices for a Panoramic share prior to the Offer, shareholders are receiving a premium

Based on our range of assessed values for the Offer Consideration of $0.446 to $0.473 per Panoramic share, the implied premium of the Offer Consideration over the VWAP of Panoramic shares at various points in the six months prior to the announcement of the Offer is detailed in the table below.

[12] We note that IGO's closing shareprice on 16 December 2019 was $6.30.

Table 4: Comparison of the Offer Consideration to Panoramic's VWAP prior to the announcement of the Offer

Period up to and including 1 November 2019	Panoramic VWAP $	Offer Consideration Low - $	Premium %	Offer Consideration High - $	Premium %
1 day	0.322	0.446	38.5	0.473	46.9
1 week	0.325	0.446	37.2	0.473	45.5
1 month	0.307	0.446	45.3	0.473	54.1
3 months	0.316	0.446	41.1	0.473	49.7
6 months	0.322	0.446	38.5	0.473	46.9

Source: IRESS and KPMG Corporate Finance Analysis

In order to assess a reasonable range for implied acquisition premia in Australia, we have considered the outcome of a recent study[13] in relation to control premia observed in successful takeovers and schemes of arrangement in the Australian metals and mining sector over the 10 year period 2006 to 2016, which indicated over a data set of 134 transactions, the 2 day, 5 day and 20 day pre-bid:

- average premium was 29.9%, 32.4% and 35.8% respectively
- median premium was 26.3%, 27.9% and 30% respectively.

Having considered these outcomes, we consider, on balance, that it is reasonable to suggest that in Australia, successful transactions in the metals and mining sector are typically likely to complete within an acquisition premia range of 25% to 35%.

In considering the evidence provided by actual transactions, it is important to recognise, however, that the observed premium for control is an outcome of the valuation process, not a determinant of value and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including amongst other things:

- pure control premium in respect of the acquirer's ability to utilise full control over the strategy and cash flows of the target entity
- the level of synergies available to all acquirers, such as the removal of costs associated with the target being a listed entity and/or costs related to duplicated head office functions
- synergistic or special value that may be unique to a specific acquirer
- whether the acquisition is competitive.

The premia implied by the Offer Consideration over the VWAP for the various periods set out above lies above the range usually observed in Australian takeovers. In considering this, we note that during the 6 months prior to 4 November 2019:

- the AUD nickel spot price increased from $17,189/t to $24,305/t over the six months to 1 November 2019, or by approximately 41%, which would be expected to positively impact both Panoramic and

[13] RSM "Control Premium Study 2017"

IGO, however as a result of the stage of development of each company's projects, with Panoramic still working towards full steady-state production, IGO is currently more leveraged to immediate term movements in nickel prices. We also note IGO has significant exposure to movements in the spot AUD gold price through its 30% interest in the Tropicana JV. The spot prices for gold increased from $1,841/t to $2,187/t over the six months to 1 November 2019, or by approximately 19%.

- Over the six month period IGO's closing share price increased from $4.58 to $6.40, a 40% increase. In contrast, Panoramic's share price fell slightly from $0.375 on 1 May 2019 to $0.335, principally due to the ramp-up of mining of the Savannah remnant ore body being slower than forecast due to a various factors, which culminated in the Operational Review being completed in October/November 2019 and a revised life of mine operational plan being designed. As noted previously, management is confident this updated plan will appropriately address the key operational issues previously impacting upon the Savannah Project. These issues and the revised operational plan have been taken into account by SRK in its assessment of reasonable operational and capital assumptions to be adopted in relation to the Savannah Project. We also note that Panoramic completed a fully underwritten 2 for 11 pro-rata renounceable entitlement offer in September 2019 to raise $28.2 million (before costs) at a significant discount to the then prevailing share price.

Successful completion of the Offer will result in Panoramic shareholders holding shares in a larger more diversified and financially robust business

All else being equal, larger businesses tend to be more liquid investments then their smaller peers owing to lower operating risk given the more diversified nature of their operations, and lower earnings volatility.

In the event the Offer is successful, Panoramic shareholders will own up to approximately 8.8% of the Expanded IGO, which will hold interests in three producing assets.

The pro forma financial position of the Enlarged IGO suggests that it will immediately be in a strong net cash position. In contrast, whilst the Savanah Project is expected to generate significant free cash flow to equity over the life of mine, current working capital and debt repayment needs and the potential unwinding of Panoramic's existing hedge book may limit Panoramic's financial flexibility in at least the short term. Furthermore, any further delays and/or unexpected adverse financial results during ramp-up period of the Savannah Project will place further strain on Panoramic's working capital position.

The pro forma financial position of the Enlarged IGO indicates that it is expected to have a greater level of coverage of short-term liabilities than Panoramic has as a stand-alone entity, even after taking into account the cash to be raised under the Entitlement Offer.

Shares in the Enlarged IGO will be more liquid than shares in either Panoramic or IGO as standalone entities

Over the twelve months prior to the announcement of the Offer approximately 44.2% of Panoramic's issued capital was traded on either the ASX or Chi-X (70.6% of Panoramic's free-float). In comparison, 135.9% of IGO's issued capital was traded (163.4% of IGO's free-float).

As a result of the Expanded IGO's increased scale, footprint and shareholder base, there appears to be a reasonable prospect that a greater number of investors may be attracted to the Expanded IGO, which should result in a greater level of liquidity than is currently the case in respect of IGO as a stand-alone entity.

In contrast:

- should IGO achieve control but not full control of Panoramic, and Zeta does not accept the Offer, Panoramic's two major shareholders will hold a combined of at least 85.3%[14] of the issued capital of Panoramic. In these circumstances, we consider there is a real prospect that the market for Panoramic's remaining free-float will be illiquid
- it is also possible that IGO may declare the Offer unconditional at some point during the Offer Period, in which case any shares acquired by IGO will reduce the free-float of Panoramic.

In these circumstances, Panoramic shareholders may wish to continue to monitor the level of shares acquired by IGO and consider the potential impact on the future liquidity in Panoramic in deciding whether to accept the Offer.

IGO has established a recent track record of paying dividends

IGO has an established history of paying dividends and has recently adopted a capital allocation policy that targets a return of 15% to 25% of free cash flow to shareholders in the form of dividends and/or share buybacks. A fully franked interim dividend of 2.0 cents per share and a final dividend of 8.0 cents per share franked to 97% was paid in respect of FY19. Following payment of the final dividend in respect FY19, IGO has no surplus franking credits available for subsequent periods.

In contrast, Panoramic's dividend policy was suspended in 2015. Having regard to the funding needed in bringing the Savannah Project to steady state production, coupled with the requirement to repay existing debt funding prior to March 2022, we consider it unlikely that Panoramic will be in a position to pay a dividend in the immediate future.

3.2.2 Disadvantages

Based on the current terms of the Offer and the stated intention of Panoramic's major shareholder, roll-over taxation relief will not be available

In the event the Offer is successful, eligible Panoramic shareholders will receive one new ordinary IGO share for every 13 Panoramic shares currently held. This will represent a disposal of the relevant Panoramic shares for CGT purposes.

Panoramic's major shareholder, Zeta, which owns approximately 35.2% of the Company's issued capital, advised the market on 8 November 2019[15], that it does not intend to accept the Offer in its current form. That being the case, the maximum shareholding in Panoramic that IGO will be able to acquire is 64.8%.

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[14] Being Zeta's 35.2% shareholding and a notional IGO controlling interest of a least 50.1%

[15] "Zeta Resources Believes Independence Group's Bid for Panoramic to be Opportunistic", Zeta website

Accordingly, scrip-for-scrip CGT rollover relief, which requires that IGO acquires a minimum 80% interest in Panoramic, will not be available to Panoramic shareholders.

In these circumstances, any CGT implications for individual Panoramic shareholders, including the potential requirement to fund any CGT obligation without the benefit of receiving any cash consideration for the Panoramic shares disposed of, will be crystallised, at a time which may not be the most financially beneficial for the relevant holder.

Panoramic shareholders are strongly encouraged to read the outline of the taxation implications for Panoramic shareholders in respect of the Offer set out in Section 7 of the Target's Statement and, if any doubt, should seek their own independent taxation advice regarding the tax consequences of accepting the Offer.

The Offer does not provide certainty as to the value of consideration to be received

As the consideration offered under the Offer does not include a cash alternative, in the event the Offer is successful Panoramic shareholders will receive new ordinary shares in the Expanded IGO.

Whilst the assumptions adopted by us in determining our range of assessed values for a Panoramic share and the Offer Consideration are considered reasonable at the date of this report, the value ultimately received by Panoramic shareholders for their existing Panoramic shares will be dependent upon the trading price for an Expanded IGO share.

Current Panoramic shareholders are contributing a significantly greater share of the Enlarged IGO's nickel equivalent Mineral Resources and Ore Reserves than the pro-rata interest being received in the Enlarged IGO

In the event that the Offer is successfully completed, Panoramic shareholders will, in aggregate, hold up to an 8.8% shareholding in the expanded capital of IGO.

As such, the interest of Panoramic shareholders in Panoramic's existing development and exploration assets will be significantly diluted. However, Panoramic shareholders will also receive a similar pro rata interest in IGO's more advanced Nova Project and its Tropicana JV interest, which are already in production, its exploration assets and also any synergies and cost savings realised by the Enlarged IGO as a result of the integration of Panoramic.

In considering this we note however that Panoramic shareholders will have contributed approximately 28% of the Enlarged IGO's nickel equivalent Ore Reserves and 39% of nickel equivalent Mineral Resources.

3.2.3 Other considerations

The possibility of an alternative offer emerging cannot be discounted

On 22 November 2019, Panoramic announced that it has provided several parties with access to due diligence to allow them the opportunity to put forward alternate proposals to the Offer.

Whilst no alternative offers have been received by Panoramic since the announcement of the Offer on 4 November 2019, we have been advised that the company is still in discussions in relation to potential alternatives to the Offer. As such, the prospect of an alternative offer emerging is not without prospect.

Panoramic shareholders will have limited ability to withdraw their acceptances once given.

We note that the Offer Period was recently extended until 17 January 2020. Given the outcome of the Entitlement Offer will be known by that date and that the period between the release of this report, including SRK's report and 17 January 2020 should provide sufficient time for any other potential bidder for the Company or its assets to emerge, particularly as Panoramic opened up a due diligence process to interested parties some time ago, there does not seem any commercial imperative for Panoramic shareholders minded to accept the Offer to do so until closer to the end of the Offer Period, particularly as there have already been various breaches of the conditions precedent to the Offer to enable IGO to withdraw the Offer should it so wish.

It is not clear whether a Panoramic share will fall from current levels in the absence of the Offer or an alternative superior offer

Based on the Exchange Ratio and:

- the closing price for an IGO share on 1 November 2019, being the last trading date prior to the announcement of the Offer, of $6.40 and the closing price of a Panoramic share on the same date of $0.335, the implied Offer premium was approximately 47%.
- the closing price of an IGO share on the day of the announcement of the Offer of $6.35 per share and the closing price of a Panoramic share of $0.425, up approximately 26.9% on the prior trading day, the implied Offer premium reduced to 15%
- the closing price for an IGO share on 16 December 2019 of $6.30 and of a Panoramic share of $0.335, the implied premium was approximately 45%,

suggesting that the implied Offer premium captured in the trading price of Panoramic shares immediately following the announcement of the Offer, as implied by the price movements noted in the two bullet point above, has largely unwound.

This unwinding, along with a general lack of correlation in the trading prices of IGO and Panoramic since the announcement of the Offer[16] may, in turn, suggest that the market is incorporating a growing level of completion risk into both Panoramic's and IGO's recent share prices.

If that is the case, it is possible that the share price of Panoramic may not fall significantly from current trading levels in the event the Offer is unsuccessful, recognising that Panoramic's recent trading prices are similar to their pre-Offer trading prices

[16] Discussed further in section 12.2

The underlying value of Panoramic can be expected to change as it moves through its development cycle

The value of a mineral project changes as it successfully moves through each stage of its development. Panoramic has in recent times undertaken a significant Operational Review and developed an updated life of mine operational plan. Recent historical performance results have been adversely impacted by the slower than forecast ramp-up in production at the Savannah Project, with first stoped ore from the Savannah North ore body now expected in the March 2020 quarter. Accordingly, the success of Panoramic's updated operational plan and the steady state performance of the Savannah Project will not be known for some time. Whilst the value attributed to Panoramic is considered reasonable at the date of this report, the fair value of the company may increase significantly, or conversely decline in value, in the future depending upon the success of the current operating plans.

Value of Panoramic to IGO may exceed our range of assessed values

IGO notes in its Bidder's Statement that it has pegged over 6,000km^2 of exploration tenor around the Savannah Project.

If IGO is successful in acquiring Panoramic, the current mine infrastructure at Savannah would be available to IGO to underpin any future production project should its exploration activities in the region be successful, significantly reducing IGO's development and execution risk.

Ineligible foreign shareholders and small parcel shareholders involuntary disposal

Restrictions in certain foreign countries may make it impractical or unlawful to offer or receive securities in those countries, therefore some Panoramic shareholders will be ineligible foreign shareholders.

In the event the Offer is successful, the Expanded IGO shares to which the ineligible foreign shareholders would otherwise have been entitled to will be issued to a nominee and realised, with the net proceeds of such sales distributed to the relevant ineligible foreign shareholders, notwithstanding that those ineligible foreign shareholders may have desired to retain an interest in the Expanded IGO.

Similarly, the shares in the Enlarged IGO that small parcel shareholders would otherwise have received will be realised on market by the nominee, notwithstanding these parties may have wished to hold exposure in the Expanded IGO.

In the event the Enlarged IGO in turn receives a takeover offer, Panoramic shareholders will participate in any premium offered

Panoramic shareholders would be entitled to participate in any control premium should the Enlarged IGO in turn receive a takeover offer.

We also note that, based on the current shareholder profiles of Panoramic and IGO, the share register of the Expanded IGO will remain relatively open immediately following completion of the Offer, as such we do not consider the prospects of the Expanded IGO receiving a takeover offer in the future to be diminished as a result of completing the Offer. Indeed, it is arguable that given the Expanded IGO's increased scale and multi-project status this may increase the attractiveness of the company to potential acquirers. Should an offer emerge in the future for the Expanded IGO, current Panoramic shareholders t that continue to hold Expanded IGO shares would be entitled to participate in any takeover premium paid.

Transition risk

There is a potential that various shareholders in the Expanded IGO will seek to realise their portfolio holdings in the period immediately following the close of the Offer. In these circumstances, until the shareholder base of the Expanded IGO is rebalanced, a risk exists of greater volatility in the Expanded IGO share price, at least in the short-term post the completion of the Offer, than may otherwise have been the case, all other things being equal. As noted previously the nominee appointed to realise Expanded IGO shares on behalf of ineligible "foreign shareholders" and "small parcel shareholders" is likely to be a seller of Expanded IGO shares during this period.

We note however that given Panoramic shareholders will only hold up to 8.8% of the Expanded IGO's issued capital, we would not expect any additional share trading to create an overhang in the market for Expanded IGO shares.

3.2.4 Consequences if the Offer does not proceed

In the event that the Offer is not successful or any conditions precedent preventing the Offer from being implemented are not waived by IGO, Panoramic will continue to operate in its current form and remain listed on the ASX. As a consequence:

- Panoramic shareholders will not receive the Offer Consideration and the implications of the Offer, as summarised above, will not occur
- Panoramic shareholders will continue to be exposed to the benefits and risks associated with an investment in Panoramic, which will be closely tied to the success or otherwise of the Savannah Project as it moves through its development and operational cycles. Whilst the Savanah Project is expected to generate significant free cash flow to equity over the life of mine, any further delays and/or unexpected adverse financial results during ramp-up period of the Savannah Project will place strain on Panoramic's working capital position and could require Panoramic to explore its funding options again
- It is possible that the share price of Panoramic may not fall significantly from current trading levels recognising that Panoramic's shares have recently been trading around pre-Offer levels
- Whilst Panoramic is still engaged in discussions in relation to a potential alternative transaction to the Offer, there is no certainty that an alternative offer will emerge. Furthermore, the existence of a major shareholder with approximately 35% of Panoramic's issued capital may act as an impediment to an alternative offer in the near future in the event one does not emerge prior to the close of the Offer.

4 Other matters

In forming our opinion, we have considered the interests of Panoramic shareholders as a whole. It is not practical or possible to assess the implications of the Offer on individual Panoramic shareholders as their financial situation, objectives or needs are not known.

The decision of shareholders as to whether or not to accept the Offer is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position.

Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to accept or reject the Offer may be influenced by his or her particular circumstances, we recommend that individual shareholders seek their own independent professional advice.

Our report has been prepared solely for the purpose of assisting shareholders in considering the Offer. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose. Our opinion should not be construed to represent a recommendation as to whether or not shareholders should accept the Offer, which remains a matter solely for each individual shareholder to determine.

Neither the whole nor any part of our report or its attachments or any reference thereto may be included in or attached to any document, other than the Supplementary Target's Statement to be sent to shareholders in relation to the Offer, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of our report in the form and context in which it appears in the Supplementary Target's Statement.

Our opinion is based solely on information available as at the date of this report as set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information as set out in section 6 of our report.

References to an Australian financial year (i.e. the 12 months to 30 June) have been abbreviated to FY, and references to calendar years have been abbreviated to CY.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Jason Hughes
Authorised Representative

Ian Jedlin
Authorised Representative

Contents

Independent Expert Report and Financial Services Guide

Part 1 – Independent Expert Report

Part 2 – Financial Services Guide

5 Summary of the Offer

The principal terms of the Offer as they affect Panoramic shareholders are that eligible shareholders will receive one new IGO ordinary share for every 13 ordinary shares in Panoramic they hold.

If this calculation results in an entitlement to a fraction of an IGO Share, that fraction will be rounded down to the next whole number of IGO shares.

IGO shares that would otherwise have been issued to "foreign shareholders"[17] or "small parcel shareholders"[18] for the purpose of the Offer will be sold by a nominee and the net proceeds after costs will be remitted to the relevant shareholder.

On 5 December 2019, Panoramic announced the Entitlement Offer. At the date of this report, IGO has not confirmed whether it will seek to vary the Offer so that it extends to new Panoramic shares issued under the Entitlement Offer.

Eligible Panoramic shareholders may only accept the Offer in respect of all of their shares.

5.1 Conditions precedent

Completion of the Offer is subject to a number of conditions precedent as set out in the Bidder's Statement, including (in summary form only):

- IGO obtaining a relevant interest in at least 50.1% in Panoramic (on a fully diluted basis) (**Minimum Acceptance**)
- Panoramic not acquiring or disposing of any significant assets or entering into any significant transaction
- FY20 forecast production guidance for Savannah not being revised downwards
- no breach, prepayment event or similar event under the current financing agreement with Macquarie for the Savannah Project
- various due diligence conditions, including that:
  - a Technical Expert be appointed to confirm various financial and operational thresholds in relation to the Savannah Project; and
  - Panoramic's Target's Statement confirms various statements in relation to the Savannah Project.
- Panoramic not incurring, or committing to incur, significant capital expenditure (subject to certain exceptions)
- no prescribed occurrences occurring.

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[17] being a Panoramic shareholder whose address as shown in the register of members of Panoramic is in a jurisdiction other than Australia or its external territories, New Zealand or Bermuda

[18] a Panoramic shareholder holding a parcel of shares having a value of less than $500 over the relevant period

- no material adverse change occurring with respect to Panoramic.

On 14 November 2019, Panoramic announced amongst other things that:

- due to underperformance of the Savannah Project against its operational budget over the 4 months to the end of October 2019 and an expectation of continuing below forecast performance, potentially into the June 2020 quarter, it had commenced an immediate operational review of the project
- as a consequence of the below budget performance, the Board considered there to be a need to raise additional funds to maintain an appropriate working capital position and provide enhanced financial flexibility.
- having regard to the above, a number of IGO's conditions precedent had been or were likely to be breached.

The Target's Statement sets out at page 27 a summary of each of the Offer's defeating conditions, along with the status of each defeating condition as at 9 December 2019.

As a result of various breaches of the conditions precedent to the Offer, it is open to IGO to rely on any breach, unless already waived, to terminate the Offer. In the event that each of the conditions precedent are not satisfied or waived by the closing date, the Offer will lapse and any acceptances will be void.

6 Scope of the report

6.1 Basis of assessment

RG 111 issued by ASIC indicates the principles and matters which it expects a person preparing an IER to consider, in determining whether an offer is "fair and reasonable".

Fairness

RG 111 issued by ASIC provides that an offer is fair if the value of the consideration is equal to or greater than the value of the shares subject to the offer. It is a requirement of RG 111 that the comparison be made assuming 100% ownership of the 'target'[19] and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target prior to the bid.

[19] On 8 November 2019, Panoramic's major shareholder, Zeta, which holds approximately 35.2% of the Panoramic's issued capital, advised the market that it does not intend to accept the Offer in its current form. That being the case, the maximum shareholding IGO will be able to achieve under the Offer is 64.8%. Notwithstanding this, in accordance with the requirements of RG111 we are required to assess the value of Panoramic as though 100% of Panoramic's issued capital was available to be acquired.

Accordingly, the principal matter we are required to consider is whether the Offer Consideration, comprising one new ordinary share in the Enlarged IGO, on a minority interest basis, is equal to or exceeds the market value of 13 existing Panoramic shares on a 100% control basis.

In addition to the points noted above, RG 111 indicates that the weight of judicial authority is that any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under this comparison, rather they are matters that an expert might consider in assessing whether an offer is reasonable. As such, in assessing the full underlying value of Panoramic, we have considered those synergies and benefits that would be available to a pool of potential purchasers of Panoramic. Accordingly, our valuation of Panoramic has been determined without regard to the specific bidder and any special benefits have been considered separately.

Reasonableness

An offer is deemed by RG 111 to be "reasonable" if it is fair. However an offer can also be reasonable even if despite not being fair there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer. In considering matters of reasonableness, we have also considered, inter alia, the following factors:

- recent trading prices and liquidity for Panoramic and IGO shares on ASX
- the risk profile of the Enlarged IGO relative to Panoramic, including the potential for synergies
- the relative contribution of nickel equivalent Ore Reserves and Mineral Resources by Panoramic and IGO to the Enlarged IGO
- the comparative net asset backing of Panoramic and the Enlarged IGO
- the recent dividend history of Panoramic and IGO
- the impact on liquidity for the shares in the Enlarged IGO
- any special value to IGO in acquiring Panoramic
- tax consequences for Panoramic shareholders
- the nature of the conditions precedent to the Offer
- likely trading in Panoramic shares in the absence of the Offer
- any other advantages and disadvantages that would have an impact on Panoramic shareholders.

6.2 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of Panoramic or any or its associated entities for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with Panoramic's management and its advisers in relation to the nature of the business operations, specific risks and opportunities, historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Panoramic has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by or on behalf of the management of Panoramic, including FY20 budgets, the outcome of the Operational Review and updated life of mine plan in relation to the re-commissioning of the Savannah Project. KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report and Panoramic remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information or tested the mathematical integrity of the models. However, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

KPMG Corporate Finance has instructed SRK to undertake various enquiries in relation to the forecast information, including review of technical and operational data and holding discussions with management in regard to the technical and operational assumptions underlying the forecast operations of the Savannah Project. SRK has, where necessary, made adjustments to reflect its judgement and provided its preferred forecast production and cost schedules to KPMG Corporate Finance. KPMG Corporate Finance is of the view that this forward-looking information has been prepared on a reasonable basis and, therefore, is suitable as a basis for our valuations. Further detail in relation to the involvement of the independent technical specialist and a summary of its projections is set out in section 11 of this report. A copy of SRK's report is included at Appendix 7 to this report.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal diligence that a company and its advisers may undertake. The Directors are responsible for conducting diligence in relation to the Offer. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the diligence process, which is outside our control and beyond the scope of this report. We have assumed that the diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.3 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. Due to commercial sensitivity and/or confidentiality undertakings given by Panoramic we have limited the level of disclosure in relation to certain key business arrangements however we have disclosed a summary of material information which we relied on in forming our view.

6.4 Reliance on Technical Expert

ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. To assist KPMG Corporate Finance in the valuation of Panoramic's mineral assets, SRK was engaged by Panoramic, and instructed by us, to prepare an independent technical report in relation to the development and operational forecast assumptions for the Savannah Project as well as the valuation of any other mineral interests, such as defined resources and other exploration tenements held by Panoramic but not included in the forecasts in respect of the Savannah Project. A copy of the SRK's report, dated 22 December 2019, is attached to this report at Appendix 7.

SRK's report was prepared in accordance with the requirements of the Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral and Petroleum Assets (2015 Edition) (**the ValMin Code**) to the extent applicable.

ASIC Regulatory Guides recommend the fees payable to the technical specialists be paid in the first instance by the independent expert and claimed back from the party commissioning the independent expert. KPMG Corporate Finance's preferred basis for appointment of independent technical specialists is that the client commissions, and pays the fees directly to, the technical specialist, whilst KPMG Corporate Finance defines the scope of work for the technical specialist. We do not consider that the independence of the technical specialist is impaired by this arrangement.

We have satisfied ourselves as to SRK's qualifications and independence from Panoramic and IGO, and have placed reliance on its report.

Following discussion and enquiry with SRK, the development and operational assumptions recommended by SRK have been adopted in the cash flow projections used by us in assessing the value for Panoramic's interest in the Savannah Project. KPMG Corporate Finance was responsible for the determination of certain macroeconomic and other assumptions such as commodity prices, exchange rates, discount rates, inflation and taxation assumptions.

The valuation methodologies adopted by SRK in respect of mineral assets outside of the Savannah Project are based on the yardstick, unit area value, geoscientific rating and/or comparable transactions methods as appropriate.

Due to the various uncertainties inherent in the valuation process, SRK has determined a range of values within which it considers the value of each of these additional mineral assets to lie. The valuations ascribed by SRK to the other mineral assets of Panoramic have been adopted in our report.

7 Industry overview

Panoramic's principal assets include interests in nickel-copper-cobalt development and exploration assets. Accordingly, the financial performance of Panoramic is significantly impacted by developments in the international industries for these commodities. To provide a context for assessing the prospects of Panoramic, we have included an overview of recent trends in the international nickel, copper and cobalt markets at Appendix 3.

8 Profile of Panoramic

8.1 Company overview

Panoramic is a Western Australian mining company listed on the securities exchange of the ASX. Panoramic's current principal activities comprise the ramp-up and further development of its 100% owned Savannah Project, which is located approximately 240km south of Kununurra in the East Kimberley region of Western Australia.

Panoramic also holds direct interests in various other mineral projects, including:

- the 100% owned Panton platinum and palladium development project (**the Panton Project**), located 60km south of the Savannah Project
- the 100% owned Thunder Bay North platinum and palladium exploration project (**Thunder Bay Project**), located in Northern Ontario, Canada[20].

In addition, Panoramic also holds an indirect a 51% interest in the Gum Creek Gold Project (**Gum Creek Project**), located near Wiluna in Western Australia, via its corresponding equity interest in Horizon, which in turn owns 100% of the Gum Creek Project.

An overview of the Savannah Project and Panoramic's mineral assets is set out below and discussed in more detail in SRK's report which is attached as Appendix 7 to this report.

[20] Panoramic is in the process of selling the Thunder Bay Project to Benton Resources Inc. for approximately C$9 million. Based on a spot AUD:CAD exchange rate of 0.91, C$9 million equates to approximately $10.0 million.

8.2 The Savannah Project – 100% interest

8.2.1 Overview

After its purchase by Panoramic in 2001, the Savannah Project was constructed in 2003 and commissioned in late 2004, initially sourcing ore from an open pit. After 18 months, the operations transitioned to underground mining.

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

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

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

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

A map of the location of the Savannah Project and a plan of the mine are set out in the figures below.

Figure 2: Savannah Project location

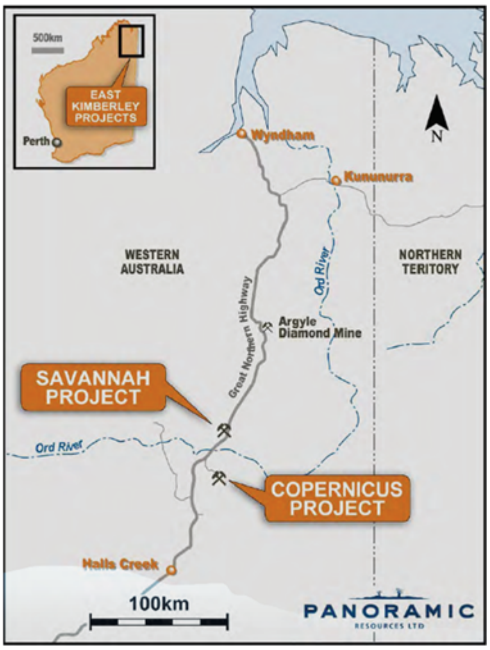
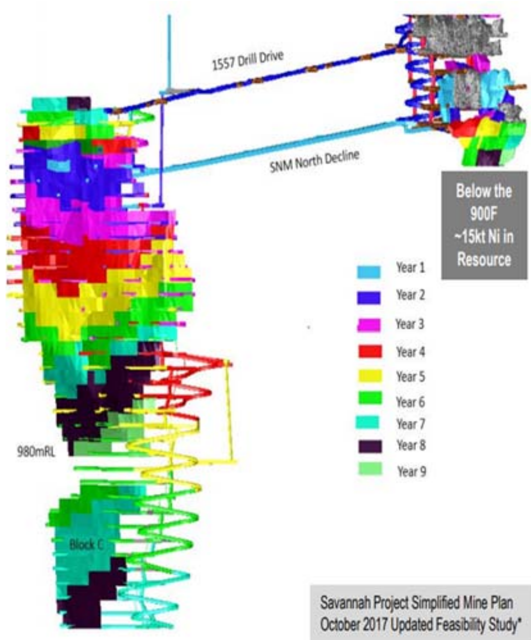


Figure 3: Savannah Project simplified mine plan



Source: FY19 Annual Report, Investor Presentation 3 December 2019
Note: The Copernicus Project mine was closed in the September 2016 quarter

Over CY19, the development rate and operational performance of the Savannah Project has fallen short of key metrics in the Updated Feasibility Study due to a variety of factors, including amongst others:

- operational and maintenance staff and mobile equipment availability issues
- delayed commissioning and underperformance of the paste plant and paste reticulation system
- mining the Savannah remnant orebody out of sequence to make up for tonnage shortfalls in earlier months
- underestimation of the amount of rehabilitation required
- lower nickel grade due to hanging wall failure and paste dilution in stopes
- slower than anticipated completion of the twin declines accessing the Savannah North orebody.

In response, Panoramic announced on 14 November 2019 the commencement of an operational review of the Savannah Project. The key objectives of the Operational Review were stabilising and improving short-term operational performance at Savannah and optimising Savannah North development plans.

On 25 November 2019, Panoramic announced that as part of that Operational Review, it had determined that production guidance for Savannah for FY20 should be adjusted to 7,000-7,500t nickel, 4,500-5,000t copper and 400-450t cobalt.

On 3 December 2019, Panoramic announced that the twin declines had accessed the Savannah North orebody that first cut produced 60% sulphides (approx. 1.5%-1.8% nickel) and that production of ore from stopes was expected early in the March 2020 quarter, with completion of the ventilation shaft in the June 2020 quarter.

On 4 December 2019, Panoramic announced the full results of its Operational Review, which included:

a) a detailed assessment and update of the Savannah life-of-mine (**LOM**) schedule

b) a review and optimisation of current operating cost levels and the forecast LOM cost profile

c) identification of opportunities to accelerate development to deliver further flexibility of ore sourcing

d) identification and implementation of initiatives to capture greater efficiencies, lift utilisation levels and enhance productivity within the underground operations.

Panoramic reported that the Operational Review has confirmed the integrity of the overall Savannah mine design and general operating parameters and the absence of any fatal flaws in the overall project design and operating plan, and provided a comparison of the key physicals from the updated Savannah Project LOM determined under the Operational Review compared to the equivalent outputs from the Feasibility Study, which are summarised in the table below.

Table 5: Key physicals from updated Savannah LOM plan compared to equivalent outputs from Updated Feasibility Study

	Unit	Updated Savannah LOM Plan	Updated Feasibility Study	% change
Ore mined and process	Mt	7.23	7.65	-5%
Average nickel grade	%	1.39	1.42	-2%
Average copper grade	%	0.66	0.68	-2%
Average cobalt grade	%	0.09	0.10	-3%
Contained nickel in concentrate	kt	83.7	90.2	-7%
Contained copper in concentrate	kt	46.9	50.7	-7%
Contained cobalt in concentrate	kt	6.1	6.7	-9%

Source: Panoramic ASX announcement 4 December 2019
Note: kt means thousand tonnes

Panoramic's review of existing operating costs and sustaining capital levels resulted in a forecast weighted average "all-in-sustaining-cost" (**AISC**)[21] for the Savannah Project's remaining LOM of US$3.77 per pound (**lb**)[22], which Panoramic notes compares to US$3.50/lb included in the Updated

[21] Calculated net of by-product credits, calculated using spot commodity prices as at 2 December 2019 of US$6.19/lb nickel, US$2.66/lb copper and US$16.01/lb cobalt and an AUD:USD spot exchange rate of 0.68. AISC excludes corporate and exploration costs.

[22] Panoramic's revised AISC excludes the forecast results of the second half of FY2020, which are considered by Panoramic to be non-representative given the ongoing ramp-up and accelerated development strategy to be employed at Savannah North during this period.

Feasibility Study when equivalent commodity price and foreign exchange assumptions are adopted and adjusting for inflationary impacts.

8.2.2 Production results and guidance

Recent summary production results and guidance published by Panoramic in relation to the Savannah Project are set out below.

Table 6: Savannah Project production results and guidance

	Unit	Actual FY19	Actual 3 months to 30 Sep 19	Guidance FY20
Nickel in concentrate production	t	2,484	1,342	7,000 – 7,500
Copper in concentrate production	t	1,474	855	4,500 – 5,000
Cobalt in concentrate production	t	130	64	400 – 450

Source: 2019 Annual Report, 30 September 2019 Quarterly Report, ASX announcement 25 November "Update on IGO offer, operational review and funding"

Note: No results were reported for FY17 and FY18 as the ramp-up of production commenced in December 2018

8.2.3 Ore Reserves and Mineral Resources

A summary of the Ore Reserves and Mineral Resources contained within the Savannah Project deposit area as at 30 June 2019 is set out below.

Table 7: Savannah Project Ore Reserves as at 30 June 2019

Reserves	Metal	Proven Mass (Mt)	Proven Grade (%)	Probable Mass (Mt)	Probable Grade (%)	Total Mass (Mt)	Total Grade (%)	Metal tonnes (kt)
Savannah (above 900 fault)	Nickel	1.37	1.16	-	-	1.37	1.16	**15.9**
	Copper		0.75		-		0.75	**10.3**
	Cobalt		0.06		-		0.06	**0.8**
Savannah North	Nickel	-	-	6.65	1.42	6.65	1.42	**94.5**
	Copper		-		0.61		0.61	**40.9**
	Cobalt		-		0.10		0.10	**6.7**
Total Ore Reserves	Nickel							**110.4**
	Copper							**51.2**
	Cobalt							**7.5**

Source: 2019 Annual Report

Notes:

1 *Ore Reserve figures have been reported in compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (**JORC code**) and were approved for release in the form and context in which they appear by a Competent Person, as defined by the JORC code*

2 *The 900 fault is a fault at approximately 900 metres below the surface*

3 *Amounts may not add exactly due to rounding*

Table 8: Savannah Project Mineral Resources as at 30 June 2019

Resources	Metal	Measured Mass (Mt)	Measured Grade (%)	Indicated Mass (Mt)	Indicated Grade (%)	Inferred Mass (Mt)	Inferred Grade (%)	Total Mass (Mt)	Total Grade (%)	Metal tonnes (kt)
Savannah (above 900 fault)	Nickel	1.18	1.40	0.62	1.70	-	-	1.80	1.50	**27.1**
	Copper		0.86		1.41		-		1.05	**18.9**
	Cobalt		0.07		0.08		-		0.07	**1.3**
Savannah (below 900 fault)	Nickel	-	-	0.78	1.64	0.13	0.17	0.91	1.65	**14.9**
	Copper		-		0.76		0.75		0.76	**6.9**
	Cobalt		-		0.10		0.09		0.10	**0.9**
Savannah North (upper)	Nickel	-	-	4.23	1.64	1.76	1.25	5.99	1.53	**91.3**
	Copper		-		0.65		0.49		0.60	**36.1**
	Cobalt		-		0.12		0.10		0.11	**6.8**
Savannah North (lower)	Nickel	-	-	2.70	1.96	0.85	2.02	3.55	1.97	**70.1**
	Copper		-		0.98		0.93		0.97	**34.4**
	Cobalt		-		0.14		0.13		0.14	**4.9**
Savannah North (other)	Nickel	-	-	0.24	2.22	0.49	1.67	0.74	1.85	**13.6**
	Copper		-		0.50		0.53		0.52	**3.8**
	Cobalt		-		0.14		0.11		0.12	**0.9**
Total Mineral Resources	Nickel							**12.98**	**1.67**	**217.0**
	Copper								**0.77**	**100.1**
	Cobalt								**0.11**	**14.8**

Source: 2019 Annual Report

Notes:

1 *Mineral Resources are inclusive of Ore Reserves*

2 *Mineral Resource figures have been reported in compliance with the JORC code and were approved for release in the form and context in which they appear by a Competent Person, as defined by the JORC code*

3 *The 900 fault is a fault at approximately 900 metres below the surface*

4 *Amounts may not add exactly due to rounding*

8.2.4 Offtake Agreement

The Offtake Agreement replaces a previous concentrate sales agreement which was due to expire on 31 March 2020. The terms of the Offtake Agreement were given effect from the first shipment of concentrate from the recommissioned Savannah Project, which departed on 13 February 2019 and incorporates improved payabilities for certain contained metals compared to the previous agreement.

A summary of the general terms and conditions of the new Offtake Agreement is set out below.

Table 9: General terms and conditions of new Offtake Agreement

General terms and conditions of new Offtake Agreement	
Product	Sulphide concentrate
Specifications	8% nickel, 4.5% copper, 0.6% cobalt, 46% Fe, <1.0% manganese oxide
Quantity (in-bulk)	100% of production from the Savannah Project
Load port	Wyndham, Western Australia
Payable metals	nickel, copper and cobalt
Price basis	Agreed percentage of the London Metal Exchange (**LME**) cash price for nickel and copper and agreed % of the Metal Bulletin price for cobalt
Life of contract	4 years commencing from date of first shipment or 31 March 2019, whichever first

Source: 2019 Annual Report, ASX announcement 29 June 2018

We note that the detailed terms of the Offtake Agreement are commercial in confidence and subject to confidentiality agreements, accordingly we have been required to limit our disclosure to that level usually put into the public domain.

8.2.5 Further development opportunities

Panoramic considers that further upside opportunities exist at the Savannah Project, including:

- the acceleration of development ore and enhancement of mining and operational flexibility through the concurrent development of the Savannah North upper crown with the development of the Savannah North upper central zone
- potential conversion of Inferred Mineral Resources to Measured and Indicated Mineral Resources and potentially to Ore Reserves through infill drilling. At present 2.3% of Inferred Mineral Resource material is included in the updated Savannah Project LOM plan.
- drilling of up and down plunge extensional targets, where the Savannah North mineralisation remains open.

8.3 Other mineral assets

8.3.1 The Panton Project – 100% interest

Panoramic holds the Panton platinum and palladium development project, located 60km from the Savannah Project.

Test work completed in 2014 and 2015 demonstrated high-grade Platinum Group Metals (**PGM**) concentrates can be produced by standard fine grinding and flotation techniques. In 2015, Panoramic entered into a four-year research agreement with Curtin University to investigate alternative extraction methods applicable to Panton ore.

Test work completed in FY19 showed that in addition to producing a high-grade PGM concentrate, a metallurgical grade chromite concentrate by-product can be recovered from the high-grade PGM concentrate flotation tails, using simple wet high intensity magnetic separation techniques. Test work by Curtin University in FY19 focused on evaluating the feasibility of producing further value-added direct platinum, palladium and gold refinery feed products from the Panton Project while maintaining the ability to produce an economic chromite by-product revenue stream.

In May 2019, Panoramic contracted Mr. Len Jubber, a consulting mining engineer, to undertake a detailed review of the Panton Project with the aim to produce a financial model based on the latest flow sheet designs and their respective operating and capital costs.

A summary of the Mineral Resources contained within the Panton Project deposit area as at 30 June 2019 is set out below.

Table 10: Panton Project Mineral Resources as at 30 June 2019

Resource	Category	Mass	Grade					Contained metal	
			Pt	Pd	Au	Cu	Ni	Pt	Pd
		(Mt)	(g/t)	(g/t)	(g/t)	(%)	(%)	(koz)	(koz)
Top Reef									
	Measured	4.4	2.46	2.83	0.42	0.08	0.28	348	400
	Indicated	4.1	2.73	3.21	0.38	0.09	0.31	363	426
	Inferred	1.6	2.10	2.35	0.38	0.13	0.36	105	118
Middle Reef									
	Measured	2.1	1.36	1.09	0.10	0.03	0.18	93	75
	Indicated	1.5	1.56	1.28	0.10	0.04	0.19	75	62
	Inferred	0.6	1.22	1.07	0.10	0.05	0.19	24	21
Total Panton		**14.3**	**2.19**	**2.39**				**1,008**	**1,102**

Source: 2019 Annual report

Notes:

1 *Mineral Resource figures have been reported in compliance with the JORC code and were approved for release in the form and context in which they appear by a Competent Person, as defined by the JORC code*

2 *Pt means platinum, Pd means palladium, Au means gold, Cu means copper, Ni means nickel, g/t means grams per tonne, Koz means thousand ounces*

3 *Amounts may not add exactly due to rounding*

8.3.2 Thunder Bay Project – 100% interest

Panoramic holds a 100% interest in the Thunder Bay Project in Ontario, Canada, via its wholly owned subsidiary, Panoramic PGMs (Canada) Limited (**Panoramic PGMs**).

In 2015, Rio Tinto Exploration Canada Inc. (**RTEC**) commenced a farm-in whereby RTEC was able to earn a 70% interest in the Thunder Bay Project by sole funding of C$20 million in expenditure over five years, with a minimum spend of C$5 million. In January 2017, RTEC confirmed that it had achieved the minimum spend of C$5 million on the project however the farm-in agreement was subsequently terminated in 2019.

On 2 July 2019, Panoramic announced that it had signed a binding Letter Agreement with Canadian company Benton Resources Inc. (**Benton**) for the sale of the issued shares in Panoramic PGMs for a purchase consideration of C$9 million, subject to the satisfaction of certain conditions precedent.

On 1 September 2019, Panoramic and Benton agreed to amend the acquisition agreement such that the consideration will now be paid as follows:

(a) C$4.5 million on completion of the transaction

(b) C$1.5 million on each of the first, second and third anniversaries of completion.

Completion is subject to the following conditions precedent:

(a) signing a Definitive Agreement

(b) receipt of any necessary regulatory approvals and shareholder approvals required by Benton

(c) Benton raising sufficient finance to fund the C$4.5 million payable on completion.

On 4 December 2019, Panoramic and Benton agreed to extend the deadline for signature of the Definitive Agreement to 31 January 2020.

8.3.3 Gum Creek Project – indirect 51% interest

Panoramic holds a 51% indirect interest in the Gum Creek Project via its majority equity investment in ASX listed Horizon. Horizon was spun out of Panoramic in December 2016.

The Gum Creek Gold Project located near Wiluna in Western Australia hosts Mineral Resources of 15.9Mt averaging 2.7g/t gold, for 1.39 million ounces (**Moz**) of gold. It is located within a well-endowed gold region that hosts multi-million ounce deposits including Big Bell, Wiluna, Mt Magnet, Meekatharra and Agnew/Lawlers.

Horizon has identified the Swan and Swift open pit high grade gold resources as likely candidates for mining activities to recommence at the Gum Creek Project. A scoping study was completed in November 2019 and the Company announced on 20 November 2019 that the results were sufficiently positive to justify further infill drilling. The results of the drill program will be used to support higher confidence studies being carried out on the Swan/Swift project in CY2020.

Horizon has also discovered new zinc-copper-silver mineralisation at the Altair prospect located within the Gum Creek Project tenement, which could have a strike extent of up to eight kilometres.

Horizon plans to continue exploration and development studies with the aim of becoming a stand-alone gold producer and potentially a base metal producer depending on the extent and economics of the Altair prospect.

8.4 Historical financial performance

Panoramic's historical audited consolidated financial performance for each of the financial years ended 30 June 2017, 2018 and 2019 are summarised below.

Table 11: Panoramic's historical consolidated financial performance

$'000	Audited 12 months 30 Jun 17	Audited 12 months 30 Jun 18	Audited 12 months 30 Jun 19
Revenue	8,409	-	25,112
Cost of sales of goods	(8,963)	-	(29,803)
Gross profit / (loss)	**(554)**	**-**	**(4,691)**
Other income[1]	1,257	1,714	2,773
Care and maintenance expenses	(7,539)	(5,201)	(847)
Corporate and marketing costs	(5,365)	(4,022)	(4,929)
Exploration and evaluation expenditure	(493)	(487)	(671)
Exploration expenditure written-off	-	(619)	(901)
Reversal of stock obsolescence provision	-	-	5,341
Fair value losses on derivatives	-	-	(2,071)
Change in fair value of financial assets at fair value through profit or loss	-	-	(1,511)
Impairment loss	-	(45,152)	-
Reversal of impairment loss	9,178	7,260	19,156
Share based payments	(473)	(160)	-
Other expenses	(291)	(429)	(1,037)
Finance costs	(490)	(943)	(1,383)
Profit / (loss) before income tax	**(4,770)**	**(48,039)**	**9,229**
Income tax expense	-	-	-
Profit / (loss) for the year	**(4,770)**	**(48,039)**	**9,229**
Profit / (loss) for the year attributable to:			
Non-controlling interests	(529)	(7,236)	(1,098)
Owners of Panoramic	(4,241)	(40,803)	10,327
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets, net of tax	528	1,422	-
Changes in fair value of cash flow hedges, net of tax	-	-	(276)
Exchange differences on translation of foreign operations	(324)	439	-
Other comprehensive income / (loss) for the year, net of tax	**204**	**1,861**	**(276)**
Total comprehensive income / (loss) for the year	**(4,566)**	**(40,803)**	**10,327**
Total comprehensive income / (loss) for the year attributable to:			
Non-controlling interests	(529)	(7,236)	(1,098)
Owners of Panoramic	(4,037)	(38,942)	10,051
Weighted average ordinary shares on issue[2] (m)	*428.6*	*450.4*	*506.1*
Earnings per share[3] (cents)	*(1.0)*	*(9.1)*	*2.0*

Source: FY18 and FY19 Annual Reports, KPMG Corporate Finance analysis

Notes:

1 *Interest income of $557,000 in FY17 was classified as Other income for comparability purposes (classified as Revenue in FY18 Annual Report)*

2 *Performance rights are not considered in the calculation of diluted loss per share as their issue is not certain. There are nil performance right on issue at 30 June 2019*

3 *Profit / (loss) used in calculating earnings / (loss) per share is profit/(loss) for the year attributable to owners of Panoramic of FY17:$(4.241 million), FY18:$(40.803 million), FY19:$10.327 million*

4 *Amounts may not add exactly due to rounding*

We note the following in relation to Panoramic's recent financial performance:

- Panoramic's financial performance and earnings per share over the period reflect the Savannah Project being placed on care and maintenance until a decision was made in July 2018 to re-start the project. Following the re-commencement of bulk Savannah nickel-copper-cobalt concentrate shipments to China in February 2019 and an associated reversal of a previously recognised impairment loss, profits attributable to the owners of Panoramic, net of tax increased from a loss of $40.8 million in FY18 to a $10.3 million profit in FY19. Over the same period, basic earnings per share increased from negative 9.1 cents to positive 2.0 cents
- Panoramic achieved a loss at the gross profit level in FY19 mainly as a result of the Savannah Project not operating at full capacity, with the re-commencement of mining operations at the Savannah Project occurring early in FY19.

8.4.1 FY17

Panoramic's FY17 results reflect:

- revenue of $8.4 million, which reflects a 91% decrease compared to the revenue generated in FY16 of $91.6 million due largely to the Savannah Project being placed on care and maintenance in May 2016
- total care and maintenance costs of $7.5 million were significantly higher than the prior year due to: (i) the costs of placing and maintaining the Savannah Project on full care and maintenance; and (ii) the closure and rehabilitation costs incurred at the previously operated Copernicus Project. Mining of ore at the Copernicus open-pit was completed in February 2016 and rehabilitation of the Copernicus site was carried out between March and July 2016
- a 20% decrease in corporate and marketing costs compared to the prior year as a result of the reduction of corporate activity and lower employee costs following the termination and resignation of full-time staff during the financial year
- an impairment reversal made during the financial period of approximately $9.2 million in relation to Panoramic's interest in the Gum Creek Gold Project[23].

[23] The results of Horizon are consolidated with those of Panoramic, reflecting Panoramic's controlling interest in Horizon

8.4.2 FY18

Panoramic's FY18 results reflect:

- no sales revenue generated by the Company as its operations remained on care and maintenance during the financial year
- total care and maintenance costs of $5.2 million.
- a 25% decrease in corporate and marketing costs compared to the prior year as a result of the continued reduction of corporate activity and lower employee costs following the termination and resignation of full-time staff during the financial year
- the recognition of an impairment loss of $45.2 million, comprised of: (i) an impairment loss of $12.6 million in relation to the Gum Creek Project's exploration and evaluation expenditure; and (ii) an impairment loss of $32.6 million against the Thunder Bay Project
- an impairment loss reversal of $7.3 million to increase the carrying value of the exploration and evaluation expenditure and mineral properties expenditure of the previously held Lanfranchi Nickel Project.

8.4.3 FY19

Panoramic's FY19 results reflect:

- the re-commencement of bulk Savannah nickel-copper-cobalt concentrate shipments to China from February 2019, generating sales revenue of $25.1 million
- a gain on the sale of the Lanfranchi Project of $0.8 million which was sold for a total consideration of $15.1 million.
- a 23% increase in corporate and marketing costs compared to the prior year driven by the increase in corporate activity and higher employee costs as a result of the re-commencement of mining at the Savannah Project
- a reversal of stock obsolescence provision of $5.3 million
- a reversal of the previous impairment loss of $19.2 million recorded against the carrying values of the Savannah Project as a result of the re-commencement of the mining operations.

8.5 Dividends, payout ratio and franking credits

No dividends have been declared since FY15. On 26 February 2015, an interim fully franked dividend of 1.0 cent per share was declared and paid on 2 April 2015. No final dividend was declared. This represented a payout ratio of approximately 60%.

Panoramic has franking credits of $10.5 million available for subsequent periods.

Panoramic has confirmed in its Target's Statement that it does not intend to declare a distribution to Panoramic shareholders in the period before the end of the Offer Period.

8.6 Historical financial position

Panoramic's historical audited consolidated financial position as at each of 30 June 2017, 30 June 2018, 30 June 2019 and 30 November 2019 are summarised below.

Table 12: Panoramic's historical financial position

$'000	Audited 30 Jun 17	Audited 30 Jun 18	Audited 30 Jun 19	Unaudited[1] 30 Nov 19
Assets				
Cash and cash equivalents	20,650	25,430	12,733	8,675
Trade and other receivables	545	421	19,278	784
Inventories	3	184	8,415	15,224
Prepayments	226	246	1,354	1,025
Derivative financial instruments	-	-	3,742	122
Disposal group classified as held for sale	-	17,002	4,299	4,349
Total current assets	**21,424**	**43,283**	**49,821**	**30,179**
Available-for-sale financial assets	1,200	2,703	-	-
Financial assets at fair value through profit or loss	-	-	957	1,125
Property, plant and equipment	11,555	10,630	59,004	69,872
Exploration and evaluation	91,772	45,763	27,763	28,805
Development properties	17,028	17,222	84,745	91,612
Mineral properties	1,403	27	29	28
Derivative financial instruments	-	-	4,409	56
Other non-current assets	1,803	1,303	181	6
Total non-current assets	**124,761**	**77,648**	**177,088**	**200,085**
Total assets	**146,185**	**120,931**	**226,909**	**230,265**
Liabilities				
Trade and other payables	2,533	3,764	22,094	24,343
Borrowings	769	-	8,082	7,032
Derivative financial instruments	-	-	2,721	3,483
Provisions	971	923	2,205	2,828
Liabilities directly associated with the disposal group classified as held for sale	-	3,502	-	-
Total current liabilities	**4,273**	**8,189**	**35,102**	**37,686**
Borrowings	68	-	38,553	20,589
Derivative financial instruments	-	-	5,584	18,574
Provisions	29,722	26,822	31,548	31,700
Total non-current liabilities	**29,790**	**26,822**	**75,685**	**70,863**
Total liabilities	**34,063**	**35,011**	**110,787**	**108,555**
Net assets	**112,122**	**85,920**	**116,122**	**113,128**
Net assets attributable to owners of Panoramic[2]	*98,146*	*79,180*	*110,480*	*108,032*
Shares on issue (m)	*428.6*	*491.6*	*553.6*	*654.2*
Net asset backing per share (cents)[3]	*22.9*	*16.1*	*20.0*	*16.5*
Gearing[4]	*0%*	*0%*	*15%*	*9%*
Current ratio[5]	*5.0x*	*5.3x*	*1.4x*	*0.8x*

Source: FY18 and FY19 Annual Reports, 30 November 2019 management accounts prepared by Panoramic, KPMG Corporate Finance analysis

Notes:

1 *30 November 2019 figures the addition of Panoramic's unaudited consolidated group totals (excluding Horizon), per management accounts prepared by Panoramic, and 100% of Horizon's unaudited consolidated group totals as at the same date, provided by Management*

2 *Net assets attributable to owners of Panoramic is after deducting 49% outside equity interests in the net assets of Horizon as disclosed in Panoramic's Annual Report (FY17:$14.0 million, FY18:$6.7 million, FY19:$5.6 million) and management accounts prepared by Panoramic (Nov-19: $5.1 million)*

3 *Net asset backing per share represents net assets attributable to owners of Panoramic divided by shares on issue*

4 *Gearing represents net debt divided by total assets, where net debt is total current and non-current borrowings less cash and cash equivalents. Where net debt is less than $nil, gearing has been recorded as zero. No adjustments have been made for the 49% outside equity interests in the assets and liabilities of Horizon*

5 *Current ratio represents current assets divided by current liabilities. No adjustments have been made for the 49% outside equity interests in the assets and liabilities of Horizon*

6 *Amounts may not add exactly to due to rounding*

8.6.1 Going concern

Panoramic's FY19 audit opinion included an emphasis of matter in relation to Panoramic's ability to obtain sufficient funding for ongoing operating and capital requirements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to amounts or classification of liabilities that may be necessary should the Company not be able to continue as a going concern.

Panoramic announced the Entitlement Offer on 5 December 2019, which is expected to raise approximately $31 million, net of costs. Management has advised that based on current expectations these funds will be sufficient to meet its foreseeable working capital requirements in bringing the Savannah Project fully on-stream.

8.6.2 Cash and cash equivalents

The movement in cash and equivalents over FY18 and FY19 largely reflect that proceeds from the issue of shares of $41.0 million (FY18 $19.8 million, FY19 $21.2 million), additional borrowings of $40.0 million and proceeds from disposal of subsidiaries of $15.1 million (before costs) were more than offset by cash outflows from operating activities of ($15.3 million) (FY18 ($6.9 million), FY19 ($8.4 million)); development, exploration and evaluation expenditure of ($60.5 million) (FY18 ($7.0 million), FY19 ($53.5 million)) and the payment for property, plant and equipment of $26.9 million as Panoramic continued the re-commissioning of the Savannah Project.

Panoramic's cash and cash equivalent position as at 30 June 2019 does not reflect the benefit of the Entitlement Offer or the entitlement offer completed in September 2019.

8.6.3 Other working capital items

The significant movement in trade and other receivables, inventories, and trade and other payables over FY19 reflects the re-commencement of bulk Savannah nickel-copper-cobalt concentrate shipment following the recommissioning of the Savannah Project.

8.6.4 Derivative financial instruments

To limit the exposure to commodity price risk and AUD:USD foreign exchange currency risk, Panoramic has established mandatory and discretionary commodity and USD foreign exchange derivate hedging lines under agreement with Macquarie. None of the existing fixed forward contracts entered into by the consolidated entity are subject to margin calls.

Consolidated derivative financial instruments in place as at 30 June 2019 are summarised below.

Commodity Hedges

Table 13: Panoramic's commodity hedges as at 30 June 2019

As at 30 June 2019		Tonnes Hedged	Average price per lb
Nickel Fixed Forwards	Not later than one year	2,058	US$6.32
	Later than one year	5,932	US$6.18
Copper Fixed Forwards	Not later than one year	1,292	US$2.76
	Later than one year	1,344	US$2.77
Nickel Put Options	Not later than one year	1,319	$7.48

Source: FY19 Annual Report

Foreign Currency Hedges

Table 14: Panoramic's commodity hedges as at 30 June 2019

As at 30 June 2019		USD Hedged $000	Average AUD:USD rate
USD Forwards	Not later than one year	31,206	0.7418
	Later than one year	72,848	0.7437

Source: FY19 Annual Report

8.6.5 Disposal group classified as held for sale

The significant increase and subsequent reduction of this asset category largely reflects the fair value of the Lanfranchi Project having regard to an agreement entered into for its sale in FY18 and its subsequent sale during FY19.

As at 30 June 2019, the Thunder Bay Project was classified as an asset held for sale.

8.6.6 Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss represents Panoramic's investment in shares in listed companies (excluding Horizon, which is consolidated for accounting purposes) acquired principally for the purpose of selling in the short term, i.e. are held for trading.

8.6.7 Property, plant and equipment, exploration and evaluation assets and development and mineral property assets

The carrying value of Panoramic's property, plant and equipment, exploration and evaluation assets and mine property assets at 30 June 2019 was $171.5 million. Of this total amount, $142.5 million related to the Savannah Project.

Exploration and evaluation expenditure, mine development expenditure and development and mineral properties expenditure are capitalised to the extent they are expected to be recouped through successful development and exploitation of the area or, alternatively, by its sale.

8.6.8 Borrowings

On 20 September 2018, Panoramic executed the SFA with Macquarie for a project loan of up to $40 million (including executing a Master International Swaps Derivatives Association Agreement (**ISDA**) to undertake mandatory commodity and AUD:USD foreign currency hedging).

In March 2019, the SFA was amended in response to the slower than expected ramp-up in production from the Savannah orebody and lower metal prices. The first loan repayment, originally scheduled for 31 March 2020, was deferred to 30 June 2020 without changing the repayment end date of 31 December 2021. The SFA was also split over two tranches comprising $30 million in senior debt and $10 million in mezzanine debt.

In September 2019, the SFA was restructured again, principally to reduce the loan amount to a total of $20 million, with $20 million being repaid early. The repayment was funded by a pro-rata 2 for 11 rights issue completed in September 2019.

Details of the restructured SFA as at September 2019 are summarised below.

- Debt – Facility A1 (Senior) - $20 million
- Repayment Schedule – Quarterly from September 2020 to March 2022
- Loan Covenants and project ratios – Debt Service Cover Ratio removed
- Minimum Project Liquidity Amount – $7.5 million minimum removed until mid-2020, then one month operating costs
- No additional hedging required - existing hedging rolled to FY2021/22 to match the new loan repayment profile i.e. delivery between September 2020 – March 2022.

On 25 November 2019, Panoramic announced that it had executed a short term $10.5 million unsecured loan with Zeta (**the Zeta Loan**). The key terms of the Zeta Loan are summarised below.

Table 15: Summary of key terms of the Zeta Loan

Key terms and conditions of the Zeta Loan	
Principal	$10.5 million
Interest rate	5% per annum (increasing to 10% per annum in the event principal not repaid by 31 December 2019)
Security	Unsecured and no financial covenants
Repayment	Earlier of: - Change of control in Panoramic - Last date of shares issued under the Entitlement Offer - An event of default - 30 June 2020
Entitlement Offer	Zeta commits to subscribe for its entitlement under the Entitlement Offer, provided it opens prior to 31 January 2020 and does not exceed $35 million
Set Off	Zeta may elect to set-off monies due under the Entitlement Offer against funds due to be recovered under the Zeta Loan
Establishment Fee	1.0% of the loan amount payable on the loan repayment date (increasing to 1.5% in the event loan not repaid by 31 December 2019).

Source: Panoramic ASX announcement 25 November 2019

Panoramic has advised that it expects that the Zeta Loan will be repaid in full through the Set Off arrangements set out in the table above.

As a consequence of the operational issues encountered by Panoramic in bringing the Savannah Project on stream and as a result of entering into the Zeta Loan, Panoramic has breached various loan covenants under the SFA. Macquarie has provided Panoramic with a waiver in relation to these breaches.

8.7 Statement of cash flows

Panoramic's historical audited consolidated statement of cash flows for each of FY17, FY18 and FY19 are summarised below.

Table 16: Panoramic's historical consolidated statement of cash flows

$'000	Audited 12 months 30 Jun 17	Audited 12 months 30 Jun 18	Audited 12 months 30 Jun 19
Cash flows from operating activities			
Receipts from customers (incl. GST)	8,782	1,305	24,289
Payments to suppliers and employees (incl. GST)	(16,098)	(7,732)	(31,248)
Interest paid	(53)	(22)	(732)
Payments for exploration and evaluation expenditure	(493)	(487)	(671)
Net cash used in operating activities	**(7,862)**	**(6,936)**	**(8,362)**
Cash flows from investing activities			
Payments for property, plant and equipment	(249)	(1,209)	(25,732)
Payments for available-for-sale financial assets	-	(81)	-
Payments for purchase of financial assets at fair value through profit or loss	-	-	(53)
Payment for development costs	(265)	(2,697)	(47,529)
Exploration and evaluation expenditure	(4,955)	(4,297)	(5,961)
Proceeds from disposal of subsidiary (net of cost)	-	-	14,285
Return of proceeds from cash backed performance bonds	-	500	1,122

$'000	Audited 12 months 30 Jun 17	Audited 12 months 30 Jun 18	Audited 12 months 30 Jun 19
Proceeds from sale of property, plant and equipment	693	55	-
Proceeds from sale of financial assets at fair value through profit or loss	-	-	286
Interest received	557	467	451
Net cash from investing activities	**(4,219)**	**(7,262)**	**(63,131)**
Cash flows from financing activities			
Proceeds from issue of shares (net of cost)	-	19,816	21,249
Proceeds from disposal of subsidiary (net of cost)	14,055	-	-
Proceeds from borrowings	-	-	40,000
Repayment of borrowings	(761)	(838)	(1,453)
Capitalised borrowing costs	-	-	(1,000)
Net cash from financing activities	**13,294**	**18,978**	**58,796**
Net increase/ (decrease) in cash and cash equivalents	**1,213**	**4,780**	**(12,697)**
Cash and cash equivalents at the beginning of the period	19,437	20,650	25,430
Cash and cash equivalents at the end of the period	**20,650**	**25,430**	**12,733**

Source: FY18 and FY19 Annual Reports

We note the following in relation to Panoramic's recent statement of consolidated cash flow:

- In FY19, Panoramic raised capital of $61.2 million (comprised of $21.2 million of equity, $40.0 million of borrowings) and sold the Lanfranchi Project for a total consideration of $15.1 million (before costs) in order to fund the re-start of the Savannah Project
- Panoramic's cash and cash equivalents decreased from $25.4 million as at 30 June 2018 to $12.7 million as at 30 June 2019, principally as a result of costs associated with the re-commissioning of the Savannah Project.

8.7.1 Deferred tax assets

As at 30 June 2019, Panoramic had unused revenues tax losses of $173.7 million, representing a potential tax benefit of $51.8 million. Until such time as the Savannah Project is generating sustainable taxable income, this asset is not being recognised by Panoramic in its financial position.

Overall, Panoramic had an unrecognised net deferred tax asset of $48.0 million as at 30 June 2019.

8.8 Commitments

As at 30 June 2019, Panoramic had operating lease commitments of $12.1 million and finance lease commitments of $6.7 million. In addition, Panoramic had capital expenditure contracted for in respect of mineral tenements, totalling $20.5 million.

Panoramic's key commitments as at 30 June 2019 are summarised in the table below.

Table 17: Panoramic's commitments as at 30 June 2019

$'000	Mineral tenements expenditure	Finance leases	Operating leases
Within one year	2,130	1,685	2,678
Later than one but not later than five years	4,975	5,053	6,152
Later than five years	13,434	-	3,305
Total commitment	**20,539**	**6,738**	**12,135**

Source: FY19 Annual Report

8.9 Board of Directors

The current Directors of Panoramic are set out below.

Table 18: Panoramic's Board of Directors

Board member	
Peter Sullivan Non-Executive Chairman of the Board	**Victor Rajasooriar** Managing Director, Chief Executive Officer
Nicholas Cernotta Non-Executive Director	**Rebecca Hayward** Non-Executive Director
Gillian Swaby Non-Executive Director	

Source: Bidder's Statement, FY19 Annual Report

Further details in relation to the experience and other directorships of the Directors of Panoramic are set out in Section 4.2 of the Target's Statement and on pages 24 to 36 of the FY19 Annual Report.

8.10 Share capital and ownership

As at 9 December 2019, Panoramic had approximately 654.2 million ordinary shares on issue[24] and its substantial shareholders so far as known to Panoramic based on publicly available information were as set out in the table below.

Table 19: Panoramic's substantial shareholders as at 9 December 2019

Substantial shareholder	Interest in Panoramic shares	Voting power in Panoramic
Zeta Resources Limited	230,106,528	35.17%

Source: Target's Statement

[24] Following the completion of the remainder of Entitlement Offer, Panoramic's issued capital is expected to increase to approximately 763.2 million shares.

8.11 Entitlement Offer

On 5 December 2019, Panoramic announced the Entitlement Offer, comprising a conditionally underwritten 1 for 6 accelerated pro-rata non-renounceable entitlement offer to raise approximately $31 million, net of costs.

Shares under the Entitlement Offer are offered at $0.30 per new Panoramic Share. The maximum number of new Panoramic Shares that may be issued under the Entitlement Offer is 109,039,285 new Panoramic shares to raise up to approximately $32.7 million (before costs), based on Panoramic's current capital structure.

The proceeds of the Entitlement Offer will be used to repay the Zeta Loan and meet Panoramic's working capital requirements as it progresses the development of Savannah North and implementation of the plan outlined in the Operational Review announced on 4 December 2019.

The accelerated (institutional) component of the Entitlement Offer settled on 16 December 2019 and raised approximately $3.9 million from subscriptions for new Panoramic shares. IGO declined to participate in the Entitlement Offer. Zeta has committed to participate for its full rights (subject to applicable laws and partially as a set off against the Zeta Loan). Zeta will be settling in the retail component of the Entitlement Offer.

As at the date of this report, IGO has not confirmed whether it will seek to vary the Offer so that it extends to the new Panoramic shares issued under the Entitlement Offer. Shares issued under the Entitlement Offer therefore trade under the separate ASX ticker 'PANND"

8.12 Options

There are currently no options issued over ordinary shares in Panoramic.

8.13 Performance rights

Panoramic shareholders approved an Employee Share Plan (**ESP**) on 21 November 2018. Under the ESP, senior executives and senior managers are able to be granted options and performance rights.

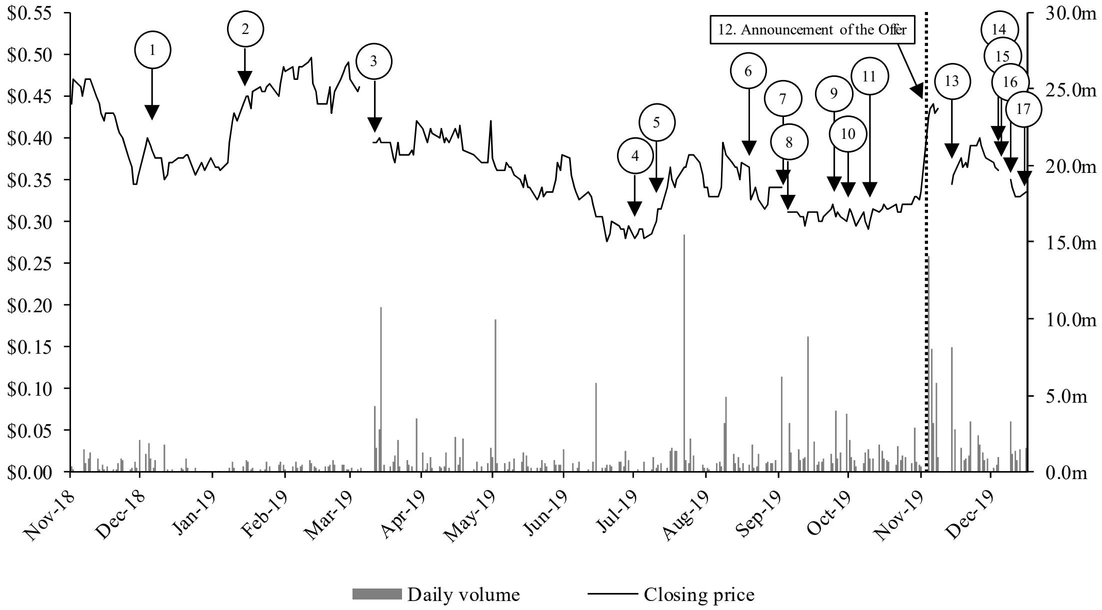
There are currently performance rights on issue.

8.14 Share trading history

8.14.1 Recent trading in ordinary shares

The chart below depicts Panoramic's daily closing price on the ASX over the 12 month period to 1 November 2019, being the last trading day prior to the announcement date, and for the period subsequent to that date to 16 December 2019, along with the daily volume of shares traded on the ASX and Chi-X over the period.

Figure 4: Panoramic daily close price and volume traded on the ASX and Chi-X



Source: IRESS, KPMG Corporate Finance Analysis and ASX announcements
Note: Gaps in the closing price indicate a trading halt over that period.

As illustrated in the figure above, Panoramic's share price prior to the Offer displayed a degree of volatility, but generally trended down over the period with a closing high of $0.495 per share on 12 February 2019 and a closing low of $0.275 per share on 19 June 2019. Panoramic's shares closed at $0.335 on 1 November 2019, being the last trading day prior to the announcement of the Offer.

Other than normal full year financial reporting and quarterly activities reporting, announcements made by Panoramic identified on the ASX website as being price sensitive since 1 November 2018 include:

1 6 December 2018: Panoramic announced the completion of the settlement on the sale of Lanfranchi Project to Black Mountain Metals for a total cash consideration of $15.1 million

2 15 January 2019: Panoramic announced that the first shipment of Savannah concentrates scheduled for early February 2019

3 11 March 2019: Panoramic announced a placement raising $5.0 million, together with a fully underwritten 1 for 13 pro-rata renounceable entitlement offer raising $14.8 million to provide additional funds to meet liquidity requirements under the SFA with Macquarie due to slow ramp-up of production from the Savannah Project. The offer price of $0.38 per new share represented a 17.4% discount on the last closing price of $0.46

4 2 July 2019: Panoramic announced the signing of a binding Letter Agreement with Benton to sell all of the shares in Panoramic PGMs for a total consideration of C$9.0 million

5 11 July 2019: Panoramic announced preliminary June 2019 quarterly statistics detailing increases compared to the previous quarter in development (up 38%), ore milled (up 15%), metallurgical recoveries (nickel recovery up 19%), metal production (nickel up 64%) and concentrate shipped (up 68%)

6 20 August 2019: Panoramic announced that Managing Director, Peter Harold, would leave the company. His last date of employment would be on 19 August 2020

7 3 September 2019: Panoramic provided an operational update on the Savannah Project, announcing below budget production from the remnant orebody for July 2019 and August 2019 and further amendments to the SFA including debt reduction of $20 million and adjustments to the repayment schedule and liquidity requirements

8 5 September 2019: Panoramic announced a fully underwritten 2 for 11 pro-rata renounceable entitlement offer of ordinary shares to raise $28.2 million to provide funds primarily to pay back $20 million of the SFA and provide additional working capital for the Savannah Project

9 25 September 2019: Panoramic advised the abovementioned entitlement offer closed on 23 September, with a total of 100.7 million new Panoramic shares issued pursuant to the offer. Morgans Corporate Limited took up the shortfall of $5.3 million

10 30 September 2019: Panoramic announced the Group's Annual Mineral Resources and Ore Reserves as at 30 June 2019. Nickel, copper and cobalt decreased between FY18 and FY19 as a result of the resumption of mining at Savannah and the sale of the Lanfranchi Project in December 2018. There were no changes to the PGM Mineral Resources since FY18

11 10 October 2019: Panoramic provided an operational update on infill drilling activities at the Savannah North orebody, including "better than expected" drilling results, and confirming access development across to the Savannah North orebody remained on track for first development ore by November 2019

12 4 November 2019: IGO announced its intention to make an off-market takeover offer to acquire all of the ordinary shares of Panoramic that it did not already own. Panoramic issued a response recommending shareholders take no action in relation to the Offer

13 14 November 2019: Panoramic provided an update on the Offer, advising that the previous FY2020 production guidance would not be met and announcing an operational review of the Savannah Project, with the objectives of stabilising and improving short term performance, optimising the Savannah North development plans and identifying options to enhance profitability. Further, the Board advised that, as a result of below-budget performance, there was a need to raise addition funds to maintain an appropriate working capital position, and that the most likely approach would be in the form of an entitlement offer of ordinary shares

14 4 December 2019: Panoramic advised that it had accessed first development ore from Savannah North, and announced the results of the above mentioned operational review, including an updated LOM schedule showing "modest reductions" in forecast ore tonnes and nickel grade relative to the Feasibility Study, and an AISC broadly in line with the Feasibility Study

15 5 December 2019: Panoramic announced the Entitlement Offer, at an offer price of 30 cents.

16 9 December 2019: Panoramic announced the completion of the institutional component of the Entitlement Offer, with take-up of approximately 61%, and released the Retail Offer Booklet, the Record Date for eligible retail shareholders being 4pm Perth time on that day. The Target's Statement was also released on this date, reaffirming the Directors' recommendation that shareholders reject the Offer.

17 16 December 2019: Panoramic announced the Independent Expert's Report is expected to be received by 23 December 2019, stating the Board will reconsider its recommendation to shareholders at this time.

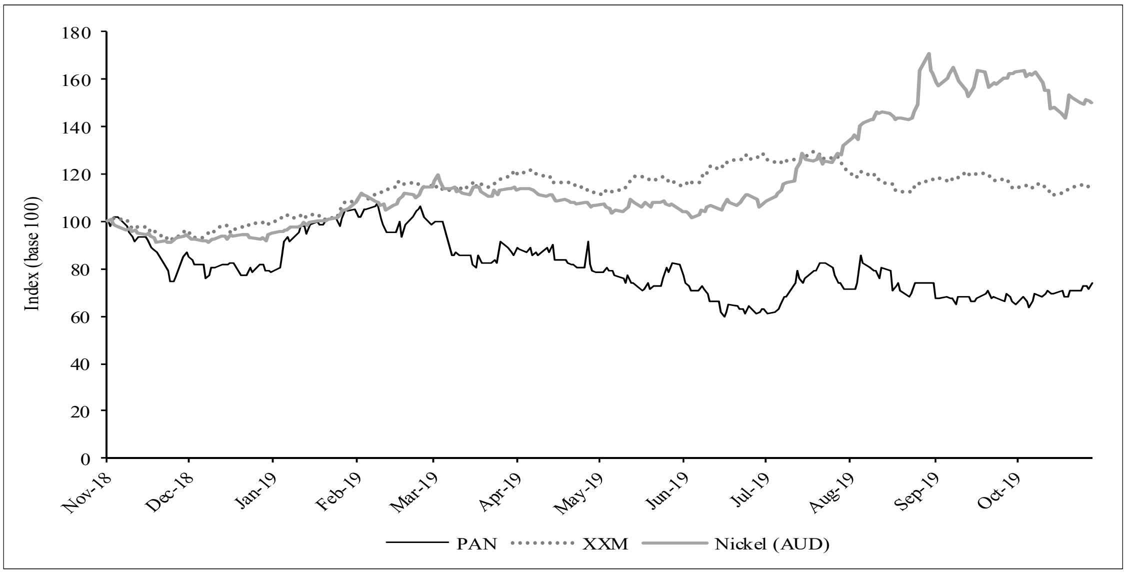
Further details in relation to all announcements made by Panoramic to the ASX can be obtained from either Panoramic's website at www.panoramicresources.com or the ASX's website at www.asx.com.au.

8.14.2 Relative share price performance

As illustrated in the figure below, Panoramic's share price generally underperformed against both the S&P/ASX 300 Metals & Mining Index (**XMM**) and the AUD nickel price over the 12 months to 1 November 2019, being the last trading date prior to the announcement of the Offer, which likely reflects negative market sentiment to:

- the delays in ramping-up the Savannah Project and in the development of the Savannah North ore body, along with disappointing associated financial outcomes
- Panoramic's recent need to raise additional capital on more than one occasion.

Figure 5: Panoramic's performance relative to ASX 300 Metals & Mining Index and AUD nickel prices



Source: IRESS and KPMG Corporate Finance Analysis

8.14.3 Trading liquidity on the ASX

An analysis of volume of trading in Panoramic's shares over various periods in the 12 months to 1 November 2019, being the last trading day prior to Panoramic's announcement of the Offer, is set out in the table below.

Table 20: Trading liquidity in Panoramic shares pre-announcement of the Offer

Period up to and including 1 Nov 19	Price (low)[1] $	Price (high)[1] $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital[2]
1 day	0.325	0.335	0.322	0.13	0.39	0.1%
1 week	0.315	0.350	0.325	1.62	4.97	0.8%
1 month	0.285	0.350	0.307	7.00	22.81	3.5%
3 months	0.285	0.415	0.316	27.03	85.58	14.5%
6 months	0.275	0.415	0.322	49.32	153.01	26.8%
12 months	0.275	0.500	0.347	82.14	236.80	44.2%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

Notes:

1 *Share price data represents intra-day trading rather than closing prices*

2 *Note: percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

Panoramic shares exhibited moderate liquidity over the 12 month period to 1 November 2019, with an average of approximately 0.15% of issued capital traded per day, with a daily value of approximately

$0.3 million. Over this period, Panoramic shares were traded on all available trading days on the ASX other than when under a trading halt pending a market sensitive announcement.

An analysis of the volume of trading in Panoramic's shares in the period from 2 November 2019 to 16 December 2019 inclusive is set out below, over which Panoramic shares were traded on 26 days.

Table 21: Trading liquidity in Panoramic shares post-announcement of the Offer

Period from 2 November 2019 to 16 December 2019 incl.	Price (low)[1] $	Price (high)[1] $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital[2]
45 days	0.310	0.460	0.388	26.93	69.34	10.6%

Notes:

1 *Share price data represents intra-day trading rather than closing prices*

2 *Note: percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

9 Profile of IGO

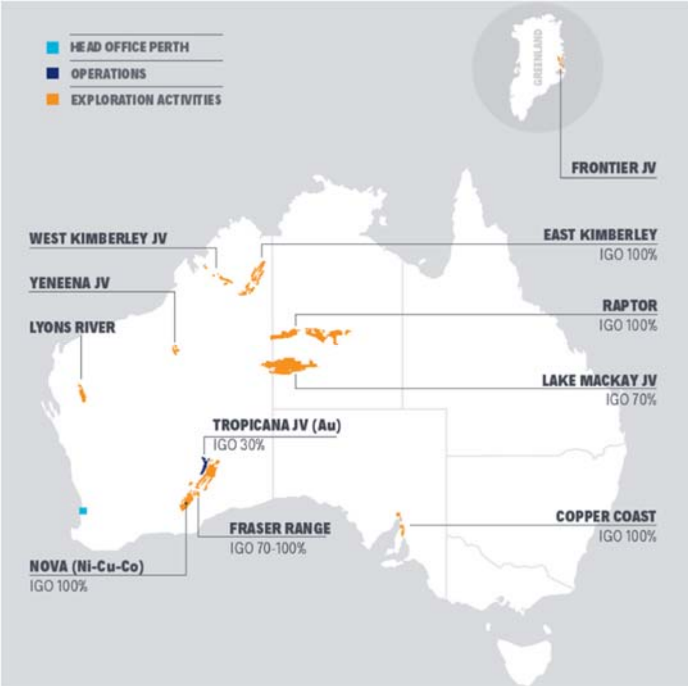
9.1 Company overview

IGO is a mineral exploration and mining company listed on the securities exchange of the ASX. IGO's principal assets comprise:

- its 100% owned Nova nickel-copper-cobalt project located in the Fraser Range, Western Australia, approximately 160km east-northeast of Norseman, 360km southeast of Kalgoorlie and 380km from the Port of Esperance
- a 30% non-operating joint venture interest in the Tropicana gold production assets located on the western edge of the Great Victoria Desert, Western Australia.

The Company also manages – through direct ownership and through joint venture - various exploration projects in Western Australia, the Northern Territory, South Australia, Queensland and in Greenland.

Figure 6: IGO Key Operations and Projects



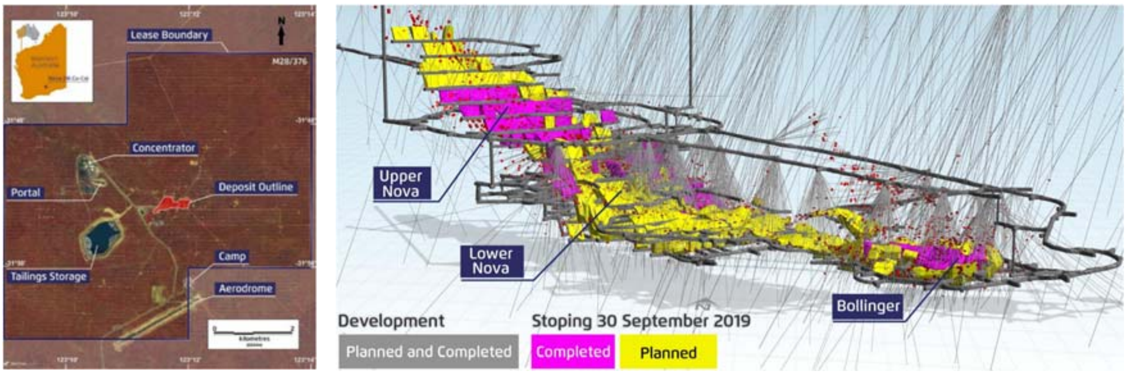
Source: IGO FY19 Annual Report

9.2 The Nova Project

The Nova Project, comprising the Nova and Bollinger deposits, was discovered in July 2012 and approved by the Department of Mines and Petroleum in November 2014. IGO acquired the Nova Project, then a development stage asset, through the acquisition of Sirius Resources NL in September 2015.

Commercial production commenced in July 2017 and the operation reached nameplate production in the September 2017 quarter. The Nova Project currently has an expected mine life of at least 7 years.

Figure 7: Imagery of the Nova Project – December 2018



Source: IGO Annual mineral
Resource and Ore Reserve Statement, 20 February 2019. IGO AGM presentation, 20 November 2019

9.2.1 Operational Scorecard and Outlook

Recent summary operating statistics, results and guidance published by IGO in relation to the Nova Project are set out below.

Table 22: Nova Project Operating Statistics, Results and Guidance

	Unit	FY17 results	FY18 results	FY19 results	FY20 guidance
Nickel in concentrate production	t	3.502	22,258	30,708	27,000 – 30,000
Copper in concentrate production	t	2,106	9,545	13,693	11,000 – 12,500
Cobalt in concentrate production	t	112	740	1,090	850 - 950
Cash cost (payable) [1]	$/Ni lb	-	2.78	2.07	2.00 – 2.50
Sustaining capex[1]	$M	-	5.7	11.2	24 - 26
Development capex[1]	$M	-	53.9	23.0	6 - 8

Source: IGO FY19, FY18 and FY17 Annual Reports

Note 1: Actual result not reported by IGO for FY17 due to extended period of "pre-production" costs and revenue

In FY19, the Nova Project produced 30.7kt of nickel (exceeding previous full year guidance of 27-30kt by 2.4%), 13.7kt copper and 1.1kt cobalt, at a cash cost of $2.07/lb of payable nickel. FY20 guidance has been set at 27-30kt of nickel, 1-12.5kt copper and 0.85-0.95kt cobalt, at a cash cost of $2.00-$2.50/lb of payable nickel.

The rate of mine development declined over FY19 as jumbo crews reduced from three in the first quarter to two for the remainder of the year. The majority of capital development and resource definition drilling has been completed for the life-of-mine, with development requirements now essentially only for maintenance of ore production.

Mining has entered the highest-grade parts of the ore bodies with a resulting uplift in mined grades during FY19. The paste fill plant was modified to increase capacity in line with future production scenarios.

During FY19 IGO's mining contract with Barminco, a business unit of diversified mining services company Perenti Global Limited, was extended for a further six years, to mid-2024.

The Nova Project processing plant is currently constrained by ore grades in the flotation section of the plant, with concentrate filtration capacity being closely matched to the flotation section.

IGO has reported that borefields continue to have excess capacity, however dissolved iron and manganese in some bores has caused difficulties in the reverse osmosis plant. The tailings storage facility continues to be used as a water storage dam and water efficiency projects continue to reduce the requirements from the borefields. Electric power is provided by Zenith Pacific's 20 megawatt (**MW**) power station.

In May 2019, Zenith Pacific began site construction on a 6.7MW solar power station, with first power expected in the December quarter of FY20. The Nova solar project is a fully integrated commercial hybrid diesel-solar facility. It is expected the hybrid energy solution will reduce costs and carbon footprint, with approximately 15-20% of the Nova Project's total energy requirements to be provided by solar energy.

In the September quarter of FY20, the Nova Project produced 7.7kt tonnes of nickel, 3.5kt copper and 0.3kt cobalt, at a cash cost of $2.59/lb of payable nickel. IGO noted that the increase in cash costs (payable) during the September FY20 quarter was principally due to higher notional royalties as a result of high metal prices and lower capitalised lateral development.

On 1 November 2019, IGO announced that following the conclusion of parallel work streams comprising:

- a competitive tender process to replace existing nickel concentrate contracts with Glencore International AG and BHP, which are due to expire in December 2019 and June 2020 respectively
- a Downstream Nickel Sulphate Pre-Feasibility Study (**Downstream PFS**),

IGO had determined that of the two options, entering into traditional concentrate offtake agreements was likely to result in an increased return to IGO shareholders. As a consequence, a binding concentrate off-take agreement for a three-year term has been executed with Trafigura Pte Ltd for 50% of nickel concentrate and for 100% of copper concentrate. An offtake term sheet with BHP Billiton Nickel West Pty Ltd (**BBNW**) for an additional 50% of the nickel volume for a period of five years has also been executed, with the parties agreeing key commercial terms subject to the completion of the formal agreement within one month of the date of the term sheet (which formal agreement will be based on the current off-take agreement with BBNW and all necessary internal approvals of both parties).

IGO has reported that whilst the terms of the new agreements are commercial-in-confidence, the agreed commercial terms are materially better than the expiring off-take agreements.

9.2.2 Ore Reserves and Mineral Resources

The Nova Project's Mineral Resources and Ore Reserves were updated as at 31 December 2018 utilising updated information from final grade control and minor extensional drilling information, as well as updated metal pricing, as the basis for the current mine plan.

A summary of the Ore Reserves and Mineral Resources contained within the Nova Project deposit area as at 31 December 2018 is set out below.

Table 23: Ore Reserves and Mineral Resources as at 31 December 2018

Deposit	Category	Mass (Mt)	Ni (%)	Cu (%)	Co (%)	Ni (kt)	Cu (kt)	Co (kt)
Mineral Resources								
	Measured	12.6	2.1	0.8	0.07	263	104	9
	Indicated	0.6	1.0	0.4	0.04	6	2	0.2
	Inferred	0.04	1.9	0.7	0.06	1	0.2	<0.1
Total Mineral Resources		**13.2**	**2.0**	**0.8**	**0.07**	**270**	**107**	**9**
Ore Reserves								
	Proved	11.4	1.91	0.76	0.06	216	87	7
	Probable	0.2	1.26	0.46	0.04	2	1	<0.1
Total Ore Reserves		**11.5**	**1.90**	**0.76**	**0.06**	**219**	**87**	**7**

Source: 2019 Annual report, ASX announcement 20 February 2019 "Annual Mineral Resource and Ore Reserve Statement"

Notes:

1 *Mineral Resources are inclusive of Ore Reserves*

2 *Mineral Resources and Ore Reserves are inclusive of stockpiles*

3 Ore Reserve and Mineral Resource figures have been reported in compliance with the JORC code and were approved for release in the form and context in which they appear by a Competent Person, as defined by the JORC code

4 Amounts may not add exactly due to rounding

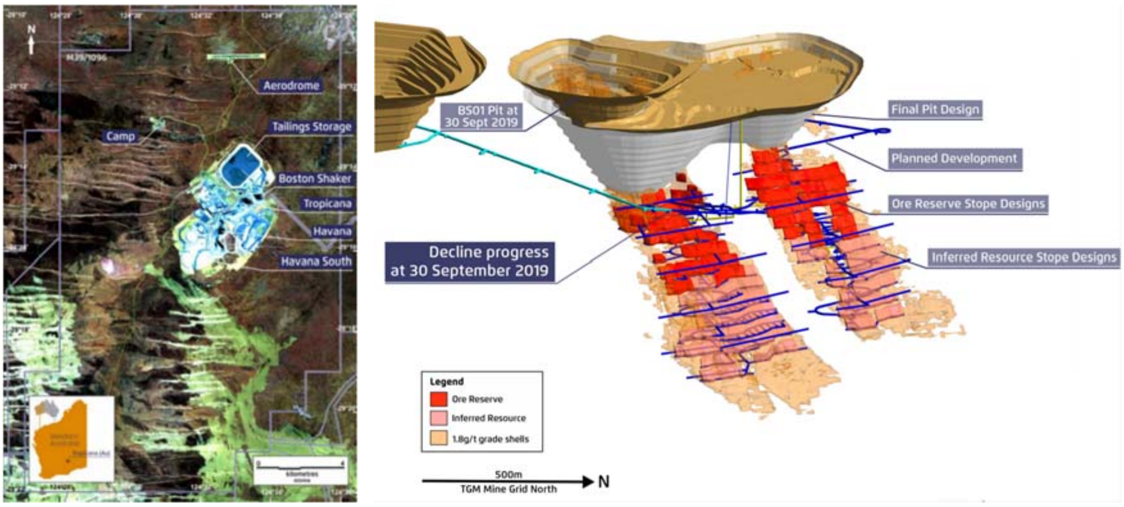
9.3 Tropicana Joint Venture

IGO has a 30% non-operating joint venture interest in the Tropicana gold mine located on the western edge of the Great Victoria Desert, Western Australia. AngloGold Ashanti Australia (**AGAA**) holds 70% and is the operational manager.

IGO targeted and pegged the area containing the current ore reserves in 2001. AGAA farmed into the project immediately after IGO listed on the ASX in 2002, discovering the Tropicana, Havana and Boston Shaker gold deposits in 2005, 2006 and 2010 respectively.

The decision to develop the Tropicana operation was announced in November 2010 following completion of a positive Bankable Feasibility Study. Mining of the Havana deposit commenced in 2012 and first gold was produced in September 2013. To date, the Tropicana gold mine has produced more than 2.8Moz of gold.

Figure 8: Imagery of the Tropicana gold mine – December 2018



Source: IGO Annual Mineral Resource and Ore Reserve Statement, 20 February 2019. September 2019 Quarter Presentation, 22 October 2019.

Mining comprises open pit contract mining with production from up to four contiguous pits extending some 5km in strike length. During FY19, 35.3 million bank cubic metres (**bcm**) were mined, comprising of 14.7Mt of ore and 75.9Mt of waste. The mining strategy at Tropicana uses a phased approach with multiple cut-backs and in pit dumping of waste to minimise waste haulage distances.

Processing comprises conventional crushing, grinding and carbon-in-leach recovery. FY19 mill throughput was 8.2Mt, at an average grade of 2.2g/t. Construction and installation of a second 6MW ball mill was completed in October 2018, with the project commissioned in December 2018, enabling the processing throughput rate to be increased by about 5%.

9.3.1 Operational Scorecard and Outlook

Summary operating statistics, results and guidance published by IGO in relation to the Tropicana gold mine are set out below.

Table 24: Tropicana Operating Statistics, Results and Guidance

	Unit	FY17 results	FY18 results	FY19 results	FY20 guidance
Gold produced (100%)	'000 oz	431.6	467.1	518.2	450 - 500
Gold sold (IGO 30%)	'000 oz	128.6	138.7	154.4	135 - 150
Cash Cost	$/oz Au	817	713	680	700 - 780
AISC	$/oz Au	1,162	1,061	951	1,090 – 1,210
Sustaining and improvement capex (30%)	$M	9.7	14.3	15.5	13 - 15
Capitalised waste stripping (30%)	$M	39.9	43.4	36.1	42 - 47
Underground capex (30%)	$M	-	-	2.0	26 - 29

Source: IGO FY19, FY18 and FY17 Annual Reports

Note: AISC comprises cash costs and capitalised sustaining deferred waste stripping costs, sustaining exploration costs, sustaining capital and non-cash rehabilitation accretion costs. AISC excludes improvement capital expenditure and greenfields exploration expenditure.

Gold recovery in FY19 was 89.4%, with gold production of 518.2 koz (100% basis), at a cash cost of $680/oz and an AISC of $951/oz.

In the September quarter of FY20, Tropicana produced 123.3koz of gold (FY20 full year guidance has been set at 450-500koz of gold), at a cash cost of $741/oz and an AISC of $1,066/oz. IGO noted that September quarter FY20 cash costs were consistent with full year guidance and AISC was better than FY20 guidance. Gold recoveries were in line with the prior quarter, while quarter on quarter production was lower as a result of lower milled grade of 1.9g/t (4Q19 2.2g/t).

On 28 March 2019, the Tropicana JV announced commitment to the development of the Boston Shaker Underground mine (**Boston Shaker**). Development of Boston Shaker commenced in May 2019 at an estimated capital cost of $105 million (including contingency). Based on a mining rate of approximately 1.1Mtpa at estimated grades of 3.5g/t gold, Boston Shaker is expected to produce approximately 100,000oz of gold per annum over a seven year period, with first gold in the September 2020 quarter.

Macmahon Holdings is the current open pit mining contractor at Tropicana and has been appointed as the underground mining contractor.

9.3.2 Tropicana JV Ore Reserve and Mineral Resources

A summary of the Ore Reserve and Mineral Resources at the Tropicana gold mine (100% basis) as at 31 December 2018 is set out below.

Table 25: Ore Reserves and Mineral Resources as at 31 December 2018 (100% basis)

Deposit	Category	Mass (Mt)	Au (g/t)	Au (koz)
Mineral Resources				
Open pit	Measured	6.5	1.29	270
	Indicated	75.5	1.50	3,640
	Inferred	5.6	1.31	240
Underground	Measured	-	-	-
	Indicated	8.5	4.11	1,120
	Inferred	12.4	4.36	1,730
Stockpiles	Measured	27.8	0.79	700
Total	Measured	34.3	0.88	970
	Indicated	84.0	1.76	4,760
	Inferred	17.9	3.41	1,970
		136.2	**1.76**	**7,700**
Ore Reserves				
Open Pit	Proved	4.2	1.68	230
	Probable	43.2	1.94	2,690
Underground	Proved	-	-	-
	Probable	2.7	3.65	320
Stockpiles	Proved	15.5	1.01	500
Total	Proved	19.8	1.15	730
	Probable	45.9	2.04	3,010
Total Ore Reserves		**65.7**	**1.77**	**3,740**

Source: 2019 Annual report, ASX announcement 20 February 2019 "Annual Mineral Resource and Ore Reserve Statement"

Notes:

1 *Mineral Resources are inclusive of Ore Reserves*

2 *Ore Reserve and Mineral Resource figures have been reported in compliance with the JORC Code and were approved for release in the form and context in which they appear by a Competent Person, as defined by the JORC code*

3 *Amounts may not add exactly to due to rounding*

9.4 Exploration

In addition to undertaking near mine brownfields exploration activities at the Nova Project and Tropicana, IGO also manages – through direct ownership and through joint venture - various exploration projects in Western Australia, the Northern Territory, South Australia, Queensland and in Greenland.

Table 26: IGO greenfield exploration activities

Project	Commodity	Activities
Fraser Range Project (various partnerships)	Ni, Cu & Co	• Regional geochemical sampling, geophysical surveying and drilling. • Regional aircore drilling and geophysical programs have identified numerous anomalous results requiring reverse circulation (**RC**) and/or diamond drill testing.
Lake Mackay JV (70%)	Cu, Au, Ni, Co	• Unexplored mineral province in the Northern Territory. • Regional geochemical sampling, airborne and ground electromagnetic surveys and drilling have identified several new mineralised prospects
West Kimberley JV (up to 80%)	Ni, Cu, Co	• New belt-scale project targeting magmatic Ni-Cu-Co. • Airborne electromagnetic survey completed. • Regional aeromagnetic and radiometric survey, prospect scale geophysics, geological mapping surface sampling and drilling planned.
Raptor Project (100%)	Ni, Cu, Co	• New belt-scale project targeting Ni-Cu-Co sulphides along the Willowra Gravity Ridge, Northern Territory. • Regional aeromagnetic and radiometric surveys undertaken, and additional surveys planned.
Yeneena JV Option (up to 70%)	Cu, Co	• New sediment-hosted Cu-Co project with existing prospects in the Paterson Province, Western Australia.
Frontier Project, Greenland (up to 80%)	Cu, Co	• Earn-in/JV Option on belt-scale project targeting Zambia-style Cu-Co. • Traverse mapping and sampling of prospective domains underway.
Other		• Other early-stage opportunities across Australia include lithium exploration along the eastern margin of the Carnarvon Basin at the Lyons River project, and copper exploration along the Torrens Hinge Zone within the Stuart Shelf, South Australia known as the Copper Coast Project. • In addition, IGO is also involved in two early-stage gold JVs with Moho Resources Limited (**Moho**) – the Empress Springs project in the historically significant Croydon Goldfield in north QLD, and the Burracoppin Project in southwest WA. Moho is the project manager.

Source: 2019 Annual report, ASX announcement 20 February 2019 "Annual Mineral Resource and Ore Reserve Statement"

IGO has indicated that $66 million is expected to be spent on exploration activities in FY20, with $26m to be spent in the immediate area of the Nova Project, $24 million in the surrounding Fraser Range and $3m at Tropicana[25], the majority of which will be spent on drilling activities.

Further detailed discussion in relation to IGO's mineral production, development and exploration assets is contained in the Bidder's Statement, IGO's FY19 Annual Report and its Calendar Year 2018 Annual Mineral Resource and Ore Reserve Statement, each of which has been lodged by IGO with ASX.

[25] IGO presentation to Australian Nickel Conference 15 October 2019

9.5 Historical financial performance

IGO's historical audited consolidated financial performance for each of the financial years ended 30 June 2017, 2018 and 2019 are summarised below.

Table 27: IGO's historical consolidated financial performance

$'000	Audited 12 months ended 30 Jun 17	Audited 12 months ended 30 Jun 18	Audited 12 months ended 30 Jun 19
Revenue from continuing operations	421,926	777,946	784,512
Other income	-	2,689	8,377
Mining, development and processing costs	(146,135)	(241,302)	(262,851)
Employee benefits expense	(64,740)	(88,795)	(53,234)
Share based payments expense	(1,147)	(3,267)	(3,123)
Fair value of movement in financial investments	4,343	231	(6,915)
Depreciation and amortisation expense	(89,773)	(252,133)	(237,118)
Exploration and evaluation	(21,244)	(38,926)	(57,317)
Royalty expense	(14,391)	(30,489)	(30,506)
Ore tolling expense	(9,606)	(8,776)	(57)
Shipping and wharfage costs	(12,092)	(19,787)	(18,340)
Borrowing and finance expense	(1,258)	(10,699)	(6,638)
Impairment of exploration and evaluation expense	(24,891)	-	-
Impairment of other assets	(135)	-	-
Acquisition and integration costs	(3,910)	-	-
Other expenses	(10,530)	(7,626)	(11,342)
Profit before tax	**26,417**	**79,066**	**105,448**
Income tax (expense)/benefit	(9,406)	(26,380)	(29,363)
Profit after tax for the period	**17,011**	**52,686**	**76,085**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net of tax	241	1,784	(1,054)
Exchange differences on translation of foreign operations	4	42	(27)
Other comprehensive (loss)/income, net of tax	**245**	**1,826**	**(1,081)**
Profit attributable to the members of IGO	**17,256**	**54,512**	**75,004**
Weighted average ordinary shares on issue (m)	*580.42*	*586.81*	*590.34*
Adjustments for share rights (m)	*1.33*	*2.26*	*2.52*
Diluted weighted average ordinary shares on issue (m)	*581.76*	*589.07*	*592.86*
Basic earnings per share ***(EPS)****[1] (cents)*	*2.93*	*8.98*	*12.89*
Diluted earnings per share[1] (cents)	*2.92*	*8.94*	*12.84*
Dividend per share (cents)	*2.0*	*3.0*	*10.0*
Dividend payout ratio[2]	*68.3%*	*33.4%*	*77.6%*
Franking[3]	*100*	*100*	*97.6*

Source: FY18, FY19 Annual Reports, Bidder's Statement, KPMG Corporate Finance analysis

Notes:

1. *Profit used in calculating basic and diluted earnings per share is FY17: $17.011m, FY18:$52.686m, FY19:$76.085m*
2. *Dividend payout ratio calculated as dividend per share divided by basic earnings per share*
3. *Franking for FY19 based on a weighted average of the interim dividend of 2.0 cents per share fully franked and the final dividend of 8.0 cents per share franked to 97%*
4. *Amounts may not add exactly due to rounding*

We note that IGO's financial performance and earnings per share have shown a strong positive trend over the period considered, with profits attributable to the members of IGO, net of tax increasing from $17.3m in FY17 to $75.0m in FY19, over the same period basic earnings per share have increased from 2.93 cents to 12.89 cents.

9.5.1 FY17

IGO's FY17 results reflect:

- the progressive ramp-up of mining and processing operations at the Nova Project towards nameplate production capacity. Commercial production was declared with effect from 1 July 2017. The Nova operations reported a net operating segment loss before tax of $0.8m
- a contribution by the Tropicana and previously held Jaguar operations to segment net operating profit before tax of $58.3 million and $33.5m respectively
- $6.4m of retention and redundancy costs recognised to reflect that IGO's previously held Long Operation had an expected remaining mine life of less than one year. The Long Operation contributed a segment net operating profit of $0.7m
- a $24.4m before tax impairment charge against its previously held Stockman exploration project, reflecting the terms of that project's proposed sale to be completed subsequent to year end.

9.5.2 FY18

IGO's FY18 results reflect:

- the Nova Project's first year of commercial production. Nova recorded sales to external customers of $348.6m (FY17 $nil) and a contribution to segment operating profit before tax of $35.6m (FY17 loss before tax of $0.8m)
- the Tropicana operation's contribution to segment operating profit before tax of $86.3m (2017 $58.3m). Revenue from the Tropicana operation for the period was $240.4m, up 13% on FY17 as a result of higher AUD gold prices and more gold sold. The average AUD gold price achieved throughout the period was $1,729/oz, an increase of $79/oz on FY17. IGO's share of gold refined and sold was 138,748oz, up 8% on the prior year, reflecting higher ore milled, and improved mill feed grades attributed to a grade streaming strategy commenced towards the end of the financial year. Cash costs per ounce produced were $713 (FY17 $817) and AISC per ounce was $1,061 (FY17 1,162)

- IGO's divestment during the year of its Jaguar operation, which was completed on 31 May 2018, for a total consideration of $73 million. Prior to its divestment, the Jaguar operation had contributed $12.9m to segment net operating profit before tax, on total revenue of $112.1m
- the transition of the Long operation to care and maintenance in June 2018
- a significant increase in depreciation and amortisation charge principally as a result of a charge of $159.8m (FY17 $nil) in respect of Nova.

9.5.3 FY19

IGO's FY19 results reflect:

- a contribution by the Nova Project to segment operating profit before tax of $95.4m (FY18 $35.6m) on total revenue of $501.9m (FY18 $348.8m). Sales of concentrate totalled 22,434t of payable nickel (FY18 14,074t), 12.208t of payable copper (FY18 8,455t) and 372t of payable cobalt ((FY18 217t). Cash costs and AISC of $2.07/lb of payable nickel (FY18 $2.78) and $2.79 (FY18 $4.51) respectively
- The Tropicana operation's contribution to segment operating profit before tax of $97.6m (2018 $86.3m). Revenue from the Tropicana operation for the period was $278.5 million, up 16% on the previous year result of $240.4 million as a result of higher AUD gold prices and more gold sold. The Company's share of gold refined and sold was 154,402oz, up 11% on the prior year, reflecting higher throughput and improved mill feed grades

  Cash costs per ounce produced were $680 (FY17 $713) and AISC per ounce were $951 (FY17 $1,061)
- sale of the Long operation on 31 May 2019
- depreciation and amortisation expense of $237.1 million, down slightly on the previous financial year (FY18: $252.1 million) due to the absence of Jaguar and Long operations, offset by an increase in respect of Tropicana due to higher ore mined during the year.

9.5.4 Dividend policy, payout ratio and franking credits

IGO has an established history of paying dividends and has recently adopted a capital allocation policy that targets a return of 15% to 25% of free cash flow to shareholders in the form of dividends and/or share buybacks. A fully franked interim dividend of 2.0 cents per share and a final dividend of 8.0 cents per share franked to 97% was paid in respect of FY19. Based on a basic EPS figure of 12.89 cents per share, this represents a payout ratio of approximately 77.5%.

Following payment of the final dividend in respect FY19, IGO has no surplus franking credits available for subsequent periods.

9.6 Historical financial position

IGO's historical audited financial position as at each of 30 June 2017, 30 June 2018 and 30 June 2019 are summarised below.

Table 28: IGO's historical financial position

$'000	Audited 30 Jun 17	Audited 30 Jun 18	Audited 30 Jun 19
Assets			
Cash and cash equivalents	35,763	138,688	348,208
Trade and other receivables	59,383	94,093	47,748
Inventories	63,158	82,487	70,274
Financial assets at fair value through profit and loss	15,348	24,294	27,531
Derivative financial instruments	657	1,990	484
Assets classified as held for sale	31,745	-	-
Total current assets	**206,054**	**341,552**	**494,245**
Receivables	14	29,495	14,988
Inventories	20,077	33,012	52,594
Property, plant and equipment	44,922	35,417	41,622
Mines properties	1,612,919	1,457,688	1,311,376
Exploration and evaluation	73,068	70,493	95,197
Deferred tax assets	251,429	207,271	180,237
Total non-current assets	**2,002,429**	**1,833,376**	**1,696,024**
Total assets	**2,208,483**	**2,174,928**	**2,190,269**
Liabilities			
Trade and other payables	49,052	56,586	49,902
Borrowings	56,226	56,226	56,226
Derivative financial instruments	965	-	-
Provisions	15,259	4,894	5,180
Total current liabilities	**121,502**	**117,706**	**111,308**
Borrowings	140,815	84,589	28,363
Derivative financial instruments	251	-	-
Provisions	73,228	62,168	63,626
Deferred tax liabilities	139,903	131,638	137,912
Total non-current liabilities	**354,197**	**278,395**	**229,901**
Total liabilities	**475,699**	**396,101**	**341,209**
Net assets	**1,732,784**	**1,778,827**	**1,849,060**
Shares on issue (m)	*586.7*	*586.9*	*590.5*
Net asset backing per share ($)	*2.95*	*3.03*	*3.13*
Net tangible asset backing per share[1] ($)	*2.76*	*2.90*	*3.06*
Gearing[2]	*9%*	*0%*	*0%*
Current ratio[3]	*1.8x*	*2.9x*	*4.4x*

Source: FY18 and FY19 Annual Reports and KPMG Corporate Finance analysis

Notes:

1 *Net tangible assets per share exclude the impact of deferred tax assets and liabilities*

2 *Gearing represents net debt divided by total assets, where net debt is total current and non-current borrowings less cash and cash equivalents. Where net debt is less than $nil, gearing has been recorded as zero*

3 *Current ratio represents current assets divided by current liabilities*

4 *Amounts may not add exactly due to rounding*

9.6.1 Cash and cash equivalents

Cash and cash equivalents increased significantly over the period, largely due to net cash inflow from operations of $277.8m and $373.3m in FY18 and FY19 respectively. In July 2016, the Company also raised net $274m in new equity to secure additional funding to complete the construction of the Nova Project, and the partial repayment of debt. Over the period, IGO repaid a total of $185.3m in borrowings and made cash payments in respect of dividends of $53.0m.

9.6.2 Trade and other receivables

The significant increase in trade and other receivables in FY18 largely reflects amounts outstanding on the sale of the Jaguar Operation in May 2018, with discounted values of the outstanding cash proceeds of $15.5m (FY19 $15.5m) and $29.5m (FY19 $15.0m) shown in current and non-current receivables respectively. IGO has indicated normal trade receivables are generally received up to four months after the shipment date.

9.6.3 Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss represents IGO's investment in shares in Australian listed companies. IGO classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading.

9.6.4 Assets held for sale

Assets held for sale as at 30 June 2017 comprised the Stockman exploration project.

9.6.5 Mine properties

Mine properties comprise capitalised costs, net of amortisation and impairment, in respect of mine properties in development, mine properties in production and deferred stripping. As at 30 June 2019 the net carrying amounts in respect of each of these asset categories were $4.3m, $1,255.5m and $0.5m respectively.

9.6.6 Deferred tax assets

As at 30 June 2019, IGO recognised carry forward revenue losses, with a tax-effected value of $154.4m, within its deferred tax asset balance.

In addition, IGO had a further $14.0m in unrecognised tax-effected revenue losses available, as well as $25.7m of unrecognised tax-effected capital losses.

9.6.7 Borrowings

In July 2015, IGO entered into a Syndicated Facility Agreement (**Facility Agreement**) with National Australia Bank Limited, Australia New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited for a $550m unsecured committed term finance facility comprising: a five year $350m amortising loan facility and a five year $200m revolving loan facility. As at 30 June 2019, the outstanding balance of the Facility Agreement was $85.7m, which expires in September 2020.

9.7 Statement of cash flows

IGO's historical audited consolidated statement of cash flows for each of FY17, FY18 and FY19 are summarised below.

Table 29: IGO's historical consolidated statement of cash flows

$'000	Audited 12 months ended 30 Jun 17	Audited 12 months ended 30 Jun 18	Audited 12 months ended 30 Jun 19
Cash flows from operating activities			
Receipts from customers	416,375	783,395	841,684
Payments to suppliers and employees (incl. GST)	(323,416)	(457,652)	(426,194)
Interest and other costs of finance paid	-	(7,896)	(4,538)
Interest received	2,201	659	3,973
Payments for exploration activities	(18,022)	(40,729)	(54,123)
Receipts from other operating activities	540	28	11,508
Net cash used in operating activities	**77,678**	**277,805**	**372,310**
Cash flows from investing activities			
Interest and other costs of finance paid	(13,431)	(1,008)	-
Payments for property, plant and equipment	(14,564)	(20,498)	(16,384)
Proceeds from sale of property, plant and equipment and other investments	2,418	198	3,268
Payments for development expenditure	(220,481)	(114,536)	(78,056)
Payments for purchase of listed investments	(5,994)	(8,919)	(6,652)
Payments for capitalised exploration and evaluation expenditure	(3,662)	(5,162)	(11,753)
Payments for acquisition of subsidiary, net of cash acquired	(17,574)	-	-
Net proceeds from sale of Stockman Project	-	21,782	10,000
Net proceeds from sale of Jaguar Operation	-	23,140	16,764
Net cash from investing activities	**(273,288)**	**(105,003)**	**(82,813)**
Cash flows from financing activities			
Proceeds from the issue of shares	281,459	-	-
Share issue transaction costs	(7,526)	-	-
Repayment of borrowings	(71,000)	(57,142)	(57,142)
Payment of dividends	(17,601)	(11,736)	(23,619)
Net cash from/(used in) financing activities	**185,332**	**(68,878)**	**(80,761)**
Net increase/(decrease) in cash and cash equivalents	**(10,278)**	**103,924**	**208,736**
Cash and cash equivalents at the beginning of the period	46,264	35,763	138,688
Effect of exchange rate changes on cash and cash equivalents	(223)	(999)	784
Cash and cash equivalents at the end of the period	**35,763**	**138,688**	**348,208**

Source: FY17, FY18 and FY19 Annual Reports and KPMG Corporate Finance analysis

9.8 Commitments

As at 30 June 2018, IGO had operating lease commitments of $74.1m. In addition, IGO had significant capital expenditure contracted for in respect of mine properties in development but not recognised as liabilities, totalling $30.7m.

IGO also enters into various contracts for the future delivery of gold, these gold delivery commitments as at 30 June 2019 are summarised in the table below.

Table 30: Gold delivery commitments as at 30 June 2019

	Gold for physical delivery oz	Average contracted sale price $/oz	Value of committed sales $'000
Within one year	76,020	1,818	138,182
Later than one but not later than five years	49,320	1,814	89,452
	125,340	1,816	227,634

Source: FY19 Annual Reports and KPMG Corporate Finance analysis

9.9 Board of Directors

The current Directors of IGO are set out below.

Table 31: IGO's Board of Directors

Board member	
Peter Bilbe Non-Executive Chairman of the Board	**Peter Bradford** Managing Director, Chief Executive Officer
Debra Bakker Non-Executive Director, Chair – Audit Committee	**Kathleen Bozanic** Non-Executive Director
Peter Buck Non-Executive Director, Chair – Sustainability & Risk	**Neil Warburton** Non-Executive Director
Keith Spence Non-Executive Director, Chair – People & Performance	

Source: Bidder's Statement, FY19 Annual Report

Further details in relation to the experience and other directorships of the Directors of IGO are set out in Section 2.2 of the Bidder's Statement and on pages 34 to 35 of the FY19 Annual Report.

9.10 Share capital and ownership

As at 4 November 2019, IGO had approximately 590.8 million ordinary shares on issue and its substantial shareholders so far as known to IGO based on publicly available information were as set out in the table below.

Table 32: IGO substantial shareholders as at 4 November 2019

Substantial shareholder	Interest in IGO shares[1]	Voting power in IGO
Mark Gareth Creasy, Yandal Investments, FraserX Pty Ltd, Ponton Minerals Pty Ltd, Lake Rivers Gold Pty Ltd, XNi Pty Ltd and Free CI Pty Ltd	76,860,969	13.0%
T. Rowe Price Group, Inc.	48,341,790	8.2%
FIL Limited	45,566,028	7.7%
Ausbil Investment Management Limited	29,829,860	5.0%

Source: Bidder's Statement

9.10.1 Options

At the date of the Bidder's Statement, there were no options issued over ordinary shares in IGO.

9.10.2 Performance rights

Performance rights under IGO's Employee Incentive Plan (**EIP**) are granted annually. The performance rights vest after three years from the start of the financial year, subject to certain performance conditions being met.

On vesting, each right automatically converts into one ordinary share. IGO employees who hold performance rights do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If an employee ceases employment before the rights vest, the rights will be forfeited, except in certain circumstances that are approved by the IGO Board.

As at 4 November 2019, a total of 2,548,664 performance rights were on issue.

9.10.3 Service rights

Service rights issued under the EIP are granted following the determination of the final performance measure for the performance year. The service rights component of the short term incentives vest in two tranches, with the first tranche of 50% vesting on the 12 month anniversary of the award date, and the second tranche of 50% vesting on the 24 month anniversary of the award date.

The employees who hold service rights do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If an employee ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the IGO Board on a case-by-case basis.

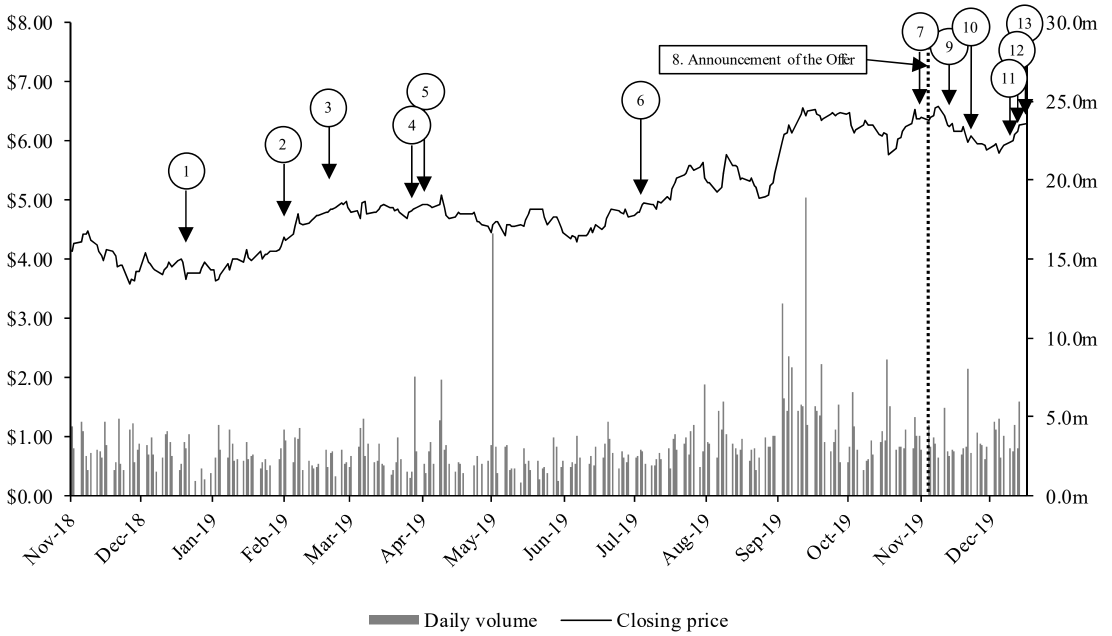
As at 4 November 2019, a total of 448,502 service rights were on issue.

9.11 Share trading history

9.11.1 Recent trading in ordinary shares

The chart below depicts IGO's daily closing price on the ASX over the 12 month period to 1 November 2019, being the last trading day prior to IGO's announcement of the Offer, and for the period subsequent to that date to 16 December 2019, along with the daily volume of shares traded on the ASX over the period.

Figure 9: IGO daily close price and volume traded on the ASX



Source: IRESS, KPMG Corporate Finance Analysis and ASX announcements

As illustrated in the figure above, IGO's share price, although displaying a degree of volatility, traded strongly upwards over the 12 months prior to the announcement of the Offer, trading in the range of $3.56 per share, on 27 November 2018, to $6.64 per share on 17 September 2019. IGO's shares closed at $6.40 on 1 November 2019, being the last trading day prior to the announcement of the Offer.

Subsequent to the announcement of the Offer, to 16 December 2019, IGO shares have closed in the range of $5.78 per share to $6.58 per share.

Other than normal half year and full year financial reporting and quarterly activities reporting and announcements made by other companies in relation to exploration projects in which IGO has an interest, announcements made by IGO identified on the ASX website as being price sensitive since 1 November 2018 include:

1 20 December 2018: Pre-feasibility study confirms the potential for underground mining beneath the Boston Shaker pits at Tropicana

2 31 January 2019: Details of FY19 interim dividend and 2Q19 and first half results presentation

3 20 February 2019: CY18 Mineral Resources and Ore Reserve Statement

4 28 March 2019: Tropicana JV approves Boston Shaker Underground Development following successful completion of a Feasibility Study. Development of the underground mine expected to enable gold production at Tropicana to be maintained between 450,000 and 500,000 oz pa (100%) over the five years up to and including 2023

5 2 April 2019: Update on the Downstream PFS, advising that test work to date indicates IGO's proprietary processing route is capable of delivering high extraction rates, is low cost and is environmentally sustainable. IGO also announced that in parallel with the continuing study, it would commence a competitive process for the replacement of existing off-take agreements.

6 4 July 2019: Preliminary FY19 metal production results for the Nova Project and the Tropicana gold mine indicate production at the Nova Project exceeded previous full year guidance, while Tropicana gold mine production was within guidance range.

7 1 November 2019: Completion of the Downstream PFS and the competitive off-take agreement tender indicate that whilst IGO's proprietary processing route demonstrates a technologically advanced and cost competitive process, the improved commercial terms negotiated for the new offtake agreements will maximise value to shareholders and, as a result, IGO will not progress to a full Feasibility Study on the downstream process

8 4 November 2019: Off-market takeover offer for Panoramic announced and Bidder's Statement lodged. Panoramic recommends shareholders take no action.

9 12 November 2019: Panoramic announces that various conditions precedent of the Offer have already been breached, with further breaches in the future likely. Panoramic re-iterates shareholders should take no action.

10 22 November 2019: IGO announces it has entered into a Confidentiality Deed with Panoramic to allow it to conduct due diligence on Panoramic and the Savannah Project. IGO noted Panoramic was assessing options to raise additional capital and reiterated that it reserves its right to terminate the Offer should and equity raising be announced.

11 9 December 2019: Panoramic release their Target's Statement, with the directors unanimously recommending shareholders reject the Offer.

12 12 December 2019: Prodigy Gold NL released results of drilling and leach test work on Co-Ni-Mn samples from the Grimlock Prospect at the Lake Mackay JV (70% IGO, 30% PRX).

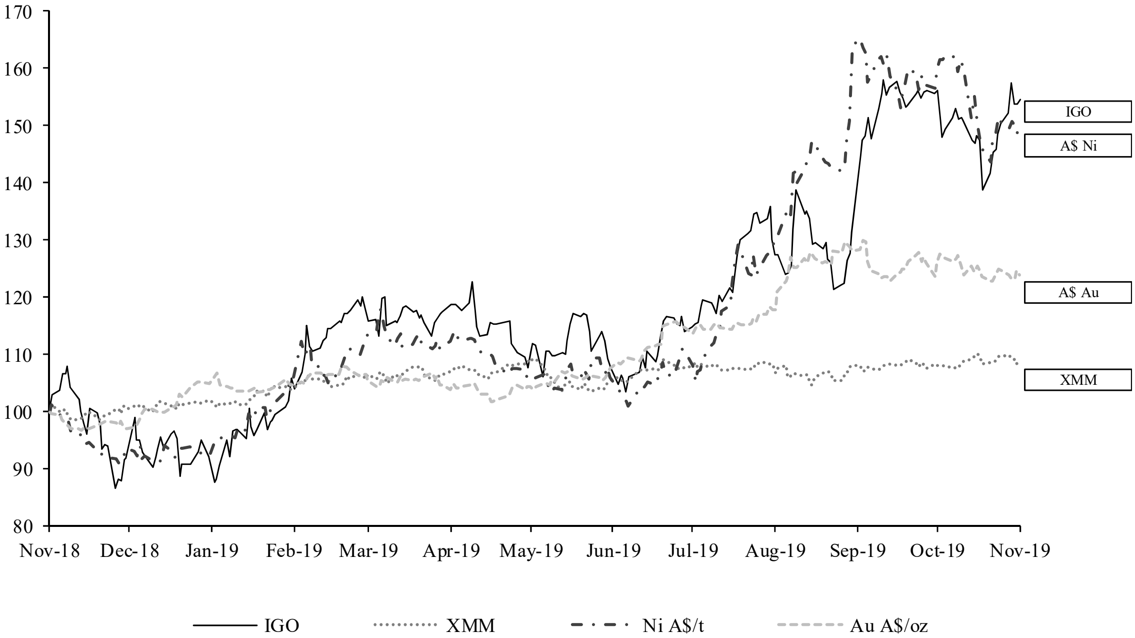
13 16 December 2019: Panoramic announced the Independent Expert's Report is expected to be received by 23 December 2019, stating the Board will reconsider their recommendation shareholders reject the Offer at this time.

Further details in relation to all announcements made by IGO to the ASX can be obtained from either IGO's website at www.igo.com.au or the ASX's website at www.asx.com.au.

9.11.2 Relative share price performance

As illustrated in the figure below, IGO's share price generally tracked the XMM over the 9 months to August 2019, after which it outperformed over the 3 months to 1 November 2019, being the last trading date prior to the announcement of the Offer.

Figure 10: IGO's performance relative to XMM and AUD nickel and gold prices



Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

9.11.3 Trading liquidity on the ASX

An analysis of volume of trading in IGO's shares over various periods in the 12 months up to and including 1 November 2019, being the last trading day prior to IGO's announcement of the Offer, is set out in the table below.

Table 33: Trading liquidity in IGO shares pre-announcement of the Offer

Period up to and including 1 November 19	Price (low)[1] $	Price (high)[1] $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital[2]
1 day	6.19	6.42	6.35	18.3	2.9	0.5%
1 week	6.19	6.55	6.39	118.1	18.5	3.1%
1 month	5.75	6.55	6.19	534.1	86.3	14.6%
3 months	4.97	6.64	6.04	1,747.6	289.3	49.0%
6 months	4.24	6.64	5.61	2,568.7	457.9	77.5%
12 months	3.56	6.64	5.08	4,081.7	803.2	135.9%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

Notes:

1 *Share price data represents intra-day trading rather than closing prices*

2 *Note: percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.*

IGO shares exhibited strong liquidity over the 12 months to 1 November 2019, with an average daily volume of 3.2 million shares traded per day with a daily value of approximately $16.1 million. We note that over this period IGO shares were traded on all 253 available trading days on the ASX.

An analysis of the volume of trading in IGO's shares in the period from 2 November 2019 to 16 December 2019 inclusive is set out below.

Table 34: Trading liquidity in IGO shares post-announcement of the Offer

Period from 2 Nov 19 to 16 Dec 19 incl.	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
45 days	5.76	6.65	6.13	692.9	113.1	19.1%

Source: IRESS and KPMG Corporate Finance Analysis
Note: Share price data represents intraday trading rather than closing prices

10 Profile of the Enlarged IGO

10.1 Panoramic and IGO shareholders' interest

Prior to the Entitlement Offer, Panoramic and IGO had approximately 654.2 million and 590.8 million shares on issue respectively. Under the Entitlement Offer, Panoramic may issue up to 109.0 million new ordinary shares, which would increase Panoramic shares on issue to approximately 763.2 million shares (including the 24.9 million[26] Panoramic shares already owned by IGO).

In the event that IGO achieves 100% control of Panoramic, the number of new IGO shares to be issued to Panoramic shareholders having regard to the Exchange Ratio is approximately 56.8 million as summarised in the table below, resulting in an ownership interest of 8.8% by Panoramic shareholders. Given Zeta's advice to the market that it does not intend to accept the Offer in its current form, we have also shown purely for illustrative purposes a scenario where IGO achieves a 50.1% ownership interest in Panoramic consistent with the Minimum Acceptance condition precedent to the Offer, which indicates Panoramic shareholders would hold approximately 4.4% of the Enlarged IGO in these circumstances.

[26] Bidder's Statement

Table 35: Shareholder ownership scenarios following the Offer

	Pre-Offer Panoramic shares million	Exchange Ratio 1:13 x	100% IGO Shares million	100% Relative ownership %	50.1%[3] IGO Shares million	50.1%[3] Relative ownership %
Pre-Offer Panoramic shares not already owned by IGO	629.3					
Maximum Panoramic shares to be issued under the Entitlement Offer	109.0					
Assumed eligible Panoramic Shares [1,2]	738.4	0.0769	56.8	8.1	27.5	4.4
Existing IGO shares			590.8	91.2	590.8	95.6
Total			**647.6**		**618.3**	

Source: ASX Announcements and KPMG Corporate Finance Analysis

Notes:

1 *This reflects an undiluted interest. In the event all of IGO's current Performance Rights and Service Rights were converted to IGO shares, this would reduce existing Panoramic shareholders' interest to 8.7% assuming 100% acceptance, or 4.4% assuming 50.1% is acquired*

2 *Assuming IGO extends the Offer to new Panoramic Shares issued under the Entitlement Offer, and IGO does not participate in the Entitlement Offer*

3 *50.1% control based on IGO acquiring an additional 357.5 million Panoramic shares under the Offer, in exchange for issuing 27.5 million new IGO shares*

10.2 Relative contribution to the Expanded IGO's Ore Reserves and Mineral Resources

Based on the latest publicly available Ore Reserve and Mineral Resource statements issued by Panoramic and IGO, the relative contributions of each company to the combined contained nickel equivalent Ore Reserves and Mineral Resources of the Enlarged IGO, assuming 100% control of Panoramic, are summarised in the tables below.

Table 36: Relative contribution to combined nickel equivalent Ore Reserve

	Interest	Total tonnage Mt [1]	Nickel %	Average grade Copper %	Cobalt %	Gold g/t	Attributable Ni-Eq. metal kt
IGO:							
Nova	100%	11.5	1.90%	0.76%	0.06%		274
Tropicana	30%	65.7				1.8	121
IGO total							**396**
Panoramic:							
Savannah - Above 900 Fault	100%	1.4	1.16%	0.75%	0.06%		22
Savannah North	100%	6.7	1.42%	0.61%	0.10%		129
Panoramic total							**152**
Overall total							**548**
Panoramic percentage of combined Ore Reserve (Ni-Eq.)							***28%***

Source: ASX Announcements and KPMG Corporate Finance Analysis

Notes:

1 *Totals include Proven and Probable Ore Reserves*

2 *Total attributable contained nickel equivalent metal has been calculated having regard to each company's ownership interest and the following spot metal prices as at 30 November 2019, sourced from Capital IQ: US$13,618/t Ni, US$5,843/t Cu, US$35,500/t Co and US$1,473/oz Au*

The analysis above indicates that in the event IGO is successful in acquiring 100% control of Panoramic, Panoramic is contributing approximately 28% to the contained nickel equivalent Ore Reserves of the Enlarged IGO.

Table 37: Relative contribution to combined nickel equivalent Mineral Resource

	Interest	Total tonnage Mt [1]	Ni %	Cu %	Average grade Co %	Au g/t	Pt g/t	Pd g/t	Attributable Ni-Eq. metal excl. PGMs kt
IGO:									
Nova	100%	13.2	2.0%	0.8%	0.07%				339
Tropicana	30%	136.2				1.8			250
IGO total									**589**
Panoramic:									
Savannah	100%	13.0	1.7%	0.8%	0.11%				297
Thunder Bay	100%	10.4					1.1	1.1	Excluded
Panton	100%	14.3					2.2	2.4	Excluded
Horizon	51%	15.9				2.7			77
Panoramic total									**374**
Overall total									**963**
Panoramic percentage of combined Mineral Resources (Ni-Eq.)									***39%***

Source: ASX Announcements and KPMG Corporate Finance Analysis

Notes:

1 *Totals include Measured, Indicated and Inferred Mineral Resources. Mineral Resources are quoted inclusive of Ore Reserves*

2 *Total attributable contained nickel equivalent metal, excludes the PGM assets and has been calculated having regard to each company's ownership interest and the following spot metal prices as at 30 November 2019, sourced from Capital IQ: US$13,618/t Ni, US$5,843/t Cu, US$35,500/t Co and US$1,473/oz Au*

The analysis above indicates that in the event IGO is successful in acquiring 100% control of Panoramic, Panoramic is contributing a minimum of 39% to the contained nickel equivalent Mineral Resources of the Enlarged IGO. Given their early stage we have not included the additional contained nickel equivalent contribution of Panoramic's PGM Mineral Resources.

10.3 IGO's intentions for Panoramic

As set out in Section 7 of the Bidder's Statement, IGO's specific intentions should IGO achieve a 90% or greater interest in Panoramic include, amongst others:

- to proceed with compulsory acquisition of Panoramic to achieve a 100% ownership interest in Panoramic
- to undertake a strategic review of underground mining and processing operations at the Savannah Project, and of Panoramic's other assets
- arrange for Panoramic to be removed from the Official List of the ASX and replace the Board with nominees of IGO
- integration of Panoramic with IGO's existing operational and corporate structure. IGO notes that some operational and head office functions may become redundant but will seek to redeploy Panoramic employees within IGO where practicable.

IGO's intentions should it achieve control of Panoramic but less than a 90% interest, include:

- seeking to replace some of the members of Panoramic's Board with IGO's nominees
- depending upon the level of ownership acquired and satisfaction of various required criteria, pursuing a delisting of Panoramic shares from the Official List of the ASX.

Further details in relation to IGO's intentions following closure of the Offer are set out in the Bidder's Statement.

10.4 Pro forma Historical Statement of Financial Position as at 30 June 2019

Section 8.4 of the Bidder's Statement sets out, for illustrative purposes only, the pro forma financial position of IGO as at 30 June 2019, assuming it acquires 100% of Panoramic. We have adjusted IGO's pro forma financial position of its "Merged Group" to include the notional impact of the Entitlement Offer on cash and issued capital, assuming the issue of 109.0 million new Panoramic shares at an issue price of $0.30 each, net of transaction costs of $1.4 million.

Table 38: IGO pro forma financial position as at 30 June 2019 assuming 100% acceptance

Pro forma	As at 30 June 2019					
100% acquisition scenario	IGO	Panoramic	Adjustments	Merged Group	Entitlement Offer adj.	Merged Group adj.
A$'000	Audited	Audited	Reviewed	Reviewed	Unaudited	Unaudited
Current assets						
Cash and cash equivalents	348.2	12.7	(1.4)	359.6	31.3	390.9
Trade and other receivables	47.7	19.3	-	67.0	-	67.0
Inventories	70.3	8.4	-	78.7	-	78.7
Financial assets	27.5	-	-	27.5	-	27.5
Derivative financial instruments	0.5	3.7	(3.7)	0.5	-	0.5
Prepayments	-	1.4	-	1.4	-	1.4
Assets held for sale	-	4.3	-	4.3	-	4.3
Total current assets	**494.2**	**49.8**	**(5.1)**	**538.9**	**31.3**	**570.2**
Non-current assets						
Receivables	15.0	-	-	15.0	-	15.0
Inventories	52.6	-	-	52.6	-	52.6
Property, plant and equipment	41.6	59.0	-	100.6	-	100.6
Mine and development properties	1,311.4	84.8	216.8	1,613.0	-	1,613.0
Exploration and evaluation expenditure	95.2	27.8	-	123.0	-	123.0
Deferred tax assets	180.2	-	-	180.2	-	180.2
Derivative financial instruments	-	4.4	(4.4)	-	-	-
Financial assets	-	1.0	-	1.0	-	1.0
Other non-current assets	-	0.2	-	0.2	-	0.2
Total non-current assets	**1,696.0**	**177.1**	**212.4**	**2,085.5**	**-**	**2,085.5**
Total assets	**2,190.3**	**226.9**	**207.3**	**2,624.5**	**31.3**	**2,655.8**
Current liabilities						
Trade and other payables	49.9	22.1	15.0	87.0	-	87.0
Borrowings	56.2	8.1	-	64.3	-	64.3
Provisions	5.2	2.2	-	7.4	-	7.4
Other current liabilities	-	2.7	(2.7)	-	-	-
Total current liabilities	**111.3**	**35.1**	**12.3**	**158.7**	**-**	**158.7**
Non-current liabilities						
Borrowings	28.4	38.6	(20.0)	46.9	-	46.9
Provisions	63.6	31.5	-	95.2	-	95.2
Deferred tax liabilities	137.9	-	-	137.9	-	137.9
Derivative financial instruments	-	5.6	40.7	46.3	-	46.3
Total non-current liabilities	**229.9**	**75.7**	**20.7**	**326.3**	**-**	**326.3**
Total liabilities	**341.2**	**110.8**	**33.0**	**485.0**	**-**	**485.0**
Net assets	**1,849.1**	**116.1**	**174.3**	**2,139.5**	**31.3**	**2,170.8**

Pro forma	As at 30 June 2019					
100% acquisition scenario	IGO	Panoramic	Adjustments	Merged Group	Entitlement Offer adj.	Merged Group adj.
A$'000	Audited	Audited	Reviewed	Reviewed	Unaudited	Unaudited
Statistics:						
Shares on issue at period end (million)	*590.5*	*553.6*		*639.2*	*8.4*	*647.6*
Net assets per share ($)	*3.13*	*0.21*		*3.35*		*3.35*
Gearing	*n/a*	*23%*		*n/a*		*n/a*
Current ratio (times)	*4.4*	*1.4*		*3.4*		*3.5*

Source: Bidder's Statement, Annual reports, Panoramic management and KPMG Corporate Finance analysis

We make the following observations in relation to the expanded IGO's pro forma financial position as at 30 June 2019:

- IGO has prepared its pro forma financial position of the Merged Group assuming 100% acceptance of the Offer on the basis of the audited consolidated financial positions of IGO and Panoramic as at 30 June 2019, after adjusting for the effect of certain subsequent events and pro forma adjustments described in Section 8.4 of the Bidder's Statement.
- IGO's pro forma net asset backing per share increases from $3.13 to $3.35, which based on the Exchange Ratio represents a net asset backing per Panoramic share of $0.26.
- IGO maintains a net cash position
- IGO's pro forma current ratio decreases from 4.4 times to 3.4 times.

A more detailed discussion of the assumptions and adjustments incorporated in the pro forma financial position of IGO's Merged Group is set out in Section 8.4 of the Bidder's Statement.

IGO also set out in Section 8.4e of the Bidder's Statement the adjustments to IGO's Merged Group position that would be required in the event IGO only acquires a 50.1% interest in Panoramic. Given Zeta's advice to the market that it does not intend to accept the Offer in its current form, Panoramic shareholders may also wish to consider these adjustments.

10.5 Transaction costs

As set out in Section 8.4d of the Bidder's Statement, IGO has estimated transaction costs (comprising advisory fees and landholder duty) relating to the Offer to be in the order of approximately $15.0 million (assuming IGO obtains a 100% interest in Panoramic). In the event that IGO is only successful in acquiring 50.1% of Panoramic's issued capital, IGO estimates that its transaction costs will reduce to approximately $7.5 million.

10.6 Potential cost savings and synergies available to a market participant

We have been provided with a schedule prepared by Panoramic that sets out Panoramic's assessment of the synergy benefits and cost savings likely to be available to a pool of purchasers (including IGO) in acquiring a 100% interest in Panoramic. These synergy benefits and cost savings total in the order of approximately $4.0 million to $5.0 million per annum (in 2019 pre-tax dollars) over the estimated life of Panoramic's operations. Once-off costs incurred in achieving these synergies and cost savings have been estimated to be in the order of approximately $1.0 million.

The quantum of these synergies has been estimated having regard principally to the matters set out below:

- Head office wage and on-cost savings – various management and head office functions would be subsumed within the organisational structure of the acquirer
- Directors' and Officers' fees and insurance – any acquirer would seek to rationalise the Board of Panoramic
- Audit, tax and compliance costs – an acquirer is expected to realise economies of scale from consolidation in terms of statutory reporting and compliance requirements charged in respect of the enlarged entity when compared to two standalone entities
- Shareholder related, including listing fees, investor relations and consultant fees – an acquirer is expected to realise significant cost savings as a result of shareholder related functions no longer required, reduced or subsumed within the organisation structure of the acquirer
- Rent – Panoramic anticipates an acquirer would be able to realise cost savings associated with the reduction of space requirements as a direct result of the reduction in head office executive and employee head count, having regard to existing lease commitments.

In addition to the direct synergies described above, acquirers of Panoramic may achieve indirect synergies such as procurement and marketing synergies and economies of scale and increased liquidity in their stock due to increased size. However, it is very difficult to assess the likelihood of these synergies being achieved or to quantify the extent of these synergies in the short term.

We also note that an acquirer of Panoramic may be able to accelerate the utilisation of Panoramic's existing tax losses as part of a larger tax consolidation group compared to Panoramic in its current form. The ability of any purchaser to utilise these tax losses would however be subject to the satisfaction of various statutory tests and also would be dependent upon the availability and timing of taxable income derived from sources unrelated to the Savannah Project.

10.7 Synergies unique to IGO

Having regard to the existing operational profile and location of IGO's asset base it is not expected that IGO will realise any immediate significant direct cost savings that a general pool of purchasers may not otherwise be able to achieve, however, we consider that there are certain benefits to IGO from the acquisition of Panoramic that may be unique to IGO, including that IGO has pegged over 6,000km^2 of exploration tenure surrounding the Savannah Project. Whilst IGO does not currently have defined Ore Reserves or Mineral Resources in this surrounding area, it is possible IGO may be able to leverage the existing infrastructure at Savannah to assist with project development should its exploration activities be successful in identifying and developing future Ore Reserves.

11 Valuation of Panoramic

11.1 Valuation methodology

The principal assets of Panoramic comprise its interests in mineral assets at various stages of development, from early stage exploration to production. Such assets have limited lives and future profitability and asset lives depend upon factors that are inherently unpredictable.

In our experience, the most appropriate method for determining the value of companies similar to Panoramic is on the basis of the value of the sum of the parts of the underlying net assets, with its principal asset, its interest the Savannah Project, being valued using the discounted cash flow (**DCF**) approach.

The DCF methodology has a strong theoretical basis, valuing a business or asset on the net present value (**NPV**) of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital. This technique is particularly appropriate for assets with limited lives, which is often the case with mineral projects dependent upon depleting Ore Reserves. Application of this technique generally requires a 5-year minimum period of analysis, however for longer dated finite life mineral projects it is common practice to have regard to forecast cash flows over the LOM. In addition, a sensitivity analysis for variations in key assumptions adopted needs to be performed.

ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. To assist KPMG Corporate Finance in the valuation of Panoramic's mineral interests, SRK was engaged by Panoramic, and instructed by us, to prepare an independent technical specialist report in relation to a reasonable production scenario, including appropriate estimations, capital expenditure and operational cost profiles to be adopted by us in the preparation of forecast cash flows for Panoramic's interest in the Savannah Project. In addition, SRK has assessed the value of Panoramic's interests in other mineral assets not captured in the Savannah Project DCF valuation. A copy of SRK's report, which was prepared in accordance with the ValMin Code to the extent applicable, is attached to this report as Appendix 7.

The development and operational assumptions recommended by SRK have been adopted in the cash flow projections prepared by us in assessing the value of Panoramic's interest in the Savannah Project. KPMG Corporate Finance was responsible for the determination of certain macroeconomic and other assumptions such as commodity prices, exchange rates, discount rates, inflation, royalty and taxation assumptions. SRK has also determined a range of values within which it considers the value of each of the relevant interests in other mineral assets to lie. The valuations ascribed by SRK to Panoramic's interests in other mineral assets have been adopted in our report.

Other assets and liabilities of Panoramic have been incorporated in our valuation based on book values as at 30 November 2019, as reasonable estimates of market value unless specifically noted otherwise.

11.2 Valuation summary

We have assessed the market value of Panoramic assuming 100% of the company was available for sale, inclusive of a premium for control, to lie in the range of $350.7 million to $397.7 million, which equates to between $0.459 and $0.521 per Panoramic Share. The valuation exceeds the price at which, based on current market conditions, we would expect Panoramic shares to trade on the ASX in the absence of the Offer.

The market value of Panoramic was determined after aggregating the estimated market value of Panoramic's interests in mineral assets, adding the assessed value of other assets and, if appropriate, deducting any external borrowings and non-trading liabilities. The value of Panoramic has been assessed on the basis of market value, that is, the value that should be agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length.

Our range of assessed values represents the value of a 100% interest in Panoramic and incorporates direct corporate cost savings that would generally be available to a pool of purchasers but does not include any indirect benefits, such as potential economies of scale or increases in bargaining positions that a pool of purchasers might be able to achieve. Similarly, our valuation does not include any potential strategic or operational synergies that may be unique to individual investors. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

Table 39: Summary of assessed market values of Panoramic inclusive of a premium for control

	Assessed Values	
	Low $m	**High $m**
Market values of Panoramic's interests in mineral assets:		
Savannah Project Ore Reserves	301.9	312.9
Savannah Project Mineral Resources (not included in the Life of Mine Model)	32.7	42.9
Other mineral assets	23.7	39.8
Total mineral assets	**358.3**	**395.6**
Add: Cash and cash equivalents [2]	39.4	39.4
Add: Panoramic's 51% interest in Horizon	10.2	19.8
Add: Other net assets[3]	1.3	1.3
Less: Out of the money hedgebook[4]	(26.7)	(26.7)
Less: Debt[5]	(27.6)	(27.6)
Less: Future corporate overheads	(4.1)	(4.1)
Total equity value	**350.7**	**397.7**
Number of ordinary shares - undiluted (millions)	654.2	654.2
Add: Entitlement Offer share[6]	109.0	109.0
Number of ordinary shares - diluted (millions)	763.3	763.3
Value per share, inclusive of a premium for control - $	**0.459**	**0.521**

Source: KPMG Corporate Finance analysis and the SRK Report

Notes:

1 *Figures may not add exactly due to rounding*
2 *Aggregate cash and cash equivalents as at 30 November 2019 adjusted to reflect the proceeds expected from the Entitlement Offer of $32.7 million less expected transaction costs of the Entitlement Offer of $1.4 million*
3 *Other net assets comprise other current assets ($0.2 million) as at 30 November 2019 and shares in listed equities ($1.0 million), excluding Panoramic's investment in Horizon, as at 16 December 2019*
4 *Mark to market as at 16 December 2019*
5 *Total debt as at 30 November 2019 comprising borrowings and finance lease arrangements*
6 *Assumes the Entitlement Offer is completed in full, either through acceptance or underwriting*

Our range of assessed fair values for a Panoramic share of between $0.459 and $0.521 per share compares to a closing price for a Panoramic share on the last trading day prior to the announcement of the Proposal of $0.335, and is also at a premium to Panoramic's VWAP over the 12 months immediately prior to the announcement of the Proposal. In this regard, we note the traded share price will not incorporate a control premium as it reflects trades in minority interests in Panoramic shares but in our view may also reflect an adverse market sentiment in relation to:

- the operational difficulties and delays in the ramp-up the Savannah Project and in the development of the Savannah North ore body, along with disappointing associated financial outcomes, including the need to renegotiate the SFA entered into with Macquarie in March 2019 and September 2019
- Panoramic approaching the market on two separate occasions in the eight months prior to the Offer seeking additional equity to fund working capital needs and debt repayments, with each raising being completed at a discount to the then prevailing share price,

which have likely acted to suppress Panoramic's share price in recent times.

11.2.1 Valuation of Panoramic's interest in the Savannah Project Ore Reserves

We have valued Panoramic's 100% interest in the projected cash flows from the Savannah Project Ore Reserves as lying in the range of $301.9 million to $312.9 million.

In forming our opinion we have developed, in conjunction with SRK, a cash flow model reflecting SRK's view as to a reasonable forecast development/production scenario for the Savanah Project, based on SRK's discussions with Panoramic's management and other supporting documentation. As a result of its analysis, SRK determined that whilst there was a reasonable basis for valuing the Savannah Project Ore Reserves using the DCF methodology, the Savannah Project Mineral Resources (not included in the LOM) were more appropriately valued using other methodologies for earlier stage mineral assets.

We consider the production and operational cash flow models prepared by SRK are sufficiently robust and reliable to adopt as an input to our assessment, having regard to the following:

- the starting point LOM operational plans provided by Panoramic to SRK were prepared by Panoramic in conjunction with independent mining consultants, Entech Pty ltd.
- SRK completed a site visit to the Savannah Project and has held discussions with Panoramic management and considered supporting information to the updated LOM in determining its underlying assumptions

- the cash flows are underpinned by JORC compliant Ore Reserves
- where relevant, SRK has adopted macro-economic assumptions determined by us
- we completed a high-level review of the veracity of the SRK production and cash flow models and SRK, where appropriate after discussion with us, amended the production cash flow models.

Key operational assumptions

The principal operational assumptions provided by SRK and adopted in our valuation of the Savannah Project Ore Reserves are summarised below.

Table 40: SRK's key operating assumptions

	Unit	Assumption
Remaining mine life as at 30 November 2019	Years	7.1
LOM model commencement date	Date	1 Dec 2019
Total ore processed	Mt	6.7
Average annual plant throughput	Mtpa	0.9
Average nickel processing grade	%	1.4
Average nickel recovery	%	82.3
Average nickel recovered	000tpa	11.0
Average annual concentrate production	000dmt	138.4
Average concentrate nickel grade	%	8.0
Average operating cost per nickel tonne recovered (2019 dollars)[1]	A$/t	10,445
Total capital cost over life of mine (LOM) (2019 dollars)	A$M	232.1

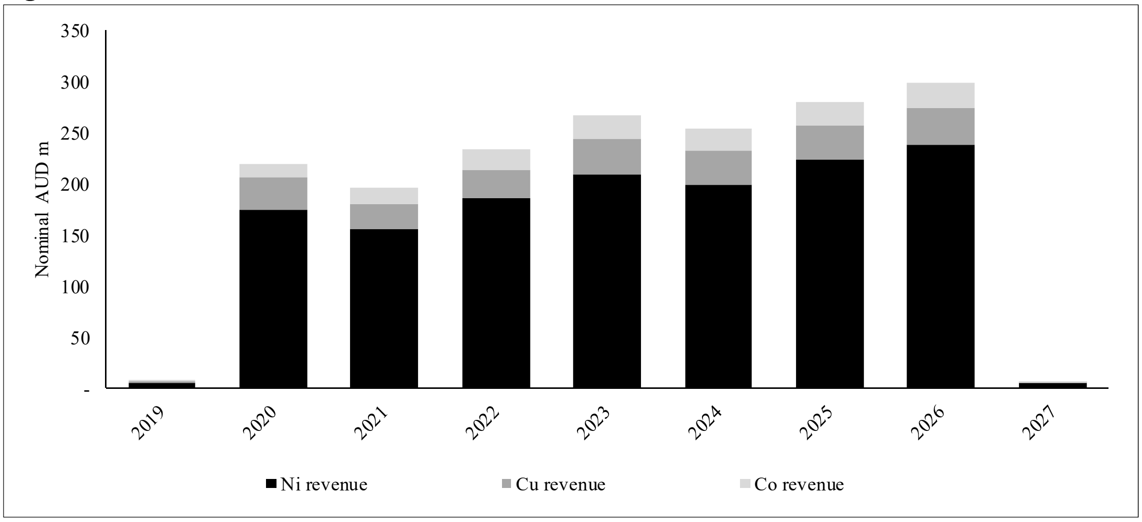
Source: SRK LOM Model

Note 1: Excluding royalties

Revenue

Forecast revenue is a function of the quantity of product produced from the Savannah Project and the prices of nickel, copper and cobalt and is summarised in the chart below.

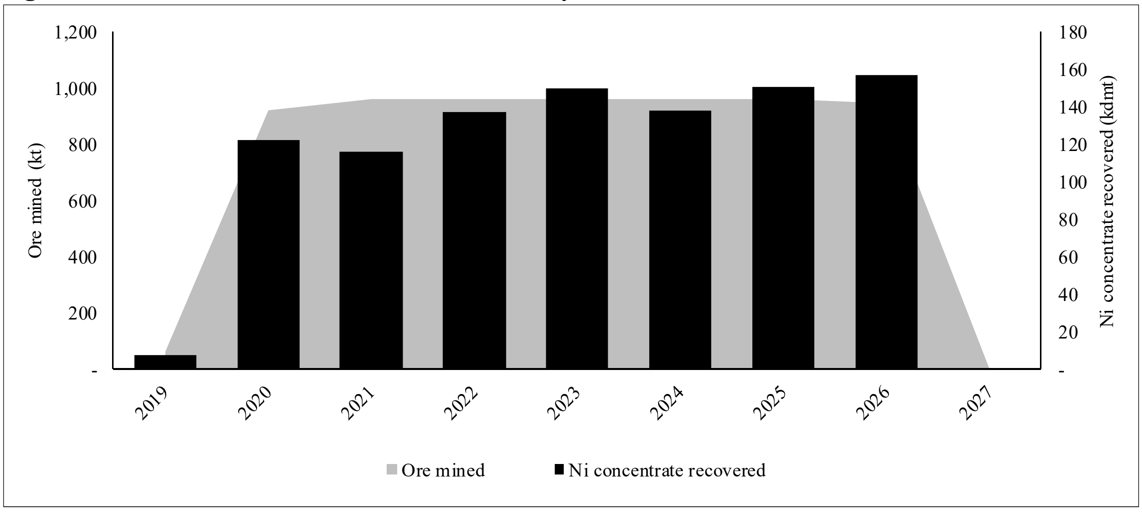
Figure 11: Forecast revenue



Source: KPMG Corporate Finance Analysis

Nickel revenue contributes approximately 79% of the total projected revenue over the life of the project. We have set out the ore mined and nickel concentrate recovered profile over the project life in the figure below.

Figure 12: Forecast ore mined and nickel recovery



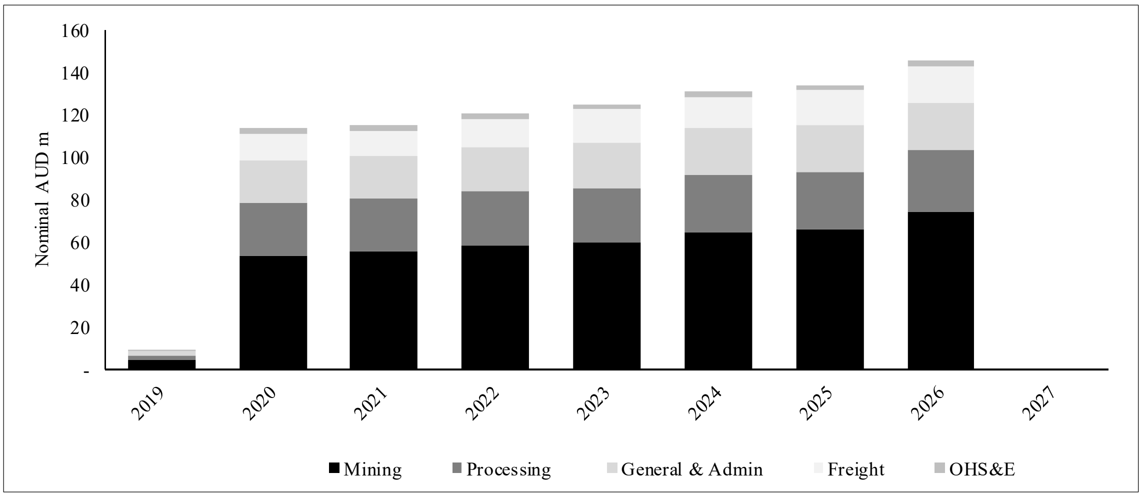
Source: KPMG Corporate Finance Analysis

Nickel recovered is primarily driven by grade and recovery rates, with minimal variation in processing throughput.

Operating costs

Operating costs comprise mining, processing, general & administration, freight and occupational health, safety and environment (**OHS&E**) over the life of the project as set out in the chart below.

Figure 13: Forecast operating costs

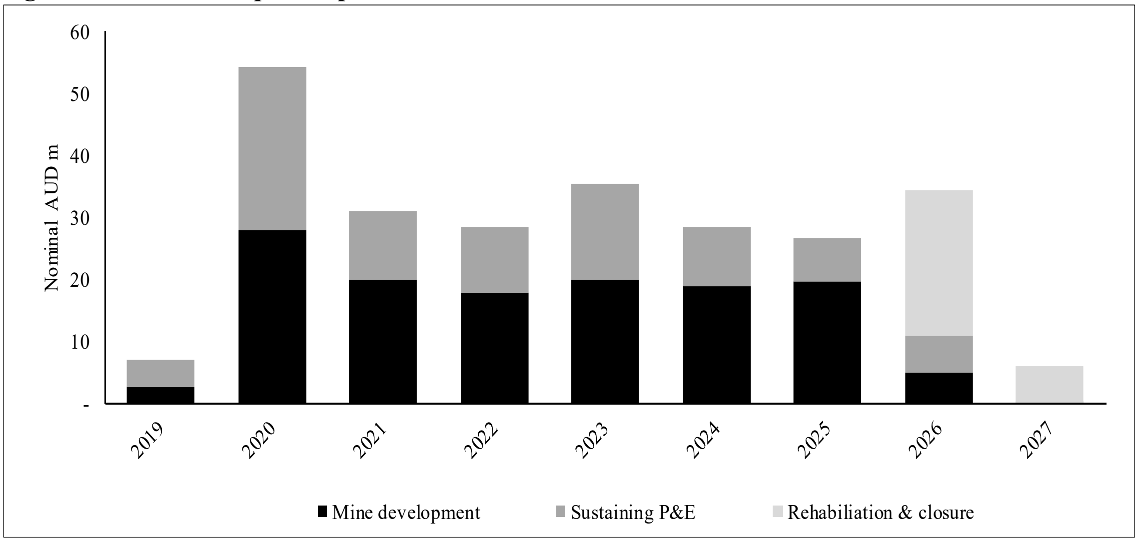


Source: KPMG Corporate Finance Analysis

Capital expenditure

Aggregate mine development, sustaining plant & equipment expenditure and rehabilitation & closure capital expenditure are set out in the chart below.

Figure 14: Forecast capital expenditure



Source: KPMG Corporate Finance Analysis

Further details in relation to SRK's assumptions are set out in its report which is attached at Appendix 7.

Our range of assessed fair values for Panoramic's interest in Savannah Project does not incorporate any terminal value. At the end of the discrete forecasting period we have adopted net closure and rehabilitation costs as advised by SRK.

In reality, there may be a prospect of Panoramic achieving further success with its development and exploration programs resulting in an extension of mining inventory available for exploitation, which may extend the life of the Savannah Project's operations past the end of the discrete forecast period. SRK has however captured the value of existing inferred Mineral Resources in its separate assessed values of Panoramic's interest in other mineral assets not included in the LOM model.

Furthermore, we note SRK has considered that whilst the mineralisation remains open in several directions in Savannah North, SRK does not consider there to be a reasonable basis at this time to ascribe a value to this prospectivity.

Key economic and financial assumptions

Denominations of cash flows

The NPV of the Panoramic's interest in the Savannah Project has been calculated in AUD terms. LOM inputs denominated in USD have been converted to AUD terms based on the inflation and foreign exchange rate assumptions set out below.

Inflation

Inflation rate assumptions adopted by us in the DCF are set out in the table below.

Table 41: Summary of inflation assumptions

%	2020	2021	2022	2023
Australia	2.0	2.0	2.2	2.4
United States	2.1	2.0	2.0	2.0

Source: Capital IQ, brokers' notes, various economic commentaries and KPMG Corporate Finance analysis

Inflation rates have been determined having regard to the forecasts of a range of brokers and economic commentators. Subsequent to 2023, the rate has been assumed to be constant at 2.5% per annum for Australia and 2.0% per annum for the United States.

Forecast currency exchange

Nominal AUD:USD assumptions adopted by us in the DCF are set out in the table below.

Table 42: Summary of nominal foreign currency exchange assumptions

	2020	2021	2022	2023
AUD:USD	0.69	0.71	0.71	0.71

Source: Bloomberg, Oxford Economics, Economist Intelligence Unit and KPMG Corporate Finance Analysis

Exchange rates have been determined having regard to the forecasts of brokers and economic commentators and also the AUD:USD forward curve.

Subsequent to 2023, we had adopted an exchange rate for AUD:USD such that the nominal exchange rate is assumed to be driven by the long-term inflation differential between the AUD and USD, maintaining the relative purchasing power parity between both currencies. That is, the exchange rate stays constant in real terms.

Commodity prices

Panoramic sells all of its nickel concentrates under an offtake agreement with Sino Nickel, a joint venture company owned 60% by Jinchuan and 40% by Sino Mining. The offtake runs for 4 years from the date of first shipment and has prices based on an agreed percentage of quoted LME prices for nickel and copper, and an agreed percentage of Metal Bulletin Co prices for cobalt.

Management has advised that, at the offtake agreement's expiry, it expects to extend or enter into a new offtake agreement on similar terms. Accordingly, we have assumed the current offtake terms prevail over the LOM.

As this contract remains commercial in confidence and subject to confidentiality restrictions we have been requested by the Company not to disclose the specific details of this arrangement in our report.

Forecast nickel, copper and cobalt price assumptions adopted by us in the DCF are set out in the table below.

Table 43: Summary of nominal commodity price assumptions

	2020	2021	2022	2023	2024	2025
Nickel (US$/t)	15,300	15,200	15,500	15,800	16,300	16,700
Copper (US$/t)	6,200	6,300	6,400	6,500	6,600	6,700
Cobalt (US$/lb)	16.6	18.6	19.2	19.9	19.9	20.0

Source: Bloomberg, Consensus Economics and KPMG Corporate Finance Analysis

In determining our forecast nickel, copper and cobalt price assumptions we have had regard to current spot prices, forecast nickel, copper and cobalt prices published by various economic commentators and broking houses as well as the prevailing nickel, copper and cobalt forward curves.

Subsequent to 2025, we have assumed that the commodity prices will increase by the long term inflation rate for the United States. In effect, the commodity prices are assumed to remain constant in real USD terms post 2025.

In selecting commodity prices and other macro economy assumptions, we have adopted what we consider to be reasonable inputs that a purchaser of long-term assets would adopt.

Other assumptions

Other key financial and economic assumptions adopted by us in assessing the value of Panoramic's interest in production at the Savannah Project include:

- corporate income tax rate of 30% for Australian companies and utilisation of the accumulated tax losses, subject to available fraction limitations
- State royalty charges for nickel mining and concentrate operations calculated as 2.5% of gross revenue after adjustments for allowable deductions
- native title royalty charges calculated as 1.25% of revenue after adjustments for allowable deductions
- an AUD ungeared, post-tax nominal discount rate in the range of 8.0% per annum to 9.0% per annum. The basis of our calculation of discount rates is discussed at Appendix 4 to this report.

Sensitivity analysis

We have undertaken a sensitivity analysis around the mid-point of our DCF valuation range for the Savannah Project based on a range of key assumptions, the outcome of which is set out below in the table below.

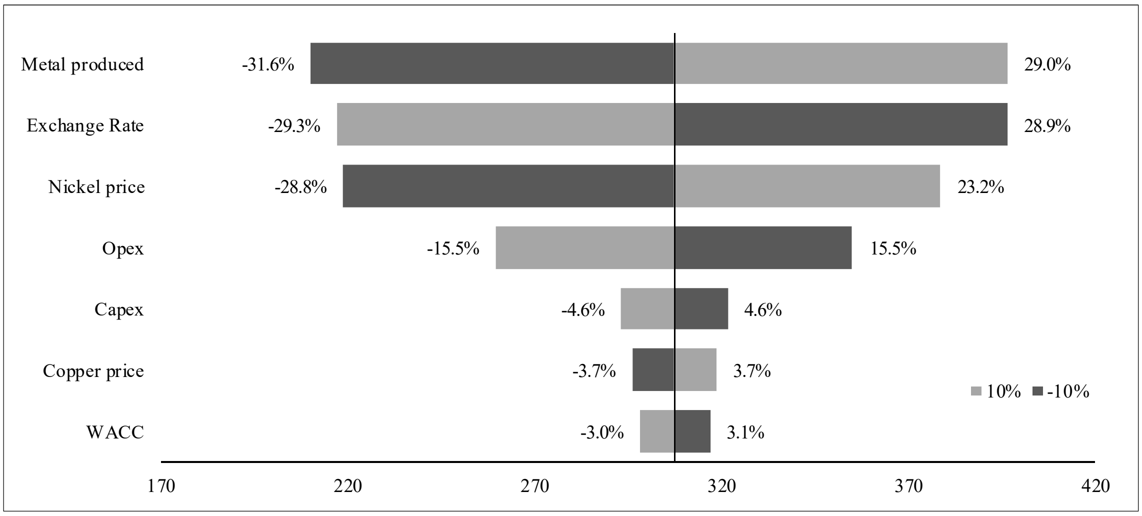
Table 44: Sensitivity analysis

Sensitivity	-10%	-5%	0%	5%	10%
Metal produced	210	259	307	352	396
Exchange Rate	396	352	307	263	217
Nickel price	219	263	307	343	379
Opex	355	331	307	284	260
Capex	322	314	307	300	293
Copper price	296	302	307	313	319
WACC	317	312	307	303	298

Source: KPMG Corporate Finance analysis

This analysis indicates that our range of assessed values of Panoramic's interest in the Savannah Project is most sensitive to metal production, AUD:USD exchange rate and nickel price assumptions, as set out in the tornado chart below based on a 10% variance to each key input.

Figure 15: The Savannah Project DCF sensitivity



Source: KPMG Corporate Finance Analysis

Valuation of Panoramic's interest in other mineral assets

The value of Panoramic's interest in the Savannah Project Mineral Resources that are not included in its forecast production for the Savannah Project Ore Reserves as well as interests in other mineral assets in the range of $56.8 million to $83.2 million are as summarised in the table below.

Table 45: Summary of valuations of other mineral assets held by Panoramic

	Assessed Values	
	Low $m	High $m
Mineral Resources not included in the Savannah Project LOM	**32.7**	**42.9**
Other mineral assets		
Copernicus	2.8	3.2
Panton	12.0	27.7
Thunder Bay	9.0	9.0
Total other mineral assets	**23.7**	**39.8**

Source: SRK's report, KPMG Corporate Finance analysis

Notes: Amounts may not add exactly due to rounding

In its assessment of the value of the other mineral assets (excluding the Thunder Bay Project), SRK has adopted generally accepted methods for valuing mineral assets including yardstick, geoscientific rating and market-based approaches having regard to exploration and development transaction comparisons as appropriate. Further details in relation to each of these assets and the valuation methodology adopted are set out in SRK's report which is included at Appendix 7. It should be noted that the valuation of early stage/exploration assets is highly subjective and involves subjective assessments based on professional judgements made by SRK.

Panoramic has advised that it expects to sign the Definitive Agreement in relation to the sale of Panoramic PGMs to Benton in the short term. We have adopted a value for Panoramic's interest in the Thunder Bay project of $9.0 million, based on the present value of the schedule for payments of the consideration under the terms of the Panoramic PGMs sale agreement, which is C$4.5 million on completion and C$1.5 million on each of the 1st, 2nd and 3rd anniversaries of completion, converted to Australian dollars.

Other assets

Net assets not valued as part of Panoramic's mineral assets comprise cash and other sundry assets and liabilities held by Panoramic. Except as specifically noted below, having regard to their nature and quantum, these assets and liabilities have been incorporated in our valuation at net book values as at 30 November 2019.

Cash and cash equivalents

We have adopted a cash balance of $39.4 million for the purpose of our valuation, comprising:

- $8.1 million held by Panoramic as at 30 November 2019
- the estimated net $31.3 million in respect of the Entitlement Offer (being the estimated funds to be raised of $32.7 million less transaction costs of $1.4 million). Whilst the Entitlement Offer has not yet completed at the date of this report, we note that subject to receiving shareholder approval of the issue of any shortfall shares, the Entitlement Offer is fully underwritten by Morgans Corporate Limited. We have no reason to expect that shareholder approval will not be achieved given that Panoramic's largest shareholder, Zeta, which holds approximately 35.2% of Panoramic's issued

capital, has committed to subscribe to its full entitlement of approximately $11.5 million under the retail component and is eligible to vote in relation to the underwriting of the Entitlement Offer.

The short term bridging loan provided by Zeta was drawn down on 4 December 2019 and is therefore not reflected in either the cash nor debt balances as at 30 November 2019.

Valuation of Panoramic's 51% interest in Horizon

The value of Panoramic's 51% interest in Horizon in the range of $10.2 million to $19.8 million is as summarised in the table below.

Table 46: Summary of valuations of Panoramic's 51% interest in Horizon

51% Interest in Horizon	Assessed Values Low $m	 High $m
Market values of Panoramic's interests in Horizon's mineral assets:		
Gum Creek Project mineral resources	8.7	15.1
Other mineral assets	2.3	5.3
Total mineral assets	**11.1**	**20.4**
Add: Cash and cash equivalents	0.3	0.3
Add: Property, plant and equipment	2.2	2.2
Less: Rehabilitation liability	(3.1)	(2.8)
Less: Other net liabilities	(0.3)	(0.3)
Total equity value - $	**10.2**	**19.8**

Source: SRK's report, Management accounts, Panoramic Gum Creek Gold Project closure cost estimate report, KPMG Corporate Finance Analysis

Notes: Amounts may not add exactly due to rounding

Panoramic's 51% interest in Gum Creek Project mineral resources as well as interests in other mineral assets have been assessed by SRK in the range of $11.1 million to $20.4 million. Net assets not valued as part of Horizon's mineral assets comprise cash and cash equivalents, property, plant and equipment, a rehabilitation provision and other sundry assets and liabilities held by Horizon. Except as specifically noted below, having regard to their nature and quantum, these assets and liabilities have been incorporated in our valuation at net book values (51% interest) as at 30 November 2019.

Rehabilitation

We have assessed a present value of the rehabilitation liability relating to Gum Creek Gold Project in the order of $2.8 million to $3.1 million having regard to the following:

- the assessed real 30 June 2016 rehabilitation cost estimate of $9.6 million (100% interest) estimated by Martinick Bosch Sell Pty Ltd
- given that it is open to defer the rehabilitation liability indefinitely whilst Horizon continues exploration and development activities and Management's advice that Panoramic, as Horizon's 51% shareholder, is not aware of any reason to expect that Horizon would not continue to explore in the foreseeable future, we have adopted a notional deferred period of 10 years for the purpose of this report

- actual and forecast AUD inflation forecasts over the relevant period
- a corporate income tax rate of 30% for Australian companies
- an AUD ungeared, post-tax nominal discount rate in the range of 4.0% per annum to 5.0% per annum to reflect that whilst this represent a known obligation, there is the possibility of payment being deferred indefinitely subject to continued finds being expended on exploration.

Working capital balances

Trade debtors, prepayments, trade creditors and accruals and provisions as at 30 November 2019 have been reflected in the forecast assumptions in the LOM model.

Other net assets

Other net assets comprise other current assets ($0.2 million) and shares in listed companies (approximately $1.1 million marked to market based on last close share prices as at 16 December 2019).

Hedge book

We have estimated the marked to market value of Panoramic's commodity and foreign currencies hedge arrangements as being approximately $26.7 million out of the money, based on the terms of each instrument and spot and forward commodity and exchange rates as at 16 December 2019.

Future corporate overheads

Panoramic incurs corporate overheads in relation to managing its business. These costs have not been incorporated into the valuation of Panoramic's interest in the mineral assets set out above, and therefore it is necessary to deduct the present value of anticipated future management and administrative costs in relation to Panoramic's operating assets from the value of the Company. Panoramic estimates that its corporate costs, in the absence of the Offer, to be in the order of $3.4 million per annum (in FY20 pre-tax dollars).

We have been provided with a schedule prepared by Panoramic that sets out the Company's assessment of the direct synergies and cost savings likely to be available to a pool of purchasers in acquiring a 100% interest in Panoramic. Depending upon the size and nature of the acquirer these synergy benefits and cost savings could total up to approximately $2.6 million per annum (in FY20 pre-tax dollars) over the life of the Panoramic's operations.

In assessing the quantum of these synergies and cost savings for the purpose of our valuation we have considered:

- head office costs - a large acquirer with excess capacity should be able realise head office wage and on-cost savings as a result of various management and head office functions being subsumed within the organisational structure of the acquirer
- directors' and officers' fees – any acquirer would seek to rationalise the Board of Panoramic
- audit and compliance costs – any acquirer is expected to realise economies of scale from consolidation in terms of statutory reporting and compliance requirements charged in respect of the enlarged entity when compared to two standalone entities.

- external rent –an acquirer may be able to realise cost savings associated with the reduction of space requirements as a direct result of the reduction in head office executive and employee head count.

We have discussed with Panoramic's management the basis of its assessment as to the level of synergies and cost savings that may be realised by a pool of purchasers. Whilst there is both downside risk and potential upside in relation to the final quantum and nature of the synergies that may ultimately be realised, we believe, based on information available that Panoramic's estimated synergy benefits and cost savings are reasonable for the purpose of our evaluation.

The after-tax NPV of these adjusted corporate costs, having regard to the nature of the Company's assets, has been estimated to be in order of $4.1 million to $4.1 million.

11.3 Synergies unique to IGO

Having regard to the existing operational profile and location of IGO's asset base it is not expected that IGO will realise any significant direct cost savings that a general pool of purchasers may not otherwise be able to achieve, however, we consider that there are various benefits to IGO from completing the Offer that may be unique to IGO, including that IGO has pegged over 6,000km2 of exploration tenure surrounding the Savannah Project. Whilst IGO does not currently have defined Ore Reserves or Mineral Resources in this surrounding area, it is possible IGO may be able to leverage the existing infrastructure at Savannah to assist with project development should its exploration activities be successful in identifying and developing future Ore Reserves.

We have not factored these special benefits to IGO into our determination of the underlying value of Panoramic. We have however considered these benefits in our assessment of the reasonableness of the Offer.

11.4 Other valuation parameters

Having regard to our assessed values in respect of Panoramic's assets and liabilities, the implied enterprise value for Panoramic as at 16 December 2019, is between approximately $339.0 million and $385.9 million[27]. We have adjusted this further to remove the value of Panoramic's PGM assets which results in implied values of between approximately $318.0 million and $349.3 million for the purpose of calculating nickel equivalent Ore Reserves and Mineral Resources, which are summarised in the table below.

[27] Enterprise value has been calculated throughout the report as equity value plus external debt less cash.

Table 47: Ore Reserve and Mineral Resource multiples per tonne of contained nickel equivalent implied by our assessed values

Parameter	Low $/t	High $/t
Ore Reserves[1,2]	2,108	2,315
Mineral Resources[1,3,4]	840	923

Source: KPMG Corporate Finance analysis

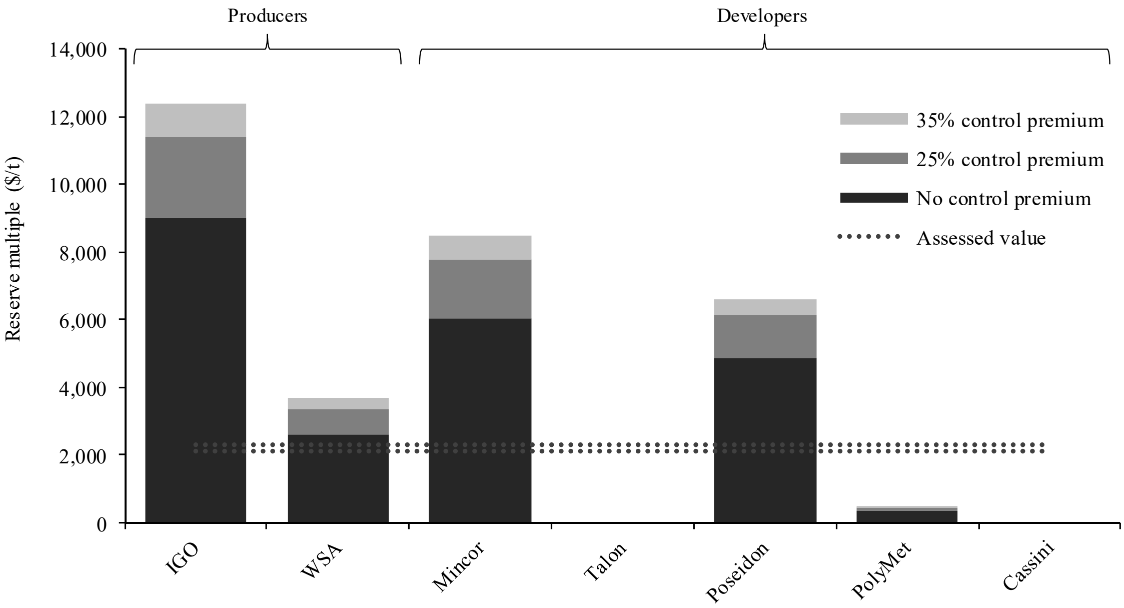
Notes:

1. *Ore Reserve and Mineral Resource multiples implied by our assessed values are calculated using the most recent published Ore Reserve and Mineral Resource information for the Savannah Project*
2. *Ore Reserves include Proved and Probable Reserves*
3. *Mineral Resources include Measured, Indicated and Inferred Resources*
4. *Mineral Resources are inclusive of Ore Reserves*
5. *Excludes Panoramic's PGM assets from both the implied values and the Ore Reserve and Mineral Resource amounts*

Comparison to listed company nickel Ore Reserve multiples

Summarised in the figure below is a comparison of the results set out above with the value per nickel equivalent Ore Reserve tonnes for a selection of listed nickel companies (at various stages of development and/or production) implied by their market capitalisation as at 16 December 2019, a notional allowance, solely for comparison purposes, for a premium for control of 25% to 35% and their most recent reported net debt/(cash) positions.

Figure 16: Ore Reserve multiples per tonne of contained nickel equivalent implied by selected listed companies



Source: KPMG Corporate Finance Analysis, Capital IQ, respective company announcements and Annual Reports

This analysis indicates a wide range of outcomes, however we note that the range of Ore Reserve multiples implied by our range of assessed market values for the enterprise value of Panoramic lie within the range of equivalent observed listed company multiples.

In considering this outcome, we would highlight:

- our selection of listed production/pre-production nickel companies includes PolyMet Mining Corp. (**PolyMet**) whose principal nickel project, NorthMet, is located in Minnesota, USA
- with the exception of Western Areas NL (**Western Areas**), all of the companies (including Panoramic) have by-products within their nickel projects and/or other base and precious metal projects
- only IGO, Panoramic and Western Areas are in production as at the date of this report. PolyMet has completed a definitive feasibility study (**DFS**) and Mincor Resources NL (**Mincor**) has a DFS underway. Talon Metals Corp. (**Talon**), Poseidon Nickel Limited (**Poseidon**) and Cassini Resources Limited (**Cassini**) are at the pre-feasibility stage
- IGO has substantial gold Ore Reserves in its Tropicana gold project which, whilst we have included theses in our nickel equivalent calculation for IGO, may impact its observed multiple

These results need to be viewed with some caution as they do not capture such things as:

- the weighting of Reserves to Resources and whether there is any imperative for conversion. In this regard we note that companies in development stage with limited funding might not be willing to spend money to convert resources to reserves. This may be impacting positively on the reserve multiples of Mincor and Poseidon.
- potential timing differences by companies in reporting updated Reserves figures
- other assets and liabilities held by the selected companies not reflected in the Reserves balances.

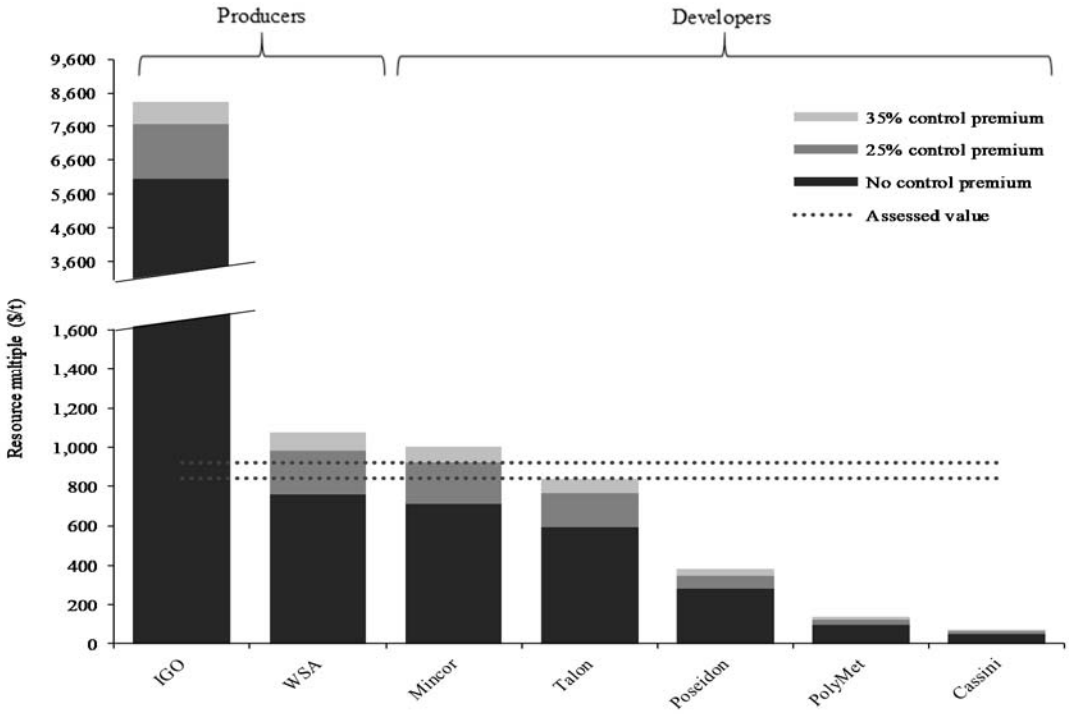
Accordingly, whilst in our view the outcome of this analysis provides broad support for our range of values, this form of analysis should only be considered as a high level cross-check of the outcomes of other valuation methodologies.

Further details of our analysis is set out in Appendix 5 to this report.

Comparison to listed company contained nickel equivalent Mineral Resource multiples

Summarised in the figure below is a comparison of the results set out above with the value per nickel equivalent Mineral Resource tonne for a selection of listed nickel companies implied by their market capitalisation as at 16 December 2019, a notional allowance, solely for comparison purposes, for a premium for control of 25 percent to 35 percent and their most recent reported net debt/(cash) positions.

Figure 17: Mineral Resource multiples per tonne of contained nickel equivalent implied by selected listed companies



Source: KPMG Corporate Finance Analysis, Capital IQ, respective company announcements and Annual Reports

This analysis indicates a wide range of outcomes, however we note that the range of Mineral Resource multiples implied by our range of assessed market values for the enterprise value of Panoramic lies well within the range of equivalent observed listed company multiples.

In considering these outcomes we note that many of the comments in relation to the multiples implied by listed company Ore Reserve multiples are equally relevant here, including:

- our selection of listed production/pre-production nickel companies includes companies with projects located outside of Australia; Talon's Tamarack project and PolyMet's NorthMet project are both located in Minnesota, USA.
- with the exception of Western Areas, all of the companies (including Panoramic) have by-products within their nickel projects and/or other base and precious metal projects
- only Independence Group NL, Panoramic Resources Limited and Western Areas NL are in production as at the date of this report. PolyMet Mining Corp. has completed a DFS and Mincor has a DFS underway. Talon, Poseidon and Cassini are at the pre-feasibility stage.

We also note:

- IGO has substantial gold Mineral Resources in its Tropicana gold project which, whilst we have included theses in our nickel equivalent calculation for IGO, may impact its observed multiple

- Talon has substantial iron ore Mineral Resources from a separate operation to its Tamarack project, which have been excluded from the Nickel equivalent calculation. Including these iron ore resources would have the impact of reducing the Nickel equivalent Mineral Resource multiple significantly.

These results need to be viewed with some caution as they do not capture such things as:

- potential timing differences by companies in reporting updated Mineral Resources figures
- other assets and liabilities held by the selected companies not reflected in the Mineral Resources balances.

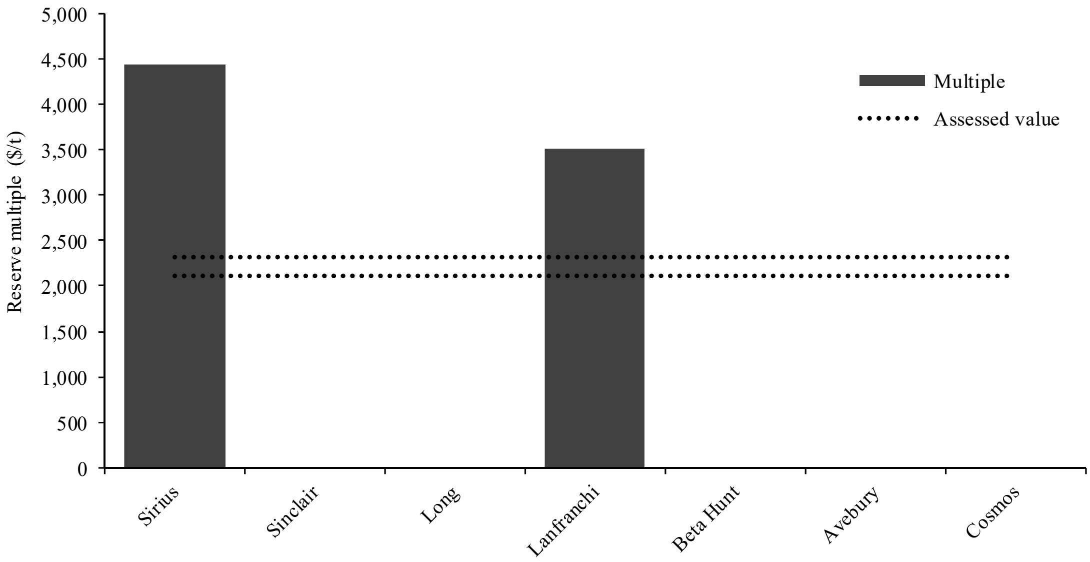
Our previous comments in relation to the use of the analysis simply as a high level cross-check also have equal application here.

Further details of our analysis is set out in Appendix 5 to this report.

Comparison to contained nickel equivalent Ore Reserve multiples implied by recent nickel corporate and asset transactions

Summarised in the figure below is a comparison of the contained nickel equivalent Ore Reserves multiples implied by the range of enterprise values for Panoramic with the implied value per nickel equivalent Ore Reserve tonne for a selection of recent corporate transactions involving companies with nickel production and / or development operations.

Figure 18: Ore Reserve multiples per tonne of contained nickel implied by selected corporate and asset transactions



Source: KPMG Corporate Finance Analysis, Capital IQ, Merger Market and respective company announcements and Annual Reports

In considering the outcomes of the comparison to nickel equivalent Ore Reserve multiples implied by recent nickel company transactions we note the following limitations:

- many of the previously mentioned comments in relation to the multiples implied by listed companies have equal relevance here
- of the transactions identified, only Panoramic's Lanfranchi project and Sirius' Nova-Bollinger project had disclosed Ore Reserves as at the transaction announcement date
- the transactions considered were completed under different prevailing market conditions and the participants may have held different expectations in relation to future nickel prices
- we would expect assets in or near production to attract a higher reserve multiple than early stage projects, all else being equal. Whilst not yet in production, Sirius' Nova project had begun construction, after delivering a DFS contemplating a high margin, 10-year mine, producing 26ktpa of nickel in concentrate, with permits and offtake agreements secured
- the Lanfranchi mine had been previously operated for 10 years before being placed on care and maintenance in 2015, approximately 3 years prior to the transaction date. The mine was acquired by a private equity firm, which at the time indicated its intention was to restart the mine. No further details in relation to the key value drivers for the acquisition were disclosed. However, we note that the mine also included a significant level of established infrastructure.

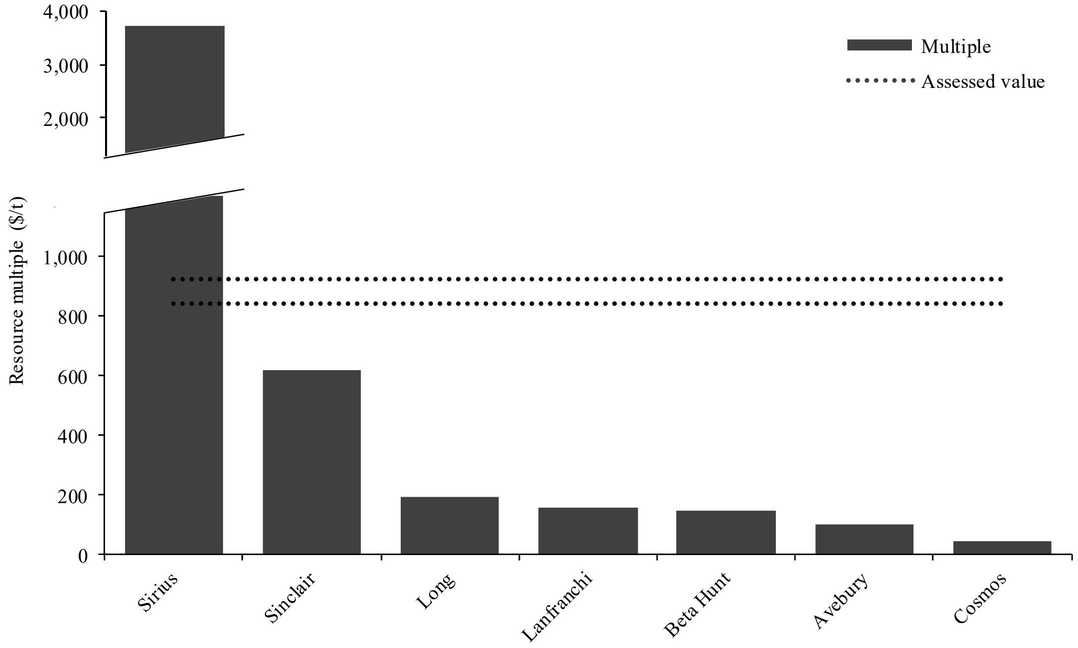
Accordingly, our previous comments in relation to the use of the analysis simply as a high level cross-check have equal application here.

Further details of our analysis is set out in Appendix 6 to this report.

Comparison to listed contained nickel equivalent Mineral Resource multiples implied by recent corporate and asset transactions

Summarised in the figure below is a comparison of the contained nickel equivalent Mineral Resources multiples implied by the range of values for the enterprise value of Panoramic with the implied value per contained nickel equivalent Mineral Resource tonne for a selection of recent corporate transactions involving companies with nickel development or production operations.

Figure 19: Resource multiples per tonne of contained nickel equivalent implied by selected corporate and asset transactions



Source: KPMG Corporate Finance Analysis, Capital IQ, Merger Market and respective company announcements and Annual Reports

This analysis indicates a wide range of outcomes, however we note that the range of the Mineral Resource multiples implied by our range of assessed values for the enterprise value of Panoramic lies within the observed range.

In considering the outcomes of the comparison to contained nickel equivalent Mineral Resource multiples implied by recent company transactions we note:

- many of the previously mentioned comments in relation to the multiples implied by listed companies' Enterprise Values have equal relevance here
- the Beta Hunt mine incorporates significant gold by-product credits in its nickel equivalent resource multiple, while Sirius's Nova-Bollinger project has copper by-products
- the transactions considered were completed under different prevailing market conditions and the participants may have held different expectations in relation to future nickel prices
- we would expect assets in or near production to attract a higher reserve multiple than early stage projects, all else equal. Whilst not yet in production, Sirius' Nova project had begun construction, after delivering a DFS contemplating a high margin, 10-year mine, producing 26ktpa of nickel in concentrate, with permits and offtake agreements secured

- the Lanfranchi mine had been previously operated for 10 years before being placed on care and maintenance in 2015, approximately 3 years prior to the transaction date. The mine was acquired by a private equity firm who at the time indicated its intention was to restart the mine. No further details in relation to the key value drivers for the acquisition were disclosed. However, we note that the mine also included a significant level of established infrastructure
- the final price paid by the successful acquirer may incorporate an element of synergies and cost savings unique to that purchaser that it was required to pay away. This value is excluded from the commonly accepted definition of market value but is extremely difficult to quantify but if excluded could reduce the implied transaction multiples. In this regard, we note:
  - Mincor intended to utilise infrastructure and road access from the Long operation for its other Kambalda projects; and
  - Similarly, Saracen highlighted that the Sinclair Project included "underexplored gold tenure immediately along strike from [their] Bannockburn Project…" and that the processing plant, as well as the resource, "unlocked value" at their nearby Waterloo/Amorac nickel deposits.

Having regard to the above mentioned analysis we do not consider our range of enterprise values for Panoramic to be unreasonable.

Further details of our analysis is set out in Appendix 6 to this report.

12 Valuation of the Offer Consideration

12.1 Summary

The Offer Consideration to be received by Panoramic shareholders comprises new ordinary shares in the Enlarged IGO. Accordingly, RG 111 requires the value of the scrip consideration to be assessed on a minority interest basis. It is common in these circumstances to have reference to the post announcement market price of the offeror for the purpose of estimating the value of an offer with a scrip component, as this is the price at which target shareholders can monetise the offer consideration.

Neither the theoretical value of the Enlarged IGO as a stand-alone entity nor considerations of control premia are relevant to portfolio shareholders in the Enlarged IGO, except in the event of an offer for the Enlarged IGO itself. We note that in any event we have not had access to the internal records or management of IGO and the information contained in the Bidder's Statement is insufficient to enable a fundamental valuation of IGO's assets or the company to be performed on a reasonable basis.

Utilising the post announcement market prices of the Offeror also requires consideration as to whether there are any factors that might suggest the Offeror's current trading prices may not be representative of future trading prices in the short/medium term.

We have assessed the estimated trading value of a share in the Enlarged IGO, under current market conditions, to lie in the range of \$5.80 to \$6.15, which, based on the Exchange Ratio, implies a value of the Offer Consideration in the range of \$0.446 to \$0.473 per Panoramic share, as set out in the table below.

Table 48: Assessed value of the Offer Consideration

	Valuation range	
	Low	**High**
Value per Enlarged IGO share ($)	5.80	6.15
Exchange Ratio (1:13)	0.077	0.077
Assessed value of the Offer Consideration ($)	**0.446**	**0.473**

Source: KPMG Corporate Finance analysis
Note: May not calculate exactly due to rounding

We note that the implied value of the scrip consideration can be expected to vary with movements in IGO's traded price over the Offer Period, which will reflect both company specific and general market factors, including movements in nickel and gold markets. Accordingly, the final value of the Offer Consideration will not be known until the Offer closes, which is currently scheduled for 17 January 2020, and could ultimately exceed, or be less than, $5.80 to $6.15 per Enlarged IGO share.

In assessing the Offer Consideration, which is underpinned by the value of a new ordinary share in the Enlarged IGO, we have considered a combination of matters, including recent traded share prices for and the liquidity of IGO on the ASX and Chi-X, performance of IGO shares relative to various other listed nickel sulphide companies and brokers' target prices for an IGO share on the ASX published in the periods immediately prior to and post the announcement of the Offer.

Key factors influencing our approach included:

- the trading price of IGO shares reflects the value of portfolio interests as required by RG111
- IGO is a publicly listed company and is required to comply with ASX Listing Rules in relation to continuous disclosure, including in particular the release of price sensitive information. A review of announcements made by IGO over calendar 2019 indicates that it regularly releases a significant amount of financial and operational information to the market. In addition, other ASX listed companies also release information in relation to various other exploration projects in which IGO has an interest, which are included on IGO's and the ASX's websites.
- IGO is followed by various broking houses, which publish periodic research reports, which arguably assists the ability of shareholders to make informed decisions regarding the prospects of the company and prices at which IGO shares should trade. In this regard, in the period:
  - between the release of IGO's latest quarterly activities report and presentation on 22 October 2019 and the announcement of the Offer on 4 November 2019, we have sourced ten investment notes in relation to IGO published by broking houses; of these, five also published updated research in the period between the announcement on 1 November 2019 that IGO had negotiated new offtake arrangements on more favourable commercial terms than existing agreements and the announcement of the Offer on 4 November 2019
  - subsequent to the announcement of the Offer, we have sourced research published by nine broking houses reflecting on the Offer or other corporate developments either in respect of Panoramic or IGO in the period to 13 December 2019
- there has been sufficient time and information available, including the information contained in:

- IGO's Bidder's Statement, released to the market on 4 November 2019[28]
- Panoramic's announcement as to the outcome of its Operational Review, released to the market on 4 December 2019
- Panoramic's announcement as to details of the Entitlement Offer, released to the market on 5 December 2019
- Panoramic's Target's Statement, released to the market on 9 December 2019
- various broking house notes covering Panoramic and/or IGO, released subsequent to the Offer

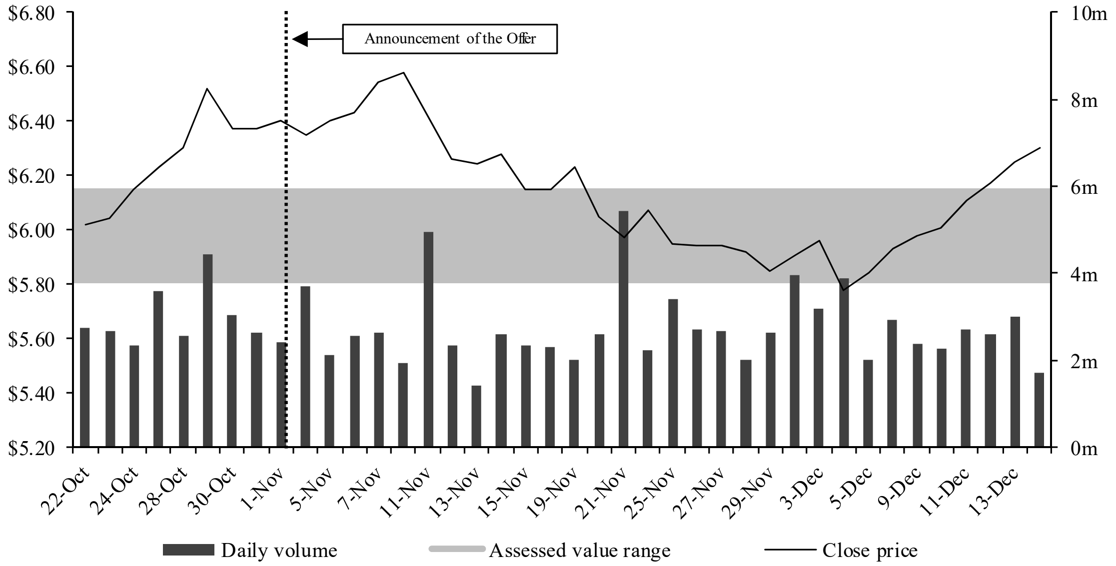
for the market to assess the Offer, its prospects of success and its implications for IGO should the proposed acquisition of Panoramic be successful. Therefore, trading in IGO shares subsequent 4 November 2019 should reflect the estimated impacts associated with the Offer, albeit IGO's market price may, as discussed later, also be reflecting an increasing level of completion risk given Panoramic has already breached various conditions precedent, which IGO is yet to waive, and the announcement by Panoramic's 35.2% shareholder, Zeta, that it does not intend to accept the Offer in its current form and.

- IGO's shares were traded on ASX on each of the available trading days over the 12 months prior to the announcement of the Offer and also in the subsequent period and average daily trading volumes have been sufficient for portfolio shareholders desirous of realising their investments to do so.

[28] Along with IGO's First Supplementary Bidder's Statement dated 22 November 2019.

A summary of recent share trading activity in IGO shares since the announcement of IGO's September 2019 quarterly report to 16 December 2019 and our selected valuation range is set out in the chart below.

Figure 20: Selected valuation range and recent trading in IGO shares



Source: KPMG Corporate Finance analysis

12.2 Analysis of trading in IGO shares

12.2.1 IGO's share price and liquidity

Prior to the Offer

The trading price and volume of IGO shares traded prior to the Offer was discussed previously in section 9.11. Over the 12 month period prior to the announcement of the Offer, IGO shares, whilst exhibiting volatility, generally traded strongly upwards, closing at $6.40 on 1 November 2019 (the last trading day prior to the announcement of the Offer), representing an increase of approximately 80% over the 12 month trading low of $3.56 per share on 27 November 2018. This increase in value is not unexpected given the corresponding 64% increase in the AUD spot price of nickel over the same period, increasing from $14,820/t to $24,305/t, and also the increase in the AUD gold price, which increased by 27% from $1,723/oz to $2,187/oz, both of which contributed to a strong operational performance of IGO over the period, resulting, as discussed in section 9.6, in a significant increase in the level of free cash flows to equity.

Our review of IGO's ASX releases indicates that it regularly releases information into the market. In addition to typical reporting of half year and full year financials, it has historically also provided full year operational guidance to the market, quarterly activities and results updates and also periodically presents at industry events. In the period between 1 July 2019 and the announcement of the Offer, IGO:

- released its June 2019 Quarterly Activities Report and supporting 4Q19 Results Presentation on 31 July 2019, in addition IGO hosted a live webcast of its presentation on the same day
- hosted site visits at the Nova and Tropicana projects
- released its full statutory accounts for FY19 on 29 August 2019, as well as details of its dividend distribution and FY19 Results Presentation on the same date, which included IGO's assessment of its operational outlook for the Nova Project and Tropicana JV and planned FY20 exploration expenditure and focus
- released its September 2019 Quarterly Activities Report and supporting 1Q20 Results Presentation on 22 October 2019, in addition IGO hosted a live webcast of its presentation on the same day
- presented at the Diggers and Dealers Mining Forum on 5 August 2019 and the Australian Nickel Conference on 15 October 2019.

Accordingly, the market was arguably well informed about the trading results and short to medium term prospects of each of IGO's operations immediately leading up to the announcement of the Offer. IGO's shares closed down at $6.35 on 4 November 2019 compared to its closing price per share on 1 November 2019 of $6.40.

Post the announcement of the Offer

In the period 4 November 2019 to 16 December 2019 inclusive, IGO shares traded in the range of $5.76 to $6.65 per share, closing at $6.30 on 16 December 2019, representing a fall from its $6.40 closing price on 1 November 2019 in the order of 2%.

Other than an announcement:

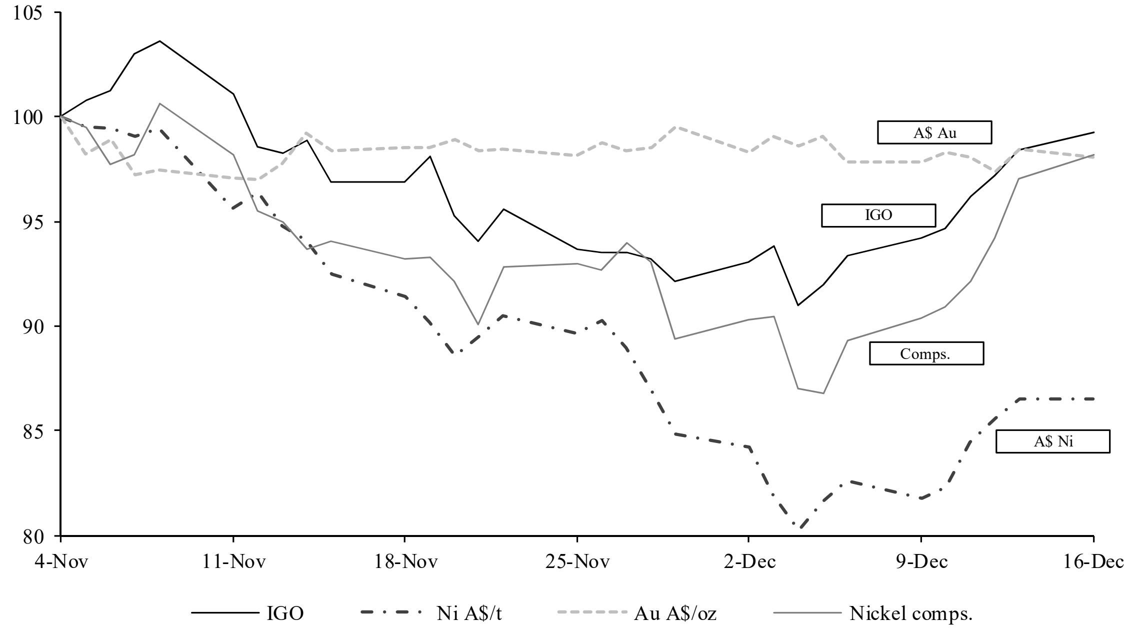
- on 28 November 2019 by Encounter Resources Limited (**ERL**) in relation to the identification of a suite of new copper drill targets in the Paterson Province, Western Australia (included under IGO's ticker on the ASX's website due to IGO's collaboration with ERL in the project and IGO's option to earn-in)
- on 12 December 2019 by Prodigy Gold in relation to leach extraction results from the Grimlock prospect and reverse circulation, which form part of the Lake Mackay JV (included under IGO's ticker on the ASX's website due to IGO's 70% interest in the Lake Mackay JV),

IGO did not issue any new price sensitive information other than relating to the Offer in this period.

Accordingly, it is likely that movements in IGO's share price over the period likely reflects a mixture of both general market factors and the market's assessment of the prospects and impact of IGO successfully completing the acquisition of Panoramic.

The figure below depicts IGO's relative share market performance in the period 4 November 2019 to 16 December 2019 inclusive against the AUD spot price of nickel, the AUD spot price of gold and an index of Australian nickel companies focussed selected for comparison[29].

Figure 21: IGO's relative share price performance between 4 November 2019 and 16 December 2019 inclusive



Source: Capital IQ, KPMG Corporate Finance analysis

The chart above indicates that whilst IGO's closing share price fell marginally in the period since the announcement of the Offer to 16 December 2019, IGO has, in general, outperformed against its Australian peers. Whilst IGO's share price has exhibited correlation with the movement in AUD spot prices for nickel it has not been as strong as that of its peers, which may reflect that, unlike most of its peers, IGO has a significant exposure to gold production. Over the period the AUD spot price for gold fell only 1.9% in comparison to the fall in the AUD spot price for nickel of 13.5%.

As shown in the chart below, based on the Exchange Ratio under the Offer of 1 new IGO share for every 13 Panoramic shares, Panoramic has, since the announcement of the Offer:

- traded with little clear correlation to the movements in IGO's shares
- traded over the entire period below the implied Offer Consideration, and at an increasing level of discount leading up to 16 December 2019.

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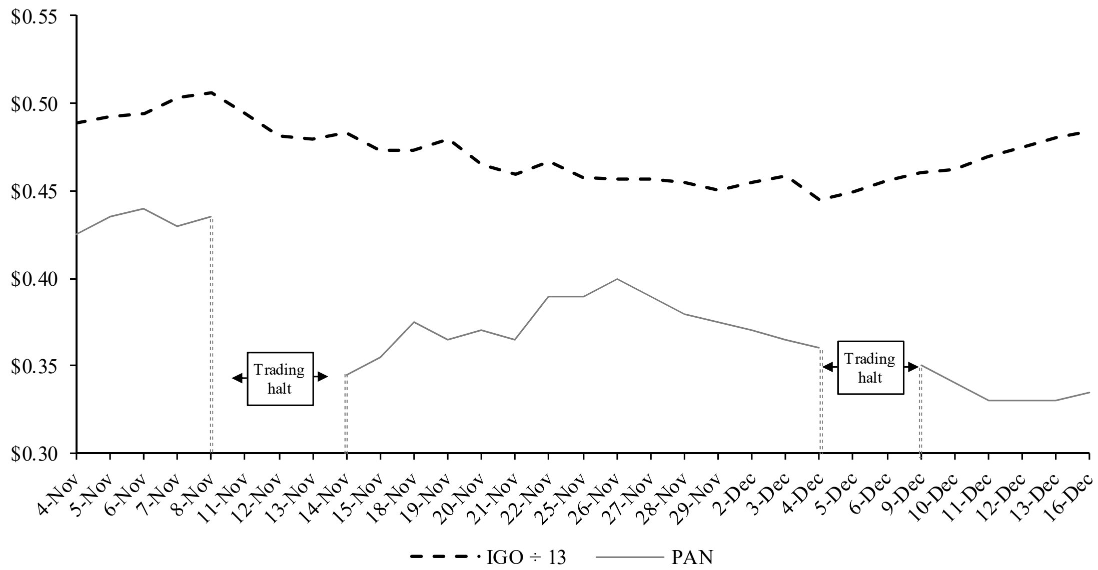
[29] Comprising Panoramic, Western Areas, Mincor, Poseidon, and Cassini. Further detail on comparable companies selected for comparison purposes is set out in Appendix 5 of this report.

Figure 22: IGO share price vs offer exchange ratios



Source: Capital IQ and KPMG Corporate Finance Analysis

The trading profile of IGO and Panoramic since the announcement of the Offer may indicate that whilst the market initially considered there to a reasonable prospect of the Offer completing, evidenced by the significant 26.9% increase in Panoramic's closing share price from $0.335 on 1 November 2019 to $0.425 on 4 November 2019, the disconnect in the relative trading profiles and recent widening in the implied transaction metrics, may indicate that the market also considers there to be residual and increasing completion risk, resulting in a partial unwinding in the control premium embedded in Panoramic's share price. In this regard, we note that based on the closing price of IGO on 16 December 2019 of $6.30 the implied premium to Panoramic's closing price on the same day of $0.335, was, based on the Exchange Ratio, 45%, which compares to the implied control premium implied by closing prices on 1 November of 47% and on 4 November 2019 of 15%.

Similarly, IGO's recent share price movement may also incorporate a partial unwinding of the impact of the Offer on IGO, including the impact of the Operational Review on original deal metrics and the potential dilution of IGO's gold earnings as a percentage of overall earnings, which as noted previously, may have provided IGO with a degree of insulation from the much sharper decline in recent AUD nickel prices.

Should the market assess an increasing likelihood of completion, this may weigh upon IGO's future share price.

12.2.2 Trading multiples

Figures 16 and 17 in section 11.4 above set out diagrammatically a comparison of the implied value per tonne of nickel equivalent Mineral Resources and Ore Reserves respectively for various listed nickel focused companies[30]. This analysis indicates that IGO is trading at a significant premium to its peers.

This premium may reflect a number of factors, including

- the Nova Project and Tropicana operations have largely achieved steady state production, with development capital, other than in relation to the development of the Boston Shaker Underground, largely already incurred, in contrast a number of the companies selected for comparison are not yet in production and/or have in train or are about to commence large capital projects.
- whilst the characteristics of other companies selected for comparison are broadly similar to the IGO, a significant portion of IGO's earnings are derived from its 30% interest in the Tropicana JV. As noted previously, this gold exposure may have provided IGO with a degree of insulation from the recent sharp decline in AUD nickel prices, which in turn will have translated to greater a reduction in the implied multiples of its peers.

Whilst for the reasons set out previously in section 11 these measures should be treated with some caution, they may suggest that there is some downside risk to the current share price of IGO.

12.2.3 Liquidity

IGO is a deeply traded stock. In the one month and 3 months prior to the announcement of the Offer, a total of 86.3 million and 289.3 million IGO shares, with an aggregate value of approximately $534.1 million and $1.747 billion respectively, were traded on ASX and Chi-X. IGO shares were traded on every available trading day, representing an average daily traded volume of approximately 3.8 million shares and 4.4 million shares over the same periods.

In the period from 4 November 2019 up to and including 16 December 2019, a total of 113.1 million IGO shares, with an aggregate value of approximately $692.9 million were traded on ASX and Chi-X. IGO shares were traded on every available trading day, at an average daily volume of 3.6 million shares traded per day.

Whilst the average daily volume of shares in the period subsequent to the announcement of the Offer has not increased compared to immediately prior to the Offer, in our view this is not unexpected in the context of an acquisition that, whilst providing IGO with various areas of synergy and optionality, might be considered to be a bolt-on rather than company transforming acquisition given the relative size of each company's existing operations and market capitalisation. We also note our previous comments in relation to the potentially increasing market uncertainty as to whether IGO will continue to pursue the Offer.

As set out in section 9.11 the VWAP for an IGO share over the period 4 November 2019 to 16 December 2019 inclusive was $6.13.

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[30] based on trading prices and other market factors as at 16 December 2019. At that date IGO's closing share price was $6.30. Refer to Appendix 5 for further details as to the relevant calculations.

12.2.4 Broker notes

Summarised in the following table are investment notes published by twelve broking houses providing target prices for IGO in the period between the release of its September 2019 Quarterly Activities Report and supporting 1Q20 Results Presentation on 22 October 2019 and 13 December 2019.

Table 49: Brokers' Price Estimates for IGO

	Prior to announcement of the Offer				Post announcement of the Offer			
Broker	**Report date**	**Closing price at report date**	**Price target**	**Recommendation**	**Report date**	**Closing price at report date**	**Price target**	**Recommendation**
Post announcement of new commercial terms for offtake arrangements								
Broker 1	3/11/2019[1]	6.40	6.40	Neutral	n/a	n/a	n/a	n/a
Broker 2	1/11/2019	6.40	4.65	Underperform	6/11/19	6.43	4.65	Underperform
Broker 3	1/11/2019	6.40	5.70	Neutral	4/11/19	6.35	5.70	Neutral
Broker 4	1/11/2019	6.40	6.40	Neutral	4/11/19	6.35	6.40	Neutral
Broker 5	1/11/2019	6.40	7.40	Outperform	n/a	n/a	n/a	n/a
Post announcement of September quarter 2020 activities and results								
Broker 6	29/10/2019	6.52	5.90	Hold	n/a	n/a	n/a	n/a
Broker 7	23/10/2019	6.04	6.27	Accumulate	n/a	n/a	n/a	n/a
Broker 1	22/10/2019	6.02	6.00	Neutral	n/a	n/a	n/a	n/a
Broker 2	22/10/2019	6.02	4.45	Underperform	n/a	n/a	n/a	n/a
Broker 3	22/10/2019	6.02	5.70	Neutral	n/a	n/a	n/a	n/a
Broker 4	22/10/2019	6.02	6.40	Neutral	n/a	n/a	n/a	n/a
Broker 5	22/10/2019	6.02	7.40	Outperform	n/a	n/a	n/a	n/a
Broker 8	22/10/2019	6.02	6.00	Outperform	4/11/19	6.35	6.00	Outperform
Broker 9	21/10/2019	5.87	6.10	Equal-Weight	12/12/19	6.17	5.55	Equal-Weight
Broker 10	21/10/2019	5.87	6.60	Buy	4/11/19	6.35	6.60	Buy
Broker 11	n/a		n/a	n/a	4/11/19	6.35	5.50	Sell
Broker 12	n/a		n/a	n/a	7/11/19	6.54	4.65	Underperform
Minimum[1]			**4.65**				**4.65**	
Maximum[1]			**7.40**				**6.60**	
Median[1]			**6.19**				**5.63**	
Average[1]			**6.14**				**5.63**	

Source: Broker reports, KPMG Corporate Finance analysis
Note:
1. *Broker 1's note is dated 3 November 2019 which was a non-trading date. The closing price is taken as at 1 November 2019*
2. *Where a broker has more than one report in the period prior to the Offer disclosed in the table, only the latest report has been included for the purpose of calculating the minimum, maximum, average and median*
3. *'n/a' denotes not available*

This table indicates:

- a wide range of views were held by the broking community in relation to the short term prospects of IGO immediately prior to the Offer, ranging from Underperform to Outperform/Buy recommendations and target prices per share of $4.65 to $7.40
- none of the brokers providing recommendations both pre and post the Offer downgraded these as a result of the Offer, however one of these brokers has reduced its post Offer target price from $6.10 to $5.55 as a result of a change in its sentiment towards the natural resources sector more generally

- two additional brokers publishing recommendations immediately post the Offer did so with sell/underperform recommendations, and target prices at or towards the low end of the range of pre-Offer target prices and significantly below the pre-Offer average and the median. Had these two observations been included with the pre-Offer observations, the overall range of pre-Offer target prices would not have changed, however the median and average would have fallen to $6.05 and $5.96 respectively
- post-Offer metrics may suffer from "survivor-bias", in that the most recent pre-Offer target prices of each of the broking houses that are yet to publish post-Offer reports lie above the post-Offer median and average target prices included in the table above.

12.2.5 Conclusion

We have no reason to expect that, based on prevailing market conditions, the recent trading in IGO shares does not reflect an objective market based assessment of the value of a share in IGO as at 16 December 2019. However, we also consider that IGO's share price may have benefitted recently from increased market speculation that the Offer may not complete.

In contrast, reflecting that we are required by RG111 to form a view as to the value of the Offer Consideration in the event the Offer is completed, we have assessed a range of values for a share in the Enlarged IGO, on a minority interest basis, to be in the range of $5.80 to $6.15.

The top end of our range for an Enlarged IGO share of $6.15 sits slightly above the post-Offer VWAP to 16 December 2019 of $6.13 but below the closing price for an IGO share on 16 December 2019 of $6.30, which we consider reasonable given our previous comments in relation to downside risk to IGO's current shareprice. The low end of our range approximates the closing low over the period on 4 December 2019 of $5.78.

Our selected range of values for an IGO share following completion of the Offer sits comfortably with the range of target prices published by the broking houses both prior to and subsequent to the announcement of the Offer.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Jason Hughes and Ian Jedlin. Each has a significant number of years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as preparation of expert reports.

Jason Hughes is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Jason is a Fellow of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Services Institute of Australasia, a member of the Australia Institute of Company Directors and holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance.

Ian Jedlin is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Ian holds a Bachelor of Economics, a Masters of Commerce, is a Senior Fellow of the Financial Securities Institute of Australasia and is a member of the Institute of Chartered Accountants Australia and New Zealand. Ian is also a graduate member of the Australian Institute of Company Directors and a member of the Standards Review Board of the International Valuations Standards Council.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Offer is fair and reasonable to Panoramic shareholders taken as a whole. KPMG Corporate Finance expressly disclaims any liability to any Panoramic shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Target's Statement or any other document prepared in respect of the Offer. Accordingly, we take no responsibility for the content of the Supplementary Target's Statement or the as a whole or other documents prepared in respect of the Offer.

We note that the forward-looking financial information prepared by Panoramic does not include estimates as to the potential impact of any future changes in taxation legislation in Australia or any other jurisdiction. Future taxation changes are unable to be reliably determined at this time.

Our report makes reference to "KPMG Corporate Finance analysis". This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Independence

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of Panoramic for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Other than fees to be received in respect to preparing this report, neither KPMG Corporate Finance or the KPMG Partnership have provided professional services to Panoramic or IGO in relation to the Offer.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Supplementary Target's Statement to be issued to Panoramic Shareholders. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

Appendix 2 – Sources of Information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- company presentations and announcements of Panoramic and IGO
- annual reports for the periods ended 30 June 2017, 30 June 2018 and 30 June 2019 for Panoramic and IGO
- annual reports, company presentations and news releases of comparable companies
- data providers including S&P Capital IQ Pty Ltd, Bloomberg, MergerMarket, Thompson One, Consensus Economics, Connect 4, IBISWorld Pty Ltd, Economic Intelligence Unit, Oxford Economics and the Department of Industry Innovation and Science.
- various broker and analyst reports
- various press and media articles
- the Bidder's Statement
- the Target's Statement.

Non-public information

- unaudited management accounts as at 30 November 2019 in respect of Panoramic and associated entities
- life of mine forecast production and costing projections prepared by SRK in respect of the Savannah Project
- other confidential agreements, documents, presentations and industry papers
- SRK's independent technical specialist report.

In addition, we have held discussions with, and obtained information from, the senior management of Panoramic and its advisers.

Appendix 3 – Overview of the nickel, copper and cobalt industries

To provide a context for assessing the future prospects of both Panoramic and IGO, we have set out below, an overview of the recent and expected trends in the international nickel, copper and cobalt markets respectively.

Nickel

Overview

Nickel is an internationally traded commodity and its price fluctuates on a daily basis in the commodity market, as determined by worldwide demand and supply factors. As a result of the many fundamental and speculative factors influencing global demand and supply we observe divergent views as to the likely balance of nickel consumption and supply into the future. Whilst various commentators and forecasters have suggested demand and supply drivers will result in a deficit in supply over the short to medium term, others forecast a more balanced demand and supply equation over the same period.

The industry commentary below is not intended to represent all commentator views and does not make any statement as the whether any forecasts or projections included will be achieved but rather intends to highlight some of the key factors influencing the balance.

Nickel demand

Key to the demand, and therefore the price, for nickel is the steel industry and energy storage batteries. At present, nickel prices closely follow steel industry demand and activity, with stainless steel producers currently accounting for approximately two-thirds of total nickel demand.

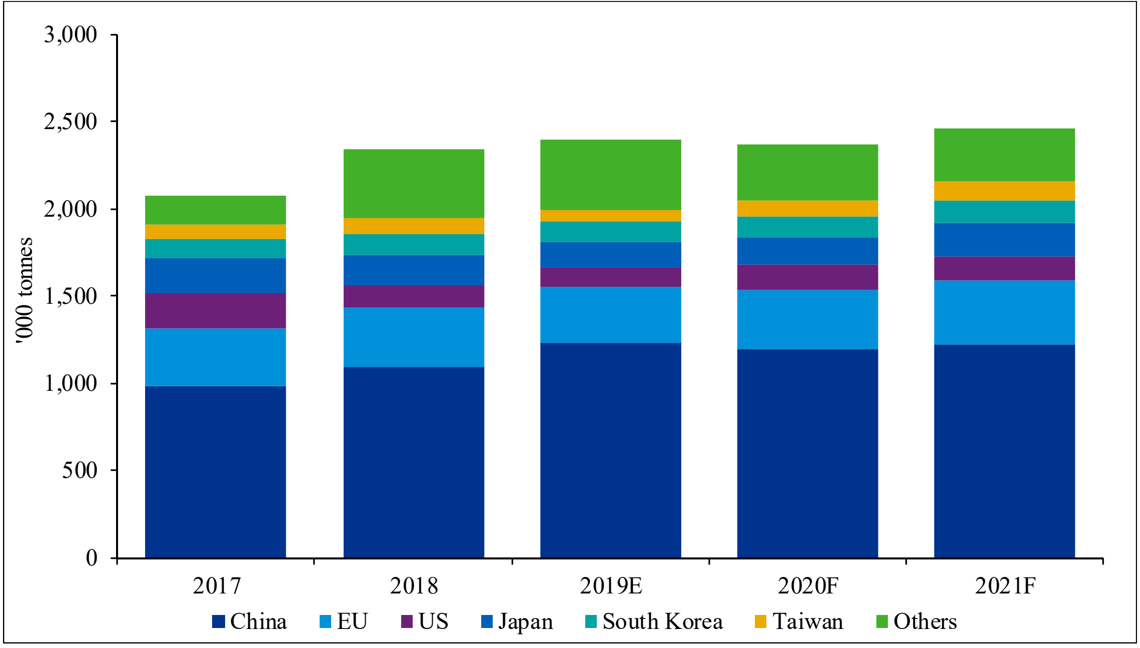
Stainless steel is widely used in utensils and domestic appliances, automobile manufacturing and construction and as such the demand for nickel is directly related to the performance of these industries and any other industries where stainless steel is used.

Future demand is however also expected to be heavily influenced by demand from the nascent electric vehicle (**EV**) industry and the associated battery manufacturing.

Historical and forecast global consumption of nickel is dominated by China, which consumed approximately 1.1 Mt in 2018 (approximately 47% of global consumption). The European Union (**EU**), Japan and the United States were the next 3 largest consumers in 2018.

A summary of historical, estimated and forecast global nickel consumption by region is set out below.

Figure A3-1: Global nickel consumption by region



Source: Economist Intelligence Unit, KPMG Corporate Finance Analysis

The Economist Intelligence Unit (**the EIU**) expects refined nickel consumption to rise by 2.1% in 2019, decrease slightly by 1.2% in 2020 and then increase by 3.8% in 2021. The EIU has suggested that in 2020 the pace of global steelmaking will moderate and has forecast a decrease in consumption from China and 'Other' countries. Contributing however to the forecast increase in demand in 2021 is the expectation that production of EVs will rise during this period.

The growth in lithium-ion batteries for powering EVs will be an important component of future nickel demand, particularly should the favoured battery chemistry for EVs remain to be one containing higher nickel intensity.

Nickel supply

In addition to factors from the broader economic and political environment, nickel supply is influenced by factors that occur at both the mine and/or the refinery level. Key to recent supply forecasts over the short to medium term has been consideration of the impact on supply chains from Indonesia's upcoming ore ban (to take effect from the beginning of 2020).

Nickel can be sold as direct shipping ore to refiners, however, some companies are vertically integrated in that they refine the mined nickel ore to produce nickel metal.

The nickel ore mining industry is segmented into two types of operations: sulphide ores and laterite ores.

Sulphide

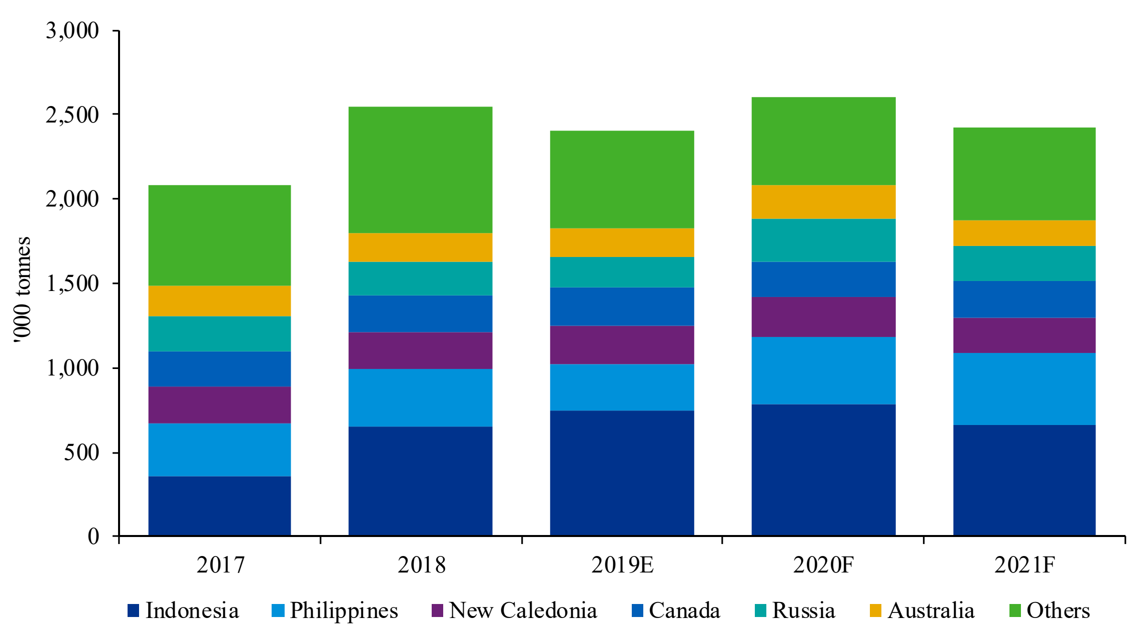
The main nickel ore in terms of historical worldwide production is sulphide mineral pentlandite (nickel sulphide) which occurs in iron and magnesium rich igneous rocks. Sulphide ore deposits are typically at greater depths than laterite deposits and can be concentrated using a flotation physical separation technique.

Laterite

Nickel bearing laterites are typically found on the surface, about 15 to 20 meters deep and occur where nickel sulphides have been converted to oxide ores through a weathering process. Being closer to surface, laterites can be mined via open-cut methods, however, as laterite is harder than sulphide ore, there is currently no simple separation technique for nickel laterites as rock must be completely molten or dissolved to enable nickel extraction.

A summary of historical and forecast global nickel mining production output is set out below.

Figure A3-2: Global nickel mine output by region



Source: Economist Intelligence Unit, KPMG Corporate Finance Analysis

Whilst Indonesia and the Philippines are the largest contributors to global mined nickel production (contributing approximately 25% and 14% respectively in 2018); China, Japan and Russia account for the largest proportions of refined nickel production (accounting for 33%, 8% and 7% respectively in 2018).

The EIU forecast mine output to increase in 2020 by approximately 9% as some upgraded facilities and new sites come on line. Disruptions to mining operations caused by technical problems or shifting environmental policies are the key factors cited as anticipated factors leading to a decrease in mining production of almost 7% in 2021 mine output.

The EIU expects overall refined nickel production to grow at 5.2% in 2020 and 2.7% in 2021. With China accounting for roughly a third (33% in 2018) of refined nickel production it will remain critical to overall supply. The EIU expects China's output of refined nickel to continue to grow in the short to medium term, albeit at reduced levels, being 4.2% in 2019, 2.1% in 2020 and 1.3% in 2021. It is expected that the recent Indonesian nickel ore export ban will have a negative impact on China's production in both 2020 and 2021 given China's reliance on Indonesian nickel laterite ore. Stronger output by Russia as well as continued strength by Australia underpin the EIU view of a 5.2% growth in refined nickel in 2020.

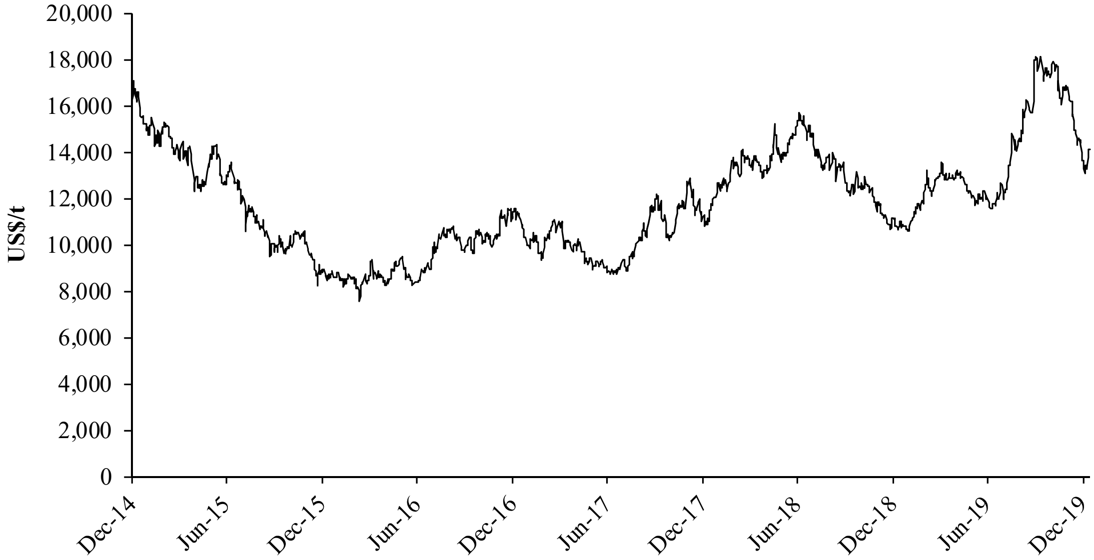
Nickel prices

Historical

Nickel prices are sensitive to global economic growth sentiment but also to economic conditions in key consuming countries such as China where local industrial condition and economic outlook also impact demand.

Set out below is the historical USD dominated cash nickel price per tonne as quoted on the London Metal Exchange (**LME**) for the four years to 16 December 2019.

Figure A3-3: Historical nickel price



Source: Capital IQ, KPMG Corporate Finance Analysis

Outlook

We have compiled nickel price forecasts from various commentators, as set out below.

Table A3-1: Forecast nickel prices as at 16 December 2019

Forecast nominal nickel price (US$/t)							
As at 16 December 2019	**Dec-19**	**Dec-20**	**Dec-21**	**Dec-22**	**Dec-23**	**Dec-24**	**Dec-25**
Number of commentators	32	35	29	22	19	10	10
Commentator high	18,739	19,000	20,000	22,267	22,046	22,046	22,377
Commentator low	12,345	12,900	13,224	13,224	13,007	15,292	15,966
Commentator average	16,116	16,064	16,253	16,427	16,574	17,816	18,199
Commentator median	16,538	16,204	16,000	16,102	16,590	17,460	18,013
Forward curve	14,200	14,261	14,477	14,724	14,982	15,256	n/a

Source: Bloomberg, Consensus Economics, KPMG Corporate Finance
Note: n/a denotes not available

The analysis set out in the table above indicates a wide range of views as to forecast nickel prices. Nickel prices are expected to, on average, decline slightly over the next two years, and then climb gradually through to 2025. In considering these brokers' forecast, it is important to note that the publications of commentators forecast pricing analysis tends to lag changing market conditions, particularly during periods of high volatility.

Copper

Overview

Copper is an internationally traded commodity and its price fluctuates on a daily basis in the commodity market, as determined by worldwide demand and supply factors. A summary of historical, estimated and forecast short-term supply and demand published by the EIU in November 2019 is set out below.

Table A3-2: Summary of supply and demand

('000 tonnes)	2017	2018	2019E	2020F	2021F
Global production (supply)	23,397	23,661	24,027	24,416	24,884
Global consumption (demand)	23,262	23,703	24,112	24,563	25,094
Difference	**135**	**(43)**	**(85)**	**(146)**	**(210)**

Source: Economist Intelligence Unit, KPMG Corporate Finance Analysis
Note: Numbers may not add due to rounding

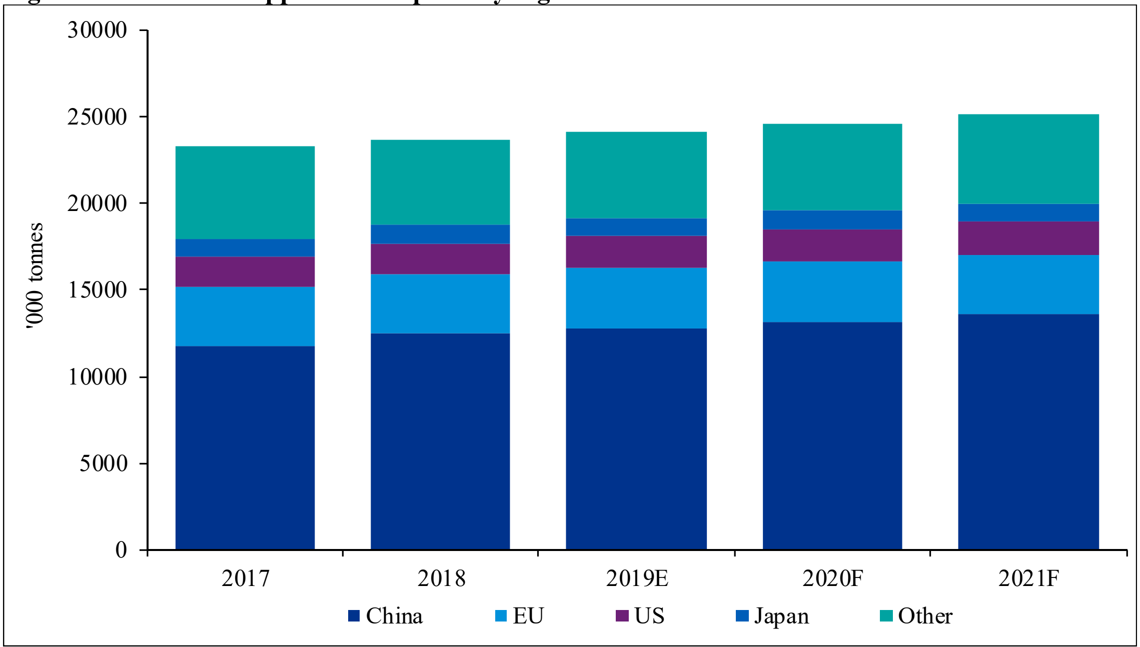
Copper demand

Copper's malleability, strength, resistance to corrosion and electrical conductivity has made it a key component in the electrical, building and construction industries. The Department of Industry, Innovation and Science estimates that electrical equipment manufacturing accounts for approximately 31% of current global demand for refined copper products, with the building and construction industries accounting for a further 30% of demand and the balance used in the infrastructure, transport and industrial industries.

Global consumption of copper is dominated by China which consumed approximately 12.5 Mt in 2018 (approximately 53% of global consumption), with other consumers including the European Union (**EU**), United States and Japan, consuming approximately 3.4 Mt, 1.8 Mt and 1.0 Mt, respectively in 2018.

A summary of historical estimated, estimated and forecast global copper consumption by region, as published by the EIU in November 2019, is set out below.

Figure A3-4: Global copper consumption by region



Source: Economist Intelligence Unit, KPMG Corporate Finance Analysis

The EIU expects refined copper consumption to rise by 1.7% in 2019, 1.9% in 2020 and 2.2% in 2021. Increases in copper consumption are expected to be driven by Chinese urbanisation plans and significant investments in renewable energy infrastructure. Demand elsewhere in Asia is expected to be driven by increased construction activity through China's Belt and Road Initiative.

The EIU maintains its modest growth outlook for copper consumption in both the EU and US, which are the second and third largest consumers of copper, as a result of a dovish shift in monetary policy in major developed economies. Trade tensions between China and the United States continue to increase downside risk for manufacturing activity.

Copper supply

According to the EIU, the majority of the world's copper supply is mined in South America, specifically, Chile (28% of total global copper mine output in 2018) and Peru (12% in 2018), with China, the United States and the Democratic Republic of Congo also significant regions.

In terms of refined copper supply, the EIU expects global refined copper production to grow at 1.5% in 2019, 1.6% in 2020 and 1.9% in 2021.

EIU notes that China will remain critical to refined copper production, as it is the world's largest importer of raw materials, has the greatest smelting capacity and is the leading producer of cathode. Recent mine and smelter expansion are contributing to higher production of refined metals. EIU expects China's output of refined copper to grow at 4.2% in 2019, 4.0% in 2020 and 3.8% in 2021.

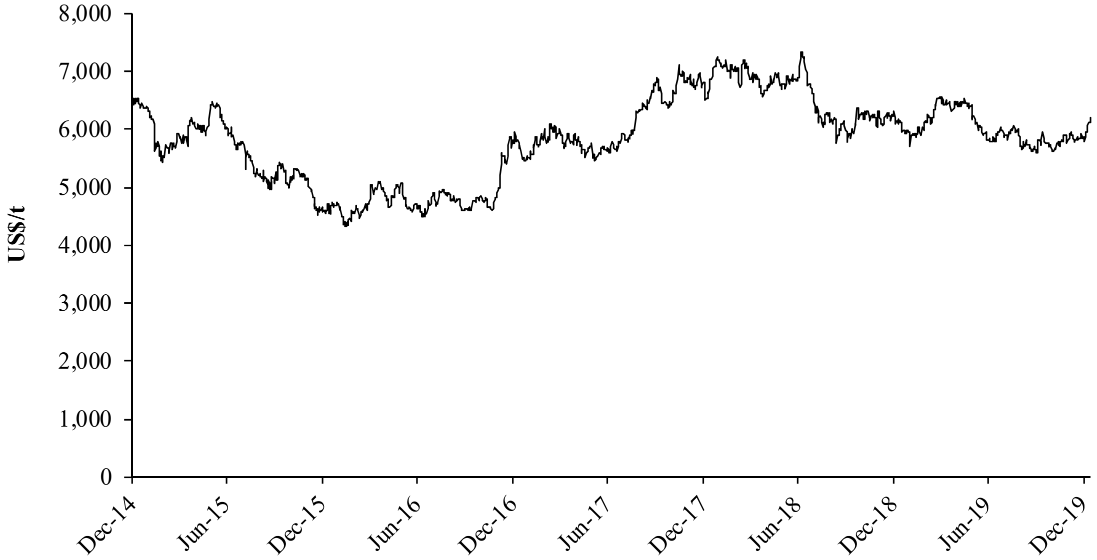
Copper prices

Historical

Copper prices are sensitive to global economic growth sentiment but also to economic conditions in key consuming countries (such as China) as industrial condition and economic outlook impact demand.

Set out below is the historical USD dominated cash copper price per tonne as quoted on the LME for the four years to 16 December 2019.

Figure A3-5: Historical copper price



Source:Capital IQ, KPMG Corporate Finance Analysis

Outlook

Set out below is a summary of the forecast estimate copper prices by various brokers and commentators as at 30 November 2019.

Table A3-3: Forecast estimate copper prices by brokers as at 16 December 2019

Forecast nominal copper price (US$/t)							
As at 16 December 2019	**Dec-19**	**Dec-20**	**Dec-21**	**Dec-22**	**Dec-23**	**Dec-24**	**Dec-25**
Number of commentators	33	34	29	23	19	10	10
Commentator high	6171	6614	7233	7690	8048	8466	8883
Commentator low	5500	5331	5055	4700	5000	6574	6779
Commentator average	5857	6065	6285	6533	6720	7185	7388
Commentator median	5860	6090	6418	6614	6734	7053	7238
Forward curve	6199	6208	6236	6264	6307	6353	6371

Source: Bloomberg, Consensus Economics, KPMG Corporate Finance

The analysis set out in the table above indicates a wide range of views as to forecast copper prices, however on average, the copper prices are expected to increase at a compound annual growth rate (**CAGR**) of approximately 4% to 2025. In considering these brokers' forecast, it is important to note that the publications of commentators forecast pricing analysis tends to lag changing market conditions, particularly during periods of high volatility.

Cobalt

Overview

Cobalt is a lustrous, shiny, grey, brittle metal that is one of only three naturally occurring magnetic metals. It has similar characteristics to iron and nickel (the other two magnetic metals) in terms of tensile strength, machinability, thermodynamic properties and electrochemistry.

Cobalt has a high tolerance to large amounts of mechanical and temperature stress and it is these qualities that make the metal desirable for use in superalloys in various industrial, medical, commercial, aerospace and automotive applications.

Cobalt's efficiency as an electrode allows for power to be stored for longer periods, making it an important component in the manufacture of cathodes for certain types of rechargeable batteries. Global cobalt markets are expected to become undersupplied over the next five years with new capacity needed to outpace growth in demand. The expansion of the EV industry is a primary reason behind the expected surge in demand for cobalt with current supplies expected to not be able to meet upcoming demand.

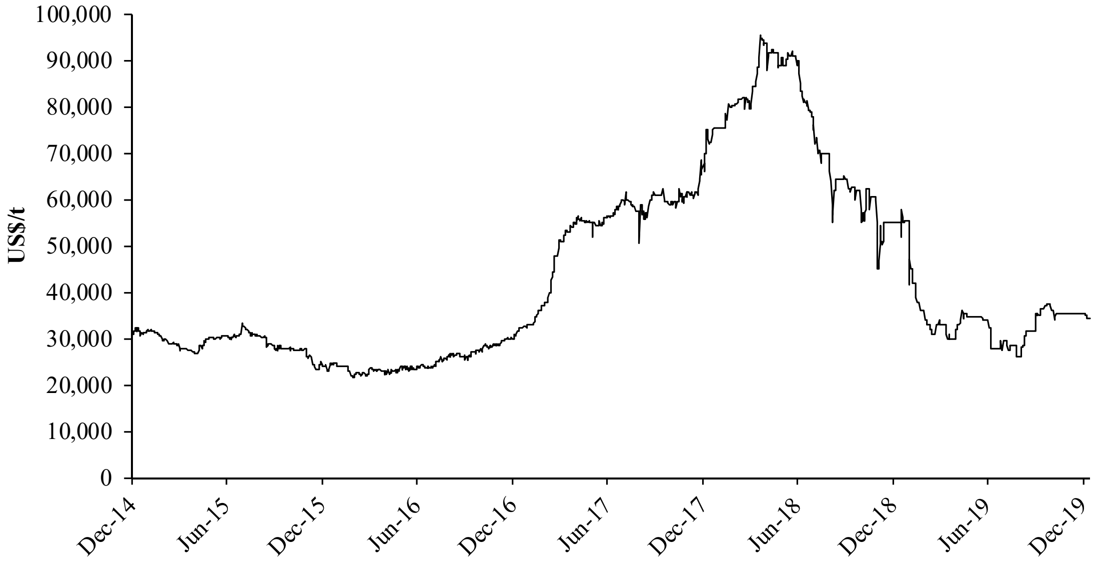
Despite its abundance, cobalt is often very hard to mine due to its low concentrate, making mining in its own right largely uneconomical and hence production is often as a by-product from the mining of copper (60%) and nickel (38%). Only around 2% of cobalt comes from primary production. As cobalt supply is reliant in the production of nickel and copper, supply is significantly influenced by the demand for those commodities rather than that of cobalt itself.

Cobalt Prices

Historical

Set out below is the historical USD dominated cash cobalt price per tonne as quoted on the LME for the four years to 16 December 2019.

Figure A3-6: Historical cobalt price



Source:Capital IQ, KPMG Corporate Finance Analysis

Outlook

We have compiled cobalt price forecasts from various commentators, as set out below.

Table A3-4: Forecast estimate cobalt prices by brokers as at 16 December 2019

Forecast nominal cobalt price (US$/t)							
As at 16 December 2019	**Dec-19**	**Dec-20**	**Dec-21**	**Dec-22**	**Dec-23**	**Dec-24**	**Dec-25**
Number of commentators	11	11	11	10	10	6	6
Commentator high	41,888	49,604	55,116	60,627	73,855	74,951	76,048
Commentator low	30,000	35,000	38,581	39,683	37,479	37,479	37,479
Commentator average	36,035	41,269	44,109	47,095	49,957	49,960	51,110
Commentator median	35,274	39,136	42,000	43,235	44,092	46,112	48,394
Forward curve	34,292	35,285	n/a	n/a	n/a	n/a	n/a

Source: Bloomberg, Consensus Economics and KPMG Corporate Finance analysis.
Note: n/a denotes not available

The analysis set out in the table above indicates a wide range of views as to forecast cobalt prices, however on average, the cobalt prices are expected to increase strongly to 2022 after which the range widens significantly and the consensus remains broadly flat.

Appendix 4 – Calculation of discount rates

We have assessed an appropriate nominal, post-tax weighted average cost of capital (**WACC**) applicable for the Savannah Project to be in the order of 8.0 percent per annum to 9.0 percent per annum.

The discount rates are AUD denominated discount rates, reflecting that the projected underlying cash flow models for the Savannah Project are denominated in AUD.

Selection of the appropriate rate to apply to the forecast cash flows of any asset or business operation is fundamentally a matter of judgement. Whilst there is a body of theory that may provide a framework for the derivation on an appropriate discount rate, it is important to recognise that given the level of subjectivity involved in selecting various inputs to the theoretical framework there is no absolute "correct" discount rate.

We consider the rates adopted to be reasonable discount rates that purchasers would use in the current market in assessing the Savannah Project and are reflective of the commercial, operational and technical risks of the project.

WACC

The WACC of a project is the expected cost of the various classes of capital (i.e. its equity and debt) employed in the project, weighted by the proportion of each class of capital to the total capital employed and is represented by the following formula, which calculates an after tax nominal rate:

$$\mathrm{WACC} = \mathrm{K_d} \times (1 - \mathrm{t_c}) \times \left(\frac{\mathrm{D}}{\mathrm{D+E}}\right) + \mathrm{K_e} \times \left(\frac{\mathrm{E}}{\mathrm{D+E}}\right)$$

Where the key inputs are defined as follows:

$\mathrm{K_e}$	the after-tax cost of equity, which is the rate of return required by the providers of equity capital
$\mathrm{K_d}$	the pre-tax cost of debt, which is the expected long-term average future borrowing cost of the relevant project and/or business
$\mathrm{t_c}$	the applicable corporate tax rate
D	the market value of debt
E	the market value of equity

The WACC is an opportunity cost of capital in the sense that it reflects the returns that would have been earned in the market with the relevant capital if it was employed in the next best investment of equivalent risk profile. It represents the minimum weighted average rate of return which is required or expected by the providers of capital as compensation for bearing the risks associated with the relevant investment or business operation.

Each of the components of the WACC formula is discussed further below:

Cost of equity (K_e)

The WACC approach represents a merger of the Capital Asset Pricing Model (**CAPM**) with capital structure theory. In the WACC formula discussed earlier, the CAPM provides the means for estimating the cost of equity.

The CAPM provides a theoretical basis for determining a discount rate that reflects the risk of a particular investment or business operation. In simple terms, the CAPM states that the returns expected by an equity investor reflect the risk of the underlying equity investment. The risk can be determined by the risk-free rate of return plus a risk premium which reflects the relative risk (as measured by the "beta" factor) and any company/project specific risk (as measured by the "alpha" factor) required to be borne by the investor. Therefore, the required rate of return for equity securities is determined as set out below.

$$K_e = R_f + (\beta \times MRP) + \alpha$$

Where the key inputs are defined as follows:

R_f	risk free rate of return
β	beta factor of the investment or business operation
MRP	equity market risk premium
α	company/project specific risk factor

A large degree of subjectivity is involved in estimating the inputs to the formula. These limitations mean that any estimate of the cost of equity must necessarily be regarded as indicative rather than as a firm and precise measure. Furthermore, because the cost of equity is a market-determined measure, changes in market conditions over time will affect its calculation.

Risk free rate (R_f)

The relevant risk-free rate of return is the return on a risk-free security, typically for a long-term period. In practice, long dated government bonds are generally accepted as a benchmark for a risk-free security. The spot yield to maturity of Australian Government Bonds has traditionally been accepted as a proxy for the risk-free rate in determining a cost of equity under the CAPM. Further, the market for Australian Government Bonds is liquid such that, in our view, the current yield on Australian Government Bonds represents an appropriate indicator of the risk-free opportunity cost of an asset for the forthcoming period at any particular point in time.

Having regard to the expected project life of the Savannah Project of approximately 7 years, we have adopted the spot yield of 1.0% per annum on 7 year Australian Government Bonds as the risk-free rate.

Market risk premium (MRP)

The MRP represents the additional return that investors expect in return for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk-free assets such as Government bonds. Given that expectations are not observable, a historical premium is generally used as a proxy for the expected risk premium.

Measurement of historical premia in Australia is subject to considerable debate, including in relation to the method of calculation, the relevance of long dated data and the relevant period of observation, as well as the impact of the introduction of imputation credits and the value attributed to imputation credits.

The most recent Australian study of historical premia was completed in by J.C. Handley in 2012[31] (**the 2012 Handley Study**), as prepared for the Australian Energy Regulator, and was based on earlier works by R.R. Officer in 1989 and T. Brailsford, J.C. Handley and K. Maheswaran in 2008 and 2012. The 2012 Handley Study found that:

- relative to 10 year bonds, the equity risk premium averaged 6.0% p.a. over 1883–2011 ignoring the impact of imputation credits (this increases to 6.3% per annum if imputation credits are valued at 100%)
- relative to 10 year bonds, the equity risk premium averaged 5.8% p.a. over 1958–2010 ignoring the impact of imputation credits (this increases to 6.6% per annum if imputation credits are valued at 100%).

Consistent with our approach to the risk free rate, we adopted a long term view in setting the market risk premium. A market risk premium of 6.0% per annum is regarded as appropriate by KPMG Corporate Finance for the current long-term investment climate in Australia.

Beta factor (β)

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of investments. In theory, the only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or market risk. The concept of beta is central to the CAPM given that beta risk is the only risk that is priced into investor required rates of return.

The equity betas can be statistically measured by regressing the returns on an equity market index against the share price returns of the relevant stock. By definition, the market portfolio has an equity beta of 1.0. A beta greater than 1.0 implies that the returns on a stock are, on average, more volatile, and hence the stock is more risky than the market, whilst a beta of less than 1.0 implies the reverse.

The beta of a stock can be presented as either an adjusted beta or as an historical beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. Conversely, the adjusted beta is an estimate of a security's future beta. It is initially derived from the historical beta, but modified by the assumption that a

[31] J.C. Handley, "An Estimate of the Historical Risk Premium for the period 1883 to 2011", April 2012

security's true beta will move towards the market average of one, over time. Generally, an adjusted beta is used because of its greater predictive features.

Betas derived from stock market observations represent equity betas, which reflect the degree of financial gearing of the company. Consequently, it is not possible to compare the equity betas of different companies without having regard to their gearing levels. In theory, a more valid analysis of betas can be obtained by "ungearing" the equity beta, by applying the following formula:

$$\beta_a = \frac{\beta_e}{1 + [\frac{D}{E} \times (1 - t)]}$$

where "D/E" is the debt and equity market values of the relevant equity security and "t" is the corporate tax rate. The adjustment involves stripping out the impact of financial gearing from the equity beta to obtain ungeared beta (denoted by β_a).

The following table sets out closing market capitalisation as at 16 December 2019, the 2-year and 5-year historical average financial gearing and the adjusted ungeared 2-year weekly and 5-year monthly beta estimates for a selection of Australian and International listed nickel sulphide companies.

The beta factors have been calculated relative to the Morgan Stanley Capital Index – All Countries (**MSCI**), an international equities market index that is widely used as a proxy for the global stock market as a whole. The MSCI is often used as a benchmark in respect of assets where underlying earnings streams are influenced by international markets, the marginal investor is likely to be international and/or the asset is likely to be attractive to international buyers.

Table A4-1: Selected listed companies – financial gearing and ungeared beta

Comparable companies - Beta analysis					
	Market Cap	**Unlevered beta**		**Debt to value[1]**	
Company name	**AUDm**	**2-year weekly**	**5-year monthly**	**2-year average**	**5-year average**
Australian nickel sulphide companies					
Independence Group NL	3,722	1.13	1.20	0%	0%
Western Areas Limited	857	1.19	1.21	0%	0%
Panoramic Resources Limited	224	0.76	1.87	0%	0%
Mincor Resources NL	210	0.70	1.19	0%	0%
Poseidon Nickel Limited	124	0.58	1.08	11%	21%
Cassini Resources Limited	38	0.63	1.36	0%	0%
Mean (Australian) excl. outliers		**1.16**	**1.32**	**0%**	**0%**
Median (Australian) excl. outliers		**1.16**	**1.21**	**0%**	**0%**
International nickel sulphide companies					
PolyMet Mining Corp.	389	0.06	0.63	26%	22%
Talon Metals Corp.	82	0.26	0.74	31%	28%
Mean (International) excl. outliers		**n/a**	**n/a**	**29%**	**25%**
Median (International) excl. outliers		**n/a**	**n/a**	**29%**	**25%**
Total Mean excl. outliers		**1.16**	**1.32**	**8%**	**7%**
Total Median excl. outliers		**1.16**	**1.21**	**0%**	**0%**

Source: Capital IQ, latest available financial statements of the companies and KPMG Corporate Finance analysis

Notes:

1 *Market capitalisation is at 16 December 2019, converted to AUD as at the same date based on prevailing spot prices (where relevant)*

2 *Debt is average short-term and long-term debt less average cash as disclosed by Capital IQ based on financial accounts available as at 16 December 2019*

3 *Where a company does not have any interest bearing debt or the resultant net debt figure is negative, the debt to value ratio has been recorded as 0%*

4 *Outliers (shaded) have been excluded from the mean and median. For debt to value, outliers have been assessed based on statistical analysis of the data set on a category-by-category basis. For unlevered beta, outliers have been assessed based on statistical confidence levels*

5 *"n/a" denotes insufficient observations*

We have categorised the list of comparable companies into Australian nickel sulphide companies and International nickel sulphide companies, reflecting the fact that different mining assets have varying risk profiles depending on, amongst other things, the location of the asset.

In selecting an appropriate ungeared beta for the Savannah Project, we have considered that:

- the above analysis indicates that in a large number of cases, the observed 2-year beta observations exhibit a low level of statistical confidence, such that only limited reliance can be given to these directly observed beta factors
- all beta observations for the International nickel sulphide companies exhibit a low level of statistical confidence, therefore no reliance has been given to these beta factors
- a number of the comparable companies have exposure to other minerals and/or operations in addition to nickel mining. Specifically:
  - Independence Group NL has a 30% interest in the Tropicana gold mine, which has been producing gold since September 2013
  - Panoramic Resources Limited has PGM development projects in Australia and Canada. Its 5-year beta observation will also reflect its transition from a multi-location producer to holding assets on either care and maintenance and/or at pre-production and its current transition back to full production at Savannah
  - Mincor Resources NL's Widgiemooltha Gold Project commenced gold production in July 2018, however Mincor is now considering strategic options to realise value from the project. The company also owns the Tottenham Copper-Gold exploration project
  - PolyMet Mining Corp. and Talon Metals Corp. have exposure to a number of base metals including copper, nickel, platinum, palladium, gold and cobalt
  - Cassini Resources Limited's flagship West Musgrave Project is prospective for nickel-copper-PGE sulphide deposits and gold. Cassini also owns the Mount Squires gold project.

- only Independence Group NL, Panoramic Resources Limited and Western Areas NL are in production as at the date of this report. PolyMet Mining Corp. has completed a DFS and Mincor has a DFS underway, however all other comparable companies are at the pre-feasibility stage
- the Savannah Project recommenced mining of the Savannah ore body in December 2018. However, since recommencement there have been operational setbacks resulting in below budget results. Furthermore, we note there is substantial ongoing mine development to access the Savannah North ore body. In this regard we note that SRK has reflected the recent operational performance and expectations regarding access to Savannah North in its selected mining and operational assumptions for the Savannah Project
- the forecasts provided for the Savannah project are based on the Updated Feasibility Study and the results of the operational review undertaken since recommencement. Both SRK and we consider there to be a reasonable basis for the operational assumptions underpinning our range of values based on information available at the date of this report
- the relative size of the Savannah Project.

Having regard to the above and considering the nature of the Savannah Project, we consider an ungeared beta range of 1.2 to 1.4 to be reflective of a nickel sulphide mining operation.

Having determined an appropriate ungeared beta, it is necessary to “regear” the beta to a specified level of financial gearing to determine the equivalent beta.

Debt/equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity level assumption should reflect what would be the optimal or target capital structure for the relevant asset. Optimal (as opposed to actual) capital structures are not readily observable. Accordingly, any estimate of optimal capital structure is necessarily subjective. In practice, the existing capital structures of comparable businesses can be used as a guide to the likely capital structure for a firm/project, taking into consideration the specific financial circumstances of that firm/project. In drawing any conclusions from the comparable company information, it is important to note that the observed gearing levels usually represent current gearing levels, which may or may not be representative of optimal, long term gearing levels. Furthermore, the gearing level of a company at a given point in time can reflect recent new issues of debt or equity.

In selecting an appropriate capital structure we have had regard to the gearing level of those comparable companies in Table A4-1 that are currently in production. We consider an appropriate long term gearing level for the Savannah Project to be in the order of 10% debt and 90% equity.

On this basis, the regeared beta range of the Savannah Project is in the order of 1.3 to 1.5.

Cost of equity calculation (K_e)

The following table sets out our cost of equity estimate based on the assumptions and inputs discussed above:

Table A4-2: AUD nominal cost of equity – Savannah Project

Input	Definition	Low	High
R_f	Risk free rate of return	1.0%	1.0%
β_α	Asset beta (ungeared beta estimate)	1.2	1.4
β_e	Equity beta (regeared beta estimate)	1.3	1.5
MRP	Equity market risk premium	6.0%	6.0%
K_e	**Cost of equity (post-tax)**	**8.8%**	**10.1%**

Source: KPMG Corporate Finance analysis
Note amounts may not add exactly due to rounding

Cost of debt calculation (K_d)

In determining the cost of debt appropriate for the Savannah Project, we have considered the current yield on 7 year BBB rated Australian corporate bonds.

Based on the above consideration, we consider an appropriate nominal, pre-tax cost of debt to be in the order of 2.5% per annum, which represents a margin to our assessed risk-free rate of 150 basis points.

Corporate tax rate (t_c)

The Australian corporate tax rate of 30% has been applied to calculate the post-tax, nominal discount rates for the Savannah Project.

Calculation of the WACC

The following table summarises the implied base calculation of a nominal post-tax WACC for application in our valuation assessment based on the assumptions/inputs discussed above.

Table A4-3: Summary of the WACC – Savannah Project

Input	Definition	Low	High
K_e	Cost of equity (post-tax)	8.8%	10.1%
K_d	Cost of debt (pre-tax)	2.5%	2.5%
t_c	Corporate tax rate	30%	30%
D/(D+E)	Proportion of debt in the capital mix	10%	10%
E/(D+E)	Proportion of equity in the capital mix	90%	90%
WACC	**Weighted average cost of capital (nominal, post-tax)**	**8.1%**	**9.2%**

Source: KPMG Corporate Finance analysis
Note amounts may not add exactly due to rounding

Having regard to the above variables, we have adopted a discount rate range of 8.0% per annum to 9.0% per annum for the Savannah Project.

Whilst we consider the range of discount rates adopted by us to be reasonable, we note that the assessment of an appropriate discount rate is ultimately a matter of judgement and that it is quite possible that individual investors may select a different range depending upon their risk appetite. Any such difference would impact upon our assessed values either positively or negatively. In this regard we would refer Panoramic shareholders to section 11 in the body of the report; which sets out the sensitivity of our range of values in respect of the Savannah Project to changes in various operating and macroeconomic assumptions.

Appendix 5 – Selected listed companies

Company	Description
Independence Group NL (**IGO**)	IGO is an Australian mining company primarily focussed on its 100% owned Nova Ni-Cu-Co project in the Fraser Range region of WA. In addition, IGO has a 30% interest in the Tropicana gold mine, also in WA, which is operated and 70%-owned by AngloGold Ashanti Limited. The company was incorporated in 2000 and is headquartered in Perth. Refer to section 10 of this report for additional information.
Western Areas Limited (**WSA**)	WSA is an Australian mining company primarily focussed on its 100%-owned Forrestania Nickel Operation located 400km east of Perth. In addition, WSA is developing its Cosmos Nickel Project, also located in WA, and has interests in various exploration-stage projects in both Australia and Canada. WSA was incorporated in 1999 and is headquartered in Perth.
Mincor Resources NL (**Mincor**)	Mincor is an Australian mining company primarily focussed on its previously-operating Kambalda Nickel Project, located south of Kalgoorlie. Mincor is progressing a restart feasibility study, due in Q1 2020. Mincor was incorporated in 1996 and is headquartered in Perth.
Poseidon Nickel Limited (**Poseidon**)	Poseidon is an Australian mining company that owns three previously-operating Nickel Sulphide mines: Windarra, Black Swan/Silver Swan and Lake Johnston, and surrounds, all located in WA. Poseidon is focussed on further exploration and recommencement of these operations, having completed a restart feasibility study in 2018, with precursor works presently underway at Black Swan. Poseidon was incorporated in 1993 and is headquartered in Perth.
Cassini Resources Limited (**Cassini**)	Cassini an Australian mining company primarily focussed on its 30%-owned West Musgrave nickel sulphide project, located in WA. A pre-feasibility study on the West Musgrave project is expected to be completed in early 2020. Cassini also holds a 100% interest in the exploration stage Mount Squires gold project adjacent to West Musgrave. Cassini was incorporated in 2011 and is based in Perth.
PolyMet Mining Corp. (**PolyMet**)	PolyMet is a Canadian mining company primarily focussed on the evaluation and development of its NorthMet nickel, copper and precious metals project, located in Minnesota. PolyMet has completed a DFS and is currently attempting to secure funding to construct and operate the project. PolyMet was incorporated in 1981 and is headquartered in Toronto.
Talon Metals Corp. (**Talon**)	Talon is a Canadian exploration and development company with a 17.56% interest is the Tamarack nickel-copper-cobalt project located in Minnesota, the United States; and a 100% interest in the Trairão iron project located in Brazil. Talon was incorporated in 2005 and is headquartered in Road Town, the British Virgin Islands.

Company	Market cap A$m	Enterprise value[1] A$m	Ni Eq. Resources[3,5,] kt	Ni Eq. Reserves[4,5,6] kt	No control premium Resources multiple[7] A$/t	Reserves multiple[7] A$/t	25% control premium Resources multiple A$/t	Reserves multiple A$/t	35% control premium Resources multiple A$/t	Reserves multiple A$/t
Independence Group NL	3,781	3,517	580	391	6,062	8,987	7,691	11,403	8,342	12,369
Western Areas Limited	857	713	942	275	757	2,590	985	3,367	1,076	3,678
Mincor Resources NL	210	181	254	30	714	6,038	921	7,789	1,003	8,489
Poseidon Nickel Limited	124	122	436	25	280	4,885	352	6,126	380	6,623
Cassini Resources Limited	38	33	633	-	52	n/a	67	n/a	73	n/a
PolyMet Mining Corp.	389	390	3,911	1,070	100	364	125	455	134	491
Talon Metals Corp.	82	70	118	-	592	n/a	765	n/a	835	n/a
Mean					1,222	4,573	1,558	5,828	1,692	6,330
Median					592	4,885	765	6,126	835	6,623

Sources: Capital IQ, company financial statements and reports, publicly available resource/reserve information of relevant companies and KPMG Corporate Finance Analysis

Notes:

1. Enterprise value for selected listed companies (other than IGO) has been calculated as market capitalisation as at 16 December 2019, converted to AUD as at the same date based on prevailing spot exchange rates (where relevant), and the latest net debt/cash of the selected company reported prior to 16 December 2019. Market capitalisation for IGO is as at 1 November 2019

2. Mineral resources for Talon Metals Corp. exclude the Trairao iron project.

3. Resources are based on Measured, Indicated and Inferred Resources. Resources are quoted inclusive of reserves

4. Reserves are based on proven and probable reserves

5. Where the Resources/Reserves are not 100 percent owned, all calculations are based on the company's relevant interest

6. The table above shows resource and reserve valuation comparisons for companies predominantly focussed on nickel (Ni). In the case where the comparable companies' resources or reserves contain other metals (for example copper), a total contained Ni equivalent resource or reserve has been calculated (based on spot metal prices as at 16 December 2019). The spot metal prices used were US$14,158/t for nickel, US$1,481/oz for gold, US$17/oz for silver, US$931/oz for platinum, US$1,964/oz for palladium, US$6,193/t for copper and US$34,500/t for cobalt

7. Resource and reserve multiples have been calculated based as enterprise value divided by total contained nickel equivalent resources and reserves (Ni Eq.) respectively

8. n/a' indicates the information was not available; Reserves estimates were not available as at 16 December 2019

Appendix 6 – Selected transactions

Target	Description
Sinclair Project (TLM)	On 27 September 2019, Saracen Mineral Holdings Limited (**Saracen**) entered into a binding agreement to acquire the Sinclair nickel project from Talisman Mining Limited. Under the terms of the agreement, Saracen paid an up-front consideration of $10 million cash, in addition to a 2% Net Smelter Royalty (**NSR**) payable on all metal production from the Sinclair tenements as well as non-precious metals produced at Saracen's Waterloo tenement. The Sinclair nickel project includes Mineral Resources of 720,000t at 2.3% nickel, a 350,000tpa processing plant, a 200-person camp, mine buildings and workshops, a core yard, a two kilometre airstrip and water resources. Saracen noted that it considered the Sinclair project to offer significant gold exploration upside close to its existing Thunderbox mill and the extensive infrastructure and other assets at Sinclair provided opportunities to enhance Saracen's Thunderbox mine and mill.
Long Nickel Operation (IGO)	On 23 May 2019, Mincor announced it had entered into a binding agreement with IGO to acquire a 100% interest in the Long Nickel Operation, located in the Kambalda District in WA, which included the underground nickel sulphide mine and key infrastructure. As consideration, Mincor issued 7.8 million shares at $0.45 per share, with a further $6 million payable upon achievement of certain production milestones. IGO had placed Long into care and maintenance in June 2018 after 16 years of production averaging approximately 10ktpa of nickel. The announcement noted Mincor's intention to leverage Long's existing infrastructure, underground declines and improved access to Mincor's nearby Durkin North Deposit.
Lanfranchi Nickel Project (PAN)	On 13 September 2018, Panoramic announced it had executed a binding agreement with Black Mountain Metals LLC (Black Mountain), whereby Black Mountain would acquire all of the issued shares in Panoramic's wholly-owned subsidiary, Cherish Metals Pty Ltd, which owned the Lanfranchi nickel mine and associated infrastructure south of Kambalda located in WA, for a total cash consideration of $15.1 million. Panoramic had placed Lanfranchi into care and maintenance in August 2015 after 10 years of production, pending a sustained recovery in the nickel price. Black Mountain stated at the time that its intention was to restart production at the mine.
Avebury Nickel Mine (MMG)	On 28 September 2016, Dundas Mining Pty Ltd (Dundas) agreed to acquire the Avebury nickel mine in Tasmania from MMG Ltd for $25 million. The mine had been on care and maintenance since 2009. Coverage noted that Dundas aimed to bring the Avebury mine back into production as soon as possible.
Beta Hunt Ni-Au Mine (SLM)	On 1 February 2016, RNC announced it had agreed to acquire a 67% interest in Salt Lake Mining Pty Ltd (SLM) in exchange for 32.5 million RNC shares and C$2.5 million. SLM's primary asset was the 100% owned Beta Hunt nickel / gold mine located in the Kambalda district in WA. The mine resumed nickel production in 2014 and gold production 2015.
Cosmos Nickel Mine (Glencore)	On 19 June 2015, WSA announced it had reached a binding agreement to acquire the Cosmos Nickel Complex from Xstrata Nickel Australasia Operations Pty Ltd, a subsidiary of Glencore Plc, for a total cash consideration of $24.5 million. The Cosmos Nickel Complex covers 88km2 in the Agnew Wiluna Nickel Belt in WA. The acquisition included a 450,000tpa concentrator, a mill and other associated infrastructure. WSA noted that the acquisition would complement its existing Forrestania Nickel operations and represented a low cost, counter-cyclical investment consistent with its brownfield acquisition strategy.

Target	Description
Sirius Resources NL	On 25 May 2015, Sirius Resources NL announced that it had entered into a scheme implementation deed under which IGO agreed to acquire all the issued capital of Sirius by way of a scheme of arrangement, inter-conditional with a demerger and share reduction scheme by which Sirius would divest certain exploration assets into a new listed vehicle. Under the scheme, eligible Sirius shareholders would receive 0.66 IGO shares and $0.52 for each Sirius ordinary share held. Sirius's principal asset was the Nova nickel-copper sulphide mine. Sirius had completed a DFS in 2014, defining a total resource of 325kt nickel and 130kt of copper, contemplating a 1.5mtpa underground mine and processor operation. Initial construction had commenced, with production expected to begin in late 2016.

Target	Acquirer	Date announced	Percentage acquired	Implied EV A$m	NiEq. Resources kt	NiEq. Reserves kt	Resources multiple A$/t	Reserves multiple A$/t
Sinclair Project (TLM)	Saracen Mineral Holdings Limited	27 Sep 19	100%	10.0	16	-	617x	n/a
Long Nickel Operation (IGO)	Mincor Resources NL	23 May 19	100%	6.1	32	-	191x	n/a
Lanfranchi Nickel Project (PAN)	Black Mountain Metals LLC	13 Sep 18	100%	15.1	96	4	158x	3,512x
Avebury Nickel Mine (MMG)	Dundas Mining Pty Ltd	28 Sep 16	100%	25.0	252	-	99x	n/a
Beta Hunt Ni-Au Mine (SLM)	Royal Nickel Corporation	1 Feb 16	67%	11.5	77	-	150x	n/a
Cosmos Nickel Mine (Glencore)	Western Areas Limited	19 Jun 15	100%	24.5	567	-	43x	n/a
Sirius Resources NL	Independence Group NL	25 May 15	100%	1560.4	419	352	3,723x	4,436x
Mean							**727x**	**3,974x**
Median							**154x**	**3,974x**

Sources: Capital IQ, company financial statements and reports, publicly available resource/reserve information of relevant companies and KPMG Corporate Finance Analysis

Notes:

1. Resource and reserve multiples are calculated using the Enterprise Value implied by the transaction and resources and reserves sourced from latest resource and reserve statement announced by the target prior to the announcement of the transaction.

2. Implied enterprise value calculated using the consideration offered by the acquirer and the target's net debt/cash position reported prior to the announcement of the transactio

3. Where the transaction involved a company acquiring an interest of below 100 percent, the consideration has been grossed up to reflect an implied acquisition of 100 percent.

4. Resources are based on Measured, Indicated and Inferred Resources. Resources are quoted inclusive of reserves.

5.Reserves are based on proven and probable reserves.

6. Where the target's resources or reserves contain other metals (copper, cobalt, gold etc.) a total contained Nickel equivalent resource or reserve has been calculated based on spot metal prices at the announcement date of the transaction

Appendix 7 – SRK report

Independent Specialist Report on the Mineral Assets of Panoramic Resources Limited

Report prepared for

Panoramic Resources Limited and
KPMG Financial Advisory Services (Australia) Pty Ltd

Report prepared by

SRK Consulting (Australasia) Pty Ltd

PAN012

December 2019

Independent Specialist Report on the Mineral Assets of Panoramic Resources Limited

Panoramic Resources Limited

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Executive Summary

KPMG Financial Advisory Services (Australia) Pty Ltd (KPMG) has been engaged by Panoramic Resources Limited (Panoramic) to prepare an Independent Expert Report (IER or Report) in relation to an off-market takeover offer by Independence Group NL (Independence) for all the issued capital of Panoramic for a scrip consideration of one (1) new ordinary Independence share for every thirteen (13) ordinary Panoramic shares on issue (the Offer).

Panoramic has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR) in relation to matters on which KPMG is not an expert. The scope of the work to be completed by SRK was set by KPMG.

Panoramic holds a 100% equity interest in the Savannah nickel mine (Savannah or the Project), the Panton platinum group metals project (Panton) and the Copernicus base metals project (Copernicus), which are all located in the East Kimberley region of Western Australia. Additionally, Panoramic holds an indirect interest in the Gum Creek gold project and the Altair copper-zinc-silver project via its 51% ownership of Horizon Gold Limited (collectively the Mineral Assets).

SRK's scope of work included an assessment of the reasonableness of the technical inputs to the Project's discounted cashflow model (the Model) supplied by Panoramic. Where deemed warranted, SRK has modified production and capital and operating cost projections for use by KPMG.

Additionally, SRK has provided an independent opinion on the market valuation of the resources not included in the Model (residual resources) and:

1. An independent market valuation of the Pre-Development stage Copernicus project
2. An independent market valuation of the Pre-Development stage Panton project
3. An independent market valuation of the Advanced Exploration stage Gum Creek gold project held via Panoramic's 51% interest in Horizon Gold Limited (Gum Creek).

SRK's recommended valuation ranges and preferred values are detailed in the Valuation section of this Report and are summarised in Table ES-1. The valuation ranges were developed on the basis of the perceived potential of the Mineral Assets.

Table ES-1: Valuation Summary as at 18 December 2019

Stage	Equity basis	Low (A$M)	High (A$M)	Preferred (A$M)
Savannah residual resources (not considered in the Model)	100%	32.7	42.9	37.8
Copernicus	100%	2.8	3.2	3.0
Panton	100%	12.0	27.7	19.8
Gum Creek	51%	11.1	20.4	15.8
Total		**58.6**	**94.2**	**76.4**

Note: Any discrepancies between values in the table are due to rounding.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Panoramic Resources Limited (Panoramic). The opinions in this Report are provided in response to a specific request from Panoramic to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

Abelle	Abelle Limited
AER	Annual Environmental Report
AIG	Australian Institute of Geoscientists
Apex	Apex Minerals Limited
Artemis	Artemis Resources Ltd
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BAC	Base Acquisition Cost
BIF	banded iron formation
Black Mountain	Black Mountain Metals LLC
Boliden	Boliden Mineral AB
Ca	calcium
Cl	chloride
Co	cobalt
Cu	copper
Cube	Cube Consulting Pty Ltd
DCF	Discounted Cashflow
DHEM	downhole electromagnetic survey
Dundas	Dundas Mining Pty Ltd
DWER	Department of Water and Environmental Regulation
Entech	Entech Pty Ltd
EP Act	*Environmental Protection Act 1986*
First Quantum	First Quantum Minerals Ltd
g/t	grams per tonne
Generation	Generation Mining Ltd
Glencore plc	Glencore
GLpa	gigalitres per annum
ha	hectares
Harmony	Harmony Gold Mining Company Limited
IER	Independent Expert Report
Independence	Independence Group NL
IP	induced polarisation
ISR	Independent Specialist Report
JORC	Joint Ore Reserves Committee
K	potassium
koz	kilo-ounces
KPMG	KPMG Financial Advisory Services (Australia) Pty Ltd
kt	kilotonnes
L	Miscellaneous Licence (prefix)
lb	pound

Legend	Legend Mining Limited
LOM	life-of-mine
M	Mining Lease (prefix)
m^3	cubic metres
MCP	Mine Closure Plan
Mg	magnesium
Mincor	Mincor Resources NL
MLEM	moving loop electromagnetic
MMG	MMG Ltd
Moz	million ounces
Mt	million tonnes
Mtpa	million tonnes per annum
MTR	metal transaction ratio
MW	megawatt
Na	sodium
Newexco	Newexco Services Pty Ltd
Ni	nickel
oz	ounces
PanGold	Panoramic Gold Pty Ltd
Panoramic	Panoramic Resources Limited
Pd	palladium
PGM	platinum group metals
PL	Prospecting Licence
Platina	Platina Resources Ltd
Pt	platinum
QA/QC	quality assurance and quality control
RAB	rotary air blast
RC	reverse circulation
RICS	Royal Institution of Chartered Surveyors
ROM	run-of-mine
SAG	semi-autogenous grinding
SI	Savannah Intrusion
Sibanye	Sibanye Gold Ltd
SNI	Savannah North Intrusion
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
Tpa	tonnes per annum
tpa	tonnes per annuum
TSF	tailings storage facility
US$	United States dollar
Western Areas	Western Areas NL

1 Introduction and Scope of Report

KPMG Financial Advisory (Australia) Pty Ltd (KPMG) has been engaged by Panoramic Resources Limited (Panoramic) to prepare an Independent Expert Report (IER or Report) in relation to an off-market takeover offer by Independence Group NL (Independence) for all the issued capital in Panoramic for a scrip consideration of one (1) new ordinary Independence share for every thirteen (13) ordinary Panoramic shares on issue (the Offer).

Panoramic has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR) in relation to matters on which KPMG is not an expert. The scope of the work to be completed by SRK was set by KPMG. SRK's ISR will form part of the KPMG Report and will be provided to Panoramic shareholders.

Panoramic holds a 100% equity interest in the Savannah nickel mine (Savannah or the Project), the Panton platinum group metals project (Panton) and the Copernicus base metals project (Copernicus), which are all located in the East Kimberley region of Western Australia. Additionally, Panoramic holds an indirect interest in the Gum Creek gold project and the Altair polymetallic project (collectively, Gum Creek) via its 51% ownership in Horizon Gold Limited (collectively the Mineral Assets).

As agreed with Panoramic and KPMG, SRK has reviewed the technical project assumptions and provided KPMG with an assessment on the reasonableness of the techno-economic assumptions used in the Company's cashflow model (the Model) relating to the Savannah Project (the Project), including the Mineral Resource and Ore Reserve estimates, the mining physicals, the processing assumptions, the operating costs, the capital expenditure and the environmental and permitting provisions. Where SRK considered any assumptions in the Model to be unreasonable, it advised KPMG and assisted KPMG with making the appropriate changes to the Model to reflect SRK's opinion. SRK's scope specifically excluded any work related to the marketing, commodity price and exchange rate assumptions, inflation rates and financial analysis adopted in the Model.

Additionally, SRK has provided an independent opinion on the market valuation of the stated Mineral Resources not included in the Model (residual resources), as well as the exploration potential of associated tenure relating to the Project, and:

1. An independent market valuation of the Pre-Development stage Copernicus project
2. An independent market valuation of the Pre-Development stage Panton project;
3. An independent market valuation of the Advanced Exploration stage Gum Creek project (including the Altair copper-zinc-silver prospect) held via Panoramic's 51% interest in Horizon Gold Limited.

SRK's ISR has been prepared in accordance with the guidelines outlined in the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets (VALMIN Code, 2015), which incorporates the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of, and production from, those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

For this valuation, the Mineral Assets were classified in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been

undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

Based on its review of Panoramic's Mineral Assets, SRK considers the following classifications in accordance to the VALMIN Code (2015) are relevant:

The Savannah Project is classified as a Production Project.

The Copernicus project is classified as a Pre-Development Project.

The Panton project is classified as a Pre-Development Project.

The Gum Creek project is classified as an Advanced Exploration Project.

1.1 Reporting standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). The authors of this Report are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- The 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

The peer reviewer of this Report, Mr Jeames McKibben, is a Registered Valuer and Chartered Valuation Surveyor with the Royal Institution of Chartered Surveyors (RICS). As a result, this Report may be subject to monitoring by RICS under the Institution's Conduct and Disciplinary Regulations. This Report does not comply with the RICS 2017 Valuation Standards, otherwise known as the 'Red Book', as SRK is required to provide a valuation range that reflects the highest and lowest likely Market Values of the subject mineralisation in accordance with our mandate. As such, it is noted that this report is a departure from the Red Book standard.

As per the VALMIN Code (2015), a first draft of the report was supplied to Panoramic to check for material error, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between the owners of the Projects and any other parties.

1.2 Work program

This assignment commenced in November 2019, with a review of publicly available data and other information sourced by SRK from literature, as well as subscription databases such as S&P Global Market Intelligence database services. Panoramic also provided SRK with access to an online dataroom.

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection to the Savannah Project was undertaken by Ms Karen Lloyd of SRK's Perth office on 14 November 2019.

1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

1.4 Effective date

The effective date of this Report is 18 December 2019.

1.5 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below and in Table 1-1.

Karen Lloyd, Associate Principal Consultant (Project Evaluation), BSc (Hons), MBA, FAusIMM

Karen has 24 years international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia, Africa, the Americas and Europe.

Karen is a Fellow of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Michael Lowry, Senior Consultant (Resource Estimation), BSc (Hons), Grad Cert (Geostatistics), MAusIMM

Michael (Mike) is a geologist with 23 years' experience in the mining industry, primarily in operations before recently moving to consulting. He has experience in a variety of terrains and commodities, primarily nickel, iron ore and gold. He has conducted orebody modelling, mineral resource estimation, geostatistical studies, reconciliation and public reporting on a range deposits in Western Australia. He has also conducted technical assurance and quality control audits globally.

Mike is a Member of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Anne-Marie Ebbels, Principal Consultant (Mining), BEng (Mining), MAusIMM(CP)

Anne-Marie is a mining engineer with 24 years' experience in mining operations and consultancy in Australia and overseas. Her expertise includes mine design, scheduling, drill and blast, economic modelling, supervision and contract management. Anne-Marie has significant practical experience in mine planning and scheduling using 5D Planner and EPS. Her consulting experience includes scoping, pre-feasibility and feasibility studies, technical reviews, due diligence, economic modelling and site support. Anne-Marie has mining experience in open stoping, narrow vein mining, caving and drift and fill mining.

Anne-Marie is a Member of the AusIMM. She has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Simon Walsh, Associate Principal Consultant (Process Engineering), BSc, MBA (Hons) GAICD, MAusIMM(CP)

Simon has 24 years design and operational expertise across a range of mineral processing and hydrometallurgical processes. His broad range of experience covers both management, supervisory and technical roles in plant operations, commissioning, process simulation, project studies, detailed engineering design, metallurgical testwork management and competent person reporting.

Simon is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Rebecca Getty, Senior Consultant (Environmental Management), MEM, BSc (Hons), MAusIMM, MAIG

Rebecca is an environmental management professional with 11 years' experience in the mining industry. Her experience as an environmental advisor includes mine closure planning and cost estimation, due diligence, assurance matters, environmental management plans and environmental approvals. She commenced her career as an exploration geologist, responsible for supervising drill programs and preparing technical and statutory reports. Rebecca has strong project management and risk assessment skills. Her duties have included planning multi-disciplinary projects, organisation of subconsultants, budget and scheduling control and effective communication. Rebecca's experience in technical reporting includes authoring and co-authoring of reports to international reporting guidelines.

Rebecca is a Member of the AusIMM and a Member of the AIG. She has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Mathew Davies, Senior Consultant (Geology), BSc (Hons), MAusIMM

Mathew is a geologist with over eight years' experience in the Australian mining industry. His experience includes over six years' experience working as a consultant for SRK and three years' working as an exploration geologist. Mathew's multi-commodity experience includes coal and mineral exploration, with technical competency in exploration management and planning; drill rig supervision; core logging and sampling; regional- to prospect-scale geological mapping; target generation; prospectivity analysis; legislative compliance and reporting. Mathew is also competent in the development of geological models using Leapfrog and Minex, supported by a high level of competence in spatial packages such as ArcGIS and MapInfo. Mathew has been developing his skills in project valuation and has experience in valuation for a broad range of commodities and geological settings, including coal, iron ore, copper, gold, lead, zinc, silver, tin, nickel, molybdenum, heavy mineral sands, niobium, tantalum and graphite.

Mathew is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Jeames McKibben, Principal Consultant (Project Evaluation), BSc(Hons), MBA, FAusIMM(CP), MAIG, MRICS.

Jeames is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide.

Jeames is a Fellow of the AusIMM, a Member of the AIG, and a Member of the Royal Institution of Chartered Surveyors. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Table 1-1: Details of the qualifications and experience of the consultants

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Karen Lloyd	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	• Project Manager • Site inspection • Valuation	24 years; 8 years in operations, 7 years in strategic planning, 3 years in funds management, 6 years in consulting	14/11/2019	MBA, BSc (Hons), FAusIMM
Mike Lowry	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Geology	23.5 years; 9 years in operations (Mine Geology) 1 year in open pit, 8 years underground), 2 years in exploration, 11 years in resource estimation, 1.5 years in consulting	None	BSc (Hons), Grad Cert (Geostatistics), MAusIMM
Anne-Marie Ebbels	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Mining	24 years; 10 years in operations, 14 years in consulting	None	BEng (Mining), MAusIMM (CP)

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Rebecca Getty	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Environment and Permitting	11 years in consulting, 9 in exploration geology, 2 years in environment/ mine closure and due diligence consulting	None	MEM, BSc (Hons), MAusIMM, MAIG
Simon Walsh	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Processing	24 years; 10 years in operations, 14 years in engineering design, consulting and metallurgical laboratory management; independent technical reviews during the last 13 years	None	MBA, BSc (Extractive Metallurgy & Chemistry), MAusIMM (CP), GAICD
Mat Davies	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Gum Creek project	9 years; 3 as an exploration geologist and 6 working in geology and valuation teams (SRK)	None	BSc (Hons) Geology
Jeames McKibben	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Peer review	25 years; 15 years in valuation and corporate advisory, 2 years as an analyst and 8 years in exploration and project management roles	None	MBA, BSc (Hons) FAusIMM (CP), MAIG, MRICS

1.6 Limitations, reliance on information, declaration and consent

1.6.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Panoramic throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Panoramic was taken in good faith by SRK. SRK has not independently verified Mineral Resources or Ore Reserve estimates by means of recalculation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Panoramic was complete and not incorrect, misleading or irrelevant in any material aspect. Panoramic has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Panoramic was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

1.6.3 Indemnities

As recommended by the VALMIN Code (2015), Panoramic has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Panoramic or Panoramic not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.6.4 Consent

SRK consents to this Report being included, in full, in Panoramic and KPMGs' documents in the form and context in which it is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

1.6.5 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$63,000. The payment of this professional fee is not contingent upon the outcome of this Report.

2 Overview of Panoramic's Projects

2.1 Location, access and climate

The Savannah Project (comprising the Savannah and Savannah North production areas) is located approximately 2,030 km northeast of Perth, and approximately 105 km north–northeast from the nearest town of Halls Creek (Figure 2-1) in the East Kimberley area. Access to the Savannah Project from Perth is via the Great Northern Highway, northward to Port Hedland then eastward through Halls Creek. The Project is accessed by sealed road approximately 2 km from the Great Northern Highway.

The Copernicus project is located approximately 35 km south of the Savannah Project (Figure 2-1). The Copernicus project is accessed by approximately 23 km of unsealed haul road that extends to the southeast from the Great Northern Highway.

The Panton project is located approximately 50 km southwest of the Savannah Project (Figure 2-1). Access is via the Great Northern Highway, to which it is adjacent, then via unsealed four wheel drive accessible tracks.

The East Kimberley area has a semi-arid, monsoonal climate with an average annual rainfall of 600–700 mm. Almost all the rain falls between November and April as a result of thunderstorms and cyclones. During the wet season the days are hot to very hot (daily maxima of about 38°C) and humid, whereas during the dry season the days are warm to hot and dry, with the coolest month being July (average maximum of 27°C). The annual evaporation rate is between 2,000–2,500 mm, so that all watercourses are intermittent. Some creeks contain waterholes which may persist until late into the dry season.

The topography of the area is composed of rugged, chaotic hills underlain by igneous and high-grade metamorphic rocks. The hills have a maximum relief of about 150 m and are covered with boulders and tors. Where the rocks are cut by shear zones, valleys or more subdued, rounded hills have developed.

Vegetation over granitoid and felsic rocks comprises low-tree savannah of snappy gum over curly spinifex, with cane grass increasing northwards. The mafic igneous rocks carry a mixture of snappy gum, Mount House boxwood and bloodwood, with a groundcover of hard spinifex and arid short grass. In areas of substantial erosion, the groundcover may be dominated by soft roly-poly. Cracking clay plains carry Mitchell and other tall, bunch grasses and scattered trees. Some watercourses also carry small stands of boab.

The closest airport with scheduled commercial services is Kununurra, 190 km to the northeast of the Savannah Project. The Savannah Project is supported by a fly-in, fly-out (FIFO) workforce who commute from various Australian towns and cities via the Kununurra airport. There are no material topographic or climatic impediments to ongoing exploration or mining operations, other than occasional cyclones over the summer season.

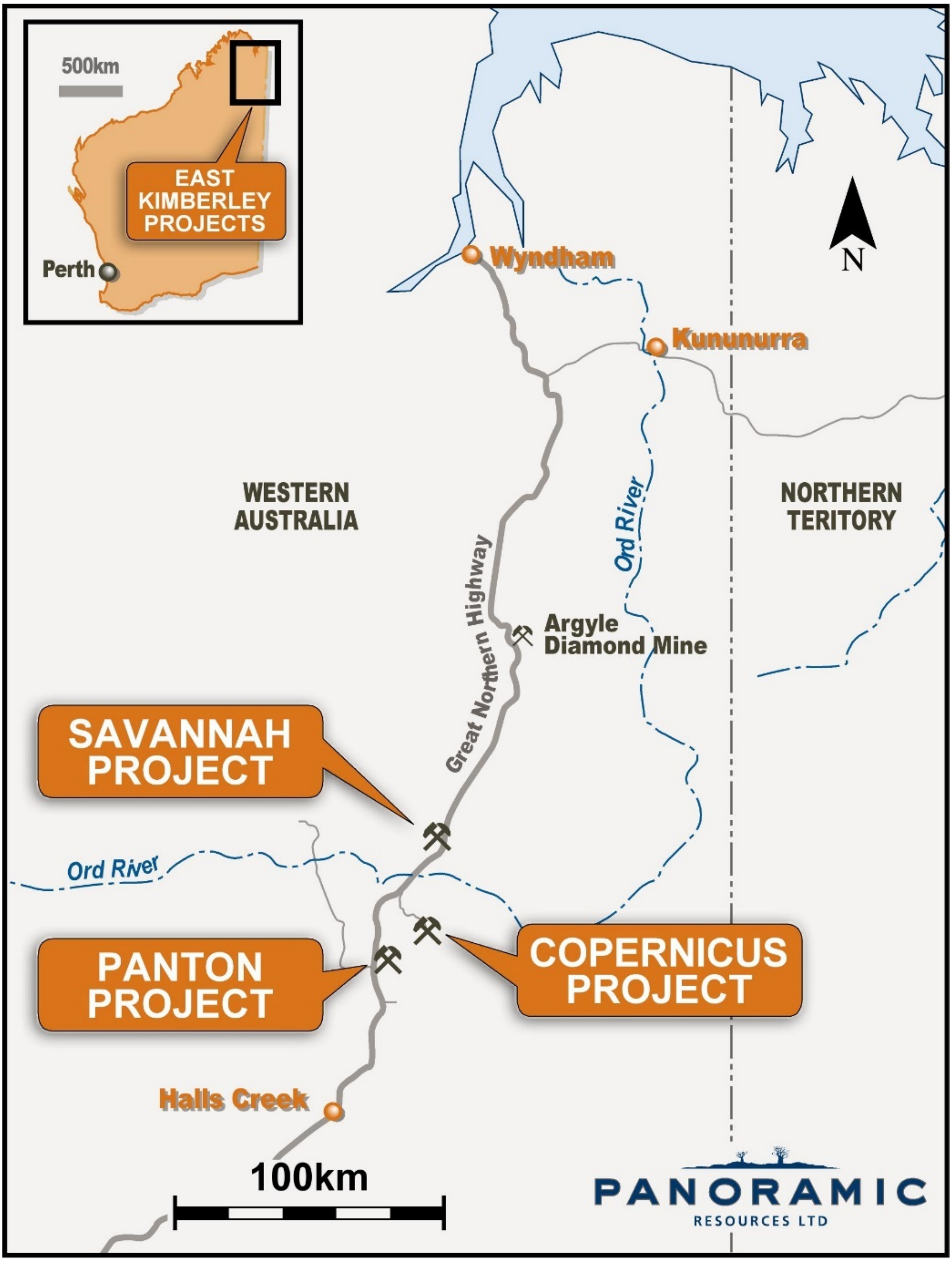

Figure 2-1: Savannah Project location map

Source: Panoramic Resources Limited

3 Savannah Project

3.1 History

The Savannah Project was discovered by Australian Anglo American Limited (Anglo) in 1973 and it was named Sally Malay at the time. Anglo spent four years evaluating the project including diamond drilling 95 holes for a total of 26,430 metres. A scoping study by Anglo reported a resource estimate of 7.2 million tonnes at 2.15% nickel to a vertical depth of 900 metres below surface.

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

In 1992 Normandy revised the resource estimate to 5.1 million tonnes at 1.7% nickel, 0.7% copper and 0.1% cobalt.

In 1996 Gindalbie Gold NL negotiated an option to purchase the project from Normandy for A$10 million however this option lapsed in 1997.

In April 2000 Orlando Resources NL entered a conditional sale and purchase agreement with Normandy however this agreement lapsed in August 2000.

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

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

In 2003, development work started at Sally Malay, with the awarding of contracts for the construction of a 120-person village, the processing plant and village access roads following a share issue to raise cash.

In February 2004, waste stripping started at the Sally Malay open pit and by early August 2004, the commissioning of the Sally Malay processing plant was underway. Ore crushing had also begun, and the first nickel concentrate was filtered and stockpiled. Deliveries of nickel concentrate to the port in Wyndham also started. In September 2004, the first nickel concentrate shipment to China was made.

In early January 2006, Sally Malay open pit operations were suspended temporarily following a pit wall collapse.

In June 2008, Sally Malay announced it was changing its name to Panoramic Resources Limited, effective 16 June, and was renaming the Sally Malay project to ‘Savannah’.

In 2014, the discovery of Savannah North was made, a major new mineralised zone approximately 700 metres northwest of the Savannah mineralisation. Resource drilling commenced in early 2015, and in October 2015, the Company released the maiden Savannah North Indicated and Inferred Mineral Resource estimate of 6.88 Mt at 1.59% Ni for 109,600 t Ni.

In January 2016, Panoramic released the results of a Scoping Study on the maiden Savannah North Mineral Resource estimate, which indicated a positive economic outcome.

In May 2016, the Savannah mine and processing plant was placed onto care and maintenance as a value preservation exercise due to the low nickel price environment. This historical production figures for the period 2004 to 2016 are presented in Table 3-1.

Table 3-1: Historical production figures – 2011 to 2016 and total for 2004 to 2016

Year (financial)	Units	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Milled throughput	t	661,979	686,739	759,150	854,794	870,541	**8,545,371**
Nickel feed grade	Ni %	1.52	1.29	1.29	1.18	1.32	**1.29**
Copper feed grade	Cu %	0.79	0.67	0.75	0.66	0.74	**0.65**
Cobalt feed grade	Co %	0.08	0.06	0.06	0.06	0.06	**0.07**
Concentrate production	t	114,628	100,615	117,121	119,084	133,121	**1,224,805**
Concentrate nickel grade	Ni %	7.53	7.66	7.24	7.33	7.39	**7.72**
Concentrate copper grade	Cu %	4.35	4.42	4.64	4.46	4.48	**4.31**
Concentrate cobalt grade	Co %	0.41	0.38	0.36	0.37	0.36	**0.41**
Nickel recovery	%	85.61	87.12	86.63	86.40	85.72	**85.92**
Copper recovery	%	95.57	96.01	95.08	94.13	92.80	**95.48**
Cobalt recovery	%	89.83	89.85	89.28	88.23	89.30	**89.32**

Source: Panoramic Management Information.

In July 2016, Panoramic commenced a Feasibility Study (Savannah FS) to evaluate the technical and financial viability of recommencing operations at Savannah.

In August 2016, Panoramic announced an upgraded Savannah North Indicated and Inferred Mineral Resource estimate of 10.27 Mt at 1.70% Ni for 175,100 t Ni, 74,400 t Cu and 12,700 t Co.

In February 2017, Panoramic released the results of the Savannah FS. The Savannah FS contemplated mining the remaining Ore Reserve at Savannah, while developing across to the Savannah North mineralisation via decline from the Savannah 1440 Level to the Savannah North 1380–1360 levels. Access development from Savannah to first ore at Savannah North was scheduled to take approximately nine months, with full production from Savannah North reached 15 months after commencement of development.

Other key metrics reported from the Savannah FS were:

- Processing through the existing Savannah plant to produce a bulk Ni-Cu-Co concentrate targeting a concentrate grade of 8% Ni for a 10-year mine life (LOM)
- Processing recoveries over the LOM expected to average 87% Ni, 96% Cu and 90% Co, based on historical Savannah plant performance
- Metal in concentrate production to average 9,700 t Ni, 5,000 t Cu and 670 t Co per year, with 99,200 t Ni, 51,500 t Cu and 6,900 t Co in concentrate produced over the LOM
- Forecast average operating cash costs of US$3.30/lb Ni (on a payable nickel basis after by-product credits) over the LOM.

In February 2017, Panoramic commenced a series of technical studies to optimise the Savannah FS. Key focus areas were:

- Mining productivity – identify opportunities to increase production rate and mined nickel grade
- Product optimisation – additional metallurgical testwork to confirm the processing characteristics of Savannah North and the feasibility of producing a bulk concentrate with a higher nickel grade
- Cost reduction – review of major cost centres, particularly regarding power and contractor services
- Marketing – engage with potential offtake partners to receive indicative terms for offtake and project financing
- Financing – seek indicative term sheets from potential financiers on style and quantum of financing available for the Project.

In July 2017, Panoramic released the results of the optimised Savannah FS.

Key updates were:

- Forecast bogging rates in Savannah North were increased from 1,000 t per day to 1,200 t per day by using remote technology to bog over shift changes.
- Accelerated production in the early years via the inclusion of a vertical pillar in the upper portion of Savannah North, which facilitates the development of a second mining front.
- Removal from the mine plan of lower grade stopes resulting in approximately 750,000 t of material grading 0.9% Ni being removed (but not sterilised) from the mine plan.

The optimised Savannah FS resulted in a shorter mine life (8.5 years versus the 10 years contemplated in the Savannah FS) but with an increased mining rate (0.9 Mtpa versus 0.8 Mtpa contemplated in the Savannah FS).

In July 2018, Panoramic announced that it had made the formal decision to restart operations at the Savannah Project and ramp-up to full production over a 15-month period to a forecast LOM average annual production rate of 10,800 t Ni, 6,100 t Cu and 800 t Co metal contained in concentrate.

In September 2018, Panoramic announced that that recommissioning of the processing plant would commence in October 2018, further to refurbishment activities.

In January 2019, Panoramic announced that underground operations had re-commenced and that production drilling was underway to build up a run-of-mine (ROM) stockpile. The production ramp-up was slower than forecast due to a combination of factors, including mobile equipment availability and a severe storm, which required personnel to be deployed to reinstate essential services. Progress was being made on the development of a 900 m long ventilation shaft to allow the Savannah North project area to be developed.

In April 2019, Panoramic announced an operational performance update. Production was approximately 25% lower than forecast due to a lack of available stopes caused by delays in commissioning the paste plant. Additionally, productivities were affected by equipment availability, especially the charge-up wagon and underground loaders and further unscheduled power outages. The raiseborer working on the ventilation shaft experienced blocky ground, resulting in slow penetration rates. The decision was made late in April 2019 to reduce the reamer diameter from 5.0 m to 4.5 m to improve penetration rates. This was further reduced to 4.1m in May 2019 in recognition of the Life of Mine ventilation requirement.

In September 2019, Panoramic announced that the first development ore was scheduled to be delivered from Savannah North in November 2019, with the first stoping planned for the March 2020 quarter. The raisebore penetration rates had improved and the ventilation shaft was expected to be completed in the June 2020 quarter. The Project averaged 46,000 t of ore per month for the June 2019 quarter, which was below the forecast 60,000 t. The reasons given by Panoramic for this shortfall were the reduced availability of some high-grade stopes due to a localised seismic event in July 2019 and bridging of ore in some stopes mostly related to ground stress issues from the seismic event; additional rehabilitation required in some of the access drives; reduced remote bogger availability caused by software/ hardware issues; and intermittent manning issues with Company and Contractor personnel due to the tight labour market.

In December 2019, Panoramic announced that it had completed an Operational Review and updated the LOM schedule to reflect its current understanding of the orebodies at Savannah and Savannah North. The key forecast parameters under the updated LOM schedule (from 1 January 2020) are presented in Table 3-2.

Table 3-2: Updated Savannah LOM physicals (December 2019)

Key parameters		Updated Savannah LOM incl. physicals to date *(December 2019)*	Feasibility Study *(October 2017)*	% change
Ore mined and processed	Mt	7.23	7.65	(5%)
Average nickel grade	% Ni	1.39%	1.42%	(2%)
Average copper grade	% Cu	0.66%	0.68%	(2%)
Average cobalt grade	% Co	0.09%	0.10%	(3%)
Contained nickel in concentrate	kt	83.7	90.2	(7%)
Contained copper in concentrate	kt	46.9	50.7	(7%)
Contained cobalt in concentrate	kt	6.1	6.7	(9%)

Source: Panoramic ASX Announcement, 9 December 2019

A review of existing operating cost and sustaining capital levels and forward expectations was also undertaken as part of the Operational Review. The all-in sustaining cost (AISC) for the residual LOM at Savannah was re-forecast to US$3.77/lb as a result of the review.

3.2 Ownership

The Savannah and Savannah North projects comprise five granted Mining Leases (M) and one granted Miscellaneous Licence (Table 3-3). SRK has received representation from Panoramic that the tenement schedules presented in Table 3-3 are to be relied upon and used for the purpose of this Report. SRK has made all reasonable enquires into the status of this tenure as at 1 December 2019.

Table 3-3: Savannah and Savannah North projects – Tenement schedule*

Name	Type	Status	Granted	Expiry	Area (ha)
M 80/179	Mining Lease	Live	16 June 1987	15 June 2029	251.85
M 80/180	Mining Lease	Live	16 June 1987	15 June 2029	960.30
M 80/181	Mining Lease	Live	16 June 1987	15 June 2029	960.00
M 80/182	Mining Lease	Live	16 June 1987	15 June 2029	589.40
M 80/183	Mining Lease	Live	16 June 1987	15 June 2029	967.05
L 80/64	Miscellaneous Licence	Live	2 March 2012	1 March 2033	311.00

Note: *All tenements are registered in the name of Savannah Nickel Mines Pty Ltd.

3.3 Permitting and approval

The Notice of Intent for mining at Savannah was approved on 25 August 2003 (Reg ID 4099, known as the Sally Malay Project) and operated for 12 years before being placed under care and maintenance until December 2018. The Project currently consists of two waste rock dumps, a decommissioned open pit, an operating processing plant and supporting infrastructure. The Project is located on the Mabel Downs Pastoral Lease, an active pastoral station.

The Savannah North Underground Stage 1 Mining Proposal to extract the upper orebody was approved on 31 May 2019 (Reg ID 79141). Savannah North lies within the approved mining tenure for Savannah and the mine is currently under development. Only minimal surface disturbance (1.1 ha) is required as Savannah North will use the existing infrastructure at Savannah, including the South Waste Rock Dump and tailings storage facility (TSF1). Stage 2 will require further approvals for additional tailings storage.

The Panton deposit has been on care and maintenance since 2007. Panton was approved for a small underground operation under a Notice of Intent granted in 2001 (Reg ID 3790) and a Mining Proposal for bulk sample extraction in 2006 (Reg ID 5432).

Prescribed activities licensed under Part V of the *Environmental Protection Act 1986* (EP Act) for Savannah and Savannah North were amended on 12 December 2018 (L7967/2003/6) to permit processing of up to 950,000 tpa, 200 m^3 or more per day of sewerage and 10,000 tpa of Class II putrescible landfill. Mine dewatering was removed from the licence as predicted volumes of abstraction will be used for dust suppression and mining activities and will not be not discharged to the environment.

Water demand for the Savannah was determined to be 1.446 GLpa ("*Savannah Nickel Project Operating Strategy*", RPS, 2016). Savannah Nickel Mines Pty Ltd holds groundwater licence GWL 153527(6) which is valid until 31 October 2022 (renewable) and permits abstraction of 1.446 GLpa of water for mine dewatering, dust suppression, accommodation camp purposes and mineral processing.

Savannah North will be mined concurrently with Savannah. The Savannah North Stage 1 tailings will be accommodated in existing stop voids and optimisation of TSF1 and the groundwater assessment completed by AECOM in 2019 does not anticipate additional water abstraction requirements. Savannah North will therefore be able to operate under existing permits.

Clearing required for development and operations is conducted under exemption clause 2(2) of Schedule 1 of Part V of the *Environmental Protection Act 1986,* which allows up to 10 hectares per financial year for clearing activities authorised under the *Mining Act 1978*. No additional clearing permits are held for the Savannah and Savannah North projects.

3.4 Native title

Mining leases grated prior to 1 January 1994 are considered a past act under the *Native Title Act 1993* and can therefore be validly renewed without native title agreements in place. Under section 24 of the *Mining Act 1978*, the grant of a Miscellaneous Licence is subject notification of native title claim groups and a 2-month objection period. No objections are recorded for L 80/64 and native title was cleared on 2 March 2012.

A native title agreement exists for the mining leases of Savannah and Savannah North – the Kimberley Nickel Co-Existence Agreement between the Sally Malay, Kimberley Nickel Mine and the Native Title claimants of the Purnululu and Malarngowem People was signed in 2007. The agreement permits mining activities on the mining leases and contains provision for royalties, cultural heritage protection and training, employment and contracting opportunities, consultation for mine implementation and closure planning, and implementation committee meetings every six months. A summary of payments to a trust fund required under the agreement is shown in Table 3-4. Under clause 21.3, any party can request a review of the agreement after 2017.

Table 3-4: Native title agreement payment schedule

Description	Commencement	Duration	Amount (A$)
Costs incurred to attend committee meetings	After commencement of the agreement	Each financial year	Up to A$4,000 then annually adjusted to CPI
A Purnululu or Malarngowem person (or other suitably qualified person) is appointed as mentor	After commencement of the agreement	Each financial year	A$74,000 then annually adjusted to CPI
Education, health services and programs	After commencement of the agreement and during commercial operations	Each year on the anniversary of 1 July	A$150,000
Appoint a suitable qualified person to pro-actively provide business	If more than 15,000 tonnes of nickel	Annual salary	Not defined

Description	Commencement	Duration	Amount (A$)
development opportunities for Purnululu and Malarngowem People	concentrate or more is produced in any year		
Cultural heritage training provided to each person every two years by the Purnululu or Malarngowem People	If people are employed on site	No less than once every three months (unless no training is required)	Not defined
Smoking ceremonies on existing operations	After commencement of the agreement	Up to eight each year	Up to A$30,000
Two part-time Cultural Heritage Rangers	After commencement of the agreement	Annual salary	Combined salary of A$30,000 then annually adjusted to CPI

CPI = consumer price index

3.5 State royalties

State royalties will be distributed to the Western Australian Government at the rate of 2.5% of the royalty value of any concentrate produced from the Project. This rate is the *ad valorem* rate that applies to concentrate material as defined under the Mining Regulations 1981 (Regulation 86).

3.6 Site inspection

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection was made to the Project by SRK representative Ms Karen Lloyd on 14 November 2019. The site inspection included a meeting with key site personnel to discuss the operating performance and the key risks and opportunities and a site tour.

3.7 Geology

The Project is located in the central zone of the Lamboo geological province of the East Kimberley region. The geological history of the East Kimberley region is complex and spans almost 2 billion years. A period of Palaeoproterozoic plate collision during the assembly of the supercontinent Nuna produced crystalline basement rocks forming the Hooper and Lamboo provinces. The plate collision was complex, involving the accretion of the Tickalara arc to the Kimberley Craton during the 1870–1850 Ma Hooper Orogeny, before suturing during the 1835–1805 Ma Halls Creek Orogeny.

The Lamboo geological province is dominated by medium-grade to high-grade turbiditic metasedimentary and mafic volcanic and volcaniclastic rocks of the Tickalara Metamorphics, interpreted as an oceanic island arc developed at c. 1865 Ma (Tyler et al., 2012). These were intruded by tonalitic sheets and deformed and metamorphosed between c. 1865–1856 Ma and 1850–1845 Ma. Layered mafic-ultramafic bodies were intruded into the Central zone between c. 1856 Ma and 1830 Ma.

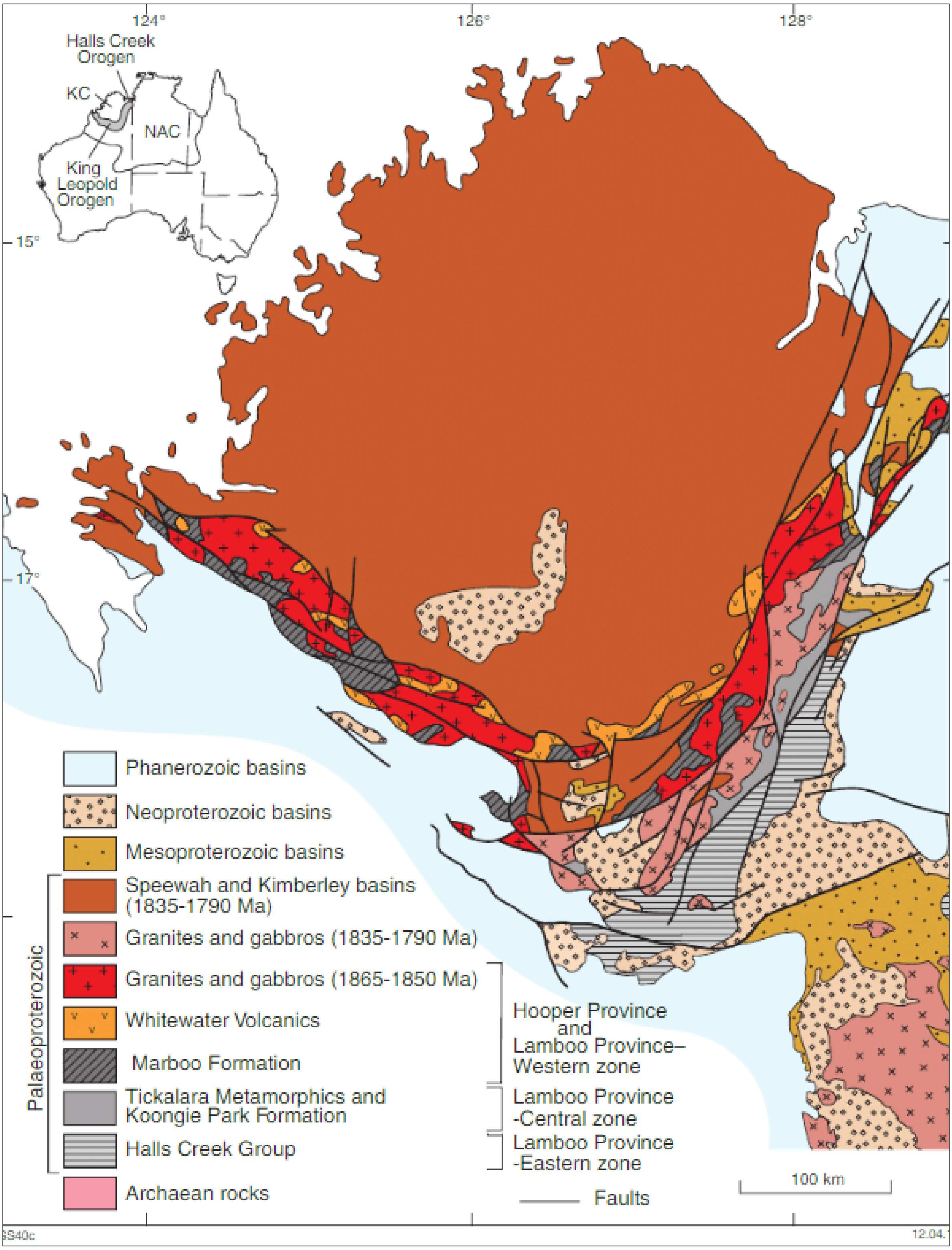

Figure 3-1: Palaeoproterozoic geology of the Kimberley region

Source: Griffin et al., 2000

The nickel-copper-cobalt mineralisation at Savannah is mostly confined to a marginal norite unit up to 40 m thick occurring above the base of a layered mafic-ultramafic intrusion referred to as the Savannah Intrusion (SI). Areas of massive, matrix and disseminated sulphide mineralisation, dominated by pyrrhotite, chalcopyrite, pentlandite and minor pyrite occur throughout the marginal norite unit and dip steeply to the northwest. Mineralisation has been modelled as three distinct zones – the Upper Zone, Lower Zone and Sub 900 zone – that have been offset to the northwest by a series of sub-horizontal thrust faults (Figure 3-3):

- Fault 500 – occurs approximately 500 m below the surface and offsets the Lower Zone approximately 200 m to the northwest of the overlying Upper Zone
- Fault 900 – occurs approximately 900 m below the surface and offsets the Sub 900 zone approximately 250 m to the northwest of the overlying Lower Zone.

The mineralisation varies in thickness from 1 m to 50 m and extends approximately 350 m along strike and from surface to depths greater than 900 m. Mineralisation at Savannah North occurs along the basal contact of an olivine gabbro unit referred to as the Savannah North Intrusion (SNI) to the northwest of the Savannah deposit, with mineralisation occurring within two main zones – the Upper Zone and Lower Zone (Figure 3-4).

The Upper Zone occurs along the basal contact of the SNI striking east–west and dipping moderately to the north–northwest. In the east, the Upper Zone is dominated by massive sulphide mineralisation is typically 5–8 m thick which then transitions to dominantly matrix-style mineralisation (20%–40% sulphides), which is typically 15–20 m thick and has associated thin zones of semi-massive to massive sulphide mineralisation.

The Lower Zone is a consistent zone of higher-grade massive sulphide mineralisation occurring within the Tickalara Metamorphics underlying the SNI that is interpreted to have been remobilised from the Upper Zone mineralisation thought to be associated with Fault 500. The massive sulphide is up to 15 m thick and dips 50°–60° to the northwest.

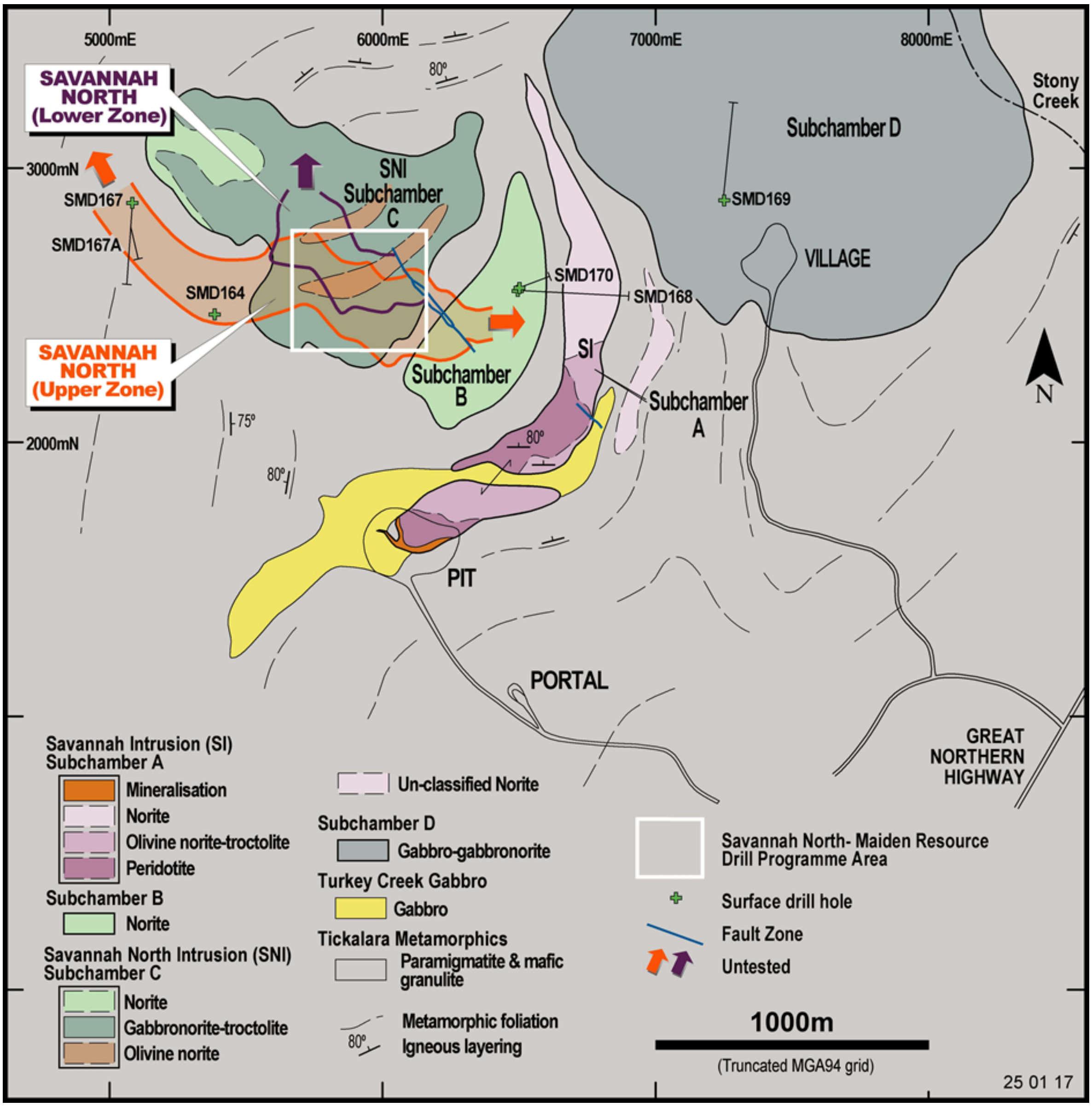

Figure 3-2: Plan view showing location of the Savannah and Savannah North intrusions

Source: Panoramic Management Information

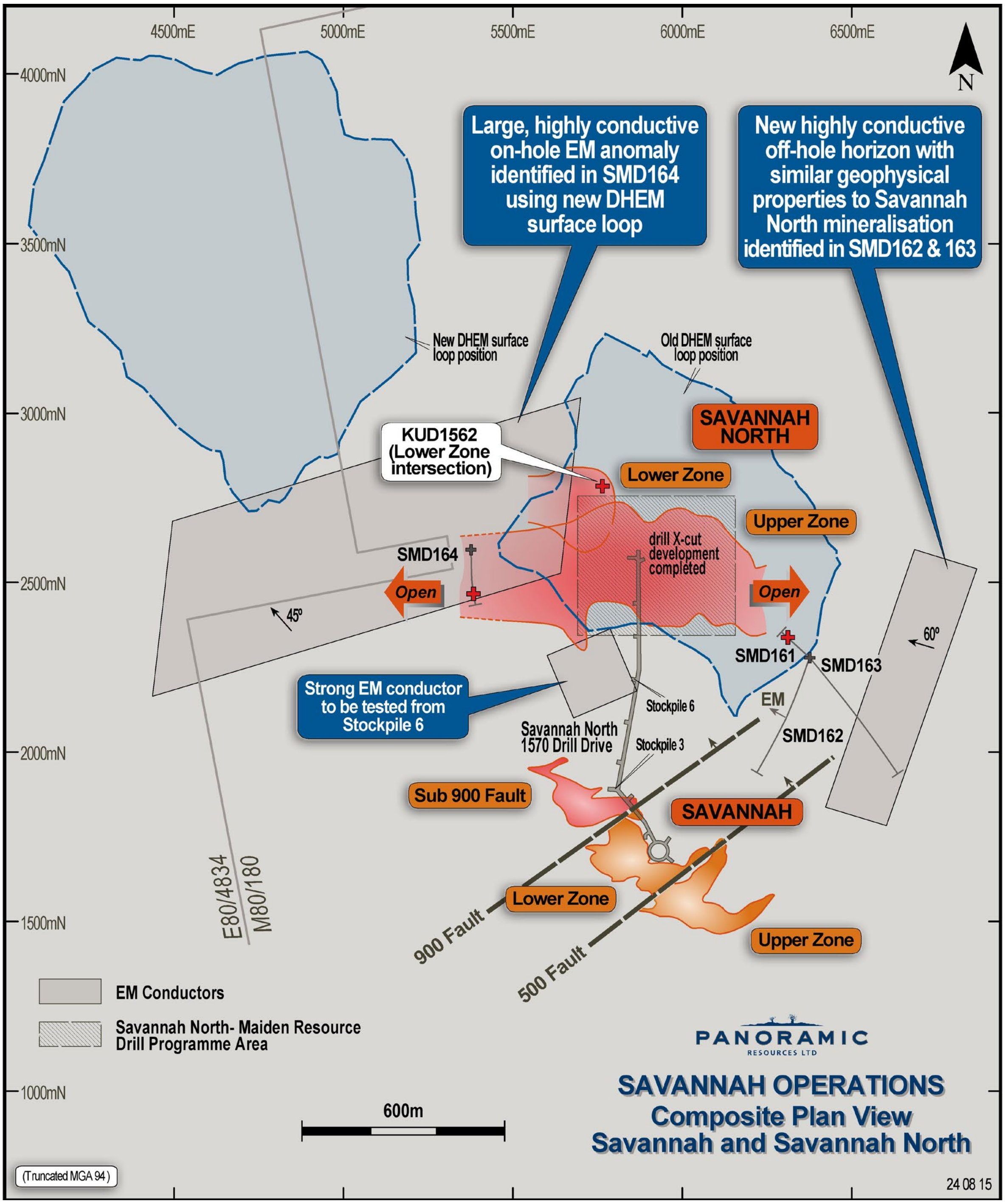

Figure 3-3: Composite plan view of the Savannah and Savannah North deposits

Source: Panoramic Management Information

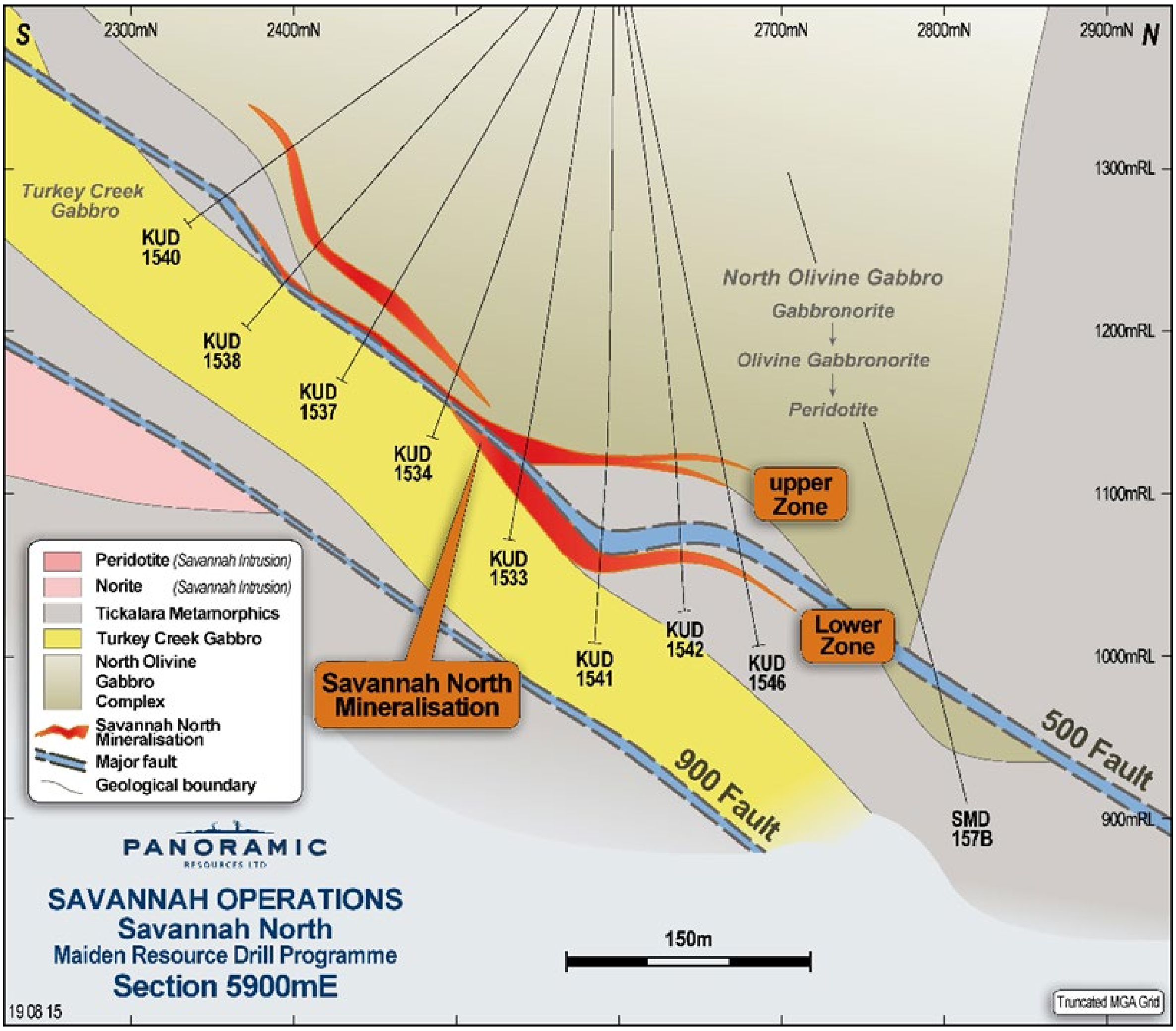

Figure 3-4: Savannah North local geology – cross section looking west

Source: Panoramic Management Information

3.8 Mineral Resource estimate

Panoramic completed the current Mineral Resource estimate for the Savannah deposit in July 2015. The estimate was based on 225 (14,899 m) reverse circulation (RC) and 1,459 (237,027 m) diamond drill holes completed on a nominal 25 m (east–west) by 25 m (vertical) drilling grid. Mineralised domains and the associated fault zones were modelled in three dimensions using a 0.5% Ni cut-off. Nickel, copper and cobalt were estimated using Ordinary Kriging into a 3D block model using the modelled mineralised domains as hard estimation boundaries. Resource classification was based on mine development confirming mineralised extents and continuity (Measured), drill spacing and estimation quality.

The current Mineral Resource estimate for the Savannah North deposit was completed in August 2016 by Cube Consulting Pty Ltd (Cube). The estimate was based on 97 diamond drill holes (59,354 m) completed between 2014 and 2016. Mineralised domains and the associated fault zones were modelled in three dimensions using a 0.5% Ni cut-off. Accumulation variables (interval composite × vertical intersection width × density) were estimated for nickel, copper, cobalt and in situ dry bulk density using ordinary kriging into a 2D block model using the modelled mineralised domains as hard boundaries. Variable grades were then calculated from the estimated accumulation variables and then exported back into 3D space. Mineral Resource classification was based on drill hole data density, confidence in the geological modelling and estimation quality. The updated Savannah North Mineral Resource estimate formed the basis of the Savannah FS completed in December 2017.

Table 3-5: Savannah Nickel Project Mineral Resources as at 30 June 2019

Deposit	Cut-off	Classification	Tonnes	% Ni	% Cu	% Co	Ni Metal (t)	Cu Metal (t)	Co Metal (t)
Savannah	0.5% Ni	Measured	1,178,000	1.40	0.86	0.07			
		Indicated	1,402,000	1.67	1.05	0.09			
		Inferred	125,000	1.72	0.75	0.09			
		Sub-total	**2,705,000**	**1.55**	**0.95**	**0.08**	**42,000**	**25,800**	**2,200**
Savannah North	0.5% Ni	Measured	0	-	-	-			
		Indicated	7,168,000	1.78	0.77	0.13			
		Inferred	3,105,000	1.53	0.62	0.11			
		Sub-total	**10,272,000**	**1.70**	**0.72**	**0.12**	**175,000**	**74,300**	**12,600**
Savannah Project Total	0.5% Ni	Measured	1,178,000	1.40	0.86	0.07			
		Indicated	8,570,000	1.76	0.81	0.12			
		Inferred	3,230,000	1.54	0.62	0.11			
		Total	**12,977,000**	**1.67**	**0.77**	**0.11**	**217,000**	**100,100**	**14,800**

Note: Figures have been rounded and therefore may not be additive.
Source: Panoramic Management Information.

In SRK's opinion, the Savannah Mineral Resource estimates have been prepared to a sufficient quality standard under the guidelines of the JORC Code (2012) and are considered to be reasonable estimates.

The geological datasets are largely composed of modern industry standard drilling, surveying, logging and sampling data. QA/QC (quality assurance and quality control) processes and results for each dataset are not well documented in any of the resource modelling reports and SRK cannot make a reasonableness assessment.

The local geology is well understood, albeit only briefly documented, and the geological models integrate key stratigraphic and structural controls on mineralisation. SRK is of the opinion that the geological models provide reasonable representations of the local geology and mineralised volumes.

The Mineral Resource estimates are a mix of 3D block and 2D accumulation Ordinary Kriged estimates. In SRK's opinion, the 3D block estimates for the Savannah provide reasonable representations of the likely contained nickel-copper-cobalt mineralisation whereas the 2D accumulation estimates for Savannah North may result in over-smoothed and/ or biased grade estimates. The 2D accumulation estimates involve compositing all raw samples from each mineralised drill hole intercept into a single accumulated sample and then weighting the accumulated sample by vertical width of the mineralised horizon and the in situ density to produce an accumulation variable value for each drill hole intercept which is then estimated. In SRK's opinion, the interval length accumulation process can mask inherent grade variability. Additionally, using the vertical intersect width rather than the true width of each mineralised intercept could inadvertently bias the weighting for some accumulation variables. As such, further validation against a 3D check block estimate would allow any over-smoothing or grade bias, which may affect grade control in the operation, to be identified.

3.9 Metallurgical testwork and processing

Metallurgical testwork was undertaken on Savannah North mineralisation as part of the Project restart assessment and the results of the testwork were reported in the updated Savannah FS. The testwork specifically targeted the main ore zones: the Savannah North Upper Zone and Lower Zone. A limited amount of testing on Savannah underground ores was undertaken for a comparability assessment to allow correlation to historical metallurgical behaviours to be undertaken. Intervals from 10 diamond holes were used for the Savannah North testwork. This testing was undertaken at reputable laboratories that are suitably equipped and experienced to undertake this work.

While a standard testing program, incorporating comprehensive head grade analysis, mineralogical testing, physical (comminution) and flotation testing, was undertaken, it was limited to four main composite samples and testing was only done at a batch scale. The samples were identified as an Upper Zone massive sulphide, two Lower Zone massive sulphide ore samples, and an Upper Zone/ matrix sample. A few variability flotation tests from shorter sections of this core were also done.

The testwork demonstrated that compared to the Savannah ores processed historically, the Savannah North ores have a lower proportion of pentlandite and a higher pyrrhotite to pentlandite ratio. The pyrrhotite contains some (~0.5%) nickel in a non-sulphide solid solution form, most of which reports to the tailings. This explains the modest reduction in recoveries and lower concentrate grades of the new Savannah North ores as the pyrrhotite is the dominant sulphide mineral. The Savannah North ores also benefit from a longer flotation residence time, which results in some of the pyrrhotite reporting to the final product. No mineralogy details of the non-sulphide gangue were available or assessed by SRK.

The comminution testing, using 5 of the 10 drill holes, included standard Bond rod, ball and abrasion tests. Additional drop weight index testing was also completed for the SAG (semi-autogenous grinding) Mill Competency (SMC) assessment. It showed the ores to be similar to the Savannah ores processed historically and did not identify any material issues. The testing was not extensive enough to allow for a deep understanding of the likely behaviours of the Savannah North ores and it does not appear to have been used in comminution modelling to update the circuit design from first principles. Instead, peak monthly historical throughput was used as the basis for forecasting annual production rates.

An independent peer review of the flotation testwork was undertaken by Strategic Metallurgy Pty Ltd in September 2017 (the Strategic Review). This provided SRK with an understanding of the flotation work done, an interpretation of results, and a gap analysis of the testwork program.

While a reasonable number of tests were completed (46 rougher-scavenger tests and 19 cleaner tests), some reliability risks were identified. The results did not replicate the historical plant performance as closely as originally expected. While mineralogical differences could partially explain this, there is a risk that the old drill core used to undertake the testwork was oxidised and site water was not used in the testwork. Additionally, the four composite samples generated from the drill core had grades above those forecast in the LOM, much of the testing was done at a P_{80} grind size of 106 µm rather than 120 µm (lower throughput implications) and the representivity of the samples was not confirmed.

Amongst several findings and recommendations for further work, the Strategic Review concluded that there was a likelihood that the nickel recovery would be lower than historically achieved from processing the Savannah ores, by as much as 4%–5%. At the same time, it was identified that the testwork was not optimised and improvements in testwork recoveries and concentrate grades were likely to be achievable.

In efforts to allow a comparison between the historical Savannah ores and the new Savannah North ores, the Savannah ores were tested under the same conditions as the Savannah North ores. As expected, the recoveries for Savannah ores were superior to those achieved on the North Savannah ores. While the recoveries were lower than historical performance, again possibly due to the oxidation of the drill core sample, the difference in recovery between the two ores is still noteworthy.

The metallurgical testwork program was directed towards verification of previous metallurgical behaviours using the known operating parameters and reagent regimes. The intention was to compare the new behaviours against historically processed ores, rather undertaking a comprehensive testwork program. The testwork demonstrated a wide variety of flotation challenges and identified a number of opportunities, including regrinding, variations on grind size, reagent types and addition regimes. The testing did not include a comprehensive variability program under optimised conditions, was not undertaken at a pilot scale and did not include locked-cycle testing (although only rougher and scavenger cleaners are incorporated in the flowsheet).

A conventional, flotation-style mineral concentrator is used for mineral processing (Processing Facility) at the Project. The feed comprises massive sulphides predominantly made up of pyrrhotite, pentlandite and chalcopyrite ores in an ultramafic (peridotite) host rock hosting other non-sulphide gangue minerals.

The Processing Facility comprises a single stage jaw crusher, surge bin and emergency stockpile, a single-stage SAG mill in closed circuit with a set of hydrocyclones used to separate the milled discharge at an approximate product size 80% passing 120 µm (P_{80}). This is passed over a trash screen and into a conditioning tank where collector and other reagents required for flotation are added.

The flotation circuit is designed to generate a bulk nickel-copper-cobalt sulphide concentrate. It comprises rougher, scavenger and cleaner circuits to separate the valuable minerals from the gangue. The intent is to selectively float the pentlandite and chalcopyrite from the pyrrhotite using lime to increase the slurry pH to levels sufficiently high to depress the pyrrhotite. It does not incorporate a regrind circuit aimed at further separation of the pyrrhotite.

The bulk concentrate has typically had a combined nickel and copper grade of approximately 12%, of which approximately 7.5%–8% is nickel. The concentrate is dewatered through thickening and filtration and into storage bunkers for final loading and trucking to port. The tailings are also thickened and either pumped to the paste plant or to the tailings storage facility (TSF). A summary flowsheet is provided in Figure 3-5.

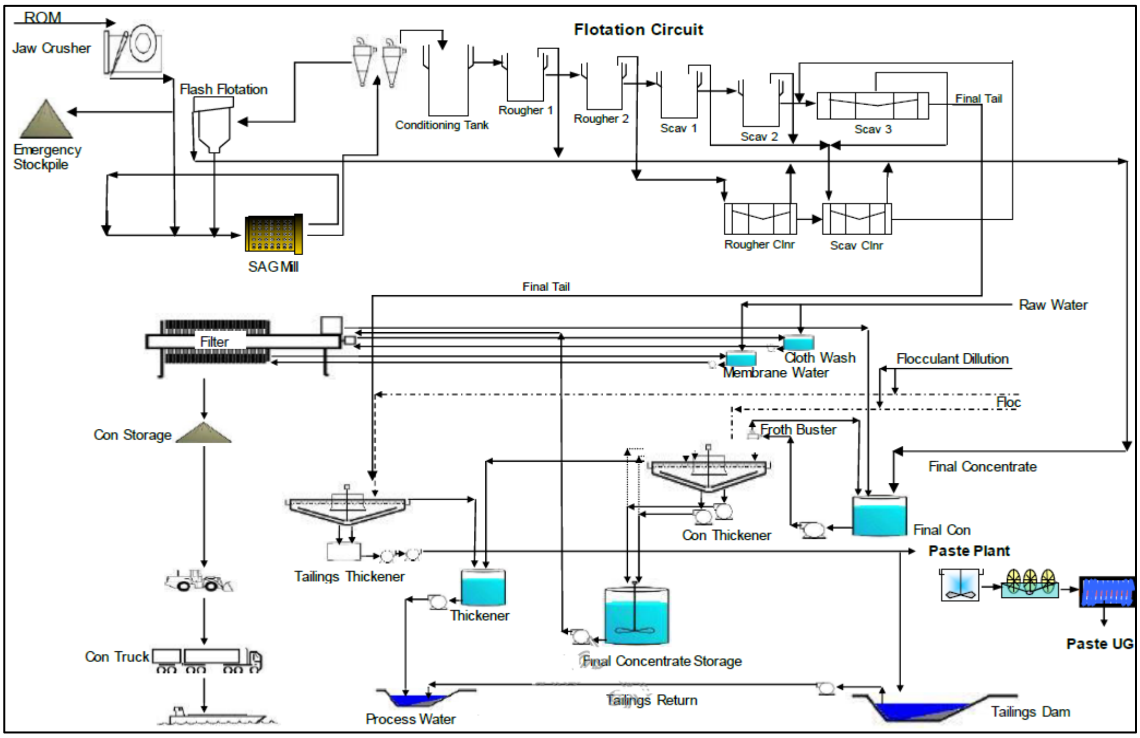

Figure 3-5: Summary processing flowsheet

Source: Panoramic Management Information

Testwork on the Savannah North ores, which was aimed at replicating the existing flowsheet, has shown that the metallurgical behaviours are similar, and that historical plant performance is indicative of future processing performance. Some future flowsheet opportunities have been identified, including bypassing of the cleaner circuits, the use of fine grinding and/ or production of separate nickel and copper products. Panoramic historically considered hydrometallurgical options to produce separate products and a platinum group metals (PGM) product to improve metal payability.

In SRK's opinion, the flowsheet will continue to be amenable to processing the Project ores considered in the Mine Plan. The Savannah Project has been operated successfully since 2004 and is well demonstrated in its ability to produce a saleable concentrate at high metal recoveries.

3.10 Ore Reserves and Mine Planning

3.10.1 Ore Reserve estimate

The Savannah and Savannah North Ore Reserves as at 30 June 2019 are presented in Table 3-6. In SRK's opinion, the Ore Reserve estimates have been prepared to a sufficient quality standard under the guidelines of the JORC Code (2012) and are considered to be reasonable estimates. SRK notes that there is a slight discrepancy in the copper metal, in that the metal for Savannah North appears overstated by 300 t.

Table 3-6: Savannah and Savannah North Ore Reserves as at 30 June 2019

Area	Ore Reserve Category	Tonnage (t)	Nickel grade (%)	Copper grade (%)	Cobalt grade (%)	Nickel metal (t)	Copper metal (t)	Cobalt metal (t)
Savannah	Proven	1,371,000	1.16	0.75	0.06	15,900	10,300	800
	Probable	0	0.00	0.00	0.00	0	0	0
	Total	**1,371,000**	**1.16**	**0.75**	**0.06**	**15,900**	**10,300**	**800**
Savannah North	Proven	0	0.00	0.00	0.00	0	0	0
	Probable	6,650,000	1.42	0.61	0.10	94,500	40,900	6,700
	Total	**6,650,000**	**1.42**	**0.61**	**0.10**	**94,500**	**40,900**	**6,700**
Total Ore Reserve		**8,021,000**	**1.38**	**0.64**	**0.09**	**110,400**	**51,200**	**7,500**

Notes:
Savannah Ore Reserve has an average cut-off grade of 1.02% Ni equivalent.
Savannah North Ore Reserve has an average cut-off grade of 0.8% Ni equivalent.

3.10.2 Production since operational restart

The principal extraction method at the Project is underground development and longhole stoping with paste-fill. The Savannah North Ore Reserve is accessed by twin declines via the Savannah decline (the 1557 level drill drive and the SNM North decline). Since the recommissioning and refurbishment of the operation in 2018, the peak monthly production was achieved in July 2019 (52,942 dry tonnes milled). Processing has been on remnant Savannah stope ores and on development ores, with processing of the Savannah North ores beginning in the last quarter of 2019. Production figures for the restarted operation are presented in Table 3-7. On a monthly basis, the Processing Facility's capacity has not yet been challenged and the production figures since the restart are not reflective of the likely future throughput once sufficient feed becomes available.

Table 3-7: Current Production Figures, March – November 2019

Year (financial)	Units	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
Milled throughput	t	47,469	51,926	48,455	40,425	52,942	41,186	26,644	46,663	43,217
Nickel feed grade	Ni %	1.09%	1.14%	1.32%	1.46%	1.49%	1.23%	1.04%	0.90%	1.08%
Copper feed grade	Cu %	0.55%	0.58%	0.67%	0.68%	0.77%	0.72%	0.80%	0.68%	0.58%
Cobalt feed grade	Co %	0.05%	0.06%	0.07%	0.07%	0.07%	0.06%	0.04%	0.05%	0.05%
Concentrate production	t	5,461	7,484	7,625	6,482	9,204	6,530	0	4,735	5,591
Concentrate grade	Ni %	7.5%	6.6%	7.1%	7.4%	7.1%	0%	0%	8.00%	7.05%

Source: Panoramic Management Information

3.10.3 Mine scheduling

In November 2019, Entech Pty Ltd (Entech) was engaged by Panoramic to prepare an update to the LOM schedule (the Entech Plan) to reflect its current understanding of the ore and operating environment. The updated LOM schedule was completed in December 2019 and used to inform the Model. The key forecast parameters under the Entech Plan are presented in Table 3-8. The Entech Plan assumes a transition to contractor mining, which is anticipated to alleviate some of the personnel shortage and equipment availability issues that the Project has experienced in recent months. Additionally, the Mine Plan has been designed to increase the reliability of backfill supply to the mine.

Table 3-8: Savannah LOM Summary (Entech Plan, December 2019)

Key Output	Units	Updated Savannah LOM including physicals to date (December 2019)	Feasibility Study (October 2017)	Change (as a percentage)
Ore mined and processed	Mt	7.23	7.65	-5%
Average nickel grade	Ni %	1.39	1.42	-2%
Average copper grade	Cu %	0.66	0.68	-2%
Average cobalt grade	Co %	0.09	0.10	-3%
Contained nickel in concentrate	kt	83.7	90.2	-7%
Contained copper in concentrate	kt	46.9	50.7	-7%
Contained cobalt in concentrate	kt	6.1	6.7	-9%

Source: Panoramic Management Information, (Entech Plan, December 2019).

In SRK's opinion, although the ramp-up of production from Savannah North is reliant on successful raiseboring of a ventilation shaft (which is scheduled to be completed by mid-2020), the Mine Plan is based on reasonable assumptions (Table 3-9). The Mineral Resource estimates which inform the Ore Reserve and Mine Plan were prepared using a method that can mask inherent grade variability and inadvertently lead to bias in the grade estimates. SRK therefore recommends robust underground grade control and reconciliation procedures be implemented for future production.

Table 3-9: Savannah LOM assumptions

Key assumption	Value
Minimum stope width	3 m
Minimum footwall angle	50°
Minimum pillar between stope	7 m
Stope recovery	90%
Stope dilution	Footwall stopes 5%, Hangingwall stopes 10%
Development recovery	98%
Development dilution	10%
Paste wall delays	5 days
Paste curing time	7 days
Stope firing delay	3 days
Production drilling	250 m per day
Development	100 m per month
Vertical development	3 m per day

Source: Entech Plan, December 2019

3.10.4 Prospectivity

An infill drilling program targeting the material classed as Inferred Mineral Resource contiguous to the Savannah and Savannah North Ore Reserve may enable some of this material to be converted to the Measured or Indicated Mineral Resource category for potential conversion to Ore Reserves. SRK understand that Entech undertook 'what if' scenario modelling around this conversion as part of its work in November and December 2019. Additionally, the mineralisation remains open in several directions in Savannah North as presented in Figure 3-6. SRK does not have a reasonable basis to make an assessment of the grade and tonnage range of the prospectivity at Savannah and Savannah North given that no formal assessment of the potential volume of the open mineralisation has been made by Panoramic.

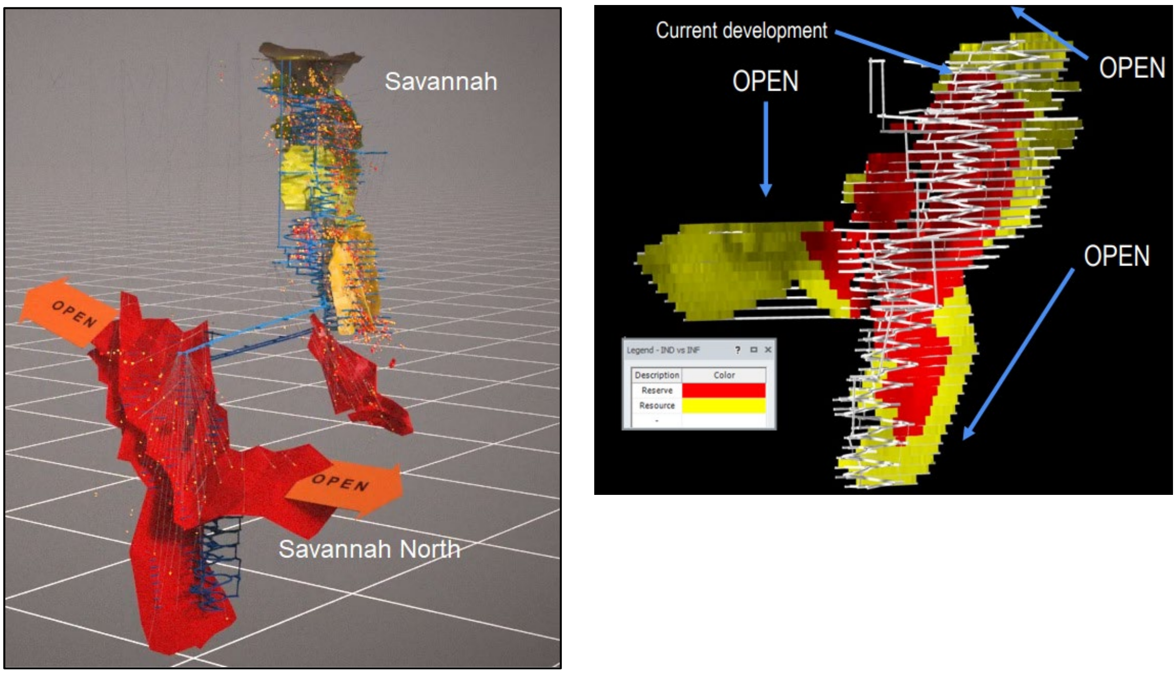

Figure 3-6: Prospectivity overview (not to scale). Source: Panoramic Management Information

3.10.5 Supporting infrastructure

The existing infrastructure at the Project supports the Entech Plan and includes a 12 MW power station (owned by CPM/ Pacific Energy), sufficient tailings storage capacity, water dams and bores, a 200-person village and a paste-fill plant. Additionally, Panoramic owns concentrate storage facilities in the town of Wyndham. SRK understands that seepage issues in relation to the TSF have been identified.

3.11 Environment and Mine Closure

3.11.1 Mine Closure Plan

The revised Savannah Mine Closure Plan (MCP, dated June 2018) was approved on 10 September 2019. While Savannah North is not included in the 2018 MCP, the anticipated surface disturbance is small (1.1 ha) and it is not considered to have a significant impact. The MCP appears to suggest that seepage from the TSF will continue to occur for the long term after closure of the facility. This would require active management. Active management is a risk for a closed site as it incurs an ongoing cost. Several items have also been recognised as knowledge gaps and include the TSF cover design (the cover design may be able to address TSF seepage issue), pit lake closure risks such as geochemistry, and solute transport and fate, and impacts on fauna due to invasive cane toads.

3.11.2 Environmental considerations

Flora, vegetation and fauna

Four baseline flora and vegetation studies have been completed at Savannah between 2002 and 2011 and these have been used to inform the Savannah North impact assessment and management strategies. The studies concluded that no conservation significant species, Threatened Ecological Communities or Priority Ecological Communities (listed under the EPBC Act or the *Wildlife Conservation Act 1950* (WA)) were recorded in the study area. One flora taxon listed as a Priority 1 species (*Sorghum plumosum* var. *teretifolium*) was identified and impacts to it should be avoided. Six introduced species were recorded.

Baseline studies for fauna were undertaken in 2001 and 2002. Three conservation significant fauna species, Rainbow bee-eater, Great Egret and Gouldian Finch, have been recorded in or adjacent to the Savannah Project. These bird species are all considered to be wide ranging.

Since 2011, cane toads have been identified in the East Kimberley region having migrated from the Northern Territory. This invasive species is extremely venomous to native species and must be managed on site.

Potential impacts to aquatic fauna were assessed by field surveys and ecotoxicological assessment. The ecotoxicity of seepage water from the TSF was assessed and it was concluded that the observed toxicity to *Chlorella* sp. and *Moindaphnia macleayi* was due to the combined effect of elevated major ions (potassium, chloride, sodium and calcium) that led to osmotic stress rather than direct toxicity from magnesium or sulphate. Field surveys occurred after high concentrations of sulphate and magnesium were identified in Fletcher Creek in April 2009. The survey concluded that overall the water quality was still within the limits for 95% protection of macroinvertebrate species and was within the limits of seasonal variation. The water quality and aquatic fauna field surveys show that mine seepage is currently having a minor impact on the aquatic fauna of the downstream environment.

Surface and groundwater

Groundwater in the Savannah area is neutral to slightly alkaline. Mounding has occurred below the TSF due to seepage. The Project lies within the Fletcher Creek catchment of the Ord River system. Surface water quality is impacted by groundwater enriched in solutes from TSF seepage discharging into Mine Creek which feeds into Fletcher Creek. This is mitigated by seepage recovery at two locations.

Mine waste

Numerous geochemical studies have been completed on the waste rock and tailings. Tailings and waste rock have been reported to be predominantly non-acid forming, with only gossan waste rock (estimated to comprise 5% of waste rock) classified as potentially acid forming. Extracted gossan waste rock has been encapsulated in the North Waste Rock Dump. Leachate from Savannah waste rock is likely to be alkaline pH and contain elevated concentrations of aluminium and silicon that will reduce over time due to percolation and rainwater dilution. Other metals have low solubilities (at near neutral) and it is unlikely that leachate will have an impact on groundwater.

Stakeholder engagement

The 2019 Panoramic stakeholder register primarily contains records of engagement in 2019, with some earlier records also included. There were minimal records for engagement with the local aboriginal community. However, other reports including Mining Proposals and MCPs include details of a much more comprehensive stakeholder engagement, and SRK considers that the level of stakeholder engagement is likely to be suitable and the register underrepresents the level of engagement undertaken by Panoramic.

Environmental compliance

Annual Environmental Reports (AERs) and compliance reports are a statutory requirement for mining licenses under the *Mining Act 1978* and Part V of the EP Act. SRK's assessment of compliance is based on the AERs provided by Panoramic. Personnel and manning issues during the care and maintenance period (prior to 2018) appear to be the main cause of non-compliances.

A detailed AER for the Project highlights several non-compliances such as spills and monitoring deficiencies.

A non-compliance was reported to the Department of Water and Environmental Regulation (DWER) due to an exceedance of water storage following high rainfall. However, the excess water was contained with no discharge to the environment and the DWER did not consider this a non-compliance.

3.12 Costs

The Processing Facility has now been refurbished and the restart capital costs are expended (sunk). The restart budget was limited and as a result of this a number of additional refurbishments, debottlenecking and improvement projects have been identified. Specific rectification and upgrade work have been costed and included in the forecast financials. Most of this work is planned to be completed by February 2020.

The mining fleet at the Project is outdated and some productivity issues have arisen as a result of this. Panoramic intends to transition to a contractor mining model in early 2020 to optimise productivity rates and negate the requirement to purchase a new fleet of mining equipment.

Operating costs are highly sensitive to throughput. Some additional costs have been expended throughout the ramp-up phase. The Model assumes the design throughput is achieved around July 2020, which is reasonable.

A review of existing operating cost and sustaining capital levels and forward expectations was undertaken by Panoramic as part of the Operational Review. SRK has benchmarked the actual and forecast operating costs against other operations and considers the estimates to be reasonable at the forecast throughput rates.

The closure cost estimate was updated in June 2019 by Blueprint Environmental Strategies Pty Ltd for Savannah and includes Savannah North. Assumptions are clearly identified, and closure tasks were reviewed by the authors of the 2018 MCP for completeness. The total closure cost estimate is A$21,198,866, including a contingency of 10% of the total closure cost estimate. SRK considers this estimate to be reasonable; however long-term seepage management for the TSF has not been included, which will increase the closure cost. SRK therefore recommends an allocation of A$25,000,000 be made for Project closure.

4 Copernicus Project

4.1 History

The Copernicus deposit was discovered in 1975 by Western Mining Corporation, and at the time named Cabernet.

In April 2006, Thundelarra confirmed that Sally Malay Mining Limited had earned a 60% interest in Copernicus following the meeting of terms agreed to in 2003.

In January 2008, Sally Malay and Thundelarra Exploration NL (Thundelarra) received the Mining Lease for Copernicus. Work continued on the statutory approval of the Project. In the 2008 March quarter, the installation of a guar gum plant at the Sally Malay mill that would improve nickel recoveries from Copernicus ore was commenced. In late May, the Western Australia Department of Industry and Resources approved the Copernicus open pit Mining Proposal and construction of the 23 km haul road from the mine site to the Great Northern Highway soon commenced, allowing ore to be trucked to the Savannah processing plant.

In July 2008, mining of waste rock from within the open pit commenced and first ore was produced in the September quarter.

In January 2009, operations at Copernicus were suspended due to a depressed nickel price.

In late November 2014, mining at Copernicus recommenced as a result of a favourable nickel price environment.

Mining of ore at the open pit was completed in February 2016 and rehabilitation of the site was carried out between March and July 2016.

Under VALMIN Code guidelines, SRK considers the Copernicus project is a Pre-Development project.

4.2 Ownership

The Copernicus project comprises one granted Mining Lease and two granted Miscellaneous Licences (Table 4-1). SRK has received representation from Panoramic that the tenement schedule is to be relied upon and used for the purpose of this Report. SRK has made all reasonable enquires into the status of this tenure as at 18 December 2019.

Table 4-1: Copernicus project – tenement schedule

Name	Type	Status	Granted	Expiry	Area (ha)
M 80/540	Mining Lease	Live	20 December 2007	7 January 2029	140.31
L 80/52	Miscellaneous Licence	Live	20 March2008	18 March 2029	0.04
L 80/86	Miscellaneous Licence	Live	5 June 2015	4 June 2036	128.85

Note: *All tenements registered in the name of Savannah Nickel Mines Pty Ltd

4.3 State royalties

State royalties will be distributed to the Western Australian Government at the rate of 2.5% of the royalty value of any concentrate produced from the Copernicus project. This rate is the *ad valorem* rate that applies to concentrate material as defined under the Mining Regulations 1981 (Regulation 86).

4.4 Native title

SRK understands that all currently defined Mineral Resources are located a single granted Mining Lease which is not subject to any native title claims.

4.5 Environmental liabilities

SRK understands that there are no current environmental liabilities at the Copernicus project.

4.6 Geology and Mineral Resources

The Copernicus nickel-copper-cobalt sulphide mineralisation occurs within a discrete cumulate textured meta-pyroxenite unit located within a layered mafic-ultramafic intrusion of mostly gabbroic composition referred to as the Copernicus Intrusion. The deposit outcrops as a lens shaped body measuring approximately 600 m in length and 100 m in width, and dips moderately to the west and plunges approximately 40° to the north. Sulphide mineralisation includes a matrix, coarse-grained blebs and massive sulphide stringers of pyrrhotite, chalcopyrite, pentlandite and pyrite occurring in zones up to 35 m thick which can be traced continuously down-plunge to a vertical depth of approximately 325 m, where it appears to terminate against a younger pyroxenite intrusion. The Copernicus deposit was mined by Panoramic using open pit mining methods from 2007 until 2016, when the open pit resources were exhausted.

Mineral Resources have not been reported publicly for the Copernicus deposit since 2016, Panoramic provided SRK with the Copernicus Mineral Resource information presented in Table 4-2. Mining operations were put under care and maintenance in 2016 and SRK understands that no further work has been undertaken on the Copernicus project since that time.

Table 4-2: Copernicus project – Mineral Resources

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

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

The local geology is well understood, albeit only briefly documented, and the geological models integrate key stratigraphic and structural controls on mineralisation. SRK is of the opinion that the geological models provide reasonable representations of the local geology and mineralised volumes.

In SRK's opinion, the Copernicus Mineral Resource estimate has been prepared to a sufficient quality standard under the guidelines of the JORC Code (2012) and is considered to be reasonable for valuation purposes.

5 Panton Project

5.1 History

The Panton project is considered by SRK to be a Pre-Development Project. During the 1980s, drilling by previous owners established an underground resource of 2.2 Mt at 6 g/t Pt and Pd (including minor gold) in the 'A' chromite layer along a strike length of approximately 1,800 m.

In July 2000, a subsidiary of Swiftel Ltd signed an agreement with Helix Resources NL to acquire 100% of the Panton project. A 300 m long exploration decline was developed to reach the Top Reef and test underground mining of the reef commenced to allow bulk metallurgical testwork to be undertaken.

In December 2005, Platinum Australia Ltd signed an agreement with Sally Malay Mining Limited to earn a 50% interest in the first 1.5 Mt of Panton ore produced, and rights to 50% of additional Panton ore to be treated through the Sally Malay processing plant.

In December 2006, the exploration decline at Panton was successfully reopened and refurbished by Sally Malay Mining Limited.

In June 2012, Platinum Australia Ltd appointed an administrator to review and restructure its operations following a trading halt and decreasing commodity prices.

In May 2012, Panoramic completed the purchase of Panton from Platinum Australia Ltd.

5.2 Ownership

The Panton project comprises three granted and conjoined Mining Leases (Table 5-1).

Table 5-1: Panton project – tenement schedule

Name	Type	Status	Granted	Expiry	Area (ha)
M 80/103	Mining Lease	Live	17 March 1986	16 March 2028	859.40
M 80/104	Mining Lease	Live	17 March 1986	16 March 2028	570.30
M 80/105	Mining Lease	Live	17 March 1986	16 March 2028	828.30

Note: *All tenements registered in the name of Panton Sill Pty Ltd.

5.3 State royalties

State royalties will be distributed to the Western Australian Government at the rate of 2.5% of the royalty value of any concentrate produced from the Panton project. This rate is the *ad valorem* rate that applies to concentrate material as defined under the Mining Regulations 1981 (Regulation 86).

5.4 Native title

SRK understands that all currently defined Mineral Resources are located on granted Mining Leases which are not subject to native title claims.

5.5 Environmental liabilities

A closure cost estimate of A$204,000 for the Panton project was prepared by MBS Environmental in 2014 using the Queensland standardised Estimated Rehabilitation Cost (ERC) calculator. Recognising that Queensland standardised costs may not provide the best representation of the Panton project's site-specific closure costs in Western Australia, SRK considers that any differences would not be significant due to the relatively low quantum of the closure cost estimate.

5.6 Geology and Mineral Resources

The Panton project's mineralisation occurs within a layered, differentiated mafic-ultramafic intrusion referred to as the Panton Intrusive. The intrusive has undergone several folding and faulting events that have resulted in a southwest plunging synclinal structure measuring some 10 km in length and 3 km in width. High-grade PGM mineralisation is hosted within two stratiform chromite reefs, referred to as reefs 101 and 201, within the ultramafic sequence.

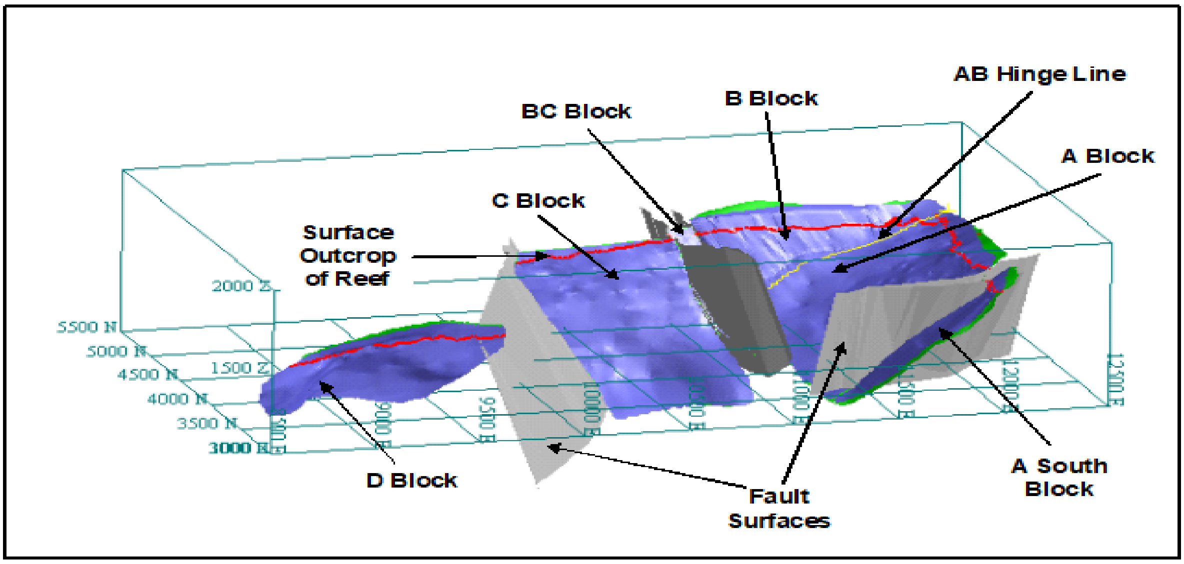

Figure 5-1: Wireframes showing the Panton 101 and 201 reef system

Source: Panoramic Management Information

The current Mineral Resource estimate for the Panton deposit was completed in April 2003 by Cube following a revised geological model completed by ECS Mining Consultants for Platinum Australia Ltd, who owned the Panton project at the time. Cube reviewed the 2003 model and updated the Mineral Resource reporting to be in line with the JORC Code (2012) (Table 5-2).

Table 5-2: Panton project – Mineral Resources as at 30 June 2019

Deposit	Classification	Tonnes	Pt (g/t)	Pd (g/t)	Au (g/t)	Cu (%)	Ni (%)	Pt Metal (t)	Pd Metal (t)
Panton	Measured	6,530,000	2.10	2.26	0.32	0.25	0.06	441,000	475,000
	Indicated	5,630,000	2.42	2.70	0.31	0.28	0.08	438,000	488,000
	Inferred	2,160,000	1.86	1.99	0.28	0.31	0.11	129,000	139,000
	Total	**14,320,000**	**2.19**	**2.39**	**0.31**	**0.27**	**0.08**	**1,008,000**	**1,102,000**

Note:
The Panton Mineral Resources are not reported above a minimum cut-off grade as the modelled mineralisation is a discrete geological unit and it has been assumed that it will be mined at full width without selectivity.

The Mineral Resource estimate was based on historical diamond drilling (30 holes for 9,524.4 m completed prior to 2001) and reverse circulation (RC) (29 holes for 2,366m), more recent diamond drilling (166 holes for 34,410 m) and surface trenching and underground channel samples (1,391 m) conducted by Platinum Australia Ltd between 2001 and 2003. The geological model interpreted the mineralised dunite unit as a southerly plunging synclinal feature. Using this interpretation, two chromite reefs (upper-101 and middle-201) and the associated fault offsets were interpreted and modelled in 3D and used to define six estimation domains. Accumulation variables (interval composite × horizontal intersection width × density) were estimated for platinum, palladium, gold, nickel, chromite, copper, cobalt and dry bulk density using ordinary kriging into a 2D block model using the estimation domains as hard boundaries. Variable grades were then calculated from the estimated accumulation variables and then exported back into 3D space. Regression formulas were then used to calculate grades for osmium, iridium, rhodium and ruthenium. The Mineral Resource classification was based on geological continuity, minimum number of informing composites, distance to composite data and estimation block variance.

The Panton dataset includes a small proportion of surface trench and underground channel sampling that has been used for both geological modelling and resource estimation, which in SRK's opinion, are less reliable sampling methods. However, the low sample counts used should not adversely affect the global Panton project Mineral Resource estimate. QA/QC processes and results for the dataset are not well documented.

The 2D accumulation resource estimates for the Panton project may result in over-smoothed and/or biased grade estimates. The 2D accumulation estimates involve compositing all of the raw samples from each mineralised drill hole intercept into one accumulated sample and then weighting the accumulated sample by horizontal width of the mineralised horizon and the in situ density to produce an accumulation variable value for each drill hole intercept, which is then estimated. In SRK's opinion, the interval length accumulation process can mask inherent grade variability. Additionally, using the horizontal intersect width rather than the true width of each mineralised intercept could inadvertently bias the weighting for some accumulation variables. Further validation against a 3D check block estimate would allow any over-smoothing or grade bias, which may affect grade control in the operation, to be identified,

In SRK's opinion, the Panton project Mineral Resource estimate has been prepared to a sufficient quality standard under the guidelines of the JORC Code (2012) and is considered to be reasonable for valuation purposes.

5.7 Studies

Since purchasing the Panton project in 2012, Panoramic has investigated several potential processing flowsheets to support the reasonable prospect of eventual economic extraction implied by the reporting of the Mineral Resource estimate. In SRK's opinion, the base case processing flowsheet would most likely be a flotation-style concentrator. The concentrate would then likely need to be sent off site for downstream processing first by a base metal refinery (BMR), followed by a precious metal refinery (PMR). As such, there may be synergies with constructing such as facility at the Savannah site.

An alternative option could be downstream hydrometallurgical processing or an alternative such as the KELL process. SRK has not undertaken further assessment or developed flowsheets and costings from first principles, but considers that based on approximate benchmark recovery assumptions of 80% for the PGMs, copper and nickel recoveries between 75% and 85% (assuming no cobalt recovery payable) and payability of approximately 75% for the PGMs, 65% for the copper and 68% for the nickel, it is realistic to assume there is a 'reasonable future prospect of eventual economic extraction at the resource grade'.

Panoramic sponsors research into alternative direct leaching technologies for smaller chromite-rich PGM deposits.

5.8 Environmental considerations

The Panton project lies within the Ord River system and several drainage lines occur around the mine area. The Panton River flows generally east to discharge into the Ord River and is fed in part by the Rosa Creek and Wild Dog Creek that cross the mining tenure and flow south.

In SRK's opinion, the Panton project is broadly compliant with its environmental commitments. In 2018, the MCP was submitted late for assessment by the Department of Mines, Industry Regulation and Safety (DMIRS), as it was overlooked due to Company restructuring. The existing surface disturbance from exploration activities is also non-compliant as it is required to rehabilitated within six months of completion.

The Panton MCP (dated November 2019) has not yet been approved. The site has been in care and maintenance since 2007 and all infrastructure, with the exception of three water tanks, has been removed. Surface disturbance is predominantly comprised of exploration activities (tracks, drill pads and the core yard), the underground adit and accommodation camp. A natural regeneration assessment by Oberonia Botanical Services (October 2019) at a drill site and exploration track in the north of the Panton project area was compared to two analogue sites at the Copernicus deposit, 18 km to the north, that were partially affected by fires and concluded that the Panton sites are naturally regenerating.

6 Other Considerations

6.1 Commodity prices

SRK has carried out a limited analysis of the metal markets to provide consideration of the market value. This analysis reflects the prevailing conditions as at the valuation date and is considered reasonable to support the opinions and conclusions presented in this Report.

6.1.1 Nickel

According to the Australian Government's Resources and Energy Quarterly (September 2019 Edition), nickel prices have strengthened considerably in recent months, supported by unexpected production outages and Indonesia's announcement of an export ban to be introduced in 2022. The nickel price averaged US$14,927/t in the September quarter, 11% higher than the same period in 2018.

6.1.2 Copper

After falling in the first half of 2019, copper prices continued to show weakness in the September quarter. Reduced industrial activity in China and concerns around world economic growth pushed the copper price to a low of US$5,585/t at the start of September. Concerns about expanding US tariffs put further pressure on prices.

6.1.3 Cobalt

Prices have fallen back since their highs of 2018 and the current sentiment is depressed.

6.1.4 Platinum group metals

Major drivers for the PGM price are demand for catalytic converters from the automotive industry and demand from the electronics industry.

6.2 Previous Valuations

The VALMIN Code (2015) requires that practitioners should refer to other recent Valuations or Expert Reports undertaken on the mineral properties being assessed. SRK is not aware of any previous Valuations relating to the Savannah, Copernicus and Panton projects.

7 Valuation of Panoramic's Projects

The objective of this section is to provide Panoramic and KPMG with SRK's opinion regarding the reasonableness of the technical inputs to the Model and to provide a market valuation of the Project and the Project's related tenure using market (comparable transactions) and cost-based methods. SRK has not valued Panoramic Resources Limited, this being the corporate entity that is the beneficial owner of the Project.

In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of Panoramic's Projects. SRK has relied on information provided by Panoramic, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the income or cashflow generation potential of the mineral asset (CIMVAL, 2003). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Cost Approach is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets. Table 7-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Table 7-1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The market-based approach to valuation is generally accepted as the most suitable approach for valuation of all projects.

The 'Market Value' is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent or some other consideration) for which the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee's (IVSC) term of the same name. This has the same meaning as Fair Value in Regulatory Guide (RG) 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The 'Technical Value' is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

7.1 Valuation basis

In estimating the value of Panoramic's projects as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK's valuation basis is presented in Table 7-2.

Table 7-2: Valuation basis

Project	Development Stage	Description	Valuation basis
Savannah	Production	Ore Reserves considered within the Model	Income: Cashflow Model
		Mineral Resources not considered within the Model (residual resources)	Market: Comparable Transactions Cost: Yardstick Factors
Copernicus	Pre-Development	Residual resources post-closure	Market: Comparable Transactions Cost: Yardstick Factors
Panton	Pre-Development	Mineral Resource estimates	Market: Comparable Transactions Cost: Yardstick Factors

7.2 Ore Reserves considered within the Model

7.2.1 The Model

Panoramic has developed a cashflow model (the Model) and has provided this to SRK. SRK has assessed technical production and technical cost projections and has advised KPMG of its findings. Table 7-3 presents a summary of SRK's findings and recommendations made to KPMG.

Table 7-3: SRK model findings

Item	Units	Model	SRK recommendation/ comment	SRK's findings
Mine life	Years	7.1	7.1	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Mining Inventory - tonnage	Mt	6.7	6.7	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Mining Inventory - nickel grade	%	1.41	1.41	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Throughput rate	Mtpa	0.96	0.96	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Nickel processing recovery	%	82.8	81.7	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. The SRK recommended metallurgical recovery values for nickel have been considered in light of the testwork, the recovery recommendations made by Panoramic's consulting metallurgist, the independent peer metallurgical review undertaken by Strategic Metallurgy and historical performance (File reference: RECONC OF SHIPS AND CONC PRODUCTION.xls). The SRK recommendation is made to support the production schedule which is principally focussed on the recovery of Savannah North Ore Refer to Section 3.9 for further information.

Item	Units	Model	SRK recommendation/ comment	SRK's findings
Copper processing recovery	%	98.8	97	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. The SRK recommended metallurgical recovery values for copper have been considered in light of the testwork, the recovery recommendations made by Panoramic's consulting metallurgist, the independent peer metallurgical review undertaken by Strategic Metallurgy and historical performance (File reference: RECONC OF SHIPS AND CONC PRODUCTION.xls). The SRK recommendation is made to support the production schedule which is principally focussed on the recovery of Savannah North Ore Refer to Section 3.9 for further information.
Cobalt processing recovery	%	92	91.1	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. The SRK recommended metallurgical recovery values for cobalt have been considered in light of the testwork, the recovery recommendations made by Panoramic's consulting metallurgist, the independent peer metallurgical review undertaken by Strategic Metallurgy and historical performance (File reference: RECONC OF SHIPS AND CONC PRODUCTION.xls). The SRK recommendation is made to support the production schedule which is principally focussed on the recovery of Savannah North Ore Refer to Section 3.9 for further information.
Savannah North paste-fill availability and production delay	Months	0	2	Recommend change based on SRK's assessment of the available data (flow on effect to costs for this period)
Closure and rehabilitation	A$M	0	25	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. The total closure cost estimate is A$21,198,866, inclusive of a contingency of 10% of the total cost estimate. SRK considers this estimate to be reasonable; however, long-term seepage management for the TSF has not been included, which will increase the closure cost. As such, SRK recommends an allocation of A$25M expended over 5 months from April 2026 to July 2026 and at completion in January 2027.
Operating costs	A$	Variable	Variable	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.

Item	Units	Model	SRK recommendation/ comment	SRK's findings
				However, SRK notes Panoramic's intention to move to a contractor operating model which will have an effect on the operating cost forecast. The terms of the proposed contract are not finalised. SRK therefore cannot make a reasonableness assessment on the LOM operating cost projections.

7.2.2 Mineral Resources not considered in the Model (residual resources)

SRK used its internal databases and the S&P Global Market Intelligence subscription database to make an assessment of the Market Value of the Mineral Resources not considered in the Model (residual resources) and the Mineral Resources at the Copernicus project.

Five recent transactions were assessed to have been undertaken on comparable projects. Transaction values were normalised to the London Metal Exchange and London Bullion Market spot metal prices on an MTR basis (12 December 2019 prices, Table 7-4)The MTR is the transaction value (on a 100% equity basis) divided by the gross dollar metal content of the reported Mineral Resource and Ore Reserve estimates. The gross dollar metal content cannot be considered as value and is only used for the purpose of deriving the MTR. It does not attempt to estimate or reflect the metal tonnes likely to be recovered as required under JORC Code (2012) reporting guidelines. In SRK's opinion, the MTR valuation approach is consistent with the valuation methodology that would be adopted under the Market Value concept.

Table 7-4: Spot metal prices (12 December 2019)

Metal	Metal Price (A$/t)
Copper	8,929
Nickel	20,451
Cobalt	49,962

Transaction 1

In May 2019, Mincor Resources NL (Mincor) acquired a 100% interest in the Long Operation (Long) and its related assets from Independence. Long is located in the Kambalda region of Western Australia. Mincor issued approximately 7.78 million shares of its common stock and will also pay a A$2 million contingent payment on the production of 2,500 tonnes of contained nickel in ore and a A$4 million contingent payment on the production of 7,500 tonnes of contained nickel in ore. Long was on care and maintenance at the time the transaction was completed. Long was first opened in 1979 by the Western Mining Corporation (WMC) and was put on care and maintenance in 2018.

Transaction 2

In December 2018, Black Mountain Metals LLC (Black Mountain) acquired a 100% interest in the Lanfranchi underground nickel project (Lanfranchi) from Panoramic. Lanfranchi is located in Western Australia. Black Mountain agreed to pay A$13.5 million in cash and A$1.6 million in 12 equal monthly instalments, commencing from the date that is 14 days from the first supply of ore under the processing contract with BHP Nickel West Pty Ltd, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier. Lanfranchi was on care and maintenance at the time the transaction was completed. Panoramic put Lanfranchi on care and maintenance in 2016 due to the fall in the nickel price after operating the mine from 2005 to 2015.

Transaction 3

In July 2017, Dundas Mining Pty Ltd (Dundas) has acquired a 100% interest in the Avebury nickel mine from MMG Ltd (MMG) for A$25 million. The Avebury nickel mine is located in Tasmania and was on care and maintenance at the time the transaction was completed. Underground mining commenced at Avebury in 2006. The first nickel concentrate was produced in July 2008. Following metallurgical issues and a fall in the nickel price, mining ceased in January 2009 and the concentrator was placed on care and maintenance in March 2009.

Transaction 4

In June 2016, Sweden-based Boliden Mineral AB (Boliden) acquired a 100% interest in the polymetallic Kevitsa mine (Kevitsa) from First Quantum Minerals Ltd (First Quantum) for A$948.5 million. Kevitsa is located in Lappi, Finland, and is mined using open pit methods. Boliden holds a portfolio of nickel mines concentrators, refineries and smelters in Finland.

Transaction 5

In October 2015, Western Areas NL (Western Areas) acquired a 100% interest in the Cosmos nickel complex (Cosmos) from Glencore Plc (Glencore) for A$24.5 million in cash. Cosmos is located in Western Australia. Western Areas granted offtake rights to Glencore for a maximum of 7,000 tonnes of nickel contained in concentrate produced per calendar year with a total cap of up to 50,000 tonnes of nickel in concentrate. Cosmos was on care and maintenance at the time the transaction was completed. Cosmos was care and maintenance in 2013 due to the fall in the nickel price.

Transaction 6

In September 2015, Independence acquired a 100% interest in the Sirius Resources NL via an acquisition scheme of arrangement. The deal was announced in May 2015 when the deal consideration was valued at A$1.8 billion. At deal closure the consideration was reported as A$1.1 billion. The consideration included payment for the Sirius nickel portfolio which included the Nova-Bollinger development project and the Fraser Range exploration portfolio. SRK considers Transaction 6 to be a very high outlier and has not used the MTR% implied by this transaction to inform its valuation range. The summary deal metrics for transactions are presented in Table 7-5.

Table 7-5: Summary deal metrics

Date	Project	Buyer	Seller	Consideration (A$M)	Contained metal (A$M)	MTR (%)	Normalised MTR (%)
May-19	Long	Mincor	Independence	9.5	535	1.8	2.1
Dec-18	Lanfranchi	Black Mountain	Panoramic	15.1	1,354	1.1	1.6
Jul-17	Avebury	Dundas	MMG	25.0	3,031	0.8	1.4
Jun-16	Kevitsa	Boliden	First Quantum	948.5	21,093	4.5	7.9
Oct-15	Cosmos	Western Areas	Glencore	24.5	8,030	0.3	0.4
Sept-15	Sirius Assets	Independence	Sirius	1100.9	8,263	13.3	12.9

Given that four out of the five selected comparable transactions were undertaken on projects which were on care and maintenance, SRK has elected to apply a 50% premium to the MTRs implied by the analysis on these projects. The Kevitsa transaction considered a well-established mining operation with a resource base ten times larger than that at Savannah, but outside of Australia. As such, SRK elected to apply a 25% discount to the MTR implied by the analysis of that transaction (Table 7-6).

Table 7-6: SRK's metal transaction ratio summary

Date	Project	MTR (%)	Normalised MTR (%)	SRK premium applied (%)	SRK discount applied (%)	SRK MTR (%)
May-19	Long	1.8	2.1	50	0	3.15
Dec-18	Lanfranchi	1.1	1.6	50	0	2.40
Jul-17	Avebury	0.8	1.4	50	0	2.10
Jun-16	Kevitsa	4.5	7.9	0	25	5.93
Oct-15	Cosmos	0.3	0.4	50	0	0.6

SRK considers it reasonable to apply the MTR analysis to derive a valuation range for the Mineral Resources not considered in the Model (residual resources).

Further to the application of the premia, SRK has elected to apply the MTR implied by the Lanfranchi transaction as its low MTR (2.40%) and the MTR implied by the Long transaction as its high MTR (3.15%) to derive its valuation range for the Mineral Resources outside those considered in the Model (Table 7-7). The Mineral Resources not considered in the Model are Inferred Mineral Resources. All Measured and Indicated Reserves are assumed to have been optimised as Proven and Probable Ore Reserves, which have been depleted for production up until 1 December 2019. On this basis, using the MTR method on comparable market transactions as applied to the residual resources, the valuation is estimated to lie between A$32.66 M and A$42.87 M with a preferred estimate of A$37.76 M, which is the mid-point of the valuation range.

Table 7-7: MTR calculation – Mineral Resources not considered in the Model (residual resources)

Metal	Tonnes (Mt)	Grade (%)	Metal tonnes	Metal price (A$/t)	Implied metal (A$M)	Low MTR (%)	High MTR (%)	Low Value (A$M)	High Value (A$M)	Preferred Value (A$M)
Nickel	3.2	1.54	49,280	20,451	1007.85	2.40	3.15	32.66	42.87	37.76
Copper	3.2	0.62	19,840	8,929	177.15					
Cobalt	3.2	0.11	3,520	49,962	175.86					

7.2.3 Yardstick method

As a cross-check to the value implied by the MTR-based comparable market transactions method, SRK has considered the Yardstick valuation method for its valuation of the Mineral Resources not considered in the Model. The Yardstick method is not generally considered to be a suitable primary valuation method but is considered to be an acceptable secondary valuation method.

Under the Yardstick method of valuation, specified industry accepted percentages[1] of the spot prices are used to assess the likely value (Table 7-8 to Table 7-10). SRK used the spot prices at 12 December 2019.

[1] Lawrence, MJ. 2001. "An Outline of Market-Based Approaches for Mineral Asset Valuation Best Practice," Mineral Asset Valuation issues for the next millenium. Sydney: Valmin, 2001

Table 7-8: Yardstick assumptions – nickel

Category	Percentage of spot price (A$20,451/t Ni)		A$/contained tonne nickel	
	Low	High	Low	High
Inferred Resources	0.5%	1%	102	205
Indicated Resources	1%	2%	205	409
Measured Resource	2%	5%	409	1,023

Table 7-9: Yardstick assumptions – copper

Category	Percentage of spot price (A$8,929/t Cu)		A$/contained tonne copper	
	Low	High	Low	High
Inferred Resources	0.5%	1%	45	89
Indicated Resources	1%	2%	89	179
Measured Resource	2%	5%	179	446

Table 7-10: Yardstick assumptions – cobalt

Category	Percentage of spot price (A$49,962/t Co)		A$/contained tonne cobalt	
	Low	High	Low	High
Inferred Resources	0.5%	1%	250	500
Indicated Resources	1%	2%	500	999
Measured Resource	2%	5%	999	2,498

On this basis and as outlined in Table 7-11, using the Yardstick method as applied to the residual resources, the valuation is estimated to lie between A$6.80 M and A$13.61 M with a preferred estimate of A$10.21 M, which is the mid-point of the valuation range.

Table 7-11: Yardstick calculation – Mineral Resources not considered in the Model (residual resources)

Contained Metal	Inferred Resources	Low (A$M)	High (A$M)	Preferred (A$M)
Nickel	49,280 t	5.04	10.08	7.56
Copper	19,840 t	0.89	1.77	1.33
Cobalt	3,520 t	0.88	1.76	1.32
Total		**6.80**	**13.61**	**10.21**

Note: Gross dollar metal content = (Contained metal x metal prices).

7.2.1 Residual resources – Valuation summary

The valuation range derived using the Yardstick method is three times lower than the range derived using MTR-based comparable transactions valuation method (noting that as four out of the five comparable transactions were undertaken on projects which were on care and maintenance, SRK elected to apply a 50% premium to the MTRs implied by the analysis) indicating a positive market sentiment for comparable polymetallic projects.

SRK has therefore elected to use the valuation range implied by the comparable transactions analysis in determining its preferred overall market valuation range (Table 7-12).

On this basis, the valuation of the residual resources is estimated to lie between A$32.66 M and A$42.87 M with a preferred estimate of A$37.76 M, which is the mid-point of the valuation range.

Table 7-12: Valuation summary – Mineral Resources not considered in the Model

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Comparable market transactions (MTR basis)	32.66	42.87	37.76
Yardstick method	6.80	13.61	10.21
Selected	**32.66**	**42.87**	**37.76**

7.3 Copernicus project

7.3.1 Comparable market transactions

SRK considers it reasonable to apply MTR analysis used in the calculation of the valuation range for the Copernicus Mineral Resources given that the Copernicus project is classified as a Pre-Development Project on care and maintenance. Further to the application of the premia, SRK has elected to apply the MTR implied by the Lanfranchi transaction as its low MTR (1.4%) and the MTR implied by the Long transaction as its high MTR (1.6%) to derive its valuation range for the Mineral Resources outside those considered in the Model (Table 7-13). This range considers the level of technical uncertainty attributable to Inferred Mineral Resource estimates. SRK has positioned its preferred value as the mid-point of this range.

Table 7-13: MTR calculation – Copernicus Mineral Resource

Metal	Tonnes (Mt)	Grade (%)	Metal tonnes	Metal price (A$/t)	Implied metal (A$M)	Low MTR (%)	High MTR (%)	Low Value (A$M)	High Value (A$M)	Preferred Value (A$M)
Nickel	0.55	1.28	6,970	20,451	142.54	1.40	1.60	2.8	3.2	3.0
Copper	0.55	0.89	4,870	8,929	43.48					
Cobalt	0.55	0.04	300	49,962	14.99					

7.3.1 Yardstick method

As a cross-check to the value implied by the MTR-based comparable market transactions method, SRK has considered the yardstick valuation method for its valuation of the Copernicus Mineral Resources. While the Mineral Resource estimates are classified as Measured, Indicated and Inferred at the Copernicus project, SRK has elected to apply the Yardstick factors for Inferred Mineral Resource estimates (0.5% to 1% of spot metal prices) to arrive at its implied valuation range (Table 7-14). The Mineral Resource estimates at the Copernicus project have not been publicly reported since June 2016 and the site has been rehabilitated.

Table 7-14: Yardstick calculation – Copernicus Mineral Resources

Contained Metal	Resources (t)	Low (A$M)	High (A$M)	Preferred (A$M)
Nickel	6,970	0.7	1.4	1.1
Copper	4,870	0.2	0.4	0.3
Cobalt	300	0.1	0.1	0.1
Total		**1.0**	**2.0**	**1.5**

Note: Gross dollar metal content = (Contained metal x metal prices).

On this basis, using the Yardstick method as applied to the Copernicus Mineral Resources, the valuation is estimated to lie between A$1.0 M and A$2.0 M with a preferred estimate of A$1.5 M, which is the mid-point of the valuation range.

7.3.1 Copernicus project – Valuation summary

The valuation range derived using the Yardstick method is approximately half of the range derived using MTR-based comparable transaction valuation method. As such, SRK has elected to use the valuation range implied by the comparable transactions analysis in determining its preferred overall market valuation range for the Copernicus Mineral Resources as this best represents the implied market value (Table 7-15). On this basis, the valuation of the Copernicus project is estimated to lie between A$2.8 M and A$3.2 M with a preferred estimate of A$3.0M, which is the mid-point of the valuation range.

Table 7-15: Valuation summary – Copernicus Mineral Resources

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Comparable market transactions (MTR basis)	2.8	3.2	3.0
Yardstick method	1.0	2.0	1.5
Selected	**2.8**	**3.2**	**3.0**

7.4 Panton project

7.4.1 Comparable market transactions

SRK used its internal databases and the S&P Global Market Intelligence subscription database to compile and assess comparable market transaction information to make an assessment of the market value of the Mineral Resources at the Panton project using the MTR method as described earlier in this Report.

There is a paucity of recent market comparable market transactions which were undertaken on PGM projects comparable to Panton. Two projects were assessed to have been undertaken on comparable projects. An analysis of the historical Panton transaction between Platinum Australia Ltd and Panoramic was also undertaken. Transaction values were normalised to the London Metal Exchange and London Bullion Market spot metal prices (12 December 2019 prices, Table 7-16) on an MTR basis. The MTR is the transaction value (on a 100% equity basis) divided by the gross dollar metal content of the reported Mineral Resource estimates. The gross dollar metal content cannot be considered as value and is only used for the purpose of deriving the MTR. It does not attempt to estimate or reflect the metal tonnes likely to be recovered as required under JORC Code (2012) reporting guidelines.

In SRK's opinion, the MTR valuation approach is consistent with the valuation methodology that would be adopted under the Market Value concept.

Table 7-16: Spot metal prices (12 December 2019)

Metal	Metal Price (A$/t/oz)
Palladium	2,821
Copper	8,929
Nickel	20,451
Gold	2,135
Rhodium	8,590
Platinum	1,375

Transaction 1 (Panton project acquisition by Panoramic)

In May 2012, Platinum Australia Ltd entered into an agreement with Panoramic to sell its 100% interest in Panton for A$5.25 million in cash plus a net smelter royalty of 0.5%. No material changes to the Mineral Resource estimates have occurred since that time, though several metallurgical testwork campaigns have been undertaken.

SRK has calculated the MTR at the time of the transaction to be 0.41%. Normalised for spot metal price changes since the transaction date, the implied MTR is 1.34% as a result of a significant increase in the palladium price.

Transaction 2

In August 2018, Artemis Resources Ltd (Artemis) acquired a 70% interest in Munni Munni project (Munni Munni) from Platina Resources Ltd (Platina) through an earn-in and joint venture agreement worth A$17 million. The Munni Munni project is located in the West Pilbara region of Australia. The resource base at Munni Munniis comparable to the Panton project in that it is polymetallic with the principal contained metal being palladium The Munni Munni project has a long history of studies and exploration and is considered by SRK to be highly comparable to the Panton project.

The normalised MTR implied by the Munni Munni transaction is 0.29%, based on an implied metal value of A$5,775 million and a transaction consideration of A$17 million.

Transaction 3

In June 2019, Generation Mining Ltd (Generation) agreed to acquire up to an 80% interest in the Marathon project from Sibanye Gold Ltd (Sibanye) through an earn-in and joint venture transaction. The Marathon property is located in Ontario, Canada. Generation paid an initial deposit of C$100,000 in cash. Generation will also pay an additional C$2.90 million in cash and issue 11,053,795 shares of its common stock to acquire an initial interest of 51% in the Marathon project from Sibanye. Generation can earn an additional 29% interest in the property by incurring exploration expenditures of at least C$10.0 million and delivering a preliminary economic assessment. The contingent transaction value as reported is A$6.53 million for 80% equity. The non-contingent transaction value is estimated to be A$5.9 million for 51% equity (C$2.9 million plus the equivalent of C$3 million in shares). SRK considers that the Panton project is more mature than the Marathon project with respect to Mineral Resource estimation and technical studies carried out.

The normalised MTR implied by the Marathon transaction is 0.07%, based on an implied metal value of A$8,144 million and a transaction amount of A$5.9 million.

Table 7-17 presents an overview of the resource base considered in each of the comparable transactions.

Table 7-17: Comparability – PGM project resources

Contained metal	Unit	Munni Munni (70%)	Marathon (51%)	Panton (100%)
Palladium	oz	1,140,000	1,913,138	1,102,000
Nickel	t	21,000	0	11,440
Copper	t	35,100	211,120	38,610
Gold	oz	189,000	0	142,526
Rhodium	oz	76,500	0	0
Platinum	oz	830,000	626,663	100,800

SRK notes the wide range of MTRs implied by the analysis of the comparable transactions and the relative paucity of available data. SRK has elected to adopt the MTR implied by the Munni Munni transaction (0.29%) to inform the low point of the valuation range and a 50% discount to MTR implied by the normalised historical Panton transaction (0.67%) to inform the high point of the valuation range. Table 7-18 presents the Panton project MTR calculation using this range. SRK's preferred value is positioned at the mid-point of the valuation range.

Table 7-18: MTR calculation – Panton Mineral Resources

Metal	Tonnes (Mt)	Grade	Metal tonnes/ ounces	Metal price (A$/t)/ A$/g)	Implied metal (A$M)	Low MTR (%)	High MTR (%)	Low Value (A$M)	High Value (A$M)	Preferred Value (A$M)
Platinum	14.3	2.19g/t	1,008,000	1,375	1,386					
Palladium	14.3	2.39g/t	1,102,000	2,821	3,109					
Gold	14.3	0.31g/t	142,526	2,135	304	0.29	0.67	**12.0**	**27.7**	**19.8**
Nickel	14.3	0.27%	38,610	20,451	790					
Copper	14.3	0.08%	11,440	8,929	102					
Total					**4,131**	**0.29**	**0.67**	**12.0**	**27.7**	**19.8**

7.4.2 Yardstick method

As a cross-check to the value implied by the MTR-based comparable market transactions method, SRK has considered the Yardstick valuation method for its valuation of the Panton Mineral Resources (Table 7-14) and has elected to use the Inferred Yardstick values (0.5% to 1% of spot metal prices) to calculate its valuation range given the Panton study status. Given the challenges around metal recoveries and reasonable prospects for eventual economic extraction, SRK elected to attribute yardstick value to only the platinum and palladium resources for Panton, as reported by Panoramic.

Table 7-19: Yardstick calculation – Panton Mineral Resources

Contained Metal	Resources (oz)	Low (A$M)	High (A$M)	Preferred (A$M)
Platinum	1,008,000	6.9	13.8	10.4
Palladium	1,102,000	15.5	31.1	23.3
Total		**22.5**	**44.9**	**33.7**

Note: Gross dollar metal content = (Contained metal x metal prices).

On this basis, using the Yardstick method as applied to the Panton Mineral Resources, the valuation is estimated to lie between A$22.5M and A$44.9M with a preferred estimate of A$33.7M, which is the mid-point of the valuation range.

7.4.3 Panton project – Valuation summary

The valuation range derived using the yardstick method is approximately 50% higher than the range implied using MTR-based comparable transaction valuation method implying a weak market sentiment for comparable projects.

SRK reiterates its finding that there is a relative paucity of transactions undertaken on comparable projects in similar jurisdictions. Despite this, SRK has elected to use the valuation range implied by the comparable transactions analysis in determining its preferred overall market valuation range for the Panton Mineral Resources (Table 7-15). SRK has elected to adopt the MTR implied by the Munni Munni transaction (0.29%) to inform the low point of the valuation range and a 50% discount to MTR implied by the normalised historical Panton transaction (0.67%) to inform the high point of the valuation range

On this basis, the valuation of the Panton is estimated to lie between A$12.0M and A$27.7M with a preferred estimate of A$19.8M, which is the mid-point of the valuation range.

Table 7-20: Valuation summary – Panton Mineral Resources

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Comparable market transactions (MTR basis)	12.0	27.7	19.8
Yardstick method	22.5	44.9	33.7
Selected	**12.0**	**27.7**	**19.8**

8 Panoramic's Interest in Horizon Gold Limited

SRK was not supplied with any internal company data pertaining to Horizon Gold Limited (Horizon) and its Gum Creek gold project (Gum Creek). Most of the following information is therefore derived from SRK's assessment of public information and publicly available datasets. SRK has relied heavily on Horizon Gold's 2016 Prospectus, subsequent releases to the ASX (Australian Securities Exchange) and Horizon's corporate website including Mineral Resource updates in 2018 and 2019.

Horizon's principal focus is on the exploration for gold deposits in the Gum Creek greenstone belt of the East Murchison Mineral Field, located some 640 km northeast of Perth. Gold was originally discovered in the region in 1926 and since that time, extensive exploration and intermittent mining has occurred, most recently in the mid-2000s. In that time in excess of 1 Moz of gold have been produced from more than 37 open pits and three underground gold mines, with the main gold-producing areas being Swan-Swift, Kingfisher, Omega and Montague (Horizon Prospectus, 2016). The Gum Creek project is located within a well-endowed gold region that hosts multi-million-ounce deposits including Big Bell, Wiluna, Mount Magnet, Meekatharra and Agnew/Lawlers.

Due to its previous operational status, Gum Creek benefits from substantial legacy infrastructure, including an accommodation village, offices, operational airstrip, TSFs and an extensive road network. There is also a 600,000 tpa processing plant on site, but significant capital investment is required to return the plant to an operating condition.

Within this setting, Horizon's strategy has been to consolidate a large tenement package covering the majority of the greenstone belt and define multiple high-priority drill targets in addition to known Mineral Resources which collectively offer potential for the delineation of additional extensions and new discoveries.

8.1 Location, access and climate

The Gum Creek project is located approximately 640 km northeast of Perth, and 90 km from the nearest town of Sandstone. Access to Sandstone from Perth is via the Great Northern Highway to Mount Magnet, or alternatively from Kalgoorlie via the Goldfields Highway to Leinster.

The Gum Creek project can be accessed by good-quality unsealed roads from either Sandstone, Meekatharra or Wiluna. The closest airports with scheduled commercial services are Wiluna and Meekatharra, located 129 km northwest and 144 km northeast, respectively from Gum Creek.

The Gum Creek area experiences a semi-arid climate with hot summers and mild winters. The annual rainfall of less than 250 mm is irregular and falls mostly in the winter months. Topography in the north and east is characterised by low hills and breakaways separated by gently sloping valleys. The central and southern areas are generally flat and associated with extensive areas of sand and sheetwash cover. A major ephemeral drainage system flows through the centre of the belt and numerous east–west drainage palaeochannels have been identified. There are no material topographic or climatic impediments to exploration and development.

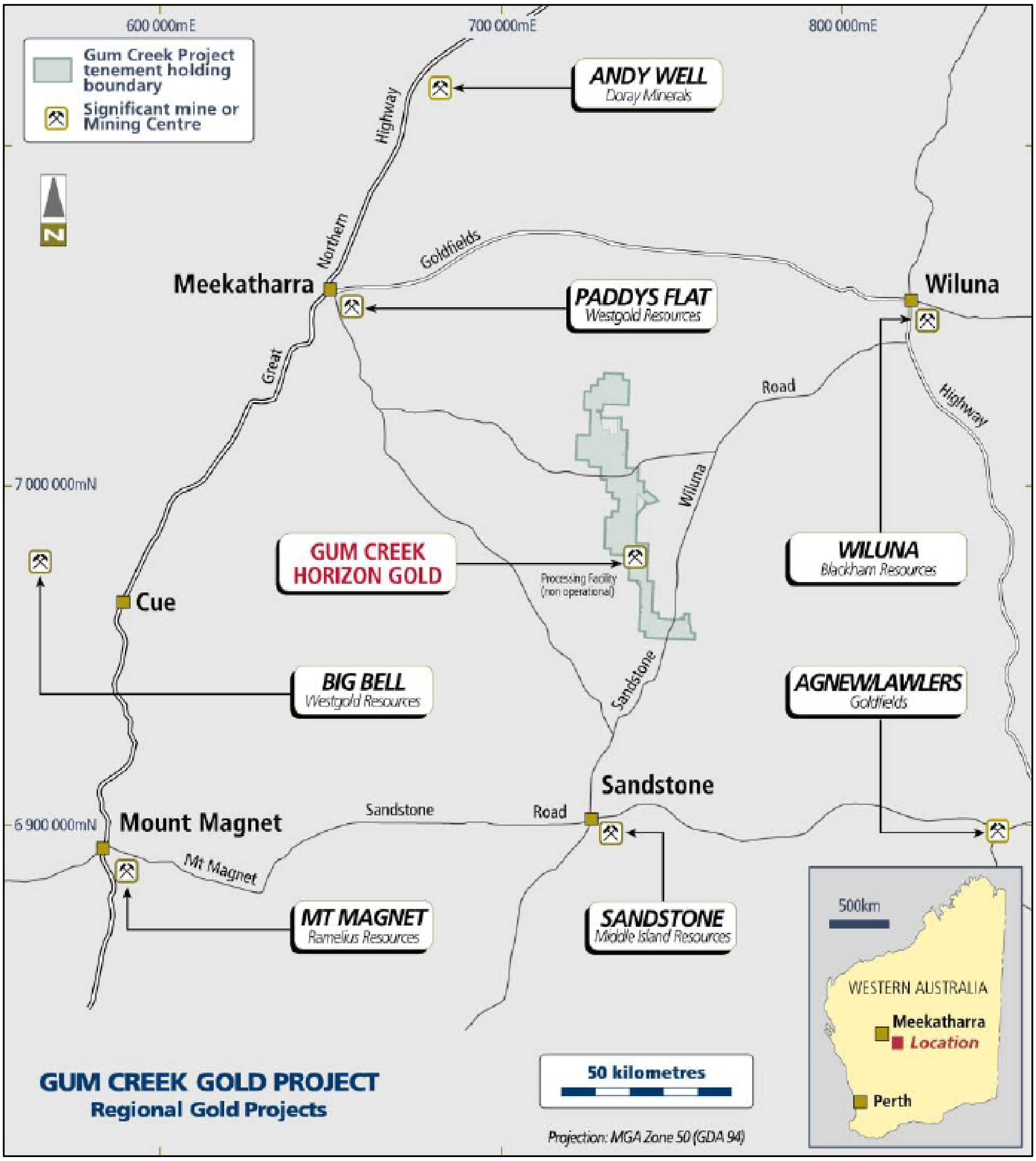

Figure 8-1: Project location map

Source: Horizon website

8.2 Ownership and tenure

The Gum Creek project tenure is a large coherent land package comprising eight granted Exploration Licences, 19 granted Mining Licences, three granted Prospecting Licences and 10 granted Miscellaneous Licences. This tenure holding spans a combined area in excess of 618 km^2 and stretches over an 80 km strike length of the Gum Creek greenstone belt.

All tenements are held in the name of Horizon's wholly owned subsidiary company, Panoramic Gold Pty Ltd (PanGold). PanGold holds a 100% interest in the tenements.

Table 8-1: Gum Creek project – tenements

Tenure	Interest (%)	Grant	Expiry	Area	Unit	Area (km^2)
E 57/1105	100%	02/05/2019	01/05/2024	25	Blocks	0.48
E 51/1844	100%	23/01/2018	22/01/2023	23	Blocks	0.60
E 57/1104	100%	10/06/2019	09/06/2024	12	Blocks	0.05
E 57/1093	100%	15/01/2019	14/01/2024	20	Blocks	70.31
E 53/1955	100%	19/01/2018	18/01/2023	34	Blocks	61.25
E 51/1538	100%	04/02/2014	03/02/2024	35	Blocks	36.52
E 57/1100	100%	22/01/2019	21/01/2024	5	Blocks	59.69
E 53/1725	100%	04/07/2013	03/07/2023	30	Blocks	82.33
M 51/458	100%	09/02/1993	09/02/2035	619.95	ha	104.32
M 53/10	100%	17/11/1983	24/11/2025	9.69	ha	15.25
M 53/988	100%	07/03/2003	12/03/2024	511.55	ha	88.86
M 53/153	100%	26/06/1990	28/06/2032	916.5	ha	6.20
M 51/105	100%	03/05/1989	09/05/2031	117.35	ha	0.10
M 51/185	100%	11/02/1988	18/02/2030	247.55	ha	5.12
M 53/904	100%	21/09/2000	28/09/2021	8.3215	ha	9.17
M 57/635	100%	02/09/2014	01/09/2035	1443	ha	1.17
M 53/716	100%	08/09/1998	07/09/2040	254.1	ha	2.48
M 51/157	100%	02/03/1988	09/03/2030	93.32	ha	0.08
M 53/11	100%	17/11/1983	24/11/2025	9.69	ha	14.43
M 57/634	100%	15/07/2014	14/07/2035	4810.12	ha	2.54
M 53/251	100%	26/08/1992	02/09/2034	170.45	ha	0.93
M 51/290	100%	03/05/1989	09/05/2031	4.86	ha	0.10
M 53/105	100%	21/08/1988	29/08/2030	566.25	ha	48.10
M 51/186	100%	11/02/1988	18/02/2030	364.9	ha	1.70
M 51/104	100%	30/04/1987	11/05/2029	36.805	ha	0.05
M 51/410	100%	04/03/1992	10/03/2034	353.75	ha	5.66
M 53/500	100%	16/05/2000	21/05/2021	390.15	ha	3.65
L 57/44	100%	13/06/2012	12/06/2033	31.7	ha	0.37
L 51/93	100%	25/11/2013	24/11/2034	5.82	ha	3.54
L 57/20	100%	21/06/2002	20/06/2023	6.67	ha	3.90
L 53/116	100%	31/07/2002	30/07/2023	8.9025	ha	0.32
L 53/95	100%	14/12/1998	13/12/2023	71	ha	0.06
L 57/47	100%	14/08/2013	13/08/2034	36	ha	0.07
L 53/96	100%	14/12/1998	13/12/2023	237	ha	0.09
L 53/199	100%	30/07/2015	29/07/2036	23.75	ha	0.71
L 53/46	100%	01/03/1990	28/02/2020	60	ha	0.36
L 53/47	100%	27/09/1990	26/09/2020	24	ha	2.37
P 57/1304	100%	24/08/2012	23/08/2020	47.69	ha	0.24
P 53/1582	100%	05/10/2012	04/10/2020	60.15	ha	0.60
P 53/1577	100%	23/08/2012	22/08/2020	5.03	ha	0.24

Source: WA Tengraph Online: Accessed 12/11/2019 (all tenements registered in the name of Panoramic Gold Pty Ltd).

8.3 State royalties

On any production from the Gum Creek project, state royalties will be distributed to the Western Australian Government at the rate of 5.0% of the royalty value of any gold produced. This rate is the *ad valorem* rate that applies to gold metal as defined under the Mining Regulations 1981 (Regulation 85).

8.4 Third party royalties

There are several royalty agreements affecting different tenements within the Gum Creek project, which were reported by Horizon in its 2016 Prospectus (Table 8-2).

Table 8-2: Horizon Gold – third party royalties

Royalty agreement	Royalty holder	Affected tenements	Key royalty terms
Buttercup Bore	Royal Gold Inc.	M53/716 M53/500 E53/1215 (pt) E53/1144 (pt)	2% interest on all gold produced from the Buttercup Bore Tenements
Mount Townsend	Barrick (PD) Australia Pty Limited and Kundana Gold Pty Ltd	M53/153 M53/252 P53/1582 L53/95 (pt) E53/1215 (pt) E53/1725 (pt) E53/1273 (pt)	Base rate of $2.25/t ore treated up to the first 500,000 tonnes, thereafter $2.75 per tonne treated, multiplied by ratio of gold price divided by $470/oz
Andrewartha	John Andrewartha	M57/634 (pt)	4% net profit interest royalty
Twin Hills	Twin Hills Operations Pty Ltd	M57/634 (pt)	Royalty per tonne calculated by the formula: $R = \frac{P}{500} \times \frac{G}{3} \times \frac{19.6}{49}$ Where: R = royalty rate per tonne of ore treated P = Perth Mint gold price in A$ G = average head grade in g/t Payable quarterly in arrears
Franco-Nevada	Franco-Nevada Australia Pty Ltd	M57/634 (pt) E57/633 (pt) P57/1304 (pt)	Royalty per tonne calculated by the formula: $R = \frac{P}{500} \times \frac{G}{3} \times \frac{29.4}{49}$ Where: R = royalty rate per tonne of ore treated P = Perth Mint gold price in A$ G = average head grade in g/t Payable quarterly in arrears
Murchison Downs	Newsat Limited	M51/104 M51/105 M51/410 E51/1144 E53/1215	Royalty per tonne calculated by the formula: $R = \$2.00 \times \frac{P}{500}$ Where: R = royalty rate per tonne of ore treated P = Perth Mint gold price in A$ Payable quarterly in arrears
Howards	Sandstorm Gold Limited	E57/633 (pt) M57/635	$10 per ounce of gold mined and processed after the first 30,000 ounces
Orion	Sandstorm Gold Limited	M51/458 E51/1538 (pt) E53/1215 (pt)	$10 per ounce of gold mined and processed after the first 30,000 ounces

Source: Horizon Prospectus (October 2016)

8.5 Native title

The majority of the Gum Creek project is not subject to claims under the *Native Title Act*. A registered claim by the Yuunga-Nya People overlaps the northern part of the Gum Creek project area and a registered claim by the Tiwarl Group covers tenements on the eastern side of the Gum Creek project and partly overlaps M 53/153 which holds the Wilsons deposit; however, SRK understands the Mining Lease was granted in 1990 – prior to the *Native Title Act* coming into effect.

SRK understands that all currently defined Mineral Resources are located on granted Mining Leases and are not subject to native title.

8.6 Environmental liabilities

SRK understands that there are current environmental liabilities at the Gum Creek project pertaining to the historical mining activities and areas which are the responsibility of the registered title holder. Horizon estimated the cost to rehabilitate the site is approximately A$10.32M. (Horizon Annual Report, 2019). SRK's valuation does not include a provision for this liability.

8.7 Geological setting

8.7.1 Regional geology and structural setting (Horizon Prospectus, October 2016)

The Project covers the majority of the Gum Creek greenstone belt, situated within the Southern Cross Province of the Youanmi Terrane, a part of the Archaean Yilgarn Craton (Figure 8-2) in Western Australia. The Gum Creek greenstone belt (Figure 8-2) forms a lensoid, broadly sinusoidal structure measuring some 110 km in length and 24 km in width. It is dominated by volcanic and sedimentary sequences and surrounded by intrusive granitoids, which contain rafts of greenstone. The margins of the belt are typically dominated by contact-metamorphosed basalts and banded iron formations (BIFs).

The stratigraphic sequence evident within the Gum Creek greenstone belt is relatively simple, with three broadly continuous major geological units occupying a large north–south synclinorium. The lowest unit consists of a sequence of interbedded BIF and mafic and ultramafic volcanic units overlain by ferruginous shales, shales and thin cherts. The central unit consists of a sequence of basalts and felsic volcanic rocks, contemporaneous dolerites, and lesser ultramafic volcanic rocks and interflow sediments. The central unit has been intruded by differentiated gabbroic sills, which range in composition from ultrabasic through to pyroxenite to gabbro. The uppermost unit consists of shales, black shales, siltstones and minor cherts, with rare conglomerates and dolostones. Late-stage, generally massive, granitoids intrude along the length of the belt.

Late-stage, generally massive, granitoids, including monzonites, intrude along the length of the belt in generally north–south elongated zones and are subject to late brittle deformation. Silicification of country rock is widespread proximal to the margins of these monzonites. Proterozoic dykes are a prominent feature in the northern portion of the belt and are more or less absent elsewhere.

Several early phases of tight to isoclinal folding have affected rocks of the lower domain. Most fold axes now exhibit a general north–south trend. The whole belt has been folded about tight north–northwest axes, producing two synclines separated by a narrow anticline in the central domain. The western syncline appears to be doubly plunging, suggesting late open folding under an east–west stress regime.

Complex faulting is present throughout the Gum Creek greenstone belt, with many lithological units being fault bounded. Prominent deformation also occurs as regional-scale north–northwest trending ductile shear zones. These zones occur in close proximity to gold occurrences at the Bolger Well, Gidgee, Victory Well, Tokay and Wilsons deposits.

The principal structure in the belt is the Gidgee Shear Zone which has been identified over 50 km of strike length in the southern part of the Gum Creek project. The Wilson and Victory/ Tokay shears form broad zones on the eastern side of the greenstone belt and coalesce to the north. Mineralisation associated with the Gidgee Shear occurs in two main areas, the Gidgee Mining Area and the Wyooda-Thangoo area which includes the Heron and Heron South deposits. Mineralisation is developed near the southern end of the Wilson Shear in the Mount Townsend area (Wilsons deposit) and at the Toedter, Kearys and Omega deposits near the northern end of the structure.

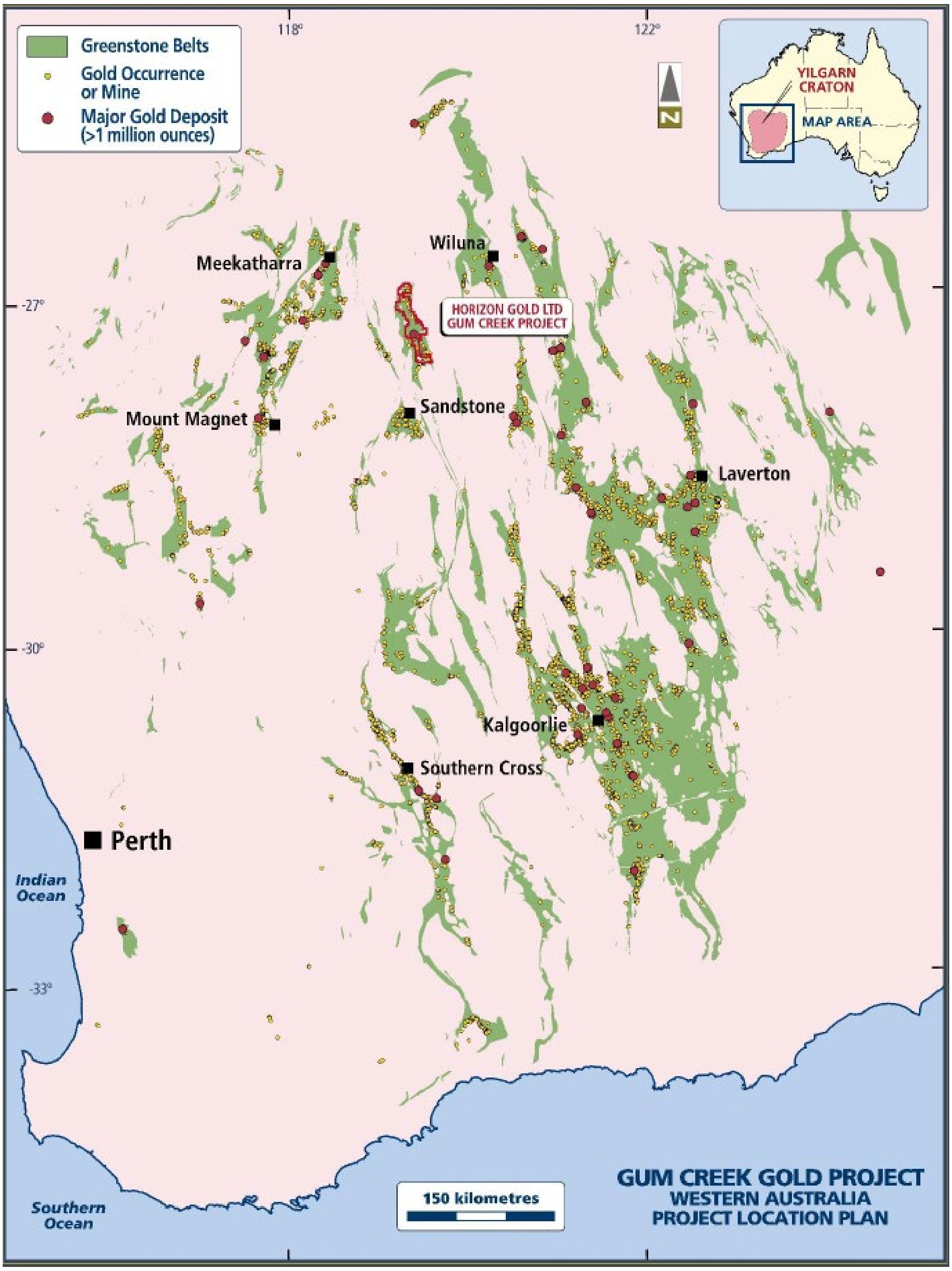

Figure 8-2: Regional setting

Source: Horizon Gold Prospectus (October 2016)

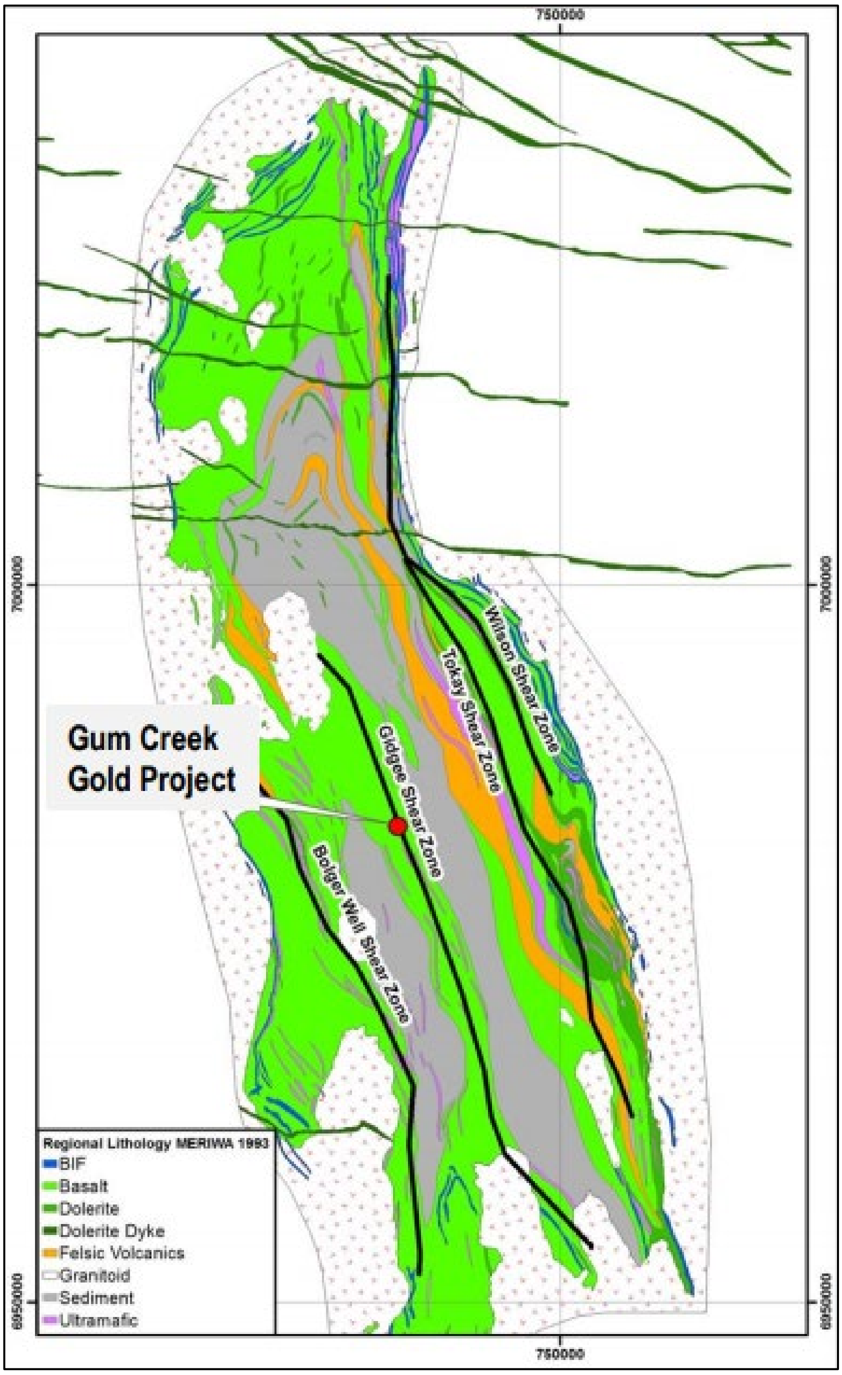

Figure 8-3: Geology, deposits and major structures of the Gum Creek greenstone belt

Source: Horizon presentation (August 2019)

8.7.2 Mineralisation styles

The Gum Creek project is considered prospective for the following mineralisation styles:

- Shear-hosted gold within quartz-carbonate (±pyrite, pyrrhotite, galena and sphalerite) veins. Typically, the gold mineralisation is free milling and locally high grade (>20 g/t Au), forming within complex conjugate vein arrays associated with brittle dilational openings developed along major shear zones within competent mafic host rocks. Carbonate-sulphide wall rock alteration is common about mineralised zones and extensive supergene enrichment often overlies the primary mineralisation zones. Deposits of this type represent the dominant mineralisation type at Gum Creek and include the Swan Bitter, Swift and Kingfisher deposits.
- Quartz veins comprising sulphide-poor sheeted and anastomosing quartz veins and lenses

developed in shear zones straddling granodiorite contacts within the Gum Creek greenstone belt. Grades are typically between 1 g/t Au and 5 g/t Au.

- Ductile shear-hosted gold of two principal types:
  - Arsenopyrite dominant – Fine-grained gold associated with sulphide-rich, intense biotite-sericite altered narrow ductile shear zones. Gold grades are typically in the range between 5 g/t Au and 10 g/t Au. Arsenopyrite and pyrrhotite are the dominant sulphide species with most gold being refractory contained within the arsenopyrite. Examples of this style of mineralisation are the refractory deposits of Wilsons, Shiraz and Heron South.
  - Pyrite dominant – Fine-grained gold associated with sulphide-poor, broad ductile shear zones developed within mafic host rocks. Shearing is typically defined by weak biotite alteration, up to 1% fine pyrite and a sparse network of thin (1–3 mm thick) quartz veins. Gold grades are typically in the range between 0.5 g/t Au and 1.5 g/t Au and the mineralisation is free milling. The Howards deposit is representative of this mineralisation style.
- BIF-hosted mineralisation with quartz-pyrrhotite veining and pyrrhotite replacement of magnetite mesa-bands forming narrow steep-plunging shoots of limited length and width, but extending to depth. This mineralisation style occurs in fold hinges within BIF marginal to major north–south shear zones, and is similar to the Hill 50 mineralisation at Mount Magnet. Grades are typically in the range between 1 g/t Au and 10 g/t Au and the mineralisation is free milling. The Wahoo and PSI prospects are representative of this mineralisation style.
- Volcanogenic massive sulphide (VMS)/ sedimentary exhalative (SEDEX) has only recently been identified at the Altair prospect and comprises broad, copper mineralisation associated with pyritic black shales and intermediate volcanic units, which are intensely chlorite and/ or biotite altered, with lesser silica.

Further details on the deposit-scale geology and mineralisation are given in the following subsections.

8.7.3 Local geology and mineralisation

As previously described, the Gum Creek project covers most of the Gum Creek greenstone belt.

The Gum Creek project hosts numerous historical prospects and deposits, but no significant exploration has been carried out since 2005. Horizon considers that significant potential remains to expand and further define the gold resources associated with the known deposits in the Gum Creek project.

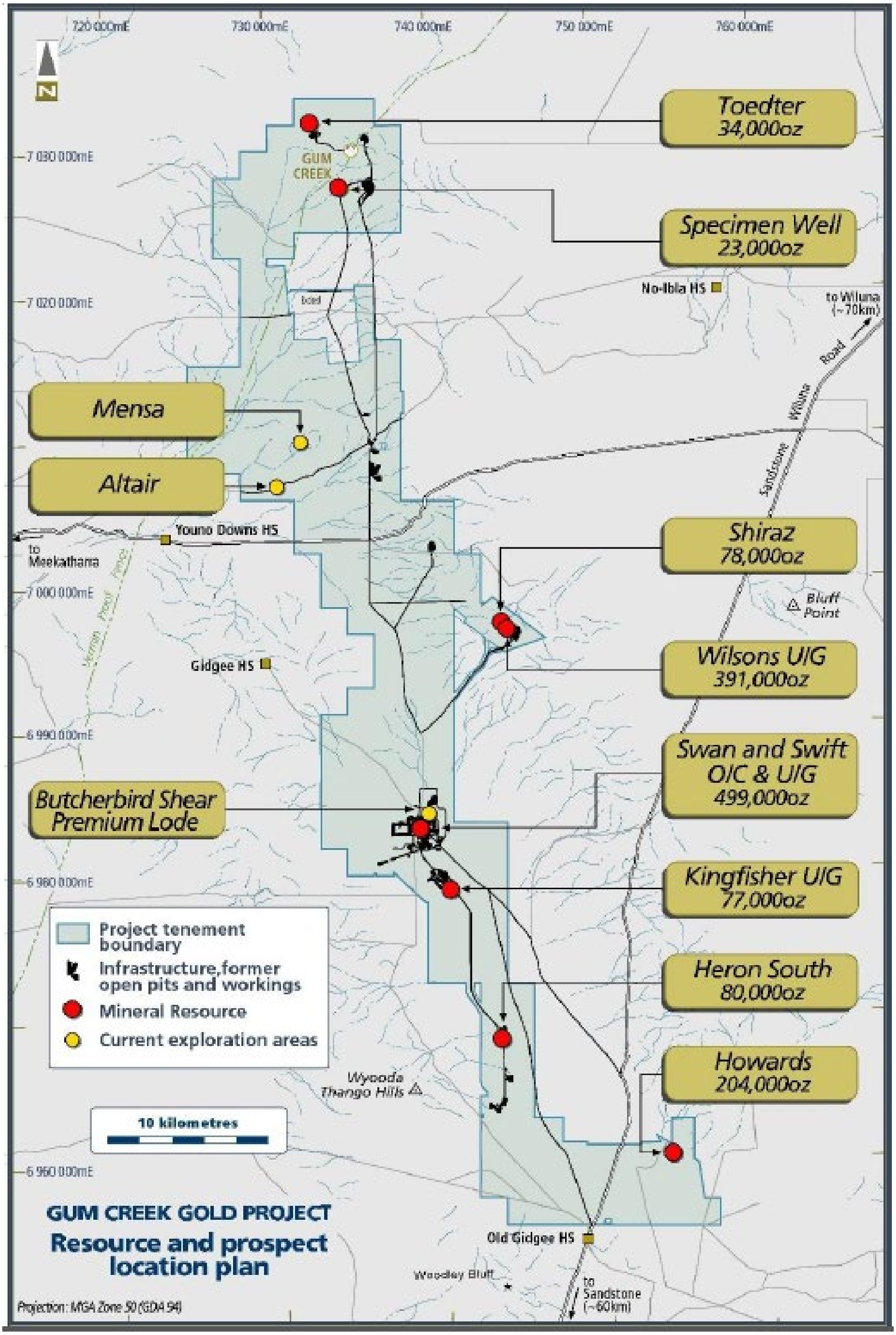

Figure 8-4: Project resource and exploration areas

Source: Horizon presentation (August 2019)

Deposits along the Wilson Shear Zone

Wilsons

The geology of at the Wilsons deposit comprises a metasedimentary package, consisting of mafic conglomerates with clasts of locally sourced quartzite and BIF. Thin intervals of interbedded siltstone and shale and felsic conglomerate occur above the mafic conglomerate, but are typically displaced by the Wilsons Dolerite, which unconformably overlies the sedimentary units. Gold mineralisation and tenor is related to the presence of disseminated arsenopyrite and pyrrhotite, with strongest mineralisation formed in dilational locations along the host shear. An alteration assemblage of biotite-sericite-quartz +/- potassic feldspar and carbonate exists accompanied by strong ductile shearing.

The Wilsons deposit consists of three discrete, tabular, strongly mineralised shoots that dip 50 ° to 70° to the west and plunge steeply to the north (Figure 8-5). The shoots are encompassed by weakly mineralised envelopes and are confined within a regionally persistent shear adjacent to the contact with the overlying Wilsons Dolerite. The shear and enclosing mineralised shoots strike approximately 330°. The shoots are generally 100–150 m in length along strike and range from 1 m to 12 m in thickness. They have been delineated to a depth of around 600 m below surface and are still open down plunge.

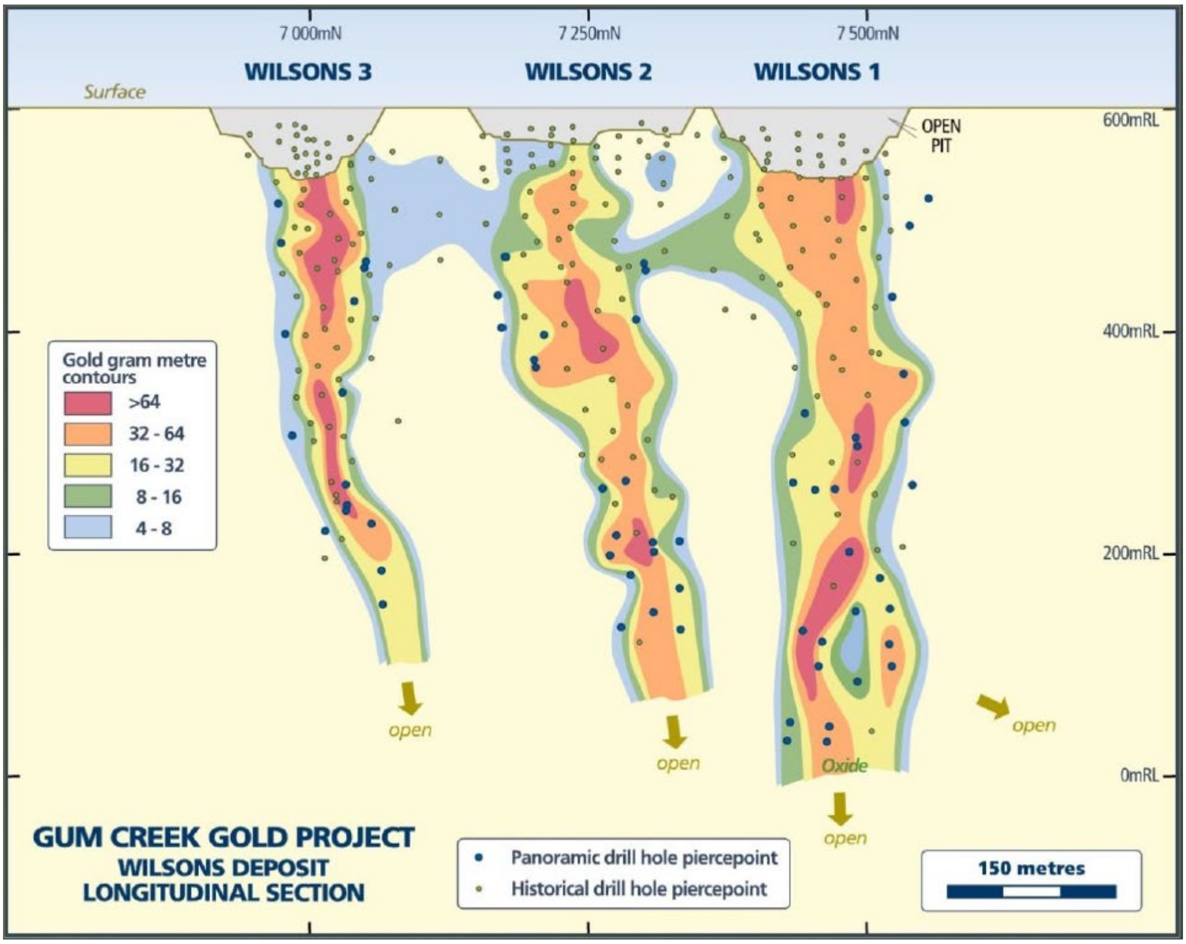

Figure 8-5: Section showing mineralisation and previous workings at the Wilsons deposit

Source: Horizon Gold Prospectus (October 2016)

Shiraz

The Shiraz deposit is an Archaean orogenic shear-hosted gold deposit, measuring approximately 700 m in length and ranging in thickness from 2 m to 60 m, with a typical thickness of around 40 m in the main mineralised zone. It strikes in a north–northwest orientation (330°) and dips steeply (80°) to the west. Most of the known mineralisation lies within a moderate to steep west dipping shear zone and occurs as a series of quartz-rich shear zones within the Shiraz Dolerite. Mineralisation consists of fine-grained needles of arsenopyrite with disseminated to blebby pyrrhotite and trace pyrite. The mineralisation is refractory; however, a small historical oxide pit was mined to a depth of approximately 25 m below surface.

Howards

The Howards mineralisation is hosted in sheared basalt and quartz-feldspar porphyries. Gold mineralisation is associated with thin quartz-carbonate veining and fine-grained disseminated sulphides. Alteration assemblages consist of biotite and minor albite. The basalt-hosted shear strikes in a north–south orientation and has a near-vertical dip. The deposit measures approximately 1,000 m in length and is up to 50 m wide (Figure 8-6).

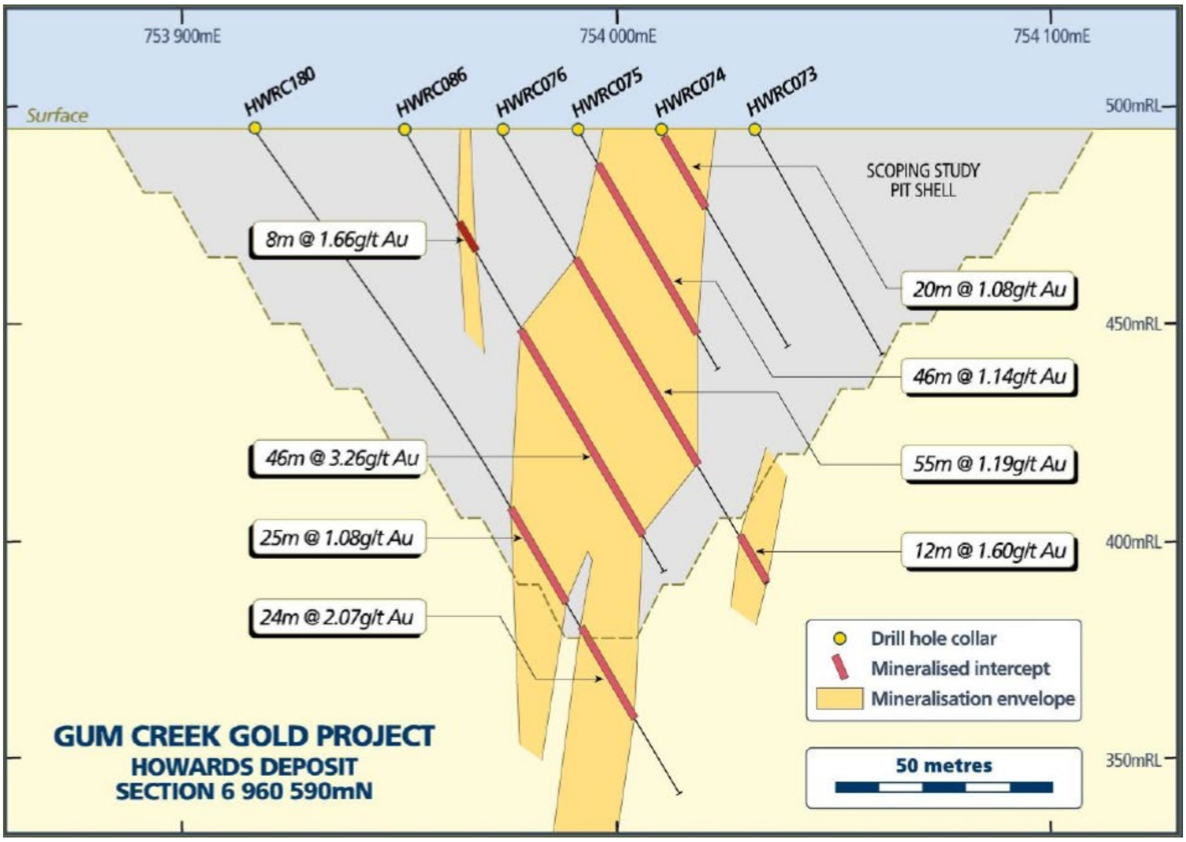

Figure 8-6: Section showing mineralisation and previous workings at the Howards deposit

Source: Horizon Gold Prospectus (October 2016)

Toedter

Mineralisation at Toedter occurs at an amphibolite/ ultramafic contact and is associated with quartz veining in east dipping shears. It strikes north at approximately 355° and dips moderately to the east at approximately 50°. There are 20 individual domains and the total strike length is approximately 240 m. The deposit consists of parallel stacked lodes, which vary in thickness from 1 m to 10 m and are spaced at between 2 m and 15 m.

Historical mining at the Toedter deposit occurred between May 1997 and March 1998. A total of 49,700 tonnes were mined at an average grade of 3.76g/t Au.

Deposits along the Gidgee Shear Zone

Swan and Swift

The Swan (or Swan Bitter), Swan North and Swift deposits form three discrete areas within a larger mineralised area.

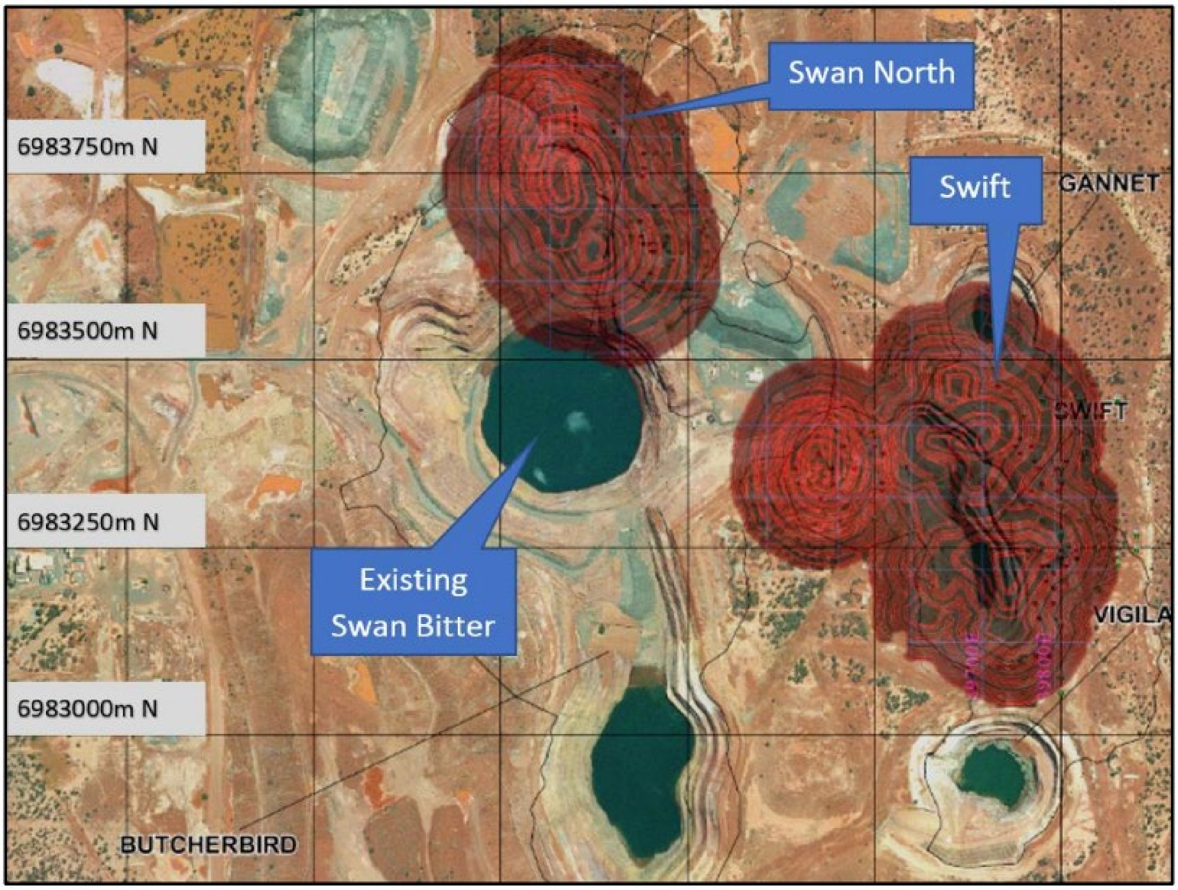

Figure 8-7: Plan view with conceptual open pits

Source: Horizon Gold ASX Announcement (15 October 2019)

The main style of mineralisation at the deposits is quartz-carbonate vein hosted, with the gold mineralisation occurring in complex conjugate vein arrays associated with brittle dilational openings developed along major shears within the competent mafic host rocks. Carbonate-sulphide wall rock alteration is common about mineralised zones and extensive supergene enrichment often overlays primary mineralisation zones.

The Swan Premium Lode is interpreted as a mineralised, north striking, steeply east dipping conjugate vein set emanating from the broader north striking, steeply west dipping Butcherbird Shear. The Butcherbird Shear is located approximately 50-70 m east of existing underground development on the Cascade Lode.

The Swift deposit is interpreted as a flat-lying to shallowly east dipping structure similar in geology and tenor to the Swan deposit shear zones.

The Butcherbird Shear, Swan Premium Lode and the flat-lying to shallowly east dipping Swift structure are not considered to be well-defined structures with sharp edges, but rather zones of silica flooding along poorly-defined, pre-existing structures. Variability in quartz flooding and gold grade within these zones is high, adding to the complexity in the mineralisation.

Kingfisher

The Kingfisher deposit is hosted in sericite-carbonate schist, adjacent to the regional-scale northwest trending, 60° southwest dipping Kingfisher Fault. The hangingwall to the mineralisation contains amygdaloidal basalt with high magnesium content. The footwall comprises interbedded basaltic flows and tuffs. Pyrite is the main sulphide (generally <1%) occurring as fine disseminations and coarse euhedral crystals, although it may constitute nearly 20% of the veins on a local scale. Visible gold is usually associated with the coarse pyrite.

Mineralisation is directly related to quartz veining, the most significant of which are 0.3 m to 4 m thick, with the highest gold grades at the hangingwall contact, while a 15 m wide zone of quartz-ankerite vein stockwork is developed in the footwall. Gold from the primary zone has been remobilised to form a supergene blanket commencing at approximately 30 m depth and extending to the base of extreme weathering at 70 m depth. Below the effects of weathering, high grade mineralisation appears to be controlled by moderate to steep south plunging shoots (Figure 8-8).

The deposit has been previously mined by open pit and underground methods.

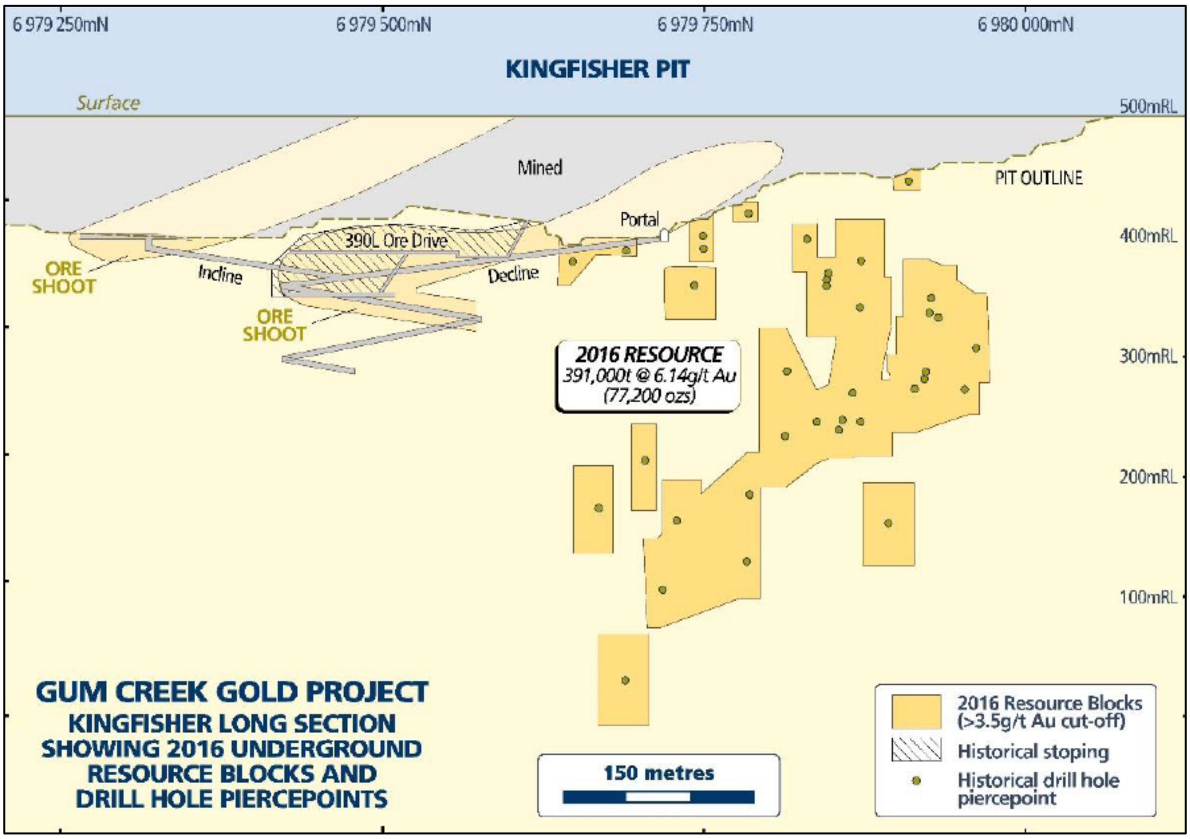

Figure 8-8: Section showing mineralisation and previous workings at the Kingfisher deposit

Source: Horizon Prospectus (October 2016)

Heron South

The Heron South deposit is approximately 650 m in length and ranges in thickness from 2 m to 10 m. Most of the mineralisation occurs in a steep east dipping shear although small pods of flat-lying supergene mineralisation have also been interpreted. An existing pit was mined to a depth of approximately 60 m below surface (Figure 8-9).

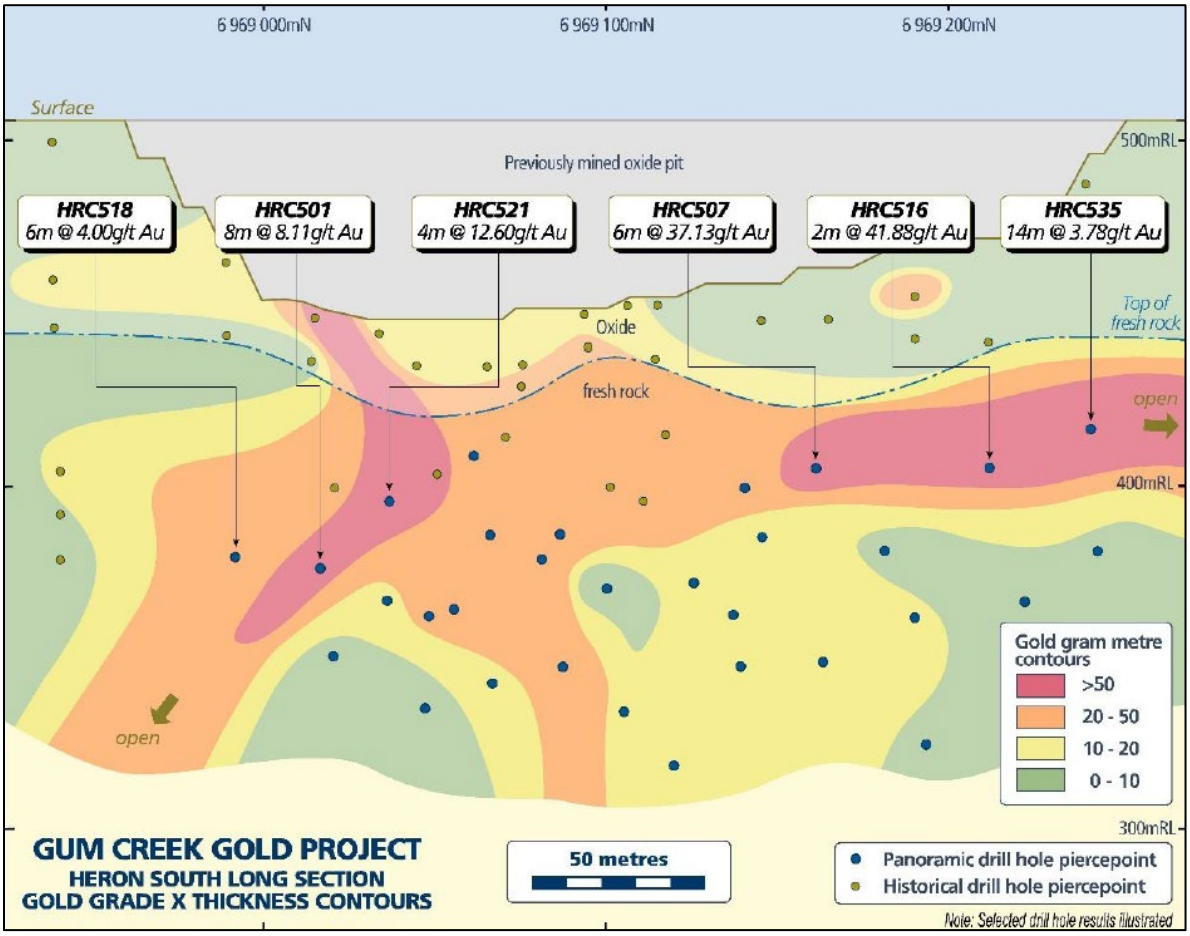

Figure 8-9: Section showing mineralisation and previous workings at the Heron South deposit

Source: Horizon Prospectus (October 2016)

Prospects

Altair and Mensa

The Altair zinc-copper-silver prospect is interpreted to be volcanogenic hosted massive sulphide (VHMS) or sedimentary exhalative (SEDEX) base metals style deposit associated within black shales and intermediate volcanic units. Previous shallow rotary air blast (RAB) and aircore drilling within a sequence of black shales at the Altair prospect in the 1990s intersected a small zone of copper mineralisation, while limited, deeper follow-up drilling at the time failed to find any extension to the copper mineralisation.

Toedter West

The Toedter West prospect consists of a 6 km long (mostly buried) BIF unit, with coincident zones of demagnetisation and electromagnetic conductivity, which are interpreted as being potentially sulphide bearing.

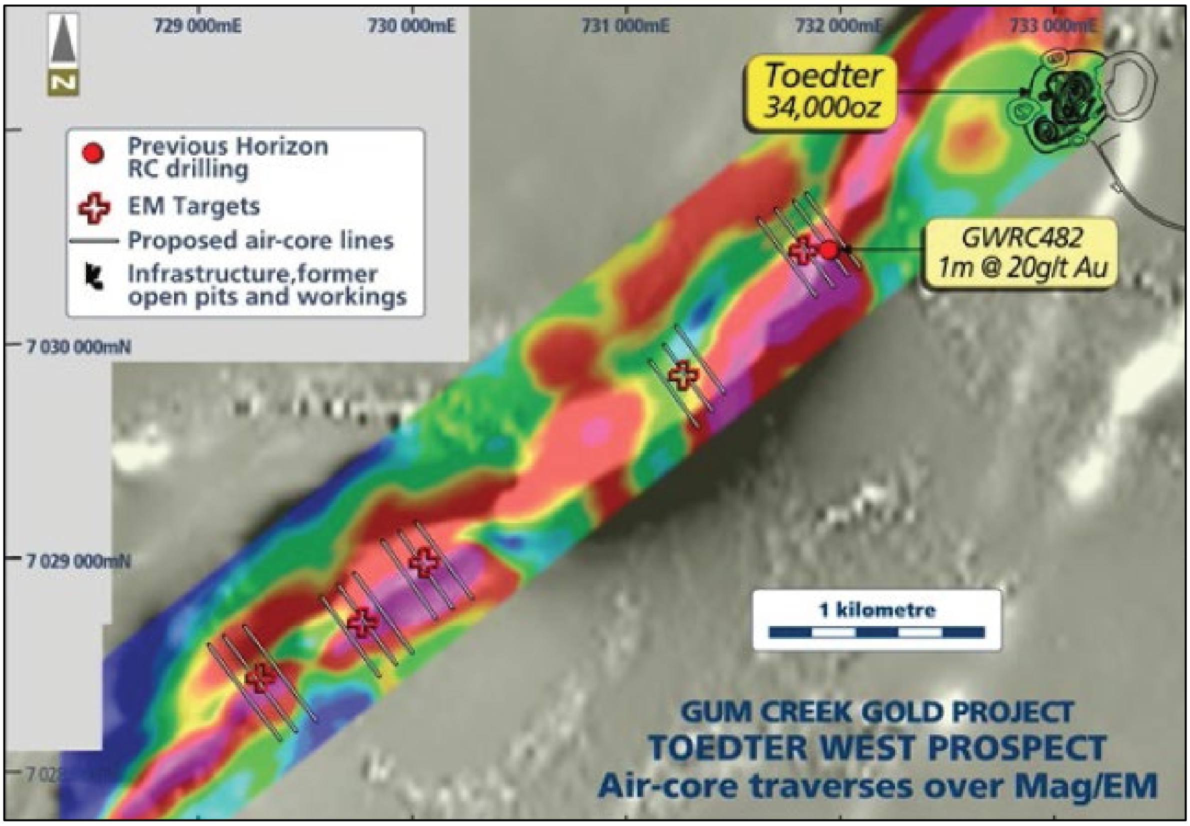

Figure 8-10: Aircore traverses at Toedter West prospect over magnetic and electromagnetic

Source: Horizon Prospectus (Horizon Gold Annual Report 2018)

PSI

The PSI prospect consists of down plunge extensions to high grade structurally controlled BIF-hosted gold. Drilling conducted in 2017 identified that the grade and thicknesses encountered were consistent with historical drilling intercepts and confirmed that mineralisation was confined to a single mineralised structure or shear associated with the BIF. The mineralisation plunges moderately to the south but was flatter than previously thought.

Wahoo East

The target at Wahoo East is a series of structure and surface gold anomalism associated with an interpreted and underlying non-emergent granitic intrusion.

8.8 History

Gold was first discovered near Sandstone in 1895; however, it was not until the 1920s that gold was discovered some 90 km to the north near Gidgee. By 1926, the North End mine and the mining community of Jonesville had been established. About that time, the Swan Bitter deposit was also discovered 300 m northeast of the North End mine. Recorded gold production was around 21,000 oz from 71,000 t of ore before closure of the mines (Otterman, 1990).

More recent exploration between 1983 and 1987 by Amoco Minerals Australia (later Cyprus Minerals Australia) further delineated five deposits – North End, Swan Bitter, Wren, Emu Feather and Eagle. These were reported with combined pre-mining Ore Reserves of 2 Mt grading at 3.38 g/t Au (Otterman, 1990). Production recommenced in April 1987 from the North End and Swan Bitter deposits and recorded production in the first 12 months of operation was 44,761 oz from 421,900 t of ore.

An intermittent history of production and ownership changes ensued (Arimco Mining Pty Ltd, Australian Resources Ltd, Abelle Pty Ltd). Up until closure in March 1999, 37 open pits and three underground mines had been developed, of which two open pits and one underground mine were in operation at the time of closure. Over the 12-year period, a total of 7,746,348 t of ore were treated at an average grade of 3.6 g/t Au for 851,682 oz Au recovered (Maynard, 2004).

Abelle Limited (Abelle) acquired Gidgee (now known as the Swift, Swan, Kingfisher and Heron South deposits) in October 1999 and resumed production in February 2000. Mining was mainly carried out in the South Woodya, Donkey Well and Wahoo open pits and the Swan Bitter underground operation. At the end of 2002, Abelle ceased mining in open pit operations but continued production from the Swan Bitter underground. In February 2003, Harmony Gold Mining Company Limited (Harmony) launched a take-over offer for Abelle, focused on acquiring Abelle's mining assets in Papua New Guinea. At the end of April 2003, Gidgee briefly became part of Harmony's Australian operations.

In November 2003, Legend Mining Limited (Legend) announced that it had purchased the Gidgee operation and took over the mine on 17 December 2003. At the time, Gidgee had produced over 1 Moz of gold during its lifetime (Legend, 2003). Production at Gidgee was reduced, and the company carried out extensive exploration. Legend placed the mine on care and maintenance in March 2005, citing rising operating costs and a static gold price making the operation less viable (Legend, 2005).

In 2007, Apex Minerals Limited (Apex) purchased the Gidgee Project with a focus on recommencing mining from the Wilsons and Shiraz deposits. Panoramic purchased the Gidgee tenements from Apex in 2011 and the Wilsons project in 2012. No additional mining or processing has occurred since 2005.

In total in excess of 1 Moz of gold were produced from more than 37 deposits and three underground mines, with the main gold-producing areas being Swan-Swift, Kingfisher, Omega and Montague.

8.8.1 Exploration and studies by PanGold from 2011 to 2016

Resource extension drilling programs completed by PanGold during 2011-2012 led to an increase in gold resources of approximately 65%, to 1,048,600 oz. In August 2012, PanGold completed a Scoping Study, which contemplated open pit mining from the Swan Bitter, Swift, Howards, Toedter and Specimen Well deposits, and underground mining of Wilsons.

During 2013, PanGold completed approximately 35 km of RC and diamond core drilling at the Wilsons, Swan-Swift, Howards and Shiraz deposits, leading to an upgrade of Mineral Resources to 1.3 Moz Au, with over 85% of the Mineral Resource in the Indicated category. During FY2013 and FY2014, metallurgical and engineering studies to optimise capital and operating costs, gold recoveries, process flowsheet infrastructure and tailings storage were also progressed. In addition, PanGold completed a number of environmental and heritage baseline studies as part of the mining approvals process.

In 2015, a new exploration initiative commenced, with the acquisition of heliborne electromagnetic and ground gravity geophysical datasets over the Gum Creek project area.

8.8.2 Exploration database as of October 2016

An extensive drilling database is available for the Gum Creek project. The majority of drilling surrounds historical and existing resources. For much of this drilling, gold was the only element analysed. Gold anomalism identified by this drilling was then targeted for closer-spaced follow-up drilling. Most of the project area has been covered by a moderate to high level of drilling. However, just over 65% of the existing drill holes are less than 50 m deep. Much of the regional drilling was to a set depth or to the weathering interface boundary with fresh rock (Figure 8-12). Horizon initially adopted this historical exploration drilling approach but with a strong multi-element, lithogeochemical emphasis to identify vectors to mineralisation. In 2015, a more geophysics-based exploration approach was taken.

The available regional (belt scale) exploration data are summarised below:

- Drilling: A total of 70,125 holes totalling 2,871,000 m are recorded in the project database.

Of these, PanGold drilled 1,220 holes for 124,000 m. The drilling data contains over 1.1 million sample records, of which less than 3% of the samples were analysed for elements other than gold.

- Mapping: PanGold contracted Jigsaw Geoscience to complete 1:10,000 scale mapping of the project area in 2011.
- Geochemical sampling: In addition to drilling, over 81,000 surface samples were collected. The majority of these were soil and rock chip samples (Figure 8-11). In 2014, PanGold contracted Outcrop Exploration Services Pty Ltd (OES) to assess the prospectivity of the project through a combination of structural interpretation and litho-geochemical data compilation and interpretation. A total of 10 target areas were defined.
- Project geophysical data: During 2015, PanGold completed detailed ground gravity and airborne electromagnetic (SkyTEM) geophysical surveys over the entire project area to produce a fully integrated geophysical database of detailed airborne magnetic and radiometric, ground gravity and airborne electromagnetic geophysical data. PanGold employed Newexco Services Pty Ltd (Newexco), independent geophysical consultants, to interrogate the data and define exploration targets.
- Induced polarisation (IP) geophysical survey: During 2016, PanGold engaged Newexco to complete an IP program comprising 10 × 100 m spaced profiles over the Wilsons deposit and a further 13 × 400 m spaced profiles along the interpreted position of the Wilson Shear to the south. This survey demonstrated that the Wilsons mineralisation is clearly detectable using IP and two additional targets for testing were generated.

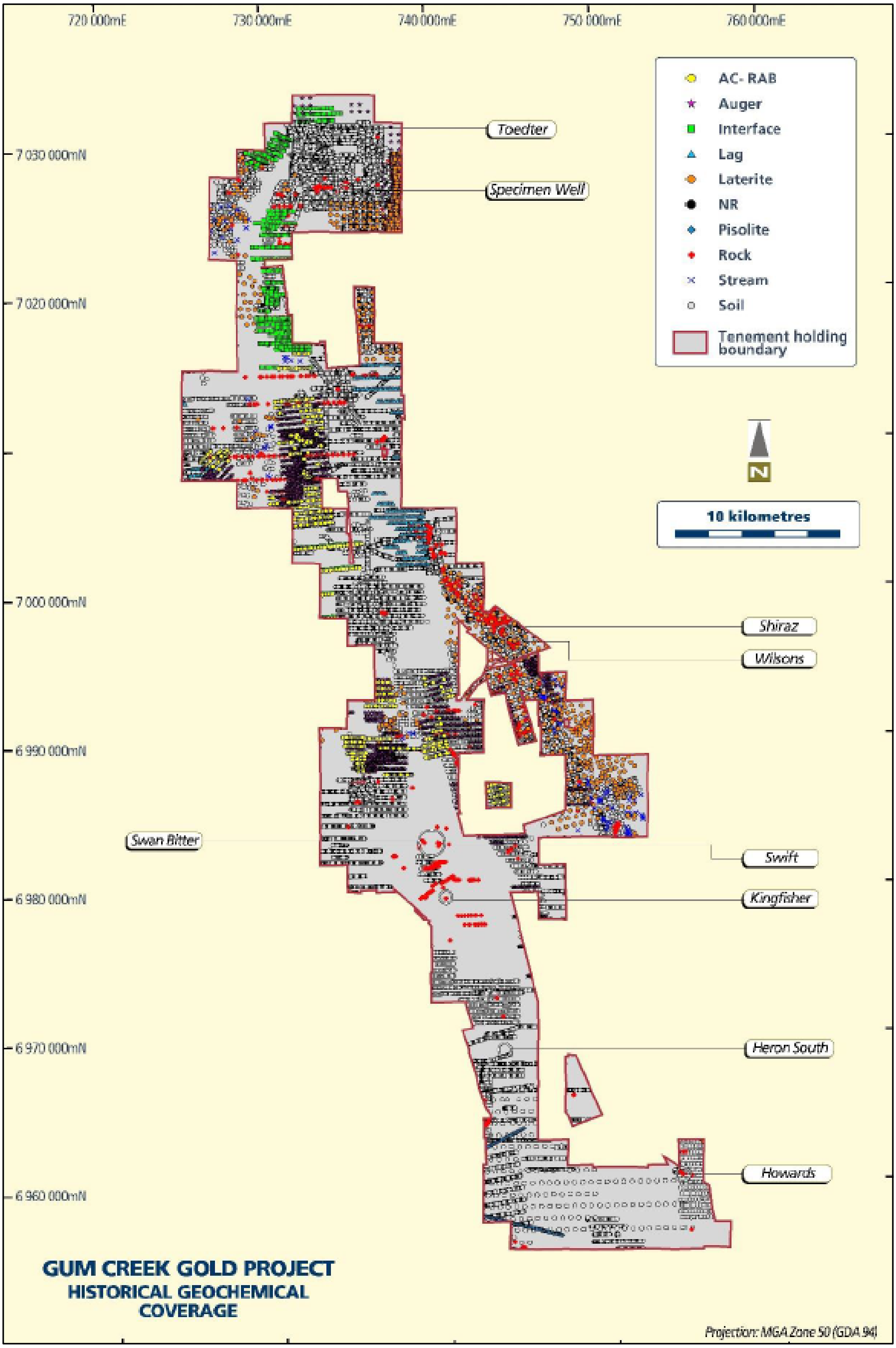

Figure 8-11: Historical geochemical sampling coverage

Source: Horizon Prospectus (October 2016)

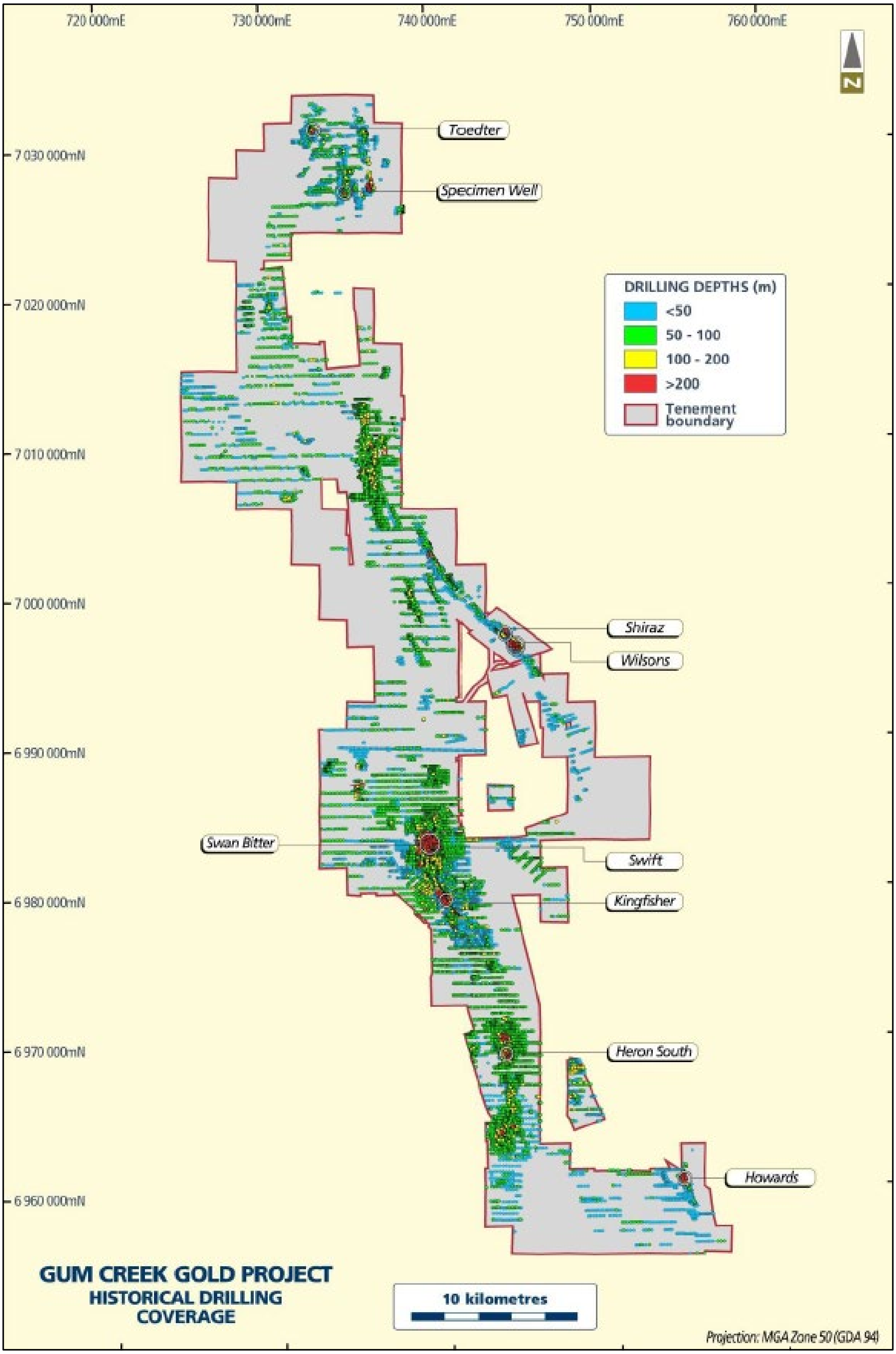

Figure 8-12: Historical drilling coverage

Source: Horizon Prospectus (October 2016)

Geophysical surveys

PanGold completed detailed ground gravity and SkyTEM surveys over the entire project to produce a fully integrated geophysical database of detailed airborne magnetics and radiometrics, ground gravity and airborne electromagnetics.

Magnetic data

Project-wide airborne magnetic data are available over the entire project area as show in Figure 8-13 and Figure 8-14.

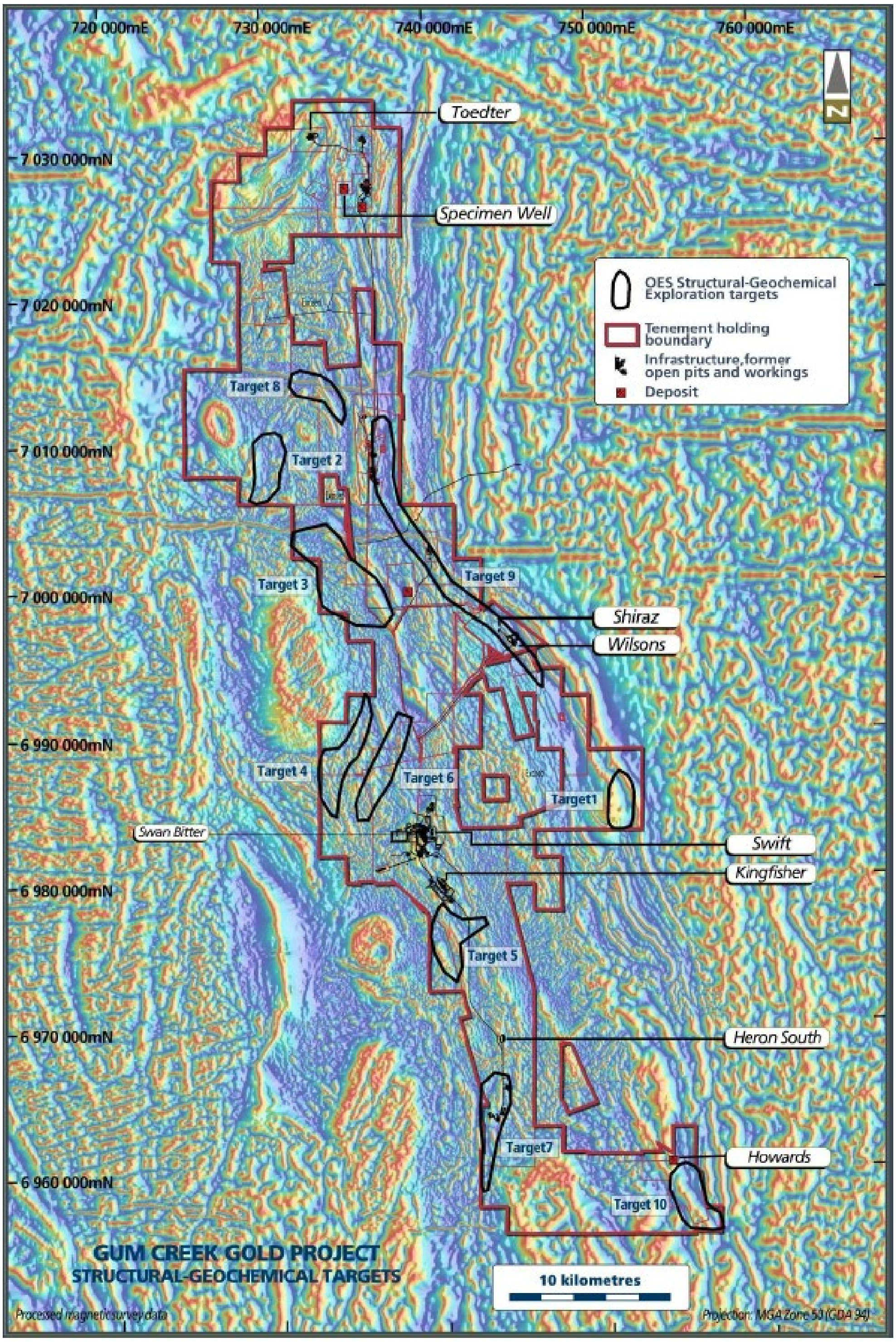

Figure 8-13: Processed magnetic survey

Source: Horizon Gold Prospectus (October 2016)

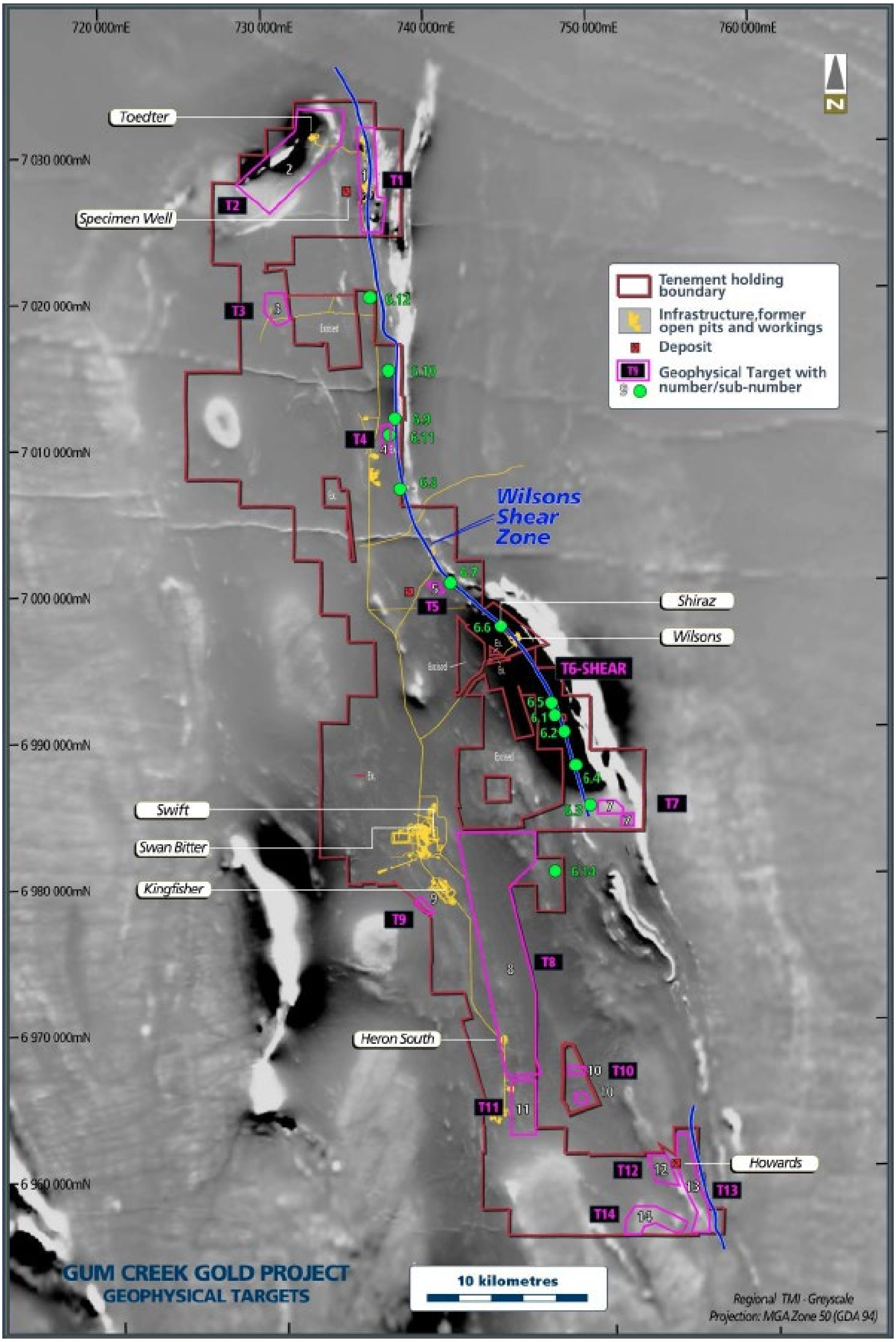

Figure 8-14: Regional total magnetic intensity image and geophysical targets

Source: Horizon Prospectus (October 2016)

Ground gravity

Between May and June 2015, Atlas Geophysics conducted a gravity survey that involved the acquisition and processing of 14,745 gravity stations at a 200 × 400 m grid. The results of the survey along with targets is shown in Figure 8-15.

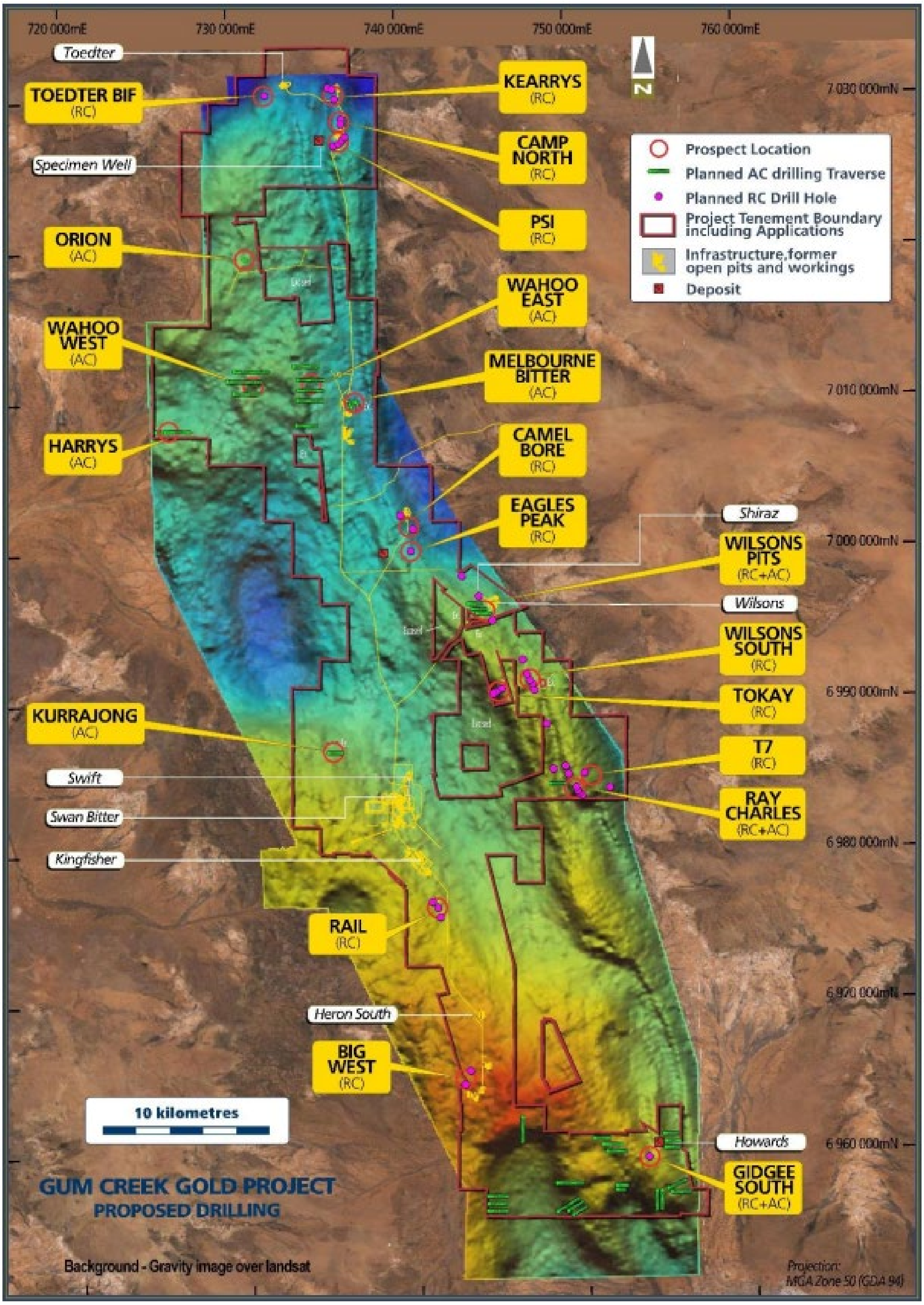

Figure 8-15: Ground gravity over Landsat

Source: Horizon ASX Announcement (21 December 2018)

SkyTEM survey

During April and May 2015, a SkyTEM geophysical survey was conducted consisting of 5060.7 line kilometres. The survey was conducted a nominal flight height of 45 m above ground level and orientated east–west at a 200 m line spacing.

8.8.3 Exploration along the Wilson Shear Zone

Wilsons

Drilling at Wilsons included reverse circulation, aircore and diamond drilling. The Wilsons resource database subset contains a total of 213 RC holes for 19,400 m, 4 aircore holes for 195 m and 162 diamond holes for 53,328 m. Of these totals, PanGold completed 49 diamond holes for 21,571.3 m and 27 RC holes for 4,440 m. All RC and aircore holes were sampled by collecting 1 m samples from a rig-mounted cyclone and riffle splitter.

RC holes were sampled by collecting every 1 m drill sample and splitting these down to an approximate 3 kg assay sample by using either cone or riffle splitters. Diamond holes were typically NQ2 in diameter and were sampled by cutting the core in half over geologically logged intervals that typically ranged between 30 cm and 1.2 m.

All samples were submitted to a contract laboratory for fire assay analysis. No details of historical QA/QC were available; however, sampling and assaying procedures were identical to those used in other Gum Creek deposits which were successfully verified by PanGold.

An initial orientation IP survey was conducted at Wilsons in 2016 by Newexco (Figure 8-16). The IP program comprised 10 × 100 m spaced profiles over the Wilsons deposit and a further 13 × 400 m spaced profiles along the interpreted position of the Wilson Shear to the south. The results of the IP survey identified a clear chargeable source coincident with the known Wilsons mineralisation. Follow-up IP surveys in 2017 by Merlin Geophysical Solutions Pty Ltd extended the IP survey to the north and south of the Wilsons deposit (Figure 8-17) for an additional 51 profiles. The survey used a 100 m dipole-dipole array with a 400 m line spacing for a total survey coverage area of 20 km.

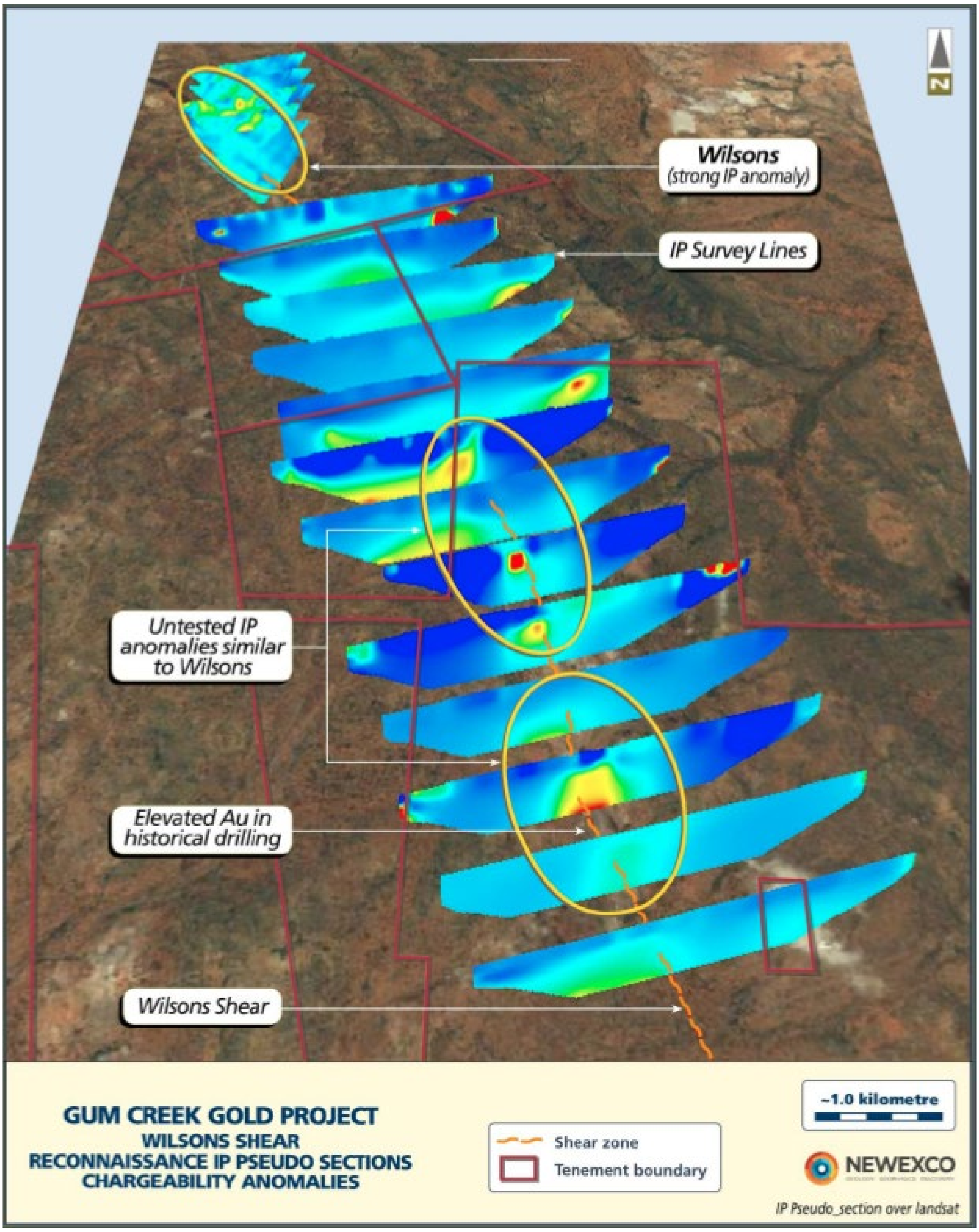

Figure 8-16: IP traverses at the Wilsons deposit over regional gravity imagery – 2016

Source: Horizon Gold Prospectus (October 2016)

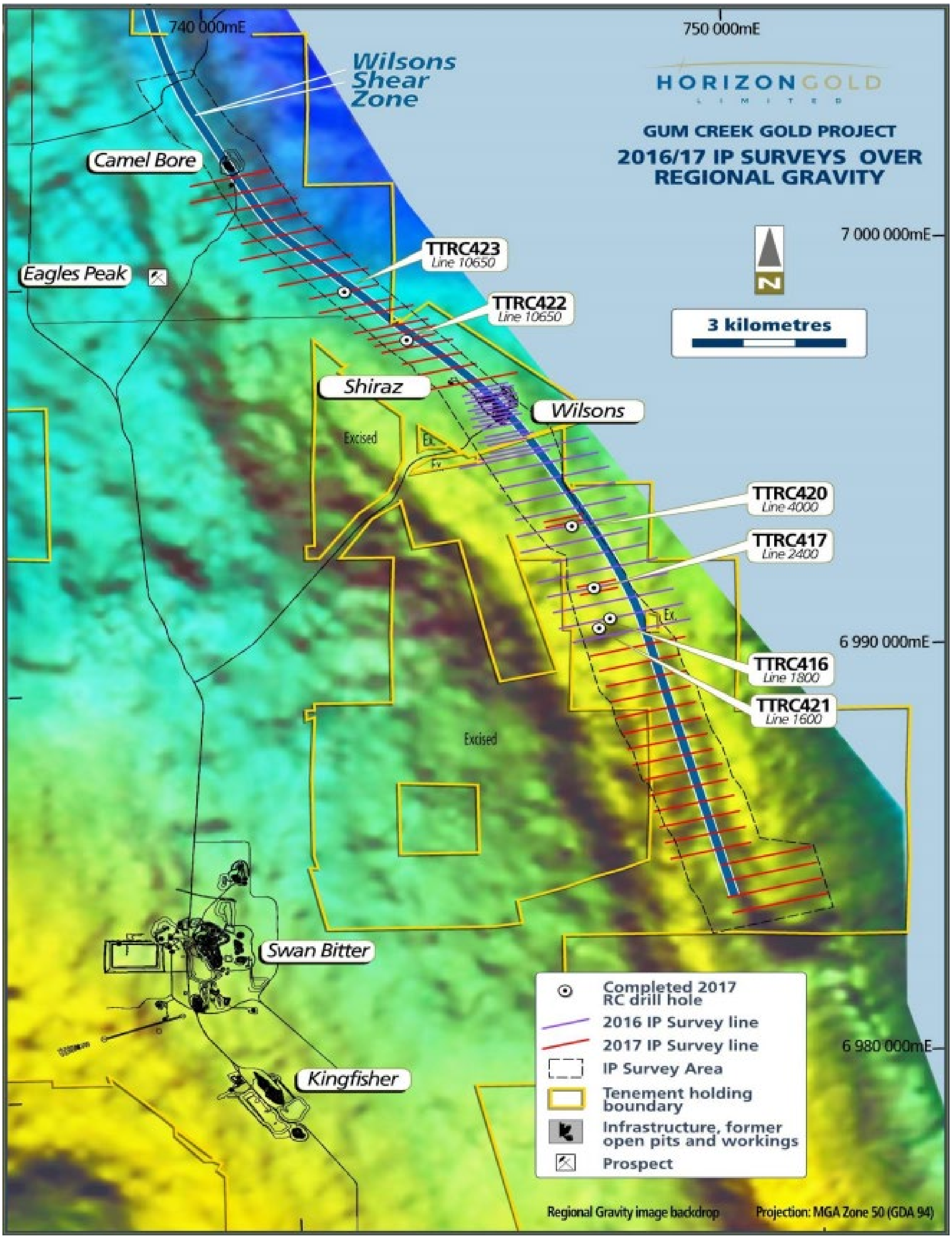

Figure 8-17: IP traverses at the Wilsons deposit over regional gravity imagery – 2017

Source: Horizon Gold Annual Report (2017)

In June 2016, PanGold reported results from new metallurgical testwork completed on Wilsons refractory mineralisation. This identified a potential processing route (designated LOPOX by PanGold) which uses moderate pressure and temperature conditions to oxidise a sulphide flotation concentrate allowing efficient recovery of gold through conventional carbon-in-leach methods. The initial test results were encouraging. The flotation step with a recovery of 90%–93% was followed by a LOPOX recovery of 94%–96%, representing an overall gold recovery of 85% for this initial testwork.

The Mineral Resource estimate was completed by an independent consultancy, BMGS, in 2013.

The estimate was constrained by mineralisation wireframes based on a 0.5 g/t Au interpretation cut-off grade. Data within the wireframes was composited to 1 m intervals and high grade cuts were then applied to the composites. Inverse distance squared interpolation was used for estimation.

Grade estimation of the Wilsons underground deposit was completed using Ordinary Kriging in Surpac™ software. Variogram analysis and modelling was completed using Supervisor™ software. Downhole composites (1 m) were generated from the drill hole database and then tagged according to mineralised (domain) wireframes generated at a 1g/t Au cut-off grade for low grade domains and 2 g/t Au cut-off grade for high grade domains. A minimum 1 m downhole composite and wireframe width was maintained in an attempt to represent a minimum selectable mining width, assuming narrow vein underground mining techniques are to be used.

The wireframe modelling conditions included a minimum downhole mineralised width of 1 m, internal downhole dilution of up to 2 m could be included if the entire intercept graded above 1 g/t Au or 2 g/t Au, respectively. If dilution was greater than 2 m, separate lodes were generated.

Shiraz

The Shiraz Mineral Resource database subset contains 142 RC and two diamond drill holes for a total of 12,656 m. Of this total, 20 RC holes totalling 2,614 m were drilled by PanGold in 2013 as part of a Feasibility Study. In addition, the database contains 196 historical rotary air blast (RAB) holes (totalling 5,676 m which have not been used for resource estimation). The drill hole spacing is typically a 20 × 20 m grid pattern over the extent of the mineralisation.

RC holes were sampled by collecting 1 m samples and splitting these down to a -3 kg assay sample using either automated on-board rig cone splitters or by manual riffle splitting.

PanGold resource assay samples (1,670) were submitted to ALS Laboratories in Perth for gold analysis by FA30 (Fire Assay) technique. Of the 5,871 historical RC and diamond gold assays in the Shiraz database, 3,566 samples (61%) are recorded as having an ‘unknown digest, AAS finish’, which implies they are also by Fire Assay technique. In addition, results for 1,836 QA/QC samples (24% of the entire analytical database) are recorded in the database.

The Mineral Resources were estimated in 2013 by BMGS.

Grade estimation of Shiraz deposit was completed using Ordinary Kriging in Surpac™ software. Variogram analysis and modelling for the Ordinary Kriging estimate was completed using Supervisor™ software. Composites (2 m) were generated from the drill hole database and then tagged according to mineralised wireframes generated at a 0.4 g/t Au grade cut-off.

The wireframe modelling conditions included a minimum downhole mineralisation width of 2 m, internal dilution of up to 3 m downhole could be included if the entire intercept graded above 0.4 g/t Au. If dilution was greater than 3 m, then separate lodes were generated if geological/ grade continuity was permissible.

Howards

The Howards deposit has been defined by 242 holes for a total length of 19,733 m. Of these, 52 RC holes and 10 diamond holes were completed by PanGold. Drilling was carried out on a 20 × 20 m and 40 × 40 m grid spacing.

The Mineral Resources at the Howards prospect were estimated in 2013 by BMGS.

Specimen Well

The Specimen Well Mineral Resource estimate was completed by BMGS in 2016. The estimate was constrained by mineralisation wireframes based on a 0.5 g/t Au interpretation cut-off grade. Data within the wireframes was composited to 1 m intervals and high grade cuts were then applied to the composites. Inverse distance squared interpolation was used for estimation.

Toedter

A total of 128 RC holes, 3 diamond holes and a number of RAB holes were considered in the Mineral Resource estimate. Two RC holes were drilled by PanGold, with the remainder completed by previous owners. The drill spacing is nominally 20 × 10 m over the extent of the mineralisation.

The RC holes were sampled by collecting 1 m samples from a rig-mounted cyclone and riffle splitter. diamond holes were sampled at 1 m intervals or to geological boundaries.

All samples were submitted to a contract laboratory for Fire Assay analysis. No details of historical QA/QC were available; however, sampling and assaying procedures were identical to those used in other Gum Creek prospects where recent drilling and QA/QC work by PanGold has verified the historical data.

The Toedter Mineral Resource estimate was completed BMGS in 2016. The estimate was constrained by mineralisation wireframes based on a 0.5 g/t Au interpretation cut-off grade. Data within the wireframes was composited to 1 m intervals and high grade cuts were then applied to the composites. Inverse distance squared interpolation was used for estimation.

8.8.4 Exploration along the Gidgee Shear Zone

Swan and Swift

The Swan or Swan Bitter, Swan North and Swift Mineral Resources have been updated and re-estimated in June 2019 by Mining Plus Pty Ltd (Horizon Gold ASX Announcement, 12 July 2019).

Between November 2011 and May 2013, PanGold drilled a total of 57 RC holes around the Swan and Swift deposits for a total of 9,539 m of drilling and an additional 8 geotechnical diamond holes near the margins of the proposed pit cutbacks.

In August 2018, Horizon completed an additional 12-hole diamond drill program for 4,897 m. An additional 6 diamond holes were drilled in December 2018/ January 2019 for a further 1,800 m to test the Butcherbird Shear and the Premium Lode system located 50–70 m east of the underground development.

The Swan and Swift database contain 5,518 drill holes, consisting of 1,235 diamond drill holes, 2,852 RC drill holes, 18 RC drill holes with diamond tails, 130 aircore drill holes, and 1,283 RAB drill holes. RAB and aircore drill holes have been used to model mineralisation but were excluded from estimation. An additional 187 RAB drill holes in the database contained only maximum assays for the drill hole and have been excluded from mineralisation modelling and estimation.

In total, 1,235 diamond drill holes for 150,108 m, 2,852 RC drill holes for 287,002 m, and 18 RC with diamond tails drill holes for 6,712 m have been used in the Swan and Swift Mineral Resource estimates.

The drill sections are spaced at predominantly 20 m intervals along strike, with drilling within the section plane ranging from 25 m to 50 m. Surface drill sections have been drilled at azimuths of. approximately 90° and 270°. The orientation of the underground drilling is more variable, with the drilling completed at azimuths ranging from 200° to 340°, and dips varying from +60° to -60°.

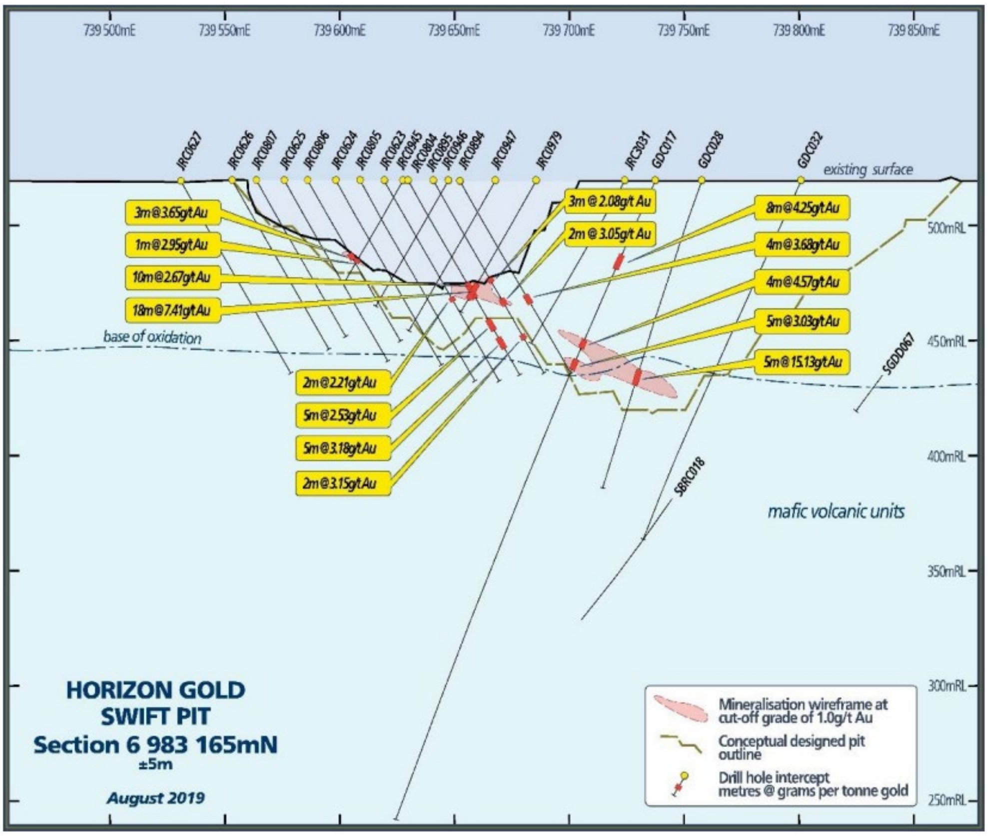

Figure 8-18: Swift existing pit and mineralisation with conceptual pit outline

Source: Horizon Gold ASX Announcement (15 October 2019)

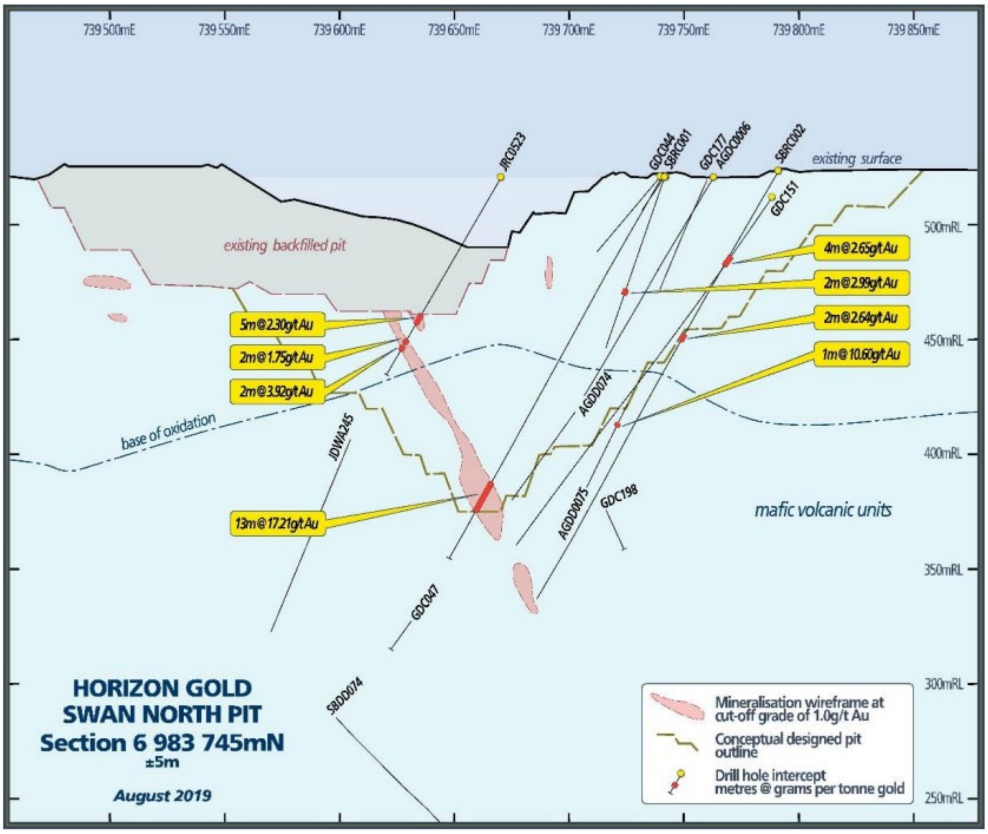

Figure 8-19: Swan North existing pit and mineralisation with conceptual pit outline

Source: Horizon Gold ASX Announcement (15 October 2019)

The Mineral Resource estimate was completed by independent consultancy, Mining Plus Pty Ltd, who was engaged in November 2018, with the updated Mineral Resources being current as of July 2019.

The updated Swan and Swift Mineral Resource estimates represents a significant change in contained tonnes and grade from the previous estimate. These changes are due primarily to the mineralisation being modelled using the implicit modelling functionality of Leapfrog Geo software using identified structural trends to define mineralisation continuity. These more continuous mineralised shapes have enabled different approaches to be applied to the geostatistical analyses and estimation of grade.

The updated in situ, drill-defined, open pit and underground Mineral Resource estimates for the Swan and Swift deposits have been reported at cut-off grades of 0.5 g/t Au within an A$2,000/oz pit shell optimisation and 2.5 g/t Au beneath the pit optimisation.

In 2015, a limited processing study was undertaken at using the Swan Bitter drill core. PanGold undertook the study using a combination of gravity separation and cyanide leaching. The results showed that the material tested was free milling and showed gold recoveries of between 96% and 99%.

In 2014, MBS Environmental Pty Ltd undertook a review of historic tailings in the Gum Creek TSF, which indicated that the tailings are geochemically benign. The material contains an abundance of reactive carbonate minerals and reportedly 98% of the historical tailings samples are non-acid forming.

Kingfisher

A total of 12 RC holes and 18 diamond holes were used in the estimate, with all drilling completed by previous owners between 1990 and 1995. The drill spacing is nominally 40 × 40 m over the extent of the reported Mineral Resource; however, much closer drill spacing is reportedly evident in the previously mined portions of the deposit. In the RC drilling, a face sampling hammer was used with 1 m samples collected via a riffle splitter. Diamond drilling was NQ diameter with core sampling to geological boundaries.

Historical drill samples were reported to be assayed by a Fire Assay technique. While specific QA/QC programs for the Kingfisher drilling were not identified, the extensive open pit and underground production largely verified the magnitude and extent of mineralisation and did not show any assay bias.

The Mineral Resource estimate was completed by an independent consultancy, Carras Mining Pty Ltd. The estimate was constrained by mineralisation wireframes based on a 3.0 g/t Au interpretation cut-off grade with 0.5 m edge dilution added to each side of the lode. Data within the wireframes were composited to 1 m intervals and high grade cuts were then applied to the composites. Inverse distance squared interpolation was used for estimation.

Heron South

The Heron South deposit was drilled using RC, aircore and diamond drilling techniques. A total of 277 RC holes for 23,197 m, 74 aircore holes for 5,536m and 3 diamond holes for 564 m were completed. Of these, 36 holes and 47 aircore holes were drilled by PanGold in 2011 and 2012. The nominal drill spacing is 25 × 10 m.

The Mineral Resources at Heron South are unchanged from those estimated in 2013 by BMGS.

8.8.5 Prospects

Altair and Mensa

In August 2018, Horizon completed drill hole ALDD002 to test the interpreted east dipping black shale/ intermediate volcanic contact below the depth of the historical drilling. ALDD002 returned the following significant zinc-copper base metal intersection (Horizon Annual Report, 2019):

- 55.0 m averaging 3.32% Zn and 0.52% Cu from 184.0 m, including
- 9.0 m averaging 6.69% Zn and 1.00% Cu from 213.0 m.

This result was followed up with two subsequent drill programs between November 2018 and March 2019, which consisted of 12 RC with diamond tailed holes and 4 RC holes (ALDD003 to ALDD022) for a total of 6,382 m.

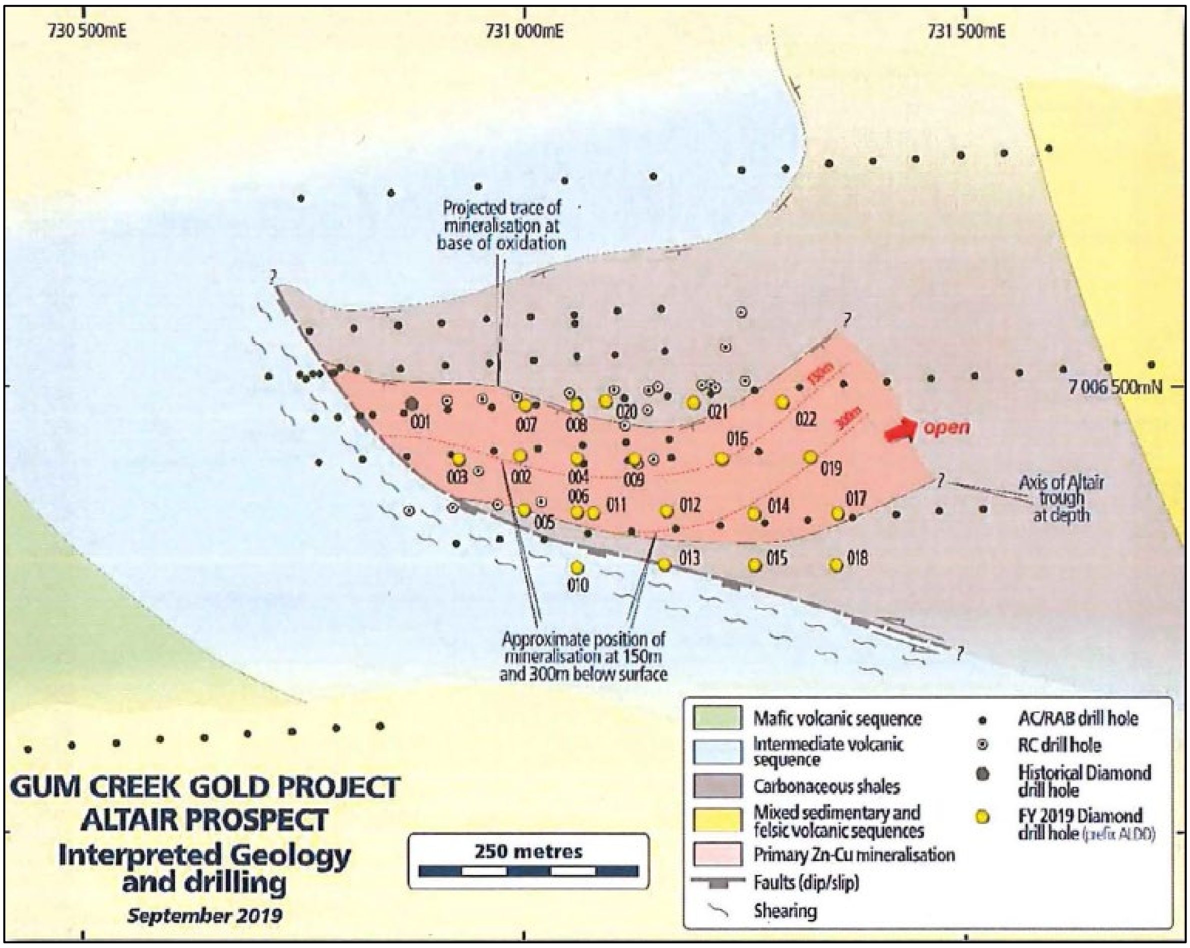

Figure 8-20: Drill plan location map at the Altair prospect

Source: Horizon Annual Report 2019

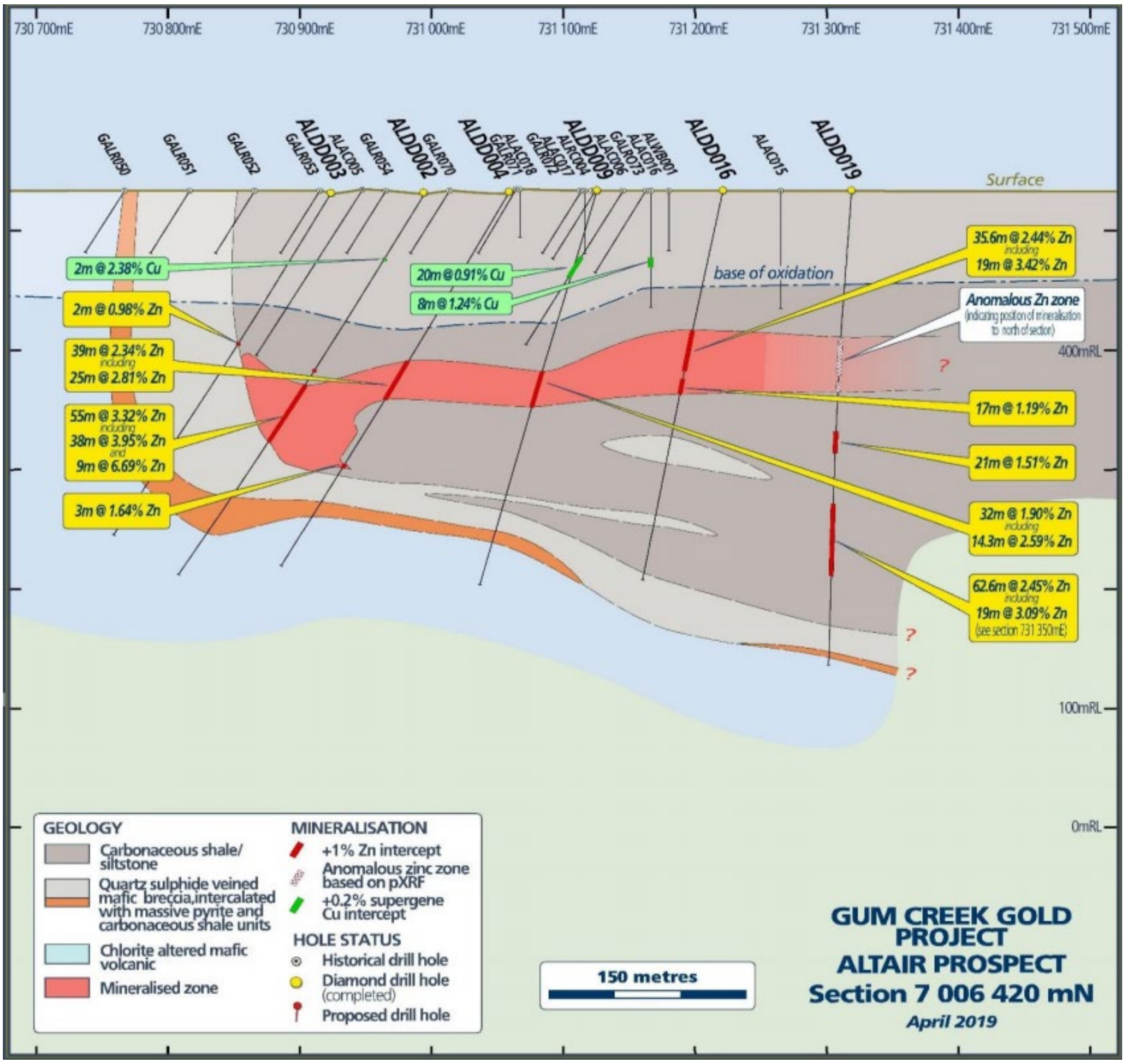

Figure 8-21: Altair prospect – cross section at 7006420 mN (±20 m)

Source: Horizon Annual Report 2019

A downhole electromagnetic survey (DHEM) was carried out by Horizon during the 2019 exploration drilling campaign and showed positive response in holes ALDD002 and ALD009 with a 70 ms exponential decay constant coincident with the mineralised intervals.

In June 2019, a moving loop electromagnetic (MLEM) survey was carried out in at a broad spacing of 200 m by 200 m for a total of 323 survey stations for a total of 43 line kilometres of survey. The program was designed to confirm the electromagnetic response identified by the DHEM and subsequently identify any additional extensions including areas of anomalism highlighted by the 2015 SkyTEM survey at the Mensa prospect to the north and allowing for better modelling and targeting for further drill testing.

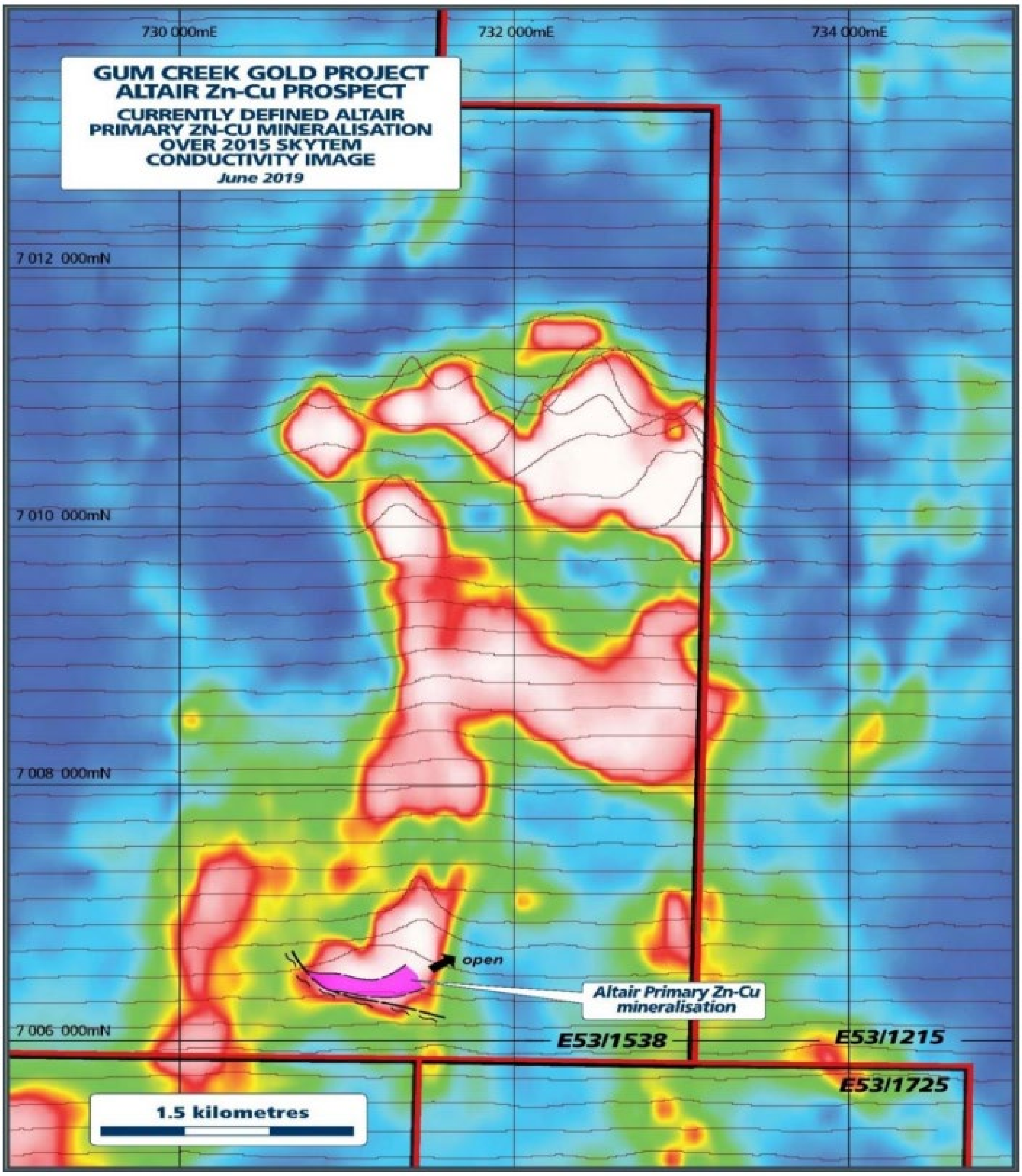

Figure 8-22: SkyTEM conductivity results at the Altair prospect from 2015

Source: Horizon Annual Report 2019

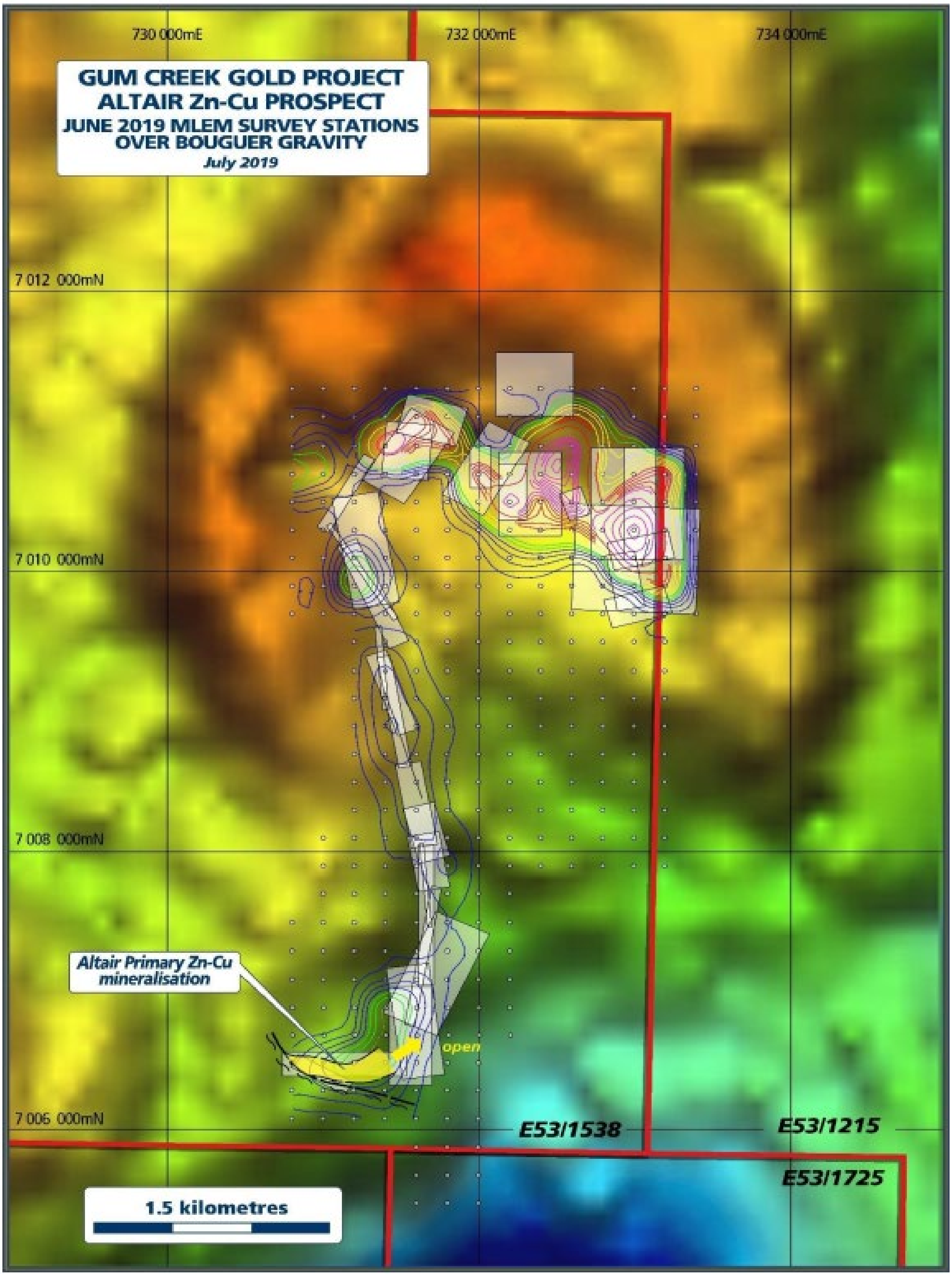

Figure 8-23: MLEM survey results and modelled plates over Bouger gravity

Source: Horizon ASX Announcement 16 July 2019

A program of metallurgical testwork to determine the comminution and flotation performance of the Altair zinc-copper-silver mineralisation has commenced, but results are currently unavailable.

Recent exploration by Horizon has identified a broad continuous lens of zinc-copper-silver mineralisation over a strike length of more than 450 m. The maximum down dip extent and average thickness of the lens are 350 m and 25 m, respectively. Importantly, the mineralised lens remains open to the north and east. Modelled geophysical conductors suggest potential extensions to this mineralisation could be up to 8 km in strike length.

SRK considers the Altair prospect to offer moderate to high prospectivity. Horizon have not reported an Exploration Target for Altair under JORC (2012) reporting guidelines although SRK understands that geological modelling by the Horizon technical team has defined a target area and prepared an internal volume estimate.

Toedter West

The 2018 Horizon Annual Report notes that, in total, 87 aircore holes were drilled in 2018 for a total of 2,775 m; the best reported result was from hole GPAC1353 which intersected 3.0 m at 0.71 g/t Au from 76 m downhole depth.

An additional 42 aircore holes were drilled at the Toedter West prospect in 2019 for approximately 1,500 drilled metres. Results from this drilling have not yet been reported.

SRK considers the Toedter West prospect to offer low prospectivity.

PSI

The 2018 Horizon Annual Report notes that, in total, 14 holes for 1,369 m were drilled in 2017, with returned results including:

- GWRC462: 7 m at 4.94 g/t Au from 55 m
- GWRC464: 6 m at 4.16 g/t Au from 80 m
- GWRC466: 5 m at 4.415 g/t Au from 68 m
- GWRC467: 5 m at 3.60 g/t Au from 62 m
- GWRC469: 4 m at 5.34 g/t Au from 60 m.

Four additional holes were completed in early 2018 and reported the following results

- 12 m at 1.27 g/t Au from 96 m
- 8 m at 1.45 g/t Au from 100 m
- 8 m at 2.32 g/t Au from 145 m.

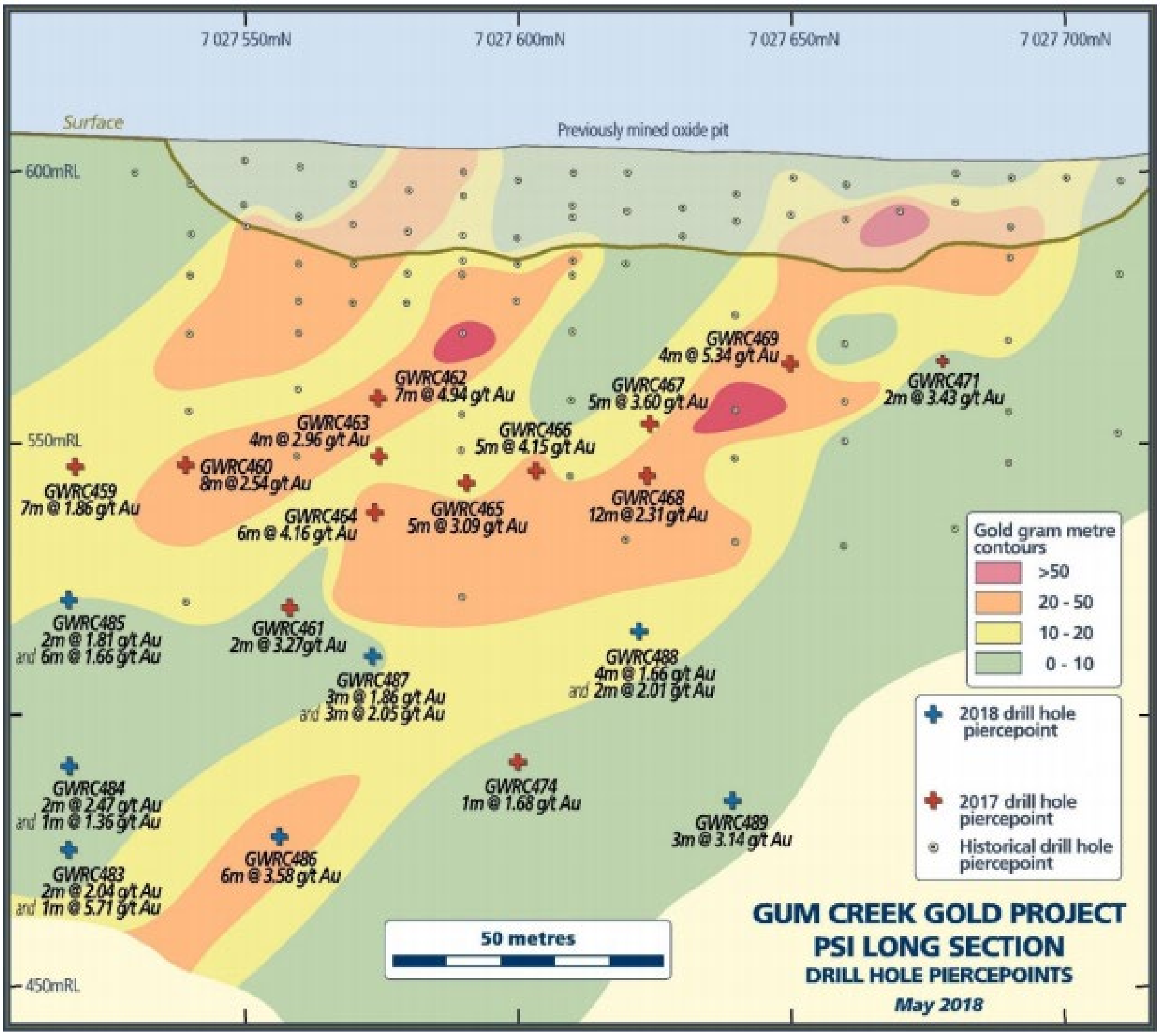

Figure 8-24: Drilling intercepts and cross section of PSA mineralisation

Source: Horizon Annual Report 2018

SRK considers the PSI prospect to be moderately prospective

Wahoo East

A total of 74 aircore holes were drilled at the Wahoo East prospect for approximately 2,900 m in 2019.

Results from this drilling have not yet been reported.

SRK considers the Wahoo East prospect to be low to moderately prospective.

Additional prospects/ targets

A number of additional prospects / targets have been identified or referred to, for which there is limited information available in the public domain information SRK has been able to access.

Limited recent reporting was available at a number of named targets, including:

- Ray Charles: tested with 4 RC holes, no significant gold detected, and no further work planned.
- Rail and Big West: tested with 4 RC holes, no significant gold detected, and no further work planned.
- Camel Bore: tested with 3 RC holes, no significant gold detected in 2 holes and only minor gold anomalism detected in the third hole (4 m at 0.25 g/t Au); no further work planned.

- Melbourne Bitter: tested with 4 aircore holes returning minor to moderate gold anomalism, including:
  - 4 m at 1.62 g/t Au from 96 m
  - 4 m at 1.32 g/t Au from 0 m
  - 4 at 3.38 g/t Au from 76 m
  - 4 at 0.77 g/t Au from 32 m.
- Orion/ Gidgee South: tested with 3 aircore holes returning minor gold anomalism, including:
  - 4 m at 0.83 g/t Au from 32 m
  - 4 m at 1.0 g/t Au from 60 m
  - 4 m at 2.21 g/t Au from 72 m.

No further work planned.

8.8.6 Mining Studies

Scoping Study (2012)

In August 2012, PanGold released the Gidgee Gold Project Scoping Study. The study was based on the mining of open pit resources from the Swan Bitter, Swift, Howards, Toedter, and Specimen Well deposits, as well as the mining of underground resources from Wilsons.

Wilsons only Study (2012-2013)

From December 2013 through to September 2014, PanGold investigated a 'Wilsons only' option, which considered mining and processing the refractory Wilsons deposit to produce a gold-rich sulphide concentrate for direct sale. Subsequently the focus changed to investigate less cash intensive options using toll treatment of the free milling gold.

Mining Proposal (2015)

In 2015, a Mining Proposal was approved for the recommencement of mining operations at Gum Creek. The approval included mine cutbacks to the existing Swift pits, recommencement of mine dewatering and water abstraction, ore haulage, recommencement of processing activities at the existing processing plant, disposal of tailings into the existing TSF and refurbishment of the existing accommodation village.

Free Milling Scoping Study (2016)

In March 2016, PanGold announced the results of the Gum Creek Gold Project Free Milling Scoping Study. The study included open cut resources at the Swan, Swift and Howards projects and details of the results are provided below as detailed in PanGold's ASX Announcement dated 18 March 2016:

- 5.8-year initial mine life
- 12-month construction period
- Annual production of 60,000 oz Au
- A mining inventory of 4.9 Mt at 1.94 g/t Au for 309,000 oz Au at 95% recovery
- Capital costs of A$62M including a new carbon-in-leach processing facility
- All in sustaining costs of A$1,209/oz Au
- Assumed gold price of A$1,700/oz Au
- Pre-tax project NPV of A$37M at an 11% discount rate.

SRK understands that while the study demonstrated that the Gum Creek project had a positive economic outcome, it has not been pursued and has since been superseded by the revised Scoping Study announced on 20 November 2019.

Scoping Study (20 November 2019)

Since the completion of the Mineral Resource estimate in June 2019, Mining Plus was retained by Horizon to assist with the completion of a series of open pit evaluation studies on the Swan and Swift deposits. This work formed the basis of a Scoping Study which contemplated a toll treating operation where material would be processed off site. No results were publicly reported – other than that the results are positive (Horizon ASX Announcement 20 November 2019) and supportive of a Feasibility Study to be prepared in 2020. SRK understands that the results of the study cannot be publicly reported as they are largely based on Inferred Mineral Resources. The current Mineral Resource classification has also prevented Ore Reserves from being reported.

Other studies

The following studies, relating to Swan, Swan North and Swift pits, have been undertaken previously:

- 2011, 2013 - Flora and Vegetation Assessment completed by Maia Environmental Consultancy Pty Ltd
- 2013 - Gidgee Gold Project - Vertebrate Fauna Survey by Western Wildlife Pty Ltd
- 2013 - Gidgee Gold Project Subterranean Fauna Assessment by MBS
- 2013 - Hydrogeological Assessment completed by Groundwater Resource Management Pty Ltd
- 2013 - Waste rock characterisation completed by MBS
- 2013 - Raising of Tailings Storage Facility Design Report by Coffey International Ltd
- 2013 - Geotechnical Assessment of Open Pit mining Swan Bitter by Peter O'Bryan & Associates
- 2017 - Processing Plant Inspection and Refurbishment budget estimate by MACA Interquip Pty Ltd.

8.8.7 Mineral Resources

The current total Mineral Resource at the Gum Creek project is 15.89 Mt at an average grade of 2.7 g/t Au containing 1.39 Moz Au (Table 8-3). In total, some 61% of the contained ounces are free milling, and the remaining 39% at the Wilsons, Shiraz and Heron South deposits are refractory.

All Mineral Resources have been reported in accordance with the JORC Code (2012 Edition) guidelines. In SRK's opinion, the stated Mineral Resources are a reasonable representation of global grades and tonnages available and are suitable for valuation purposes.

8.8.8 Ore Reserves

No Ore Reserves have been reported or estimated at the Gum Creek project.

Table 8-3: Gum Creek Gold Project Mineral Resources as at 12 July 2019

Resource	Resource Date	Cut-off grade (g/t Au)	Mineralisation Type	Indicated		Inferred		Total		Contained Gold (oz)
				Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	
Open Pit Resources										
Swan OC	May-19	0.5	Free Milling	80,000	8.8	880,000	6.8	960,000	7.0	216,000
Swift OC	May 19	0.5	Free Milling	100,000	5.0	740,000	7.5	840,000	7.2	195,000
Heron South	Aug-16	0.5	Refractory	1,140,000	2.2	2,000	1.3	1,140,000	2.2	80,000
Howards	Jul-13	0.4	Free Milling	5,250,000	1.1	720,000	1.0	5,970,000	1.1	204,000
Specimen Well	Aug-16	0.5	Free Milling			360,000	2.0	360,000	2.0	23,000
Toedter	Aug-16	0.5	Free Milling			690,000	1.5	690,000	1.5	34,000
Shiraz	Jul-13	0.4	Refractory	2,480,000	0.8	440,000	0.8	2,920,000	0.8	78,000
Underground Resources										
Swan UG	May-19	2.5	Free Milling	10,000	12.9	280,000	8.4	280,000	8.6	78,000
Swift UG	May-19	2.5	Free Milling			70,000	4.9	70,000	4.9	10,000
Kingfisher UG	Aug-16	3.5	Free Milling			390,000	6.1	390,000	6.1	77,000
Wilsons UG	Jul-13	1.0	Refractory	2,130,000	5.3	140,000	6.0	2,270,000	5.4	391,000
Total				**11,190,000**	**2.0**	**4,700,000**	**4.3**	**15,890,000**	**2.7**	**1,388,000**

Source: Horizon Gold Annual Report October 2019

8.8.9 Infrastructure

The majority of infrastructure at the Gum Creek project is located within 5 km of the existing Swan and Swift open pits and includes:

- Accommodation camp (currently capable of accommodating 50 people) which requires some refurbishment to support mining operations
- Gravel airstrip which has been maintained and recently been used for exploration activities
- Access roads from both the Great Northern Highway to the west and the Goldfield Highway to the east; there is also a Shire access road to Sandstone to the south of the project area
- TSF (with a rock capping) that would require an additional raise prior to use
- Workshop, stores, offices and buildings in varying conditions
- Carbon-in-leach processing plant designed for 500,000 tpa throughput; the plant is not in operation and would require significant refurbishment to return to operation.

8.9 Other considerations

8.9.1 Commodity prices

According to the Australian Government's Resources and Energy Quarterly (September 2019 Edition), the London Bullion Market Association (LBMA) gold price reached a 6-year high of US$1,547/oz on 3 September 2019 due to trade tensions between the US and China. The trade tensions pushed the Australian dollar to an 11-year low of US$0.67 on 2 September. The lower Australian dollar, in combination with higher US dollar gold price pushed the Australian dollar gold price to a record A$2,289/oz on 3 September 2019.

Gold is expected to perform well over the remainder of 2019 and 2020 as the market responds to the trade tensions and geopolitical problems. The Brexit uncertainty has risen following the United Kingdom Parliament's vote to block a 'no deal' Brexit on 4 September 2019. Civil unrest in Hong Kong is ongoing and the stalled US and North Korea nuclear talks pose a risk to regional (east Asia) and global security. Further, the confrontation between the US and Iran has the potential to escalate. Other uncertainties include a change of government in Italy and the rapid plunge of the Argentine peso after the country's presidential election in August 2019. Reflecting these issues, the US gold price is forecast average US$1,390/oz in 2019, with the Australian gold price forecast to be A$1,980/oz.

The global economy faces a higher recessionary risk as signalled by the inverted yield curve. A correction in global equity markets could potentially result in a flow of funds into gold. Central banks' gold purchases are likely to support gold prices over the next few years, with a forecast increase of 11% in 2019, to 732 tonnes. Purchases are expected to stay above 700 tonnes in 2020. As gold faces higher demand as a safe haven asset, gold prices are expected to lift to an average US$1,470/oz in 2020, before falling to an average US$1,450/oz in 2021. The Australian gold price is forecast to average A$2,040/oz in 2020, before falling to an average of A$1,960/oz in 2021

8.9.1 Previous valuations

The VALMIN Code (2015) requires that practitioners should refer to other recent Valuations or Expert Reports undertaken on the mineral projects being assessed.

SRK is not aware of any publicly disclosed valuations for the Gum Creek project.

In 2018, CSA Global, an independent mining consultancy, completed a valuation for impairment testing purposes by Horizon's auditors with a valuation date of 30 June 2018.

Table 8-4: CSA's Valuation summary of the Gum Creek project as at 30 June 2018

Mineral Asset	Equity (%)	Valuation (A$M)		
		Low	Preferred	High
Mineral Resources	100	10.8	15.4	20.0
Exploration Targets	100	1.0	1.9	2.9
Surrounding Tenure	100	1.3	3.5	5.7
Total	**100**	**13.0**	**20.8**	**28.6**
The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding				

Source: CSA 2018

Since 30 June 2018, there have been minor increases in the declared Mineral Resources at the Gum Creek project. These increases are a result of additional exploration principally at Butcherbird and Premium Lode Shear, which were previously reported as Exploration Targets. These Exploration Targets have both been converted into Mineral Resources and included as part of the Swan and Swift Mineral Resource update in June 2019. The total contained gold ounces valued by CSA in 2018 were 1.25 Moz; the total contained ounces for valuation in 2019 are 1.39 Moz.

SRK notes that at the time of CSA's valuation, the gold price was A$1,691.53/oz compared to the current gold price of A$2,201.71/oz. In SRK's opinion the increase in gold price and subsequently market value of gold assets as a result of improved market sentiment is responsible for the increased value attributed by the current valuation. In preparing this Report, SRK has considered CSA's valuation, where applicable.

8.9.2 Previous transactions

As outlined further below, the Gum Creek project was acquired by PanGold in two separate transactions from Apex Minerals Limited (Apex).

Acquisition of Gidgee Gold Project

On 31 January 2011, PanGold announced the acquisition of a 100% interest in the Gidgee gold project (excluding tenement M 53/153 which covered the Wilsons refractory gold deposit) from Apex for A$15.5M in cash. At the time of the transaction, the Gidgee project contained a reported Mineral Resource of 310,000 oz in the Measured (9 koz), Indicated (155 koz) and Inferred (145 koz) Mineral Resource categories. The implied transaction multiple form this transaction is A$49.98/oz (raw) or A$69.31/oz (normalised).

Acquisition of Wilsons Gold Project

On 23 May 2012, PanGold announced the acquisition of a 100% interest in the Wilsons project from Apex for A$8M in cash. At the time of the transaction, the Wilsons project contained a reported Mineral Resource of 325,000 oz in the Indicated (215 koz) and Inferred (110 koz) Mineral Resource categories. The implied transaction multiple was A$24.65/oz (raw) or A$34.00/oz (normalised).

9 Valuation of Gum Creek Project

9.1 Valuation basis

In estimating the value of the Gum Creek project as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has considered the Mineral Resources as well as the prospectivity outside of these resource areas. SRK's valuation basis is presented in Table 9-1.

Table 9-1: Valuation basis of the Gum Creek Project

Deposit or Prospect	Development Stage	Description	Valuation basis
Swan, Swan North, Swift	Pre-Development	Mineral Resources, with Scoping Studies underway held under Mining Leases	Market: Comparable Transactions (resource multiples) Market: Yardstick
Wilsons, Toedter, Specimen Well, Shiraz, Kingfisher, Heron South, Howards	Advanced Exploration to Pre-Development	Mineral Resources, held under Mining Leases	Market: Comparable Transactions (resource multiples) Cost: Geoscientific Rating
Altair, Mensa, Wahoo East	Advanced Exploration	Exploration Potential held under Mining Leases and Exploration Licences without Resources	Market: Comparable Transactions (area-based multiples) Cost: Geoscientific Rating

SRK notes that the Gum Creek project contains three granted Prospecting Licences, eight granted Exploration Licences and 19 Mining Leases. All of the reported Mieneral Resources are located within Mining Leases. For valuation of the remaining exploration potential outside of the Mineral Resources, SRK has excluded areas that contain Mineral Resources. As SRK was not provided with the surface extents of these resource areas, SRK has estimated the resource areas as a percentage of the tenure and deducted this from the total tenure areas.

9.2 Gum Creek project – deposits with Mineral Resources

9.2.1 Comparable market transactions

SRK reviewed transactions involving Western Australian gold projects occurring between October 2016 and November 2019. SRK identified 38 transactions for which sufficient information was available to calculate a resource multiple. SRK's analysis of the implied resource value multiples is based on the reported Mineral Resources described in Table 9-2 and Table 9-3.

The implied transaction multiple for resources is expressed in A$/oz; it is calculated from the transaction value (at the implied 100% acquisition cost) and the total contained resources of the project.

Importantly, while transaction multiples are widely used in valuation, they rely on the assumption that the reported Mineral Resources have been appropriately reported and can be taken at face value. As such, the method assumes that differences in reporting regimes, between different Competent Persons, resource classification, metal recovery and adopted cut-off grades (which may change between assets and/or companies) do not materially influence the implied multiple. The method implicitly assumes total recoverability of all metal tonnes/ ounces, as reliable and accurate data is generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied value calculations are for the purposes of its valuation and do not attempt to estimate or reflect the metal likely to be recovered as required under the JORC Code (2012).

SRK notes that the dataset compiled by SRK for analysis occurs over a relatively recent period (2016 to 2019). The transaction multiples have been adjusted by normalising the multiples using the difference between the gold spot price at the time of the transaction and the gold price as at the Valuation Date. Both the raw and normalised values are presented, where adjustments have been made.

SRK notes that there is a clear relationship between the development stage of the assets which host defined Mineral Resources and their implied multiples with the average, median and weighted average values decreasing according to development stage. For example, when considering the weighted average normalised multiples only; projects in operation or construction imply normalised multiples of A$56.22/oz decreasing to A$27.74/oz for projects in care and maintenance through to pre-development, decreasing again to A$11.32/oz.

Table 9-2: Resource based transaction multiple analysis

	Resource Multiple – Raw (A$/oz Au)	Resource Multiple – Normalised (A$/oz Au)
All		
Minimum	0.87	1.22
Median	14.32	19.19
Average	38.80	49.22
Maximum	261.37	356.33
Weighted average	49.87	65.06
Projects in Operation or under Construction		
Minimum	13.50	18.52
Median	59.33	78.57
Average	112.16	149.62
Maximum	261.37	356.33
Weighted average	44.58	56.22
Projects in Care and Maintenance to Pre-Development		
Minimum	1.25	1.61
Median	11.24	15.26
Average	19.61	24.80
Maximum	67.46	82.18
Weighted average	22.61	27.74
Advanced Exploration		
Minimum	0.87	1.22
Median	5.89	7.57
Average	12.20	15.54
Maximum	54.67	67.78
Weighted average	8.68	11.32

Source: SRK analysis

Comparable transactions – Resource multiple valuation

Based on SRK's analysis, SRK has considered the defined Mineral Resources within the Gum Creek project by development stage. Based on the transactions available, SRK considers that the market would pay between A$15/oz Au and A$25/oz Au for the Gum Creek Mineral Resources at the Pre-Development stage based on the average and mean of the transaction analysis. SRK further considers that the market would pay A$7.50/oz Au and A$15/oz Au for the Gum Creek Mineral Resources at the Advanced to Pre-Development stage based on the average and mean of the transaction analysis.

The implied values of the Gum Creek project on a comparable basis are provided in Table 9-3. SRK has valued the defined Mineral Resources at Swan, Swift and Wilsons (totalling 890,285 troy ounces in Mineral Resources) as pre-development assets. SRK considers the remaining Mineral Resources at the Shiraz, Howards, Specimen Well, Toedter, Kingfisher and Heron South projects (totalling 497,551 troy ounces in Mineral Resources) to be best presented as Advanced to Pre-Development assets.

Table 9-3: Valuation of the Gum Creek Resources – comparable transaction methods

Development Stage	Valuation Methodology	Contained mineral content (troy oz)	Multiple Low (A$/oz)	Multiple High (A$/oz)	Multiple Preferred (A$/oz)	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Pre-Development	Comparable sales (A$/oz Au)	890,285	15.0	25.0	20.0	13.4	22.3	17.8
Advanced Exploration to Pre-Development	Comparable Sales (A$/oz Au)	497,551	7.50	15.0	12.50	3.7	7.5	6.2
					Total	**17.1**	**29.8**	**24.0**

Note: Any discrepancy between tables is due to rounding.

Yardstick valuation

As a cross-check to the values implied by market multiples, SRK has also considered standard industry yardsticks. Under the Yardstick method of valuation, specified percentages of the spot price are used to assess the likely value.

Commonly used Yardstick factors are:

- Measured Resources - 2.0% to 5.0% of the spot price
- Indicated Resources - 1.0% to 2.0% of the spot price
- Inferred Resources - 0.5% to 1.0% of the spot price
- Exploration Target - 0.1% to 0.5% of the spot price.

SRK used the price as at 12 December 2019, being A$2,135/oz.

The implied values of the Gum Creek project on a Yardstick basis only are provided in Table 9-4. Mineral Resources are split by development category to facilitate comparison with the values derived from the comparable transactions method.

Table 9-4: Valuation of the Gum Creek project Mineral Resources – Yardstick method

	Yardstick Factor Low	Yardstick Factor High	Contained Au (troy ounces)	Value Low (A$M)	Value High (A$M)	Value Preferred (A$M)
Value by Category - Pre-Development Resources						
Measured	2.0%	5.0%	-	-	-	
Indicated	1.0%	2.0%	405,806	8.7	17.3	13.0
Inferred	0.5%	1.0%	484,479	5.2	10.3	7.8
Subtotal			**890,285**	**13.8**	**27.7**	**20.8**
Value by Category - Advanced Exploration to Pre-Development Resources						
Measured	2.0%	5.0%	-	-	-	
Indicated	1.0%	2.0%	330,091	7.0	14.1	10.6
Inferred	0.5%	1.0%	167,460	1.8	3.6	2.7
Subtotal			**497,551**	**8.8**	**17.7**	**13.3**
Total				**22.7**	**45.4**	**34.0**

Note: Any discrepancy between tables is due to rounding.

Gum Creek project Mineral Resources – Value summary

SRK has elected to adopt the values implied by the comparable sales method as the basis for the value of the Gum Creek project Mineral Resources, given the current market sentiment and availability of comparable transactions information. On this basis, SRK estimates the value of a 100% interest in the Gum Creek Mineral Resources lies in the range between A$17.1M and A$29.7M, with a preferred value of A$24.0M (Table 9-11).

Table 9-5: Summary valuation – Gum Creek project Mineral Resources

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Comparable market transactions	17.1	29.7	24.0
Yardstick	22.68	45.4	34.0
Selected	17.1	29.7	24.0

9.2.2 Exploration Potential

Comparable transactions - Area multiple analysis

SRK has also reviewed transactions involving early to advanced stage Western Australian gold projects (i.e. without defined gold resources) occurring between September 2016 and November 2019. SRK identified 36 transactions (Appendix A-1) for which sufficient information was available to calculate an area multiple. SRK's analysis of the implied area value multiples based on the reported areal extent of mineral tenure as described in Table 9-6.

The area-based transaction multiple is expressed in A$/km²; it is calculated from the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired.

SRK has considered the dataset in terms of the type of tenure acquired, as highlighted in Table 9-6. There is a clear distinction in the implied price paid for Mining Leases, Exploration Licences and mixed tenure projects. For example, on a normalised basis and considering the weighted average only, Exploration Licences transacted for A$4,297.85/km², while Mining Leases transacted for A$210,270/km². Mixed tenure projects transacted in between, with an implied transaction multiple of A$34,603/km².

SRK notes there is also a clear relationship between the size of tenure acquired and the implied acquisition price per square kilometre. Mining Lease are generally smaller than Exploration Licences and are also generally more advanced and consequently generally attract higher purchase prices. However, the relationship also holds true when these datasets are reviewed exclusively from each other. This is logical because as exploration progresses an explorer relinquishes ground, retaining only the most prospective areas.

Table 9-6: Area-based transaction multiple analysis

	Area Multiple ($A\$/km^2$)	Normalised Area Multiple ($A\$/km^2$)
All		
Minimum	68.42	90.54
Median	3,603.60	4,009.32
Average	88,440.00	112,331.77
Maximum	1,455,479.45	1,910,047.30
Weighted average	11,169.62	13,109.02
Gold - Projects with only Exploration Licences		
Minimum	68.42	90.54
Median	2,622.83	3,242.33
Average	13,008.89	17,177.69
Maximum	107,142.86	150,010.49
Weighted average	3,467.28	4,297.85
Gold - Projects with only Mining Leases		
Minimum	15,644	21,464
Median	192,308	242,310
Average	601,928	775,945
Maximum	1,455,479	1,910,047
Weighted average	210,270	210,270
Gold - Projects with a mix of Prospecting Licences, Exploration Licences and Mining Leases		
Minimum	1,558	2,082
Median	10,571	12,877
Average	37,742	40,068
Maximum	186,113	184,778
Weighted average	34,603	34,603
Copper/ other – Projects with Exploration Licences		
Minimum	319	424
Median	1,536	2,040
Average	1,569	2,079
Maximum	2,884	3,810
Weighted average	1,744	1,744

Source: SRK analysis

Comparable transactions – Area multiple valuation

Based on SRK's transaction analysis, SRK considered the tenure held within the Gum Creek project according to its size and type. Based on the transactions available (after removing outliers; both low and high), SRK considers that the market would pay between A$20,000/km² and A$100,000/km² for the Mining Leases and A$1,000/km² and A$20,000/km² for the Exploration Licences at the Gum Creek project.

SRK's ranges for the tenure are based on the mixed tenure projects, which are more reflective of the Gum Creek project. In SRK's opinion, applying values based on the ranges indicated by either Exploration Licence or Mining Lease only does not reflect the large and coherent nature of the project tenure and its position relative to the surrounding Mineral Resources (which have been valued separately). SRK has further selected ranges for the Gum Creek tenure based on the size of the tenure and selected its preferred value based on the prospectivity of the tenement.

SRK has not been provided with information detailing the total area covered by the Mineral Resource areas (which have been valued separately). SRK has therefore had to estimate the area covered by the currently stated Mineral Resources. For very small Mining Leases containing Mineral Resources, this has resulted in little or no remaining area; consequently, these have been assigned no value on an area basis.

The implied values of a 100% interest in the Exploration Potential associated with the Gum Creek project using the comparable transaction method are provided in Table 9-7.

Table 9-7: Gum Creek project – Exploration Valuation – comparable transaction method

Tenement	Prospect or deposit	Area (km²)	Area valued (km²)	Multiple Low	Multiple High	Multiple Preferred	Low (A$ M)	High (A$ M)	Preferred (A$ M)
P 57/1304	-	0.48	0.48	20,000	50,000	30,000	0.01	0.02	0.01
P 53/1582	-	0.60	0.60	20,000	50,000	30,000	0.01	0.03	0.02
P 53/1577	-	0.05	0.05	20,000	50,000	30,000	0.00	0.00	0.00
E 57/1105	-	70.31	70.31	2,500	7,500	5,000	0.18	0.53	0.35
E 51/1844	-	61.25	61.25	2,500	7,500	5,000	0.15	0.46	0.31
E 57/1104	Toedter West	36.52	36.52	5,000	10,000	7,500	0.18	0.37	0.27
E 57/1093	-	59.69	59.69	2,500	7,500	5,000	0.15	0.45	0.30
E 53/1955	-	82.33	82.33	2,500	7,500	5,000	0.21	0.62	0.41
E 51/1538	Altair, Mensa	104.32	104.32	2,500	7,500	7,000	0.26	0.78	0.73
E 57/1100	-	15.25	15.25	5,000	10,000	9,000	0.08	0.15	0.14
E 53/1725	-	88.86	88.86	2,500	7,500	7,000	0.22	0.67	0.62
M 51/458	-	6.20	6.20	50,000	100,000	75,000	0.31	0.62	0.46
M 53/10	-	0.10	0.10	50,000	100,000	75,000	0.00	0.01	0.01
M 53/988	-	5.12	5.12	50,000	100,000	75,000	0.26	0.51	0.38
M 53/153	Shiraz, Wilsons	9.17	1.83	50,000	100,000	60,000	0.09	0.18	0.11
M 51/105	-	1.17	1.17	50,000	100,000	75,000	0.06	0.12	0.09
M 51/185	-	2.48	2.48	50,000	100,000	75,000	0.12	0.25	0.19
M 53/904	-	0.08	0.08	50,000	100,000	95,000	0.00	0.01	0.01
M 57/635	Howards	14.43	7.22	50,000	100,000	75,000	0.36	0.72	0.54
M 53/716	-	2.54	2.54	50,000	100,000	95,000	0.13	0.25	0.24
M 51/157	Specimen Well	0.93	-	50,000	100,000	95,000	-	-	-
M 53/11		0.10	0.10	50,000	100,000	75,000	0.00	0.01	0.01
M 57/634	Swan	48.10	38.48	25,000	50,000	45,000	0.96	1.92	1.73

Tenement	Prospect or deposit	Area (km^2)	Area valued (km^2)	Multiple Low	Multiple High	Multiple Preferred	Low (A$ M)	High (A$ M)	Preferred (A$ M)
	North, Swan, Swift, Kingfisher, Heron South								
M 53/251	-	1.70	1.70	50,000	100,000	85,000	0.09	0.17	0.14
M 51/290	-	0.05	0.05	50,000	100,000	95,000	0.00	0.00	0.00
M 53/105	-	5.66	5.66	50,000	100,000	75,000	0.28	0.57	0.42
M 51/186	PSI	3.65	3.65	50,000	100,000	85,000	0.18	0.36	0.31
M 51/104	-	0.37	0.37	50,000	100,000	95,000	0.02	0.04	0.03
M 51/410	Toedter	3.54	0.71	50,000	100,000	75,000	0.04	0.07	0.05
M 53/500	-	3.90	3.90	50,000	100,000	75,000	0.20	0.39	0.29
Total							**4.55**	**10.29**	**8.20**

Geoscientific Rating method

SRK has also used the Geoscientific Rating method as a secondary valuation method to estimate the Market Value of the exploration tenure and cross check the values implied by comparable sales methods. The Geoscientific Rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value and is considered to be a cost-based method of valuation. The intrinsic value is referred to as the Base Acquisition Cost (BAC), which represents the 'average cost to identify, apply for and retain a base unit of area of title' for 1 year.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects, and geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value. A BAC of A$800/km² has been assumed in this valuation, which incorporates annual rental, administration and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification (Table 9-8).

Table 9-8: Base acquisition cost

Cost type	Cost	Cost per km²	Total cost (A$)
Application fee	356.00		356.00
Annual rent for Year 1		58.00	4,060.00
Minimal expenditure		300.00	21,000.00
Costs of identification	15,000.00		15,000.00
Legal costs and negotiations and compensation agreements	20,000.00		20,000.00
Security	5,000.00		5,000.00
		Total cost	**55,416.00**
		Estimated BAC (per km²)	**791.66**

Using the Geoscientific Rating method, SRK considers the market would pay between A$4.23M and A$11.62M, with a preferred value of A$7.92M for a 100% interest in the Exploration Potential outside of the currently defined Mineral Resources at the Gum Creek project.

In assigning its preferred values overall, SRK has selected the average or mid-point of the high and low as the preferred as it has no preference to either end of the range.

Table 9-9: Modified property rating criteria

<table>
<tr><th>Rating</th><th>Off-property factor</th><th>On-property factor</th><th>Geological factor</th><th>Anomaly factor</th></tr>
<tr><td>0.1</td><td></td><td></td><td>Unfavourable geological setting</td><td>No mineralisation identified – area sterilised</td></tr>
<tr><td>0.5</td><td>Unfavourable district/ basin</td><td>Unfavourable area</td><td>Poor geological setting</td><td>Extensive previous exploration provided poor results</td></tr>
<tr><td>0.9</td><td></td><td></td><td>Generally favourable geological setting, under cover or complexly deformed or metamorphosed</td><td>Poor results to date</td></tr>
<tr><td>1.0</td><td>No known mineralisation in district</td><td>No known mineralisation on lease</td><td rowspan="2">Generally favourable geological setting</td><td>No targets outlined</td></tr>
<tr><td>1.5</td><td>Minor workings</td><td>Minor workings or mineralised zones exposed</td><td>Target identified, initial indications positive</td></tr>
<tr><td>2.0</td><td rowspan="2">Several old workings in district</td><td rowspan="2">Several old workings or exploration targets identified</td><td>Multiple exploration models being applied simultaneously</td><td></td></tr>
<tr><td>2.5</td><td>Well-defined exploration model applied to new areas</td><td rowspan="2">Significant grade intercepts evident but not linked on cross or long sections</td></tr>
<tr><td>3.0</td><td rowspan="2">Mine or abundant workings with significant previous production</td><td rowspan="2">Mine or abundant workings with significant previous production</td><td rowspan="2">Significant mineralised zones exposed in prospective host rock</td></tr>
<tr><td>3.5</td><td rowspan="2">Several economic grade intercepts on adjacent sections</td></tr>
<tr><td>4.0</td><td>Along strike from a major deposit</td><td rowspan="2">Major mine with significant historical production</td><td>Well-understood exploration model, with valid targets in structurally complex area, or under cover</td></tr>
<tr><td>5.0</td><td>Along strike for a world class deposit</td><td>Well-understood exploration model, with valid targets in well understood stratigraphy</td><td></td></tr>
<tr><td>6.0</td><td></td><td></td><td>Advanced exploration model constrained by known and well-understood mineralisation</td><td></td></tr>
<tr><td>10.0</td><td></td><td>World class mine</td><td></td><td></td></tr>
</table>

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011.

Table 9-10: Geoscientific valuation scorecard – All Tenure (100% basis)

BAC = A$800/km², Market Factor = 1.0				Off-property		On-property		Anomaly		Geology		Technical value		Valuation (A$M)		
Tenement/ sub-block	Area (km²)	Proportion of area to be valued	BAC (A$/km²)	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Preferred
P 57/1304	0.48	100%	381	2	3	1.5	2	1.5	2	3	3.5	0.01	0.02	0.01	0.02	0.01
P 53/1582	0.60	100%	481	2	3	1.5	2	1.5	2	3	3.5	0.01	0.02	0.01	0.02	0.01
P 53/1577	0.05	100%	40	2	3	1.5	2	1.5	2	3	3.5	0.00	0.00	0.00	0.00	0.00
E 57/1105	70.31	100%	56,248	2	2.5	1.5	2	1.5	2	1.5	2	0.38	1.12	0.38	1.12	0.75
E 51/1844	61.25	100%	49,000	2	2.5	1.5	2	1.5	2	1.5	2	0.33	0.98	0.33	0.98	0.66
E 57/1104	36.52	100%	29,216	2	2.5	1.5	2	1.5	2	2	2.5	0.26	0.73	0.26	0.73	0.50
E 57/1093	59.69	100%	47,752	2	2.5	1.5	2	1.5	2	1.5	2	0.32	0.96	0.32	0.96	0.64
E 53/1955	82.33	100%	65,864	2	2.5	1.5	2	1.5	2	1.5	2	0.44	1.32	0.44	1.32	0.88
E 51/1538	104.32	100%	83,456	2	2.5	1.5	2	2	2.5	3	3.5	1.50	3.65	1.50	3.65	2.58
E 57/1100	15.25	100%	12,200	2	2.5	1.5	2	1.5	2	1.5	2	0.08	0.24	0.08	0.24	0.16
E 53/1725	88.86	100%	71,088	2	2.5	1.5	2	1.5	2	1.5	2	0.48	1.42	0.48	1.42	0.95
M 51/458	6.20	100%	4,959.60	2	2.5	2.5	3	1.5	2	1.5	2	0.06	0.15	0.06	0.15	0.10
M 53/10	0.10	100%	77.49	2	2.5	2.5	3	1.5	2	1.5	2	0.00	0.00	0.00	0.00	0.00
M 53/988	5.12	100%	4,092.40	2	2.5	2.5	3	1.5	2	1.5	2	0.05	0.12	0.05	0.12	0.08
M 53/153	9.17	20%	1,466.40	2	2.5	2.5	3.5	1.5	2	1.5	2	0.02	0.05	0.02	0.05	0.03
M 51/105	1.17	100%	938.80	2	2.5	2.5	3	1.5	2	1.5	2	0.01	0.03	0.01	0.03	0.02
M 51/185	2.48	100%	1,980.40	2	2.5	2.5	3	1.5	2	1.5	2	0.02	0.06	0.02	0.06	0.04
M 53/904	0.08	100%	66.57	2	2.5	2.5	3	1.5	2	1.5	2	0.00	0.00	0.00	0.00	0.00
M 57/635	14.43	50%	5,772.00	2	2.5	2.5	3	1.5	2	1.5	2	0.06	0.17	0.06	0.17	0.12
M 53/716	2.54	100%	2,032.80	2	2.5	2.5	3	1.5	2	1.5	2	0.02	0.06	0.02	0.06	0.04
M 51/157	0.93	0%	-	2	2.5	2.5	3	1.5	2	1.5	2	-	-	-	-	-
M 53/11	0.10	100%	77.50	2	2.5	2.5	3	1.5	2	1.5	2	0.00	0.00	0.00	0.00	0.00

BAC = A$800/km², Market Factor = 1.0				Off-property		On-property		Anomaly		Geology		Technical value		Valuation (A$M)		
Tenement/ sub-block	**Area (km²)**	**Proportion of area to be valued**	**BAC (A$/km²)**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Preferred**
M 57/634	48.10	80%	30,784.73	2	2.5	2.5	3.5	1.5	2	1.5	2	0.35	1.08	0.35	1.08	0.71
M 53/251	1.70	100%	1,363.60	2	2.5	2.5	3	1.5	2	1.5	2	0.02	0.04	0.02	0.04	0.03
M 51/290	0.05	100%	38.88	2	2.5	2.5	3	1.5	2	1.5	2	0.00	0.00	0.00	0.00	0.00
M 53/105	5.66	100%	4,530.00	2	2.5	2.5	3	1.5	2	1.5	2	0.05	0.14	0.05	0.14	0.09
M 51/186	3.65	100%	2,919.20	2	2.5	2.5	3	2	2.5	1.5	2	0.04	0.11	0.04	0.11	0.08
M 51/104	0.37	100%	294.44	2	2.5	2.5	3	1.5	2	1.5	2	0.00	0.01	0.00	0.01	0.01
M 51/410	3.54	20%	566.00	2	2.5	2.5	3	1.5	2	1.5	2	0.01	0.02	0.01	0.02	0.01
M 53/500	3.90	100%	3,121.20	2	2.5	2.5	3	1.5	2	1.5	2	0.04	0.09	0.04	0.09	0.06
													Total	**4.56**	**12.60**	8.58

Exploration Potential – Valuation summary

Overall, SRK has elected to use the values implied by the comparable sales method as its preferred values overall for the exploration potential outside of the defined Mineral Resource areas at the Gum Creek project, given the current market sentiment and availability of comparable transactions information. On this basis, SRK estimates the value of a 100% interest in the Exploration Potential outside of the defined Mineral Resources at the Gum Creek project to lie in the range between A$4.6M and A$10.3M, with a preferred estimate of A$8.2M (Table 9-11).

Table 9-11: Summary valuation – Gum Creek Exploration Potential

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Comparable market transactions	4.6	10.3	8.2
Geoscientific rating	4.2	11.6	7.9
Selected	**4.6**	**10.3**	**8.2**

9.2.3 Valuation summary of the Gum Creek project

SRK considers that on a 100% basis the value of the Gum Creek project lies in the range between A$21.6M and A$40.1M, with a preferred estimate of A$28.4M (Table 9-12).

The market value of the Panoramic's 51% interest in the Gum Creek project is estimated to be in the range between A$11.0M and A$20.5M, with a preferred estimate of A$14.5M (Table 9-13).

Table 9-12: Summary valuation – Gum Creek project at 100% equity

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Mineral Resources	17.1	29.7	24.0
Exploration Potential	4.6	10.3	8.2
Total	**21.7**	**40.0**	**30.9**

Table 9-13: Summary valuation – Gum Creek project at 51% equity

Method	Low (A$M)	High (A$M)	Preferred (A$M)
Mineral Resources	8.7	15.1	12.2
Exploration Potential	2.3	5.3	4.2
Total	**11.1**	**20.4**	**15.8**

10 Valuation Summary

Table 10-1 summarises SRK's market value assessment of the Panoramic and Horizon projects.

Table 10-1: Valuation summary

Stage	Equity basis	Low (A$M)	High (A$M)	Preferred (A$M)
Savannah residual resources (not considered in the Model)	100%	32.7	42.9	37.8
Copernicus	100%	2.8	3.2	3.0
Panton	100%	3.2	3.6	3.4
Gum Creek*	51%	12.0	27.7	19.8

Note: Any discrepancies between values in the table are due to rounding.
*Excludes the carrying book value of A$4.3M for plant and equipment noted in the Horizon Annual Report, 2019)

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with mineral assets.

The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the contained resource and its potential to be extracted profitably.

Table 10-2 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 10-2: General guide regarding confidence for target and Resource/ Reserve estimates

Classification	Estimate range (90% confidence limit)
Proven/ Probable Reserves	±5 to 10%
Measured Resources	±10 to 20%
Indicated Resources	±30 to 50%
Inferred Resources	±50 to 100%
Exploration target	+100%

This level of uncertainty with advancing project stages is presented in Figure 10-1.

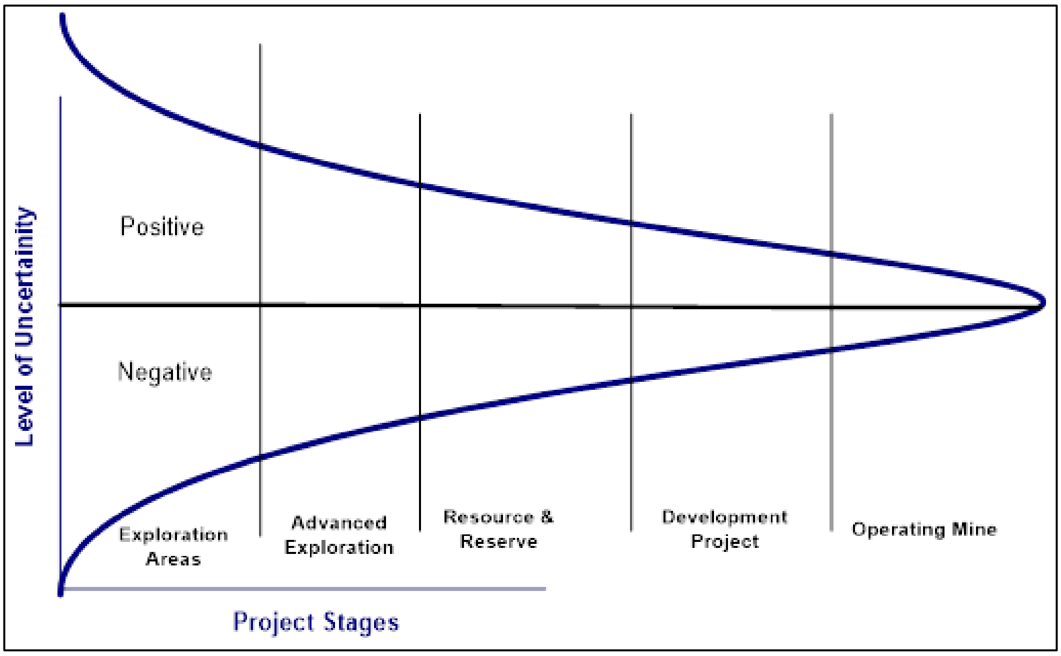

Figure 10-1: Uncertainty by advancing exploration stage

Estimated confidence of +/-60 to 100% or more are not uncommon for exploration areas and are within acceptable bounds, given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time.

Compiled by

Karen Lloyd

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Appendices

Appendix A: Comparable transactions

Table A-1: Comparable transactions with Mineral Resources

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t) (US$M)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A$/tr oz)	Normalised Resource Transaction Multiple (A$/tr oz)
Sandstone project	Sandstone	Mar-16	Undisclosed sellers	Enterprise Uranium Limited	0.88	100%	14.52	1.52	0.71	1.24	1.64
Millrose project	Millrose	Feb-16	Riedel Resources Limited	Bowlane Nominees (WA) Ltd.	0.95	100%	4.00	2.40	0.31	3.08	4.03
Twin Hills project	Twin Hills	Dec-15	Golden Deeps Limited	Melrose Resources Pty Ltd.	0.05	100%	0.02	20.86	0.01	4.25	6.30
Albury Heath Project	Albury Heath Project	Dec-16	Undisclosed seller	Cervantes Corporation Ltd.	0.01	100%	0.15	2.44	0.01	0.87	1.22
Polar Bear and Norcott projects, together with the Eundynie joint venture	Polar Bear	Feb-18	S2 Resources Limited	Westgold Resources Limited	9.10	100%	6.42	1.71	0.35	25.82	33.65
Mayday North and North Kanowna Star project	Mayday, North Kanowna Star	Sep-19	Strategic Projects Mining Pty Ltd	Bardoc Gold Limited	1.38	100%	2.13	1.64	0.11	12.32	12.23
Murrin Murrin project	Murrin Murrin	Jul-16	Zeta Resources Limited	GME Resources Limited	3.00	50%	0.55	3.12	0.05	54.67	67.78
Trojan project	Trojan	Dec-16	Westgold Resources Limited	Overland Resources Limited	0.95	100%	2.79	1.61	0.14	6.57	9.21
Sandstone project	Sandstone	May-16	Black Oak Minerals Limited	Middle Island Resources Limited	2.50	100%	10.78	1.39	0.48	5.20	6.65
Mt Holland	Mt Holland	Mar-16	Convergent Minerals Limited	Kidman Resources Limited	3.50	100%	15.33	1.65	0.81	4.30	5.68

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t) (US$M)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A$/tr oz)	Normalised Resource Transaction Multiple (A$/tr oz)
Break of Day and Lena deposits	Moyagee	Jul-17	Silver Lake Resources Limited	Musgrave Minerals Limited	7.50	20%	3.55	3.09	0.35	21.29	29.55
Klondyke gold project	Klondyke	Sep-16	Arcadia Minerals Pty Ltd	Keras Resources Plc	2.52	100%	5.60	2.08	0.37	6.73	8.48
Birthday Gift mine and associated Mining Lease M 15/161	Burbanks	Nov-17	Kidman Resources Limited	Barra Resources Limited	0.12	100%	0.51	5.74	0.10	1.27	1.67
MGK Resources Pty Ltd	Quinns & Mt Ida	Jul-16	MGK Resources Pty Ltd	Latitude Consolidated Ltd	0.64	100%	1.23	2.46	0.10	6.60	8.18
Lake Carey gold project	Lake Carey, Phantom Well, Wilga	Jul-16	Fortitude Gold Pty Ltd	Matsa Resources Limited	1.75	100%	6.29	1.90	0.38	4.56	5.65
Quinns & Mt Ida	Quinns & Mt Ida	Mar-16	Wild Acre Metals Limited	MGK Resources Pty Ltd	0.15	100%	1.23	2.46	0.10	1.55	2.04
Eureka Gold project	Eureka	Dec-17	Central Iron Ore Limited	Tyranna Resources Limited	3.05	100%	0.45	4.40	0.06	47.88	63.67
Tuckabianna assets	Murchison	Jun-17	Silver Lake Resources Limited	Big Bell Gold Operations Pty. Ltd	7.56	100%	7.97	2.03	0.52	14.54	19.19
King of the Hills gold mine	King of the Hills	Aug-17	Saracen Mineral Holdings Limited	Red 5 Limited	16.00	100%	2.71	4.63	0.40	39.68	53.91
Box Well and Deep South mining leases and 18 tenements	Deep South, Yundamindera	Apr-19	Hawthorn Resources Limited	Saracen Mineral Holdings Limited	13.50	100%	-	#DIV/0!	0.20	67.46	82.18
Gnaweeda project	Gnaweeda	Apr-16	Chalice Gold Mines Limited	Doray Minerals Limited	2.99	12%	4.60	1.80	0.27	11.24	15.26

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t) (US$M)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A$/tr oz)	Normalised Resource Transaction Multiple (A$/tr oz)
Zelica project	Zelica	Nov-18	Anova Metals Limited	Matsa Resources Limited	0.15	100%	0.57	1.62	0.03	5.00	6.53
Plutonic Dome project	Plutonic Dome	May-16	Dampier Gold Limited	Vango Mining Limited	5.50	40%	8.28	3.20	0.85	6.47	8.27
Dalgaranga project	Dalgaranga	Dec-16	Private Investor - Jaime McDowell	Gascoyne Resources Limited	45.05	20%	25.50	1.36	1.12	40.31	56.44
Penny's Find tenements	Penny's Find	Mar-19	Empire Resources Limited	Orminex Limited	0.60	100%	0.25	7.05	0.06	10.68	12.80
Menzies and Goongarrie projects	Goongarrie, Goongarrie Lady, Menzies	Jul-19	Horizon Minerals Limited	Kingwest Resources Limited	8.00	100%	2.42	2.20	0.17	46.75	50.90
Comet gold project	Comet	Nov-15	Silver Lake Resources Limited	Metals X Limited	3.00	100%	3.80	2.89	0.35	8.50	12.30
Trojan project	Trojan	Mar-18	Westgold Resources Limited	Aruma Resources Limited	0.18	100%	2.79	1.61	0.14	1.25	1.61
Red October project	Red October	Sep-17	Saracen Mineral Holdings Limited	Matsa Resources Limited	2.00	100%	0.45	6.92	0.10	20.14	26.91
Western Tanami project	Western Tanami	Oct-17	Tanami Gold NL	Northern Star (Tanami Gold) Pty Limited	4.00	100%	1.71	5.09	0.28	14.32	19.20
Coolgardie project	Coolgardie	Oct-19	Focus Minerals Limited	Horizon Minerals Limited	52.00	100%	27.31	2.42	2.12	24.47	24.47
K2 mine	Marymia	Jan-17	Vango Mining Limited	Dampier Gold Limited	6.00	50%	4.63	2.98	0.44	13.50	18.52

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t) (US$M)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A$/tr oz)	Normalised Resource Transaction Multiple (A$/tr oz)
Higginsville Gold Operations	Higginsville	May-19	Westgold Resources Limited	RNC Minerals	50.00	100%	29.42	2.01	1.90	26.27	31.31
Plutonic gold mine	Plutonic	Aug-16	Northern Star Resources Limited	2525908 Ontario Inc.	66.20	100%	13.65	3.89	1.71	38.73	48.58
Halls Creek (Nicolsons) project	Halls Creek	May-16	Bulletin Resources Limited	Pantoro Limited	58.50	20%	1.07	6.52	0.22	261.37	334.44
Mining Lease M 24/943	Jackorite open pit	Jan-16	Private investor - Mr. Denzle Norbert Schorer	Excelsior Gold Limited	2.40	5%	0.12	2.50	0.01	253.15	356.33
Darlot mine	Darlot	Aug-17	Gold Fields Limited	Red 5 Limited	18.50	100%	1.20	6.00	0.23	79.92	108.56
Gruyere project	Yamarna	Nov-16	Gold Road Resources Limited	Gold Fields Limited	700.00	50%	153.64	1.34	6.60	106.02	142.27
Package of gold tenements	Duketon, Duketon - Gold	Aug-19	Duketon Mining Limited	Regis Resources Limited	20.00	100%	1.90	1.50	0.09	218.27	216.89

Table A-2: Comparable transactions on an area basis

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Area (km²)	Area Multiple (A$/km²)	Normalised Area Multiple (A$/km²)
Abbotts project	Abbotts	Oct-18	Doray Minerals Limited	Thundelarra Limited	0.18	100%	450.00	391.11	503.37
Goongarrie project	Goongarrie	Feb-16	Investor group	Intermin Resources Limited	0.04	100%	10.00	4,200.00	5,493.61
E 59/2237 and E 59/2249	0	Mar-19	Beau Resources Pty Limited	Blaze International Limited	0.13	100%	65.07	1,997.85	2,394.15
E 59/2310 and E 59/2309	0	Mar-19	Iron Clad Prospecting Pty Limited	Blaze International Limited	0.14	100%	132.25	1,058.60	1,268.59
Two Exploration Licences	0	Feb-18	Alloy Resources Limited	Riversgold Limited	0.21	70%	321.57	639.72	833.72
Sentinel Project	0	Feb-18	Crosspick Resources Pty Ltd	Fin Resources Limited	0.10	51%	44.00	2,228.16	2,903.87
Three tenements	0	Sep-18	Newmont Mining Corporation	Nexus Minerals Limited	0.01	100%	190.00	68.42	90.54
Paynes Find project	Paynes Find	Dec-16	European Lithium Limited	Cervantes Corporation Ltd	0.75	100%	7.00	107,142.86	150,010.49
Yuinmery project	0	Aug-19	Legend Resources Pty Ltd.	Golden Mile Resources Limited	0.10	100%	66.00	1,439.39	1,430.28
Lake Rebecca project	0	Jul-19	Matsa Resources Limited	Bulletin Resources Limited	0.16	80%	172.00	908.43	989.13
Kirkalocka project	0	May-18	Bar None Exploration Pty Limited	Blaze International Limited	0.10	100%	33.14	3,017.50	3,835.19
Whiteheads project	Whiteheads	Aug-19	Zebina Minerals Proprietary Limited	Great Boulder Resources Limited	0.67	75%	185.00	3,603.60	3,580.79
E 37/1259 & E 37/1270	0	Nov-17	Undisclosed seller	NTM Gold Limited	0.12	100%	18.08	6,637.17	8,692.03
Fourteen licences	0	Nov-19	Chalice Gold Mines Limited	Golden Mile Resources Limited	0.20	100%	455.85	427.77	427.77

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Area (km²)	Area Multiple (A$/km²)	Normalised Area Multiple (A$/km²)
Bronzewing South project	Bronzewing South	Mar-19	Investor group	Hammer Metals Limited	0.55	100%	111.00	4,954.95	5,937.85
E 77/2313	0	Oct-18	Bar None Exploration Pty Ltd	Marindi Metals Limited	0.58	100%	14.48	39,709.94	51,108.20
Bulgera project	Bulgera	Jul-19	Accelerate Resources Limited	Norwest Minerals Limited	0.22	100%	36.80	5,978.26	6,509.34
Hong Kong project	0	Oct-18	Sagon Resources Limited	Pacton Gold Inc.	2.64	70%	40.15	65,824.59	84,718.74
E25/526	Slate Dam	Apr-18	Rare Earth Contracting Pty Limited	Aruma Resources Limited	0.06	100%	19.00	3,157.89	4,009.32
Two tenements	Warrawoona	Mar-18	Gardner Mining Pty Ltd	Keras (Pilbara) Gold Pty Limited	0.08	100%	44.72	1,721.82	2,223.25
Cutler gold prospect	0	Feb-18	Westex Resources Pty Ltd.	Riversgold Limited	0.11	100%	14.70	7,687.07	10,018.24
South Big Bell project	0	Feb-18	Neon Space Pty Ltd	Fin Resources Limited	0.10	51%	49.67	1,973.81	2,572.38
South Yamarna Project	South Yamarna	Feb-18	Sumitomo Metal Mining Company Limited	Gold Road Resources Limited	14.00	50%	2,467.00	5,674.91	7,395.87
Credo Well project	Zuleika	Oct-19	Torian Resources Ltd	Dampier Gold Ltd.	1.00	50%	17.00	58,823.53	58,823.53
Leonora Project	0	Apr-19	CoxsRocks Pty Ltd	Blaze International Limited	0.25	100%	23.65	10,570.82	12,877.43
Lake Lefroy tenements	Lefroy	Jun-18	Lefroy Exploration Limited	St. Ives Gold Mining Company Pty Ltd.	19.61	51%	372.00	52,709.26	67,845.95
Cue Project	Cue Goldfield	Sep-17	Western Mining Pty Ltd	Cue Consolidated Mining Pty Ltd	0.72	100%	462.00	1,558.44	2,081.57
Bardoc project	Bardoc	May-19	Torian Resources Limited	Bardoc Gold Limited	0.15	100%	49.00	3,061.22	3,648.51
Bulong project	Bulong	Jan-18	Bulong Mining Pty Ltd	Black Cat Syndicate Limited	0.75	100%	81.80	9,168.70	12,032.23

Project	Assets	Date	Vendor	Purchaser	Consideration (100% basis) (A$M)	Equity Acquired (%)	Area (km²)	Area Multiple (A$/km²)	Normalised Area Multiple (A$/km²)
Zuleika project	Zuleika	Oct-19	Torian Resources Ltd	Dampier Gold Ltd.	3.33	30%	222.00	15,015.02	15,015.02
Cue Project JV	Lake Austin/ Cue JV	Sep-19	Musgrave Minerals Limited	Evolution Mining Limited	26.00	75%	139.70	186,113.10	184,777.86
Kalgoorlie - Menzies projects	Baden Powell, Bullabulling, Goongarrie Lady, Windanya	Mar-16	Metaliko Resources Limited	Intermin Resources Limited	0.38	100%	141.00	2,659.57	3,513.95
Mt Lucky project	Mon Ami	Jan-18	Valleybrook Investments Pty Ltd	Forte Consolidated Limited	0.85	100%	0.58	1455479.452	1,910,047.30
M29/410 tenement	Menzies	Jan-17	Undisclosed seller	Intermin Resources Limited	0.17	30%	10.65	15,644.31	21,464.33
Klondyke gold project	Haoma	Sep-16	Arcadia Minerals Pty Ltd	Keras Resources Plc	1.25	100%	6.50	192,307.69	242,310.31
Mulwarrie project	Mulwarrie	May-18	Goldfield Argonaut Pty Ltd	Spitfire Materials Limited	2.24	49%	1.80	1,249,456.20	1,588,036.77
Currans Find and Pinchers mining leases	Youanmi	Apr-19	Murchison Earthmoving & Rehabilitation Pty Ltd	Investor group	0.34	90%	3.56	96,754.06	117,866.24
Exploration Licences	Murchison	Jul-17	Zelda Therapeutics Pty Ltd	Enterprise Metals Limited	0.11	100%	87.00	1,252.87	1,738.73
Thundelarra project	0	Dec-17	Investor group	Blaze International Limited	0.02	100%	47.00	319.15	424.39
EL 45/4807	0	Jun-18	Alloy Resources Limited	Rio Tinto Exploration Proprietary Limited	0.77	70%	424.02	1,819.32	2,341.78
Doolgunna project	0	Mar-16	TasEx Geological Services Pty Ltd	DGO Gold Limited	0.20	51%	68.00	2,883.51	3,809.82

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Jason Hughes	KPMG Financial Advisory Services (Australia) Pty Ltd

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Name/Title	**Company**	**Item Type Quantity**	**Rev No.**
Victor Rajasooriar	Panoramic Resources Limited	Report - Pdf	2
Jason Hughes	KPMG Financial Advisory Services (Australia) Pty Ltd	Report – pdf	2

To be completed for all reports

Document Revision Details			
Rev No.	**Date**	**Revised By**	**Revision Details**
A	16/11/2019	K Lloyd	First Draft
B	16/11/2019	J McKibben	Peer Review
C	17/11/2019	K Lloyd	Peer Review Edits
D	17/11/2019	R Wulfse	TE / QA
E	17/11/2019	K Lloyd	TE / QA Edits
F	17/11/2019	R Wulfse/ K Lloyd	Queries addressed
0	18/11/2019	K Lloyd	Draft Report
0A	18/11/2019	D Kaminski	Fixing formatting issue
0B	20/12/2019	K Lloyd	Client Edits
1	20/12/2019	K Lloyd	Updated Draft Report
1-PAN	20/12/2019	K Lloyd	Updated Draft Report – Redacted Valuation
1a	21/12/2019	K Lloyd	Client Edits after factual accuracy check and
2	21/12/2019	K Lloyd	Final Report
3	22/12/2019	K Lloyd	Scheme Report

SRK Peer Review Record

This document should be read in conjunction with the SRK AU Peer Review Guidelines. Before a Contract/Proposal or deliverable is issued to the Client, it must be peer reviewed in accordance with the SRK AU QMS.

Note that Peer Review information must be recorded

PART TWO – FINANCIAL SERVICES GUIDE

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) **(KPMG Corporate Finance)** and Jason Hughes as an authorised representative of KPMG Corporate Finance, authorised representative number 404183 and Ian Jedlin as an authorised representative of KPMG Corporate Finance, authorised representative number 404177 **(Authorised Representatives)**.

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representatives and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representatives are authorised to provide
- how KPMG Corporate Finance and its Authorised Representatives are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representatives
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representatives has been authorised by KPMG Corporate Finance.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representatives are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representatives are authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representatives responsibility to you

KPMG Corporate Finance has been engaged by Panoramic Resources Limited (Client) to provide general financial product advice in the form of a Report to be included in the Target's Statement (Document) prepared by the Client in relation to Independence Group NL's offer to acquire all of the ordinary shares in Panoramic Resources Limited that it does not already hold by way of an off-market offer (Transaction).

You have not engaged KPMG Corporate Finance or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the Authorised Representatives are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representatives are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance $180,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Corporate Finance officers and representatives (including the Authorised Representatives) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representatives) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.
Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representatives pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representatives are partners in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representatives and not by the KPMG Partnership.
From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.
KPMG entities have provided a range of services to the Client and to Independence Group NL for which professional fees are received. Over the past two years nil professional fees have been received from the Client and approximately $0.03 million of professional fees have been received from Independence Group NL. None of those services have related to the transaction or alternatives to the transaction.
No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representatives know. Formal complaints should be sent in writing to The AFSL Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.
Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than **45 days** after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representatives cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority (AFCA).
AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.
Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address:	Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001
Telephone:	1300 56 55 62
Facsimile:	(03) 9613 6399
Email:	info@afca.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1800 931 678 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover in accordance with section 912B of the Corporations Act 2001(*Cth*).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representatives using the contact details:
KPMG Corporate Finance
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Level 38, Tower Three
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Sydney NSW 2000
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