PANORAMIC
RESOURCES LTD

2017 ANNUAL REPORT

CONTENTS

COMPETENT PERSONS

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee and shareholder of Panoramic Resources Limited. Mr Hicks also holds performance rights to shares in relation to Panoramic Resources Limited.

The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of target/deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves(the JORC Code 2012 Edition). Mr Hicks consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Information in this report relating to Ore Reserves has been compiled by or reviewed by Lilong Chen (MAusIMM). The aforementioned is a full-time employee of Panoramic Resources Limited. The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australiasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The aforementioned consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

MISSION STATEMENT

We strive to achieve excellence in all aspects of our business to provide long term capital growth and dividend return to our shareholders, a safe and rewarding work environment for our employees, and opportunities and benefits to the people in the communities we operate in.

Vision - ***Building a multi-commodity company producing base metals, battery metals and PGMs***

Commitment - ***Maximise margins to deliver capital growth and dividends to our shareholders***

Results - ***A sustainable mining company***

AUSTRALIAN BASED RESOURCE COMPANY WITH SIGNIFICANT EXPOSURE TO THE "BATTERY METALS" Ni, Cu and Co

PRODUCED OVER 185,000t Ni, 600,000t Cu and 5,000t Co BETWEEN 2004-2016 FROM TWO MINES

CURRENT RESOURCE BASE OF OVER 300,000t Ni, 105,000t Cu, 15,000t Co, 1.4Mt Pt and Pd OVER FOUR PROJECTS

SAVANNAH PROJECT POSED TO RESTART AND COULD PRODUCE 11,000tpa Ni, 6,000tpa Cu and 800tpa Co OVER INITIAL 8.5 YEAR MINE LIFE

EXPERIENCED MINE DEVELOPMENT AND OPERATING TEAM IN PLACE

EXPOSURE TO 1.3Moz GOLD IN RESOURCE THROUGH 51% INTEREST IN ASX LISTED HORIZON GOLD LIMITED (ASX:HRN)

ABOUT US

Panoramic Resources Limited **(ASX Code: PAN)** is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the $65 million Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2014, the Company produced a record 22,256t contained nickel and produced 19,301t contained nickel in FY2015. The Lanfranchi and Savannah Projects were placed on care and maintenance in November 2015 and May 2016 respectively pending a sustained recovery in the nickel price.

Following the successful development of the nickel projects, the Company diversified its resource base to include platinum group metals (PGM) and gold. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada, in which Rio Tinto is earning 70% by spending up to C$20 million over five years. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold consists of an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% majority shareholding in Horizon.

Panoramic has been a consistent dividend payer and has paid out a total of $114.3 million in fully franked dividends between 2008 and 2016.

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining company. The growth path will include developing existing resources, discovering new ore bodies, acquiring additional projects and is being led by an experienced exploration-to-production team with a proven track record.

LETTER FROM THE **CHAIRMAN** AND **MANAGING DIRECTOR**

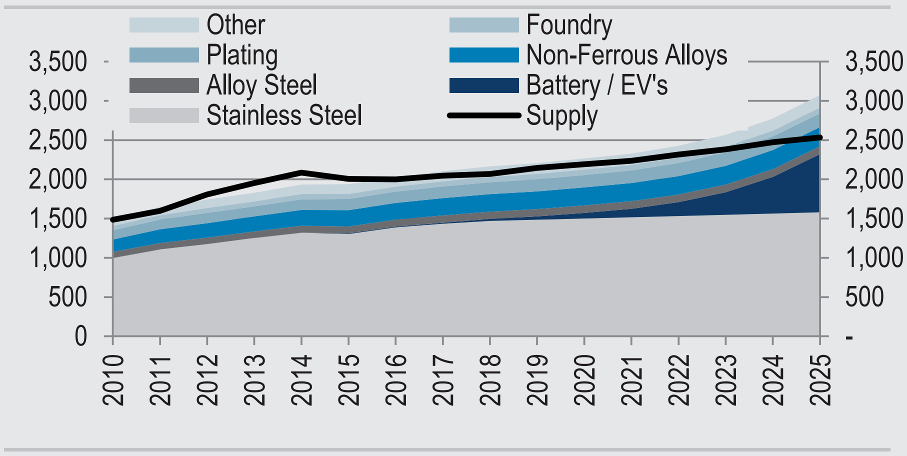
Dear Shareholder

The major highlights for the financial year were the strong recovery in commodity prices together with the completion of the Savannah Feasibility and Optimisation Studies which demonstrate that the Savannah Project can produce significant quantities of nickel, copper and cobalt and generate strong cashflows. The completion of the Feasibility Study lead to a major upgrade in the Savannah Reserves to 116,800t Ni, 52,400t Cu and 7,600t Co which should support at least an eight-year mine life.

After several years of weak commodity prices and soft global demand growth, the world experienced a significant rally in base metal prices towards the end of 2016, in anticipation of improving demand growth in 2017 and beyond. Concurrently, the move towards electric vehicles (EVs) has gathered momentum and has led to strong interest in the so-called “battery metals” which include the three metals Savannah can produce – nickel, copper and cobalt. One forecaster is predicting the global EV fleet could rise from one million to 15 million EVs by 2025, 140 million by 2035 and as many as one billion by 2050.

Historically, stainless steel has accounted for some 70% of world nickel consumption, which has driven nickel demand growth and prices. While stainless steel demand growth is expected to continue, the battery sector is set to become a major source of new and growing nickel consumption. The growth in EV battery production could lead to a 10-40% increase in incremental nickel demand by 2025. This means somewhere between 300-900ktpa Ni, depending on the battery chemistry, could be required in addition to current global consumption of ~2.2Mtpa Ni. This development is leading most analysts to forecast long-term nickel prices ranging between US$6.00-8.00/lb. Already, the nickel price has rebounded strongly from its 2016 lows and reached US$5.50/lb in September 2017, before pulling back to ~US$4.70/lb in late September on profit taking.

Nickel Demand & Supply (ktpa)



Source: Bloomberg, UBS Research.

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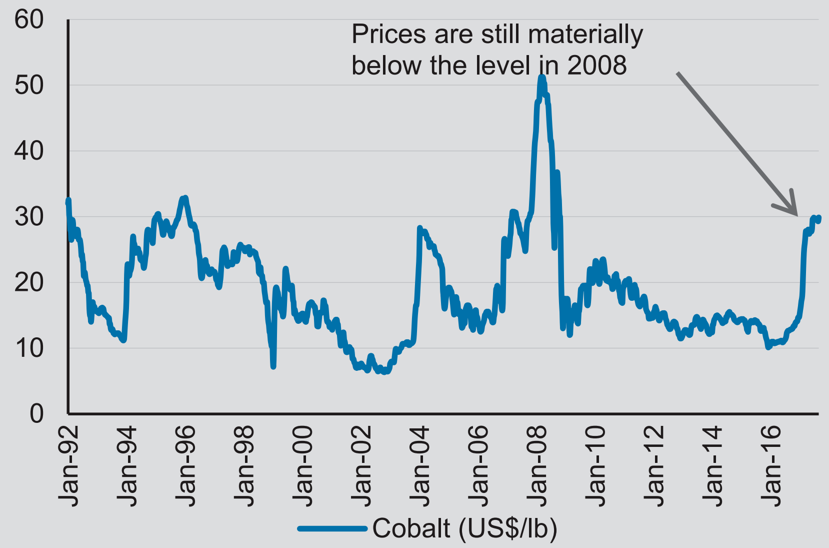
In relation to cobalt, prices have risen from US$10/lb in mid-2016 to around US$28/lb recently. The price increase is due to a combination of expected strong demand from EVs together with traditional end-user markets and supply concerns from the DRC. Importantly, the cobalt price is still approximately 50% below its peak of $US51/lb in 2008 when supply was tight.

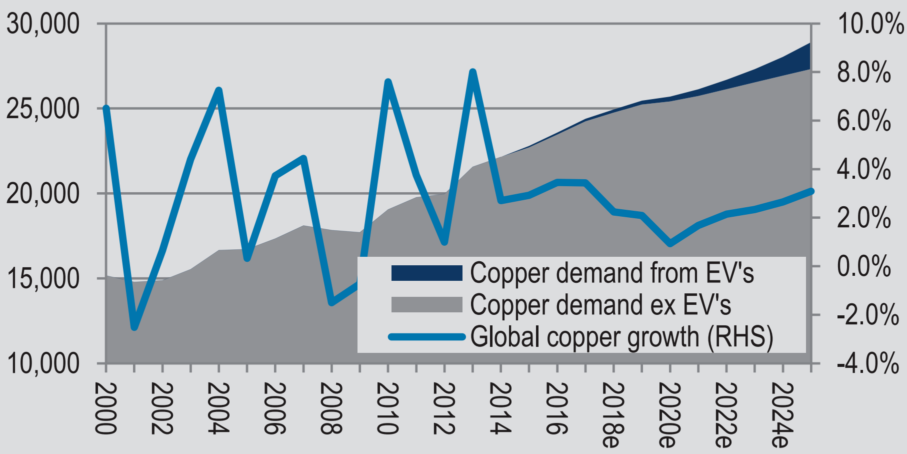
Long - term cobalt prices, US$/lb



Source: Bloomberg, Metal Bulletin, UBS; Note: price for high grade product

Copper demand is expected to increase due to a combination of growth in EV production and electricity grid upgrades. If forecasters are correct and EV production reaches 15 million units by 2025, this could drive copper demand as much as ~1.2Mtpa or an additional ~5% providing support for copper prices in excess of US$3.00/lb.

Overall copper demand (ktpa) & growth (%)



Source: AME, WBMS, UBS.

In summary, it is reasonable to assume stronger nickel, copper and cobalt prices going forward with all three commodities benefiting from the EV revolution.

Given the stronger commodity price outlook, the priority for Panoramic is to be ready to recommence production at Savannah, which will again provide a revenue stream to underpin our long-term strategy of generating returns to shareholders through dividends and capital growth.

To that end, while reducing corporate holding costs and securing our mines on care and maintenance, the team at Panoramic has focussed on delivering the Savannah Feasibility Study which incorporates mining the remaining Savannah orebody and then transitioning to the Savannah North orebody. The Feasibility Study was delivered in February 2017 demonstrating the project's economic viability at long term nickel price forecasts. Following the release of the Feasibility Study, work commenced on an Optimisation Study aimed at demonstrating the project could be restarted at l ower nickel prices and still be economically robust. The Optimisation work focussed on a combination of higher production rates, higher ore grades, lower input costs and assumed improved by-product credits. The results of the Optimisation Study were released in July 2017, confirming a long-life project with significant metal production and leverage to nickel, copper and cobalt prices.

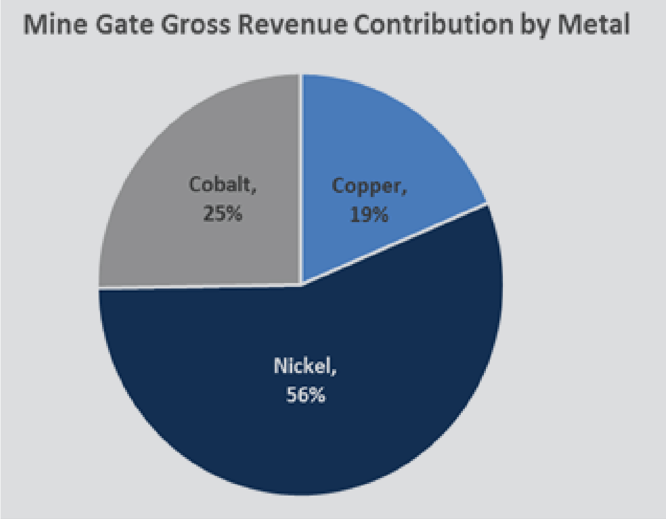
Highlights of the Optimisation Study include:

- Initial mine life of 8.5 years;
- Average annual contained metal production of 11,000tpa Ni, 5,800tpa Cu and 760tpa Co;
- Low average C1 and operating costs;
- Low pre-production capital; and
- Short lead time to first production.

We also identified and continue to study opportunities to enhance the Project value utilising new technologies that could improve productivity and reduce costs.

The Feasibility Study assumed the production of a nickel-copper-cobalt bulk concentrate as per the existing Savannah plant flow-sheet. Indicative Term Sheets received from our existing customer, the Jinchuan Group and other potential off-takers confirm that the Savannah bulk concentrate remains a sought-after material. We are also studying the possibility of producing two concentrate products, a higher-grade nickel-cobalt concentrate and a copper concentrate which could improve metal payabilities and enhance project economics. If the two-product stream concept is technically and commercially viable, this could allow the production of nickel and cobalt sulphate products at Savannah, to be sold directly to battery manufacturers to feed the growing EV market. Notwithstanding, the current plan is to restart Savannah based on producing a bulk concentrate and then utilise cashflow to finance future value-add projects.

Given the short lead time and low capital investment required to resume operations at Savannah, this puts Panoramic in an enviable position compared with greenfield project developers, who typically have much greater funding requirements and longer pre-production development timeframes. Savannah's significant copper and cobalt by-products are important contributors to project value. As previously mentioned, nickel, copper and cobalt prices are expected to remain strong and could increase significantly due to the growing demand from the battery market. As a potential near-term producer, Panoramic is well placed to capitalise on the buoyant outlook for these commodities.



July 2017 Savannah FS Optimisation - Percentage contributions to gross (mine gate) revenue of nickel, copper and cobalt

Management is updating the July 2017 Savannah Optimisation Study with current market rates for all cost inputs, expected metal recoveries following completion of the metallurgical testwork, updated terms for the bulk concentrate and financing options. We recognise the recent upswing in mining activity in Western Australia has put upward pressure on salaries and could create challenges in securing and training a new workforce at Savannah: labour represents ~30% of our operating costs. Work on marketing and project financing continues, so we can be in position to make a decision to restart at the appropriate time.

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LETTER FROM THE **CHAIRMAN AND** MANAGING DIRECTOR

In relation to our other assets, we continue to look for ways to advance these projects and it was pleasing to be able to partially divest the Gum Creek Gold Project via the IPO of Horizon Gold Limited on the ASX in December 2016 which raised $15 million. We thank our major shareholder Zeta Resources and Somers and Partners for their support of the Horizon Gold IPO. Panoramic retains a 51% interest in Horizon Gold and provides management support for Horizon. Our Lanfranchi mine remains on care and maintenance pending a recovery in nickel prices while our PGM assets continue to provide Panoramic with exposure to platinum and palladium and are held without significant cost.

On behalf of the Board, we thank the Panoramic team for their efforts in completing and optimising the Savannah Feasibility Study, and securing our mining assets at Savannah and Lanfranchi on care and maintenance. Thanks also to our stakeholders and shareholders for their ongoing support.

The world is entering a new era of transportation with the EV revolution which is set to underpin higher nickel, copper and cobalt prices that should support the restart and profitability of our Savannah Project.

Yours sincerely,

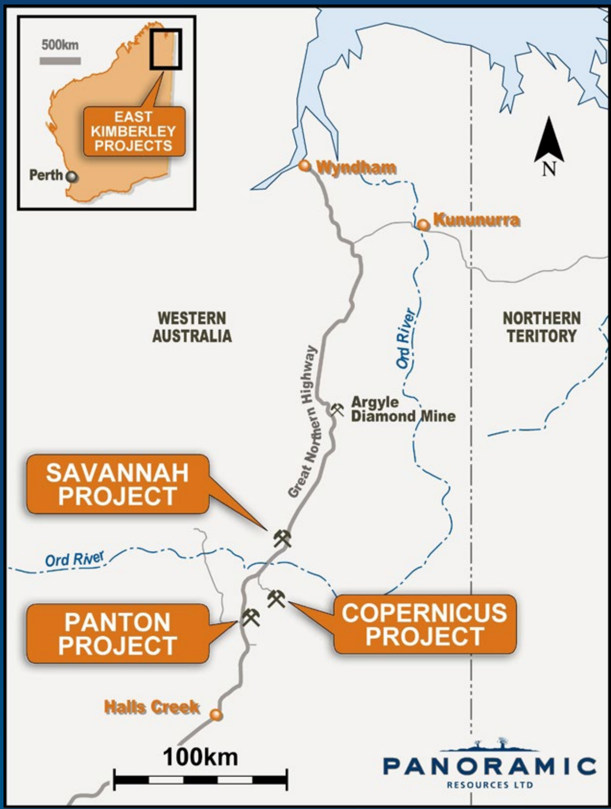
Brian Phillips
Chairman

Peter Harold
Managing Director

REVIEW OF OPERATIONS

Savannah Project

Nickel, copper, cobalt in concentrate

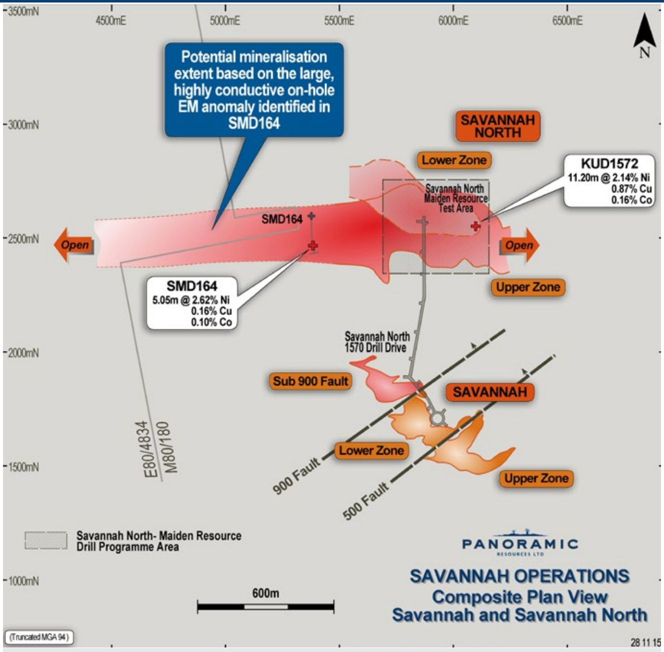


Background

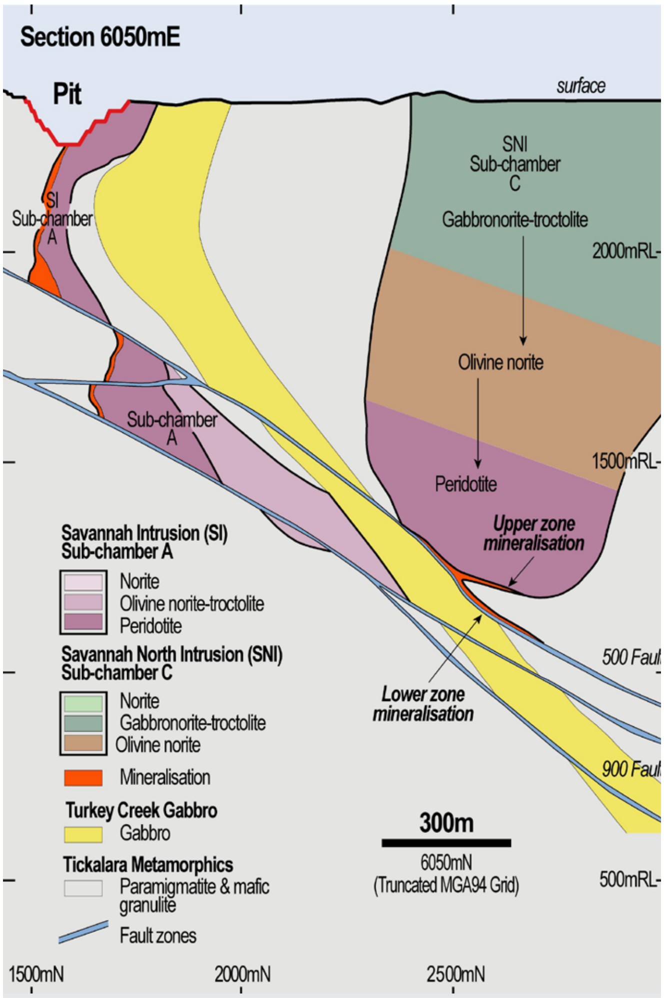
The Savannah Nickel Project is located 240km south of Kununurra in the East Kimberley region of Western Australia, and consists of a number of nickel sulphide orebodies, underground mining works, 1.0Mtpa processing plant and associated infrastructure. The Savannah Project was constructed during 2002/03 at a total cost of $65 million and commissioned in late 2004 initially on open-pit ore. After 18 months, the operations transitioned to underground mining. Over an initial twelve-year period, Savannah milled 8.5 million tonnes at an average grade of 1.29% Ni, 0.65% Cu and 0.06% Co to produce 1.22 million tonnes of concentrate containing 94,600t Ni, 53,000t Cu and 5,000t Co. In FY2016, Savannah achieved a record year with 9,845t Ni, 6,011t Cu and 476t Co in concentrate produced. The Savannah Project was placed onto care and maintenance in May 2016 (when the nickel price reached historic lows) pending a sustained recovery in the US$ nickel price and confirmation that Savannah North was a viable project.

Since placing the Project on care and maintenance, the focus been on delivering the Savannah Feasibility Study which incorporates mining the remaining Savannah orebody and then transitioning to the Savannah North orebody. The Feasibility Study was delivered in February 2017, demonstrating the project's economic viability at long-term nickel price forecasts. Following the release of the Feasibility Study, work commenced on an Optimisation Study aimed at confirming that the Project could be restarted at lower nickel prices and still be economically robust. The Optimisation work focussed on a combination of higher production rates, higher ore grades, lower input costs and assumed improved by-product credits. The results of the Optimisation Study were released in July 2017 confirming a long-life project with significant metal production and leverage to nickel, copper and cobalt prices.

Mining Method	Open stoping with paste fill
Processing	1.0Mtpa capacity plant SAG mill, flotation and filtering to produce a bulk concentrate
Historic Production	8-10,000t Ni pa, 5-6,000t Cu pa, 350-500t Co pa
Offtake	The Jinchuan Group until March 2020



Savannah and Savannah North Plan View



Cross section of Savannah and Savannah North on Section 6050mE

FY2017 HIGHLIGHTS

Major Resource upgrade for Savannah North

- 10.27Mt at 1.70% Ni, 0.72% Cu and 0.12% Co
- 175,100t Ni, 74,400t Cu and 12,700t Co metal contained

Savannah Feasibility Study*

- Maiden Savannah North Ore Reserve – 6.65Mt at 1.42% Ni, 0.61% Cu and 0.10% Co
- Total Savannah Ore Reserve – 8.21Mt at 1.37% Ni, 0.64% Cu and 0.09% Co
- Average annual production – 9,700t Ni, 5,000t Cu, 670t Co in concentrate
- Low pre-production capital – $20 million

Life of mine cash costs

- US$2.00/lb Ni in concentrate
- US$3.30/lb payable Ni
- US$4.40/lb Ni all in sustaining costs

Savannah Feasibility Study Optimisation

- Long Mine Life – 8.5 years
- Average annual production – 11,000t Ni, 5,800t Cu, 760t Co in concentrate
- Competitive cash costs
- Robust project economics with leverage to nickel, copper and cobalt prices
- Significant opportunities identified to enhance project value

** The study disclosed a life-of-mine nickel production target of 114,000 tonnes of contained nickel in ore. This target included an additional 1,400 tonnes of contained nickel classified as Inferred Resources, which, under the JORC Code, has a low level of geological confidence.*

FY2018 ACTIVITIES

Update Optimisation Study to incorporate the following parameters

- Capex and Opex assumptions to reflect the current market
- Metallurgical testwork results
- Offtake terms
- Other inputs as required

Study further mine productivity improvements

- Ore passes
- Battery loaders
- Surface-operative remote bogging
- Alternative truck technology
- Small drive sizes
- Drilling automation

Study further value-add projects

- Separate nickel-cobalt and copper concentrates
- Pre-Feasibility Study on nickel and cobalt sulphate production

Marketing

- Receive firm terms from short-listed offtakers
- Finalise long-term contract(s)

Financing

- Shortlist potential financiers
- Allow shortlisted financiers to complete due diligence
- Finalise term sheet(s)

Pre-Production Planning

Decision to proceed, subject to favourable commodity prices and suitable project financing being obtained

REVIEW OF OPERATIONS

Lanfranchi Project

Nickel and copper in ore

Background

The Lanfranchi Project is located 42km south of Kambalda, Western Australia and has a Resource base of approximately 5.65Mt at an average grade of 1.69% Ni for 95,500t Ni contained. Panoramic purchased the Project in 2004 and produced 3.85Mt or ore at an average grade of 2.44% Ni containing 94,079t of Ni over a ten-year period between 2005-2015. The Project was placed on care and maintenance in November 2015 due to a combination of the depletion of the Deacon orebody, a localised seismic event and the historic low nickel price which made the extraction of the Jury-Metcalfe orebody sub-economic. In March 2016, a maiden Resource estimate for the high-grade Lower Schmitz deposit of 131,000t at 5.1% Ni for 6,700t Ni was released. The Lower Schmitz mineralisation is confined within a pronounced "channel-like" zone, approximately 100m wide and averages 5-6% Ni. The mineralisation is consistent throughout the channel zone and there is evidence to indicate that a steep west dipping fault has displaced mineralisation at depth. Further exploration is required to confirm this displacement.

The Lower Schmitz mineralisation remains one of the priority exploration targets at Lanfranchi while many of the other mineralised komatiite channels at Lanfranchi remain open at depth, including the Lanfranchi, Deacon, East Deacon and Schmitz channels.

Mining Method	Open stoping with paste fill and airleg mining
Processing	BHP Billiton Nickel West Kambalda Concentrator
Historic Production	500-600,000tpa ore 10-12,000t Ni & 1,000t Cu pa
Offtake	BHP Billiton Nickel West until February 2019

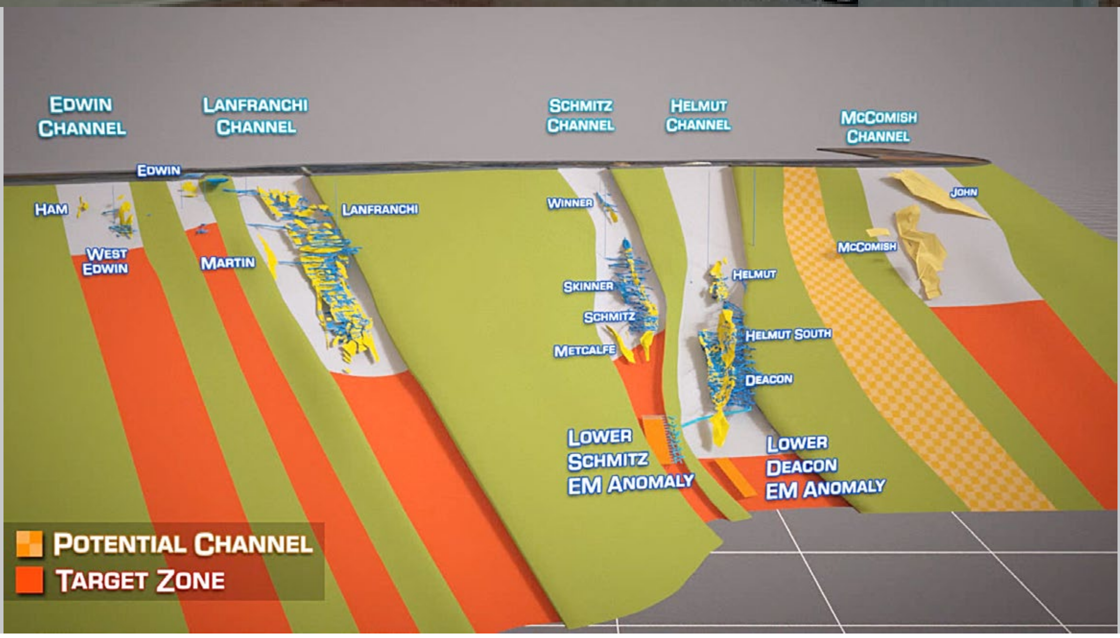
FY2017 HIGHLIGHTS

Lower Schmitz

- Internal studies undertaken on mining Lower Schmitz

Care and Maintenance Activities

- Equipment rationalisation – non-essential equipment sold off or relocated to Savannah
- Camp - 200 person accommodation village leased from 30 June 2017 for six months with an option to extend for a further six months



Exploration potential at Lanfranchi

PGM Assets

Thunder Bay North Project

Background

The Thunder Bay North (TBN) Project is located near Thunder Bay in northwest Ontario, Canada. The advanced exploration project claims cover an aggregate area of 40,816 hectares. The TBN Project Resource contains 10.4Mt at 1.13g/t Pt and 1.07g/t Pd for ~0.4Moz Pt and ~0.4Moz Pd with exploration potential at depth and along strike.

Recent activities

In 2015, Rio Tinto Exploration Canada Inc. (RTEC) commenced a farm-in whereby RTEC can earn a 70% interest in the TBN Project by sole funding C$20 million in expenditure over five years, with a minimum spend of C$5 million. In January 2017, RTEC confirmed that it had achieved the minimum spend of C$5 million on the Project.

Panton Project

Background

Panton is located 60km south of the Savannah Nickel Project in the East Kimberley region of Western Australia. Panton is a significant PGM Resource containing ~1.0Moz Pt at 2.2g/t and ~1.1Moz Pd at 2.4g/t with exploration potential at depth and along strike.

Panoramic considers the Panton Project to be a quality PGM development asset which fits within the Company's commodity diversification and growth strategy and is a key part of its Kimberley Hub concept.

Recent activities

The Company is continuing to sponsor research being undertaken by Curtin University on alternative PGM leaching methods applicable to Panton ore.

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Investments

Horizon Gold Limited (Panoramic 51%)

Background

In July 2016, the Company announced that it had begun the process to partially divest the 100% owned Gum Creek Gold Project by way of an Initial Public Offering. On 21 October 2016, Panoramic entered into various agreements with Horizon Gold Limited to transfer the Gum Creek Gold Project and its wholly owned subsidiary, Panoramic Gold Pty Ltd, to Horizon on completion of the $15 million IPO and the successful spin-out of Horizon onto the ASX Official List. Horizon was subsequently listed on the ASX on 21 December 2016 (ASX Code: HRN).

Horizon's Objectives and Strategy

Horizon's primary objective is to fast track exploration and development studies to become a stand-alone gold producer through the successful development of the Gum Creek Gold Project.

The strategy adopted by Horizon to achieve this goal is to:

- undertake extensional and infill drilling on the existing Gum Creek resources to grow the known resources and lift defined resources into higher-confidence JORC categories;
- undertake regional exploration targeting new gold discoveries outside of the known resources; and
- carry out development studies (including, but not limited to metallurgical and processing investigations) on the free milling and refractory mineralisation.

Horizon will focus on the following areas in the first two years:

- infill and extension drilling on the known Gum Creek Resources;
- staged programs of ground EM surveys, IP surveys, RC and air-core drilling, to better define regional geophysical, geochemical and structural targets;
- optimisation studies on free milling material to identify areas for possible reductions in operating and capital costs; and
- further metallurgical test work to confirm the suitability of Wilsons refractory mineralisation to treatment by a moderate temperature and pressure oxidation process.

The 39.03 million shares in Horizon held by Panoramic are escrowed until December 2018.

Under the October 2016 Management Agreement with Panoramic, Horizon utilises Panoramic's management team to provide corporate, technical, managerial and administrative services to Horizon, providing a cost-effective administration and continuity of knowledge in relation to Gum Creek. This Management Agreement is for an initial two year period with flexibility to extend by mutual agreement.

Arial view of Gum Creek open pits, processing plant and tailing dam (not a Panoramic asset)

EXPLORATION

Since inception, Panoramic has delivered significant exploration success across its asset base. In aggregate, over the past sixteen years, the Company's exploration team has been instrumental in the discovery of:

- **342,700 tonnes nickel**
- **125,000 tonnes copper**
- **18,700 tonnes cobalt**
- **630,000 ounces gold**

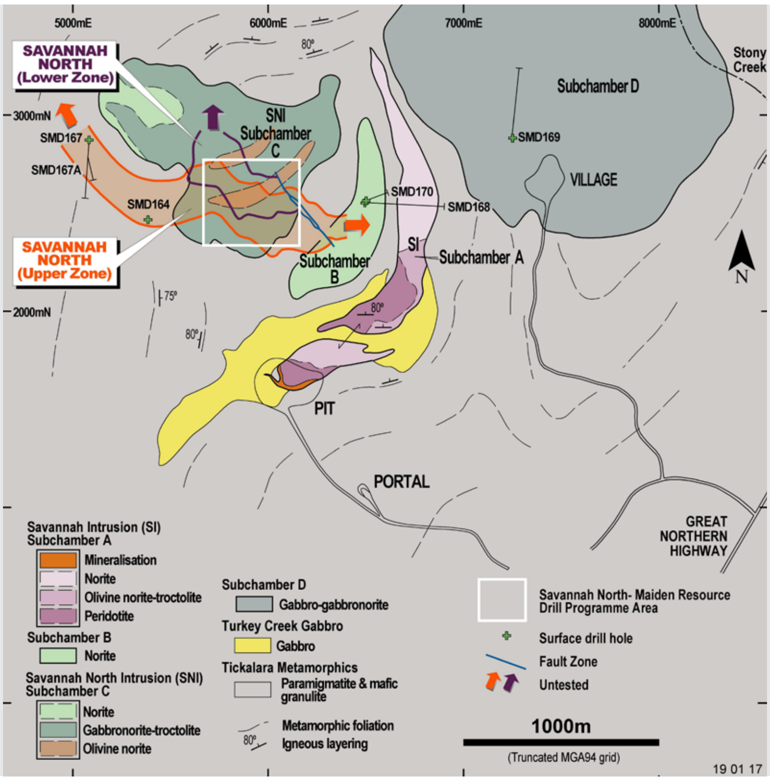
Panoramic continues to conduct exploration activities on its tenement package in a systematic manner. Following on from the Savannah North discovery in early 2014 and the release of the maiden Savannah North Mineral Resource estimate in FY2016, Panoramic has focused its exploration effort on building upon the nickel resource base at Savannah and conducting additional surface drilling to test the potential extent of the Savannah North mineralisation. The highlights for FY2017 were:

- The release of a major Mineral Resource upgrade for Savannah North; and
- The completion of additional surface drilling at Savannah North which resulted in an improved understanding of the pathway of the mineralisation away from the known resource area.

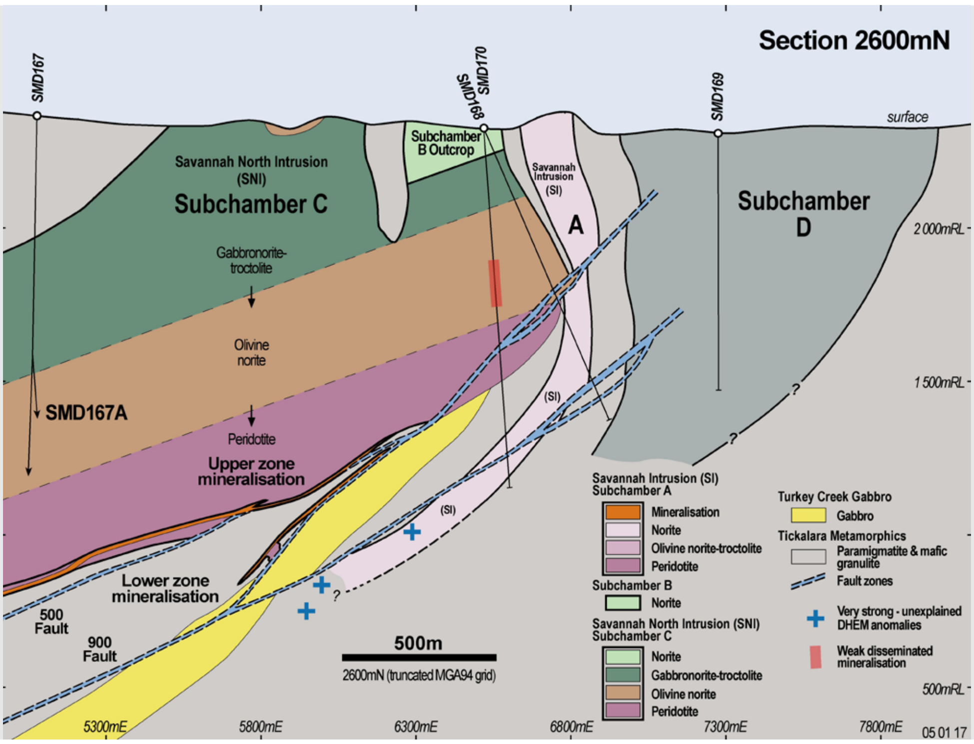
Panoramic spent $4.8 million on exploration and project evaluation related activities in FY2017, down from $7.9 million in FY2016.

Savannah and Savannah North Projects

- The focus of exploration activities at Savannah in FY2017 was the ongoing evaluation of Savannah North and adding to the existing Mineral Resource inventory.
- In August 2016, the Company released an ungraded Savannah North Mineral Resource estimate of 10.27 million tonnes at 1.70% Ni, 0.72% Cu and 0.12% Co for 175,100t Ni, 74,400t Cu and 12,700t Co. The Resource upgrade was a 60% increase in contained Ni on the maiden Savannah North Resource released in October 2015.
- The upgraded Resource is based on underground resource definition drilling completed between February and July 2016. The drilling had been designed to infill and convert Inferred areas of the maiden Resource estimate to Indicated category while also testing for extension to the Resource both up dip to the east and down dip to the west and north.
- The Company also completed additional surface drilling at Savannah North with two drill holes completed to the west and east of the upgraded Resource area and a fifth drill hole completed to provide an initial deep drill test of Subchamber D. Down-hole electromagnetic (DHEM) surveys were completed on all five drill holes.
- The geological and DHEM data provided by the two holes drilled to the west of Savannah North indicate that, at depth, the orientation of the mineralised Savannah North intrusion adopts a more pronounced north-westerly trend and that the mineralisation remains open in this direction.
- From the two holes drilled to the east, the geological and DHEM data confirm that the Savannah and Savannah North intrusions remain separate bodies at depth in this direction with the Savannah intrusion folded back towards the west beneath the Savannah North intrusion. The data also indicate that the Savannah North mineralisation may extend upwards of 200m further to the east beyond the current Resource area.



Simplified Savannah geological plan showing location of Subchamber D



Simplified Savannah geological cross section on Section 2600mN

Lanfranchi Project

- Following on from the release of the maiden Lower Schmitz Mineral Resource estimate of 131,000t at 5.10% Ni for 6,700t Ni during the March 2016, no further exploration has been undertaken at Lanfranchi due to priorities at Savannah. There is currently no plan to conduct exploration work at Lanfranchi in FY2018.

PGMs

Thunder Bay North (TBN) Project

- In 2015, Rio Tinto Exploration Canada Inc. (RTEC) commenced a farm-in whereby RTEC can earn a 70% interest in the TBN Project by sole funding C$20 million in expenditure over five years, with a minimum spend of C$5 million.
- In January 2017, RTEC confirmed that it had achieved the minimum spend of C$5 million on the Project. The Company is now in discussions with RTEC regarding their future plans and strategy for TBN.

Panton Project

- Panoramic considers the Panton Project to be a quality PGM development asset which fits within the Company's commodity diversification and growth strategy and is a key part of its Kimberley Hub concept.
- Due to funding constrains, no exploration activities were undertaken in FY2017, however, the Company did continue to sponsor research being undertaken by Curtin University on alternative PGM leaching methods applicable to Panton ore.

FY2018 GOALS

SAFETY
No LTIs

NICKEL OPERATIONS
Restart Savannah*
Study value-add products
- ***separate concentrates***
- ***nickel and cobalt sulphate***

Study options for Lanfranchi

RESOURCES
Continue to grow resource base

PGMs
Advance both projects

**** Subject to attractive commodity prices and project financing***

DIRECTORS' REPORT

Directors' report
For the Financial Year ended 30 June 2017

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

Brian M Phillips (Non-Executive Chairman)
AWASM-Mining, FAusIMM
Appointed 27 March 2007; Non-Executive Chairman from 17 November 2011

Brian is a mining engineer who has had extensive mining industry experience in operational and management roles over a 50 year period. Brian has worked as an executive, and on the boards of mining companies in Australia and overseas involved with copper, gold, nickel, mineral sands and coal. He is a past President of the Victorian Chamber of Mines (now the Minerals Council of Australia - Victorian Division).

During the past three years, Brian has also served as a director of the following listed companies:
- Indophil Resources NL (Non-Executive Director from 1 April 2005 to 21 April 2005 and Non-Executive Chairman from 21 April 2005 to 23 January 2015)
- White Rock Minerals Ltd (Non-Executive Chairman from 26 March 2010)*

** Denotes current directorship*

Peter J Harold (Managing Director)
B.AppSc(Chem), AFAICD
Appointed 16 March 2001

Peter is a process engineer with over 30 years corporate experience in the minerals industry, specialising in financing, marketing, business development and general corporate activities. Peter has extensive experience with the development and operation of both sulphide and laterite nickel projects having been responsible for metals marketing and various corporate functions relating to the Scuddles/Golden Grove copper lead zinc mine, Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects. Peter held various senior management positions with Shell Australia, Australian Consolidated Minerals Limited, Normandy Mining Limited, MPI Mines Limited and the Gutnick network of companies prior to founding Panoramic Resources Limited (formerly Sally Malay Mining Limited) in March 2001.

During the past three years, Peter has also served as a director of the following listed companies:
- Pacifico Minerals Limited (Non-Executive Director from 19 August 2013)*
- Peak Resources Limited (Non-Executive Chairman from 1 December 2015)*

** Denotes current directorship*

John Rowe (Non-Executive Director)
BSc (Hons), ARSM, MAusIMM
Appointed 5 December 2006

John is a geologist who has had extensive mining industry experience over a 40 year period. Until August 2006, John was General Manager, Business Development with LionOre Australia responsible for assessing new business, divesting assets and negotiating nickel ore and concentrate sales contracts. Prior to joining LionOre, John spent 12 years with MPI Mines Limited in various group executive roles and was involved in the evaluation, development and production of the high-grade Silver Swan nickel sulphide project as well as the Stawell Gold Mine in Victoria.

During the past three years, John has also served as a director of the following listed companies:
- Evolution Mining Limited, formerly Catalpa Resources Limited, (Non-Executive Director from 12 October 2006 to 30 January 2008, Non-Executive Chairman from 30 January 2008 to 10 December 2009 and Non-Executive Director from 10 December 2009 to 31 March 2016)

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

Peter is an engineer with an MBA and has been involved in the management and strategic development of resource companies and projects for more than 20 years. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships.

During the past three years, Peter has also served as a director of the following listed companies:
- GME Resources Limited (Managing Director from 24 June 1996 to 1 October 2004 and Non-Executive Director from 1 October 2004)*
- Resolute Mining Limited (Managing Director from 14 February 2001 to 30 June 2015 and Non-Executive Director from 30 June 2015)*
- Zeta Resources Mining Limited (Non-Executive Chairman from 7 June 2013)*
- Pan Pacific Petroleum NL (Non-Executive Director from 26 September 2014)*
- Bligh Resources Limited (Non-Executive Director from 13 July 2017)*

** Denotes current directorship*

Company Secretary

Trevor R Eton
B.A (Hons)(Econ), PostGradDip (Man), AFAIM
Appointed 12 March 2003

Trevor is an accountant with over 30 years of experience in corporate finance within the minerals industry. Prior to joining the Company in 2003, he was Company Secretary and Group Financial Controller of MPI Mines Limited for 10 years. Trevor also worked for North Kalgurli Mines Limited, Metals Exploration Limited and Australian Consolidated Minerals Limited in various corporate finance roles from the mid 1980's.

During the past three years, Trevor has not served as a director of any listed companies.

Meetings of Directors

The number of meetings of directors (including committee meetings of directors) held during the year ended 30 June 2017, and the number of meetings attended by each director are as follows:

	Meetings of Committees			
	Directors' Meetings	**Audit**	**Remuneration**	**Environment, Safety & Risk**
Number of meetings held	6	2	2	-
Number of meetings attended:				
Brian M Phillips	6	2	2	-
Peter J Harold	6	-	-	-
John Rowe	6	2	2	-
Peter R Sullivan	6	2	1	-

Directors' report
For the Financial Year ended 30 June 2017

Committee Membership
As at the date of this report, the Company has an Audit Committee, a Remuneration Committee, and an Environment, Safety and Risk Committee.

Members acting on the committees of the Board during the year were:

Audit	Remuneration	Environment, Safety & Risk
John Rowe *(c)*	Brian M Phillips *(c)*	Brian M Phillips *(c)*
Brian M Phillips	John Rowe	John Rowe
Peter R Sullivan	Peter R Sullivan	Peter R Sullivan
		Peter J Harold

(c) designates the Chairman of the Committee. The Company Secretary, Trevor Eton, acts as the Secretary on each of the committees of the Board.

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

	Ordinary Shares		Performance rights over
Name of Director	**Direct**	**Indirect**	**ordinary shares**
Brian M Phillips	-	287,407	-
Peter J Harold	-	5,246,160	1,450,000
John Rowe	-	87,407	-
Peter R Sullivan	-	-	-

Principal Activities
The principal activities of the consolidated entity during the course of the financial year consisted of exploration, evaluation and development of mineral deposits.

The consolidated entity has four business divisions in which it operates, being:

Nickel Division - comprising the Lanfranchi Nickel Project and the Savannah Nickel Project (including the Copernicus Nickel Project) which, as at the date of this report, remain on care and maintenance;

Gold Division - comprising the Company's 51% equity interest in Horizon Gold Limited (the parent entity of the Gum Creek Gold Project);

Platinum Group Metals (PGM) Division - comprising the Thunder Bay North PGM Project and the Panton PGM Project; and

Australian and Overseas Exploration Division - comprising greenfield exploration activities within the two segments.

Operating and Financial Review

Operating Results for the Year
The Group recorded a loss after tax for the financial year ending 30 June 2017 of $4,770,000 (2016: $144,359,000).

PANORAMIC RESOURCES LTD

Directors' report
For the Financial Year ended 30 June 2017

Financial Performance
The Group's performance during the 2017 financial year and for the four previous financial years, are set out in the table below. The financial results shown below were all prepared under International Financial Reporting Standards (IFRS).

Year Ended 30 June	2017	2016	2015	2014	2013
Revenue and other income ($'000)	9,666	93,441	200,280	239,505	185,590
Cost of sales of goods ($'000)	(8,473)	(97,933)	(155,048)	(153,549)	(145,012)
Royalties ($'000)	(490)	(4,920)	(11,948)	(11,313)	(9,283)
Exploration and evaluation ($'000)	(493)	(4,280)	(12,912)	(3,186)	(2,682)
Care and maintenance expenses ($'000)	(7,539)	(1,002)	(905)	(985)	(2,500)
Other expenses ($'000)	(5,369)	(8,520)	(8,884)	(7,494)	(9,125)
EBITDA (before impairment) ($'000)	**(12,698)**	**(23,214)**	**10,583**	**62,978**	**16,988**
Depreciation and amortisation ($'000)	(760)	(50,749)	(62,124)	(59,655)	(54,386)
Reversal of / (impairment) of assets ($'000)	9,178	(79,453)	11,864	(13,119)	(8,026)
Finance costs ($'000)	(490)	(1,405)	(998)	(1,334)	(1,563)
Profit /(loss) before tax ($'000)	**(4,770)**	**(154,821)**	**(40,675)**	**(11,130)**	**(46,987)**
Income tax benefit (expense) ($'000)	-	10,462	11,827	1,808	15,302
Net profit/(loss) after tax ($'000)	**(4,770)**	**(144,359)**	**(28,848)**	**(9,322)**	**(31,685)**
Earnings/(loss) per share (cents)	(1.0)	(42.7)	(9.0)	(3.1)	(12.5)
Dividends per share (cents)	-	-	1.0	2.0	1.0
Dividends pay out ratio (%)	-	-	-	-	-
Market capitalisation ($'000)	94,285	57,857	149,462	267,489	52,135
Closing share price ($ per share)	0.220	0.135	0.465	0.83	0.20
Return on equity (%)	(2.8)	(88.0)	(18.1)	(6.2)	(22.9)

Note: EBITDA (before impairment) is not shown in the Consolidated Income Statement or the accompanying notes and as such has not been reviewed by the Company's auditor, Ernst & Young (EY). The table above shows how it is reconciled to the Consolidated Income Statement.

Revenue and Other Income
The Nickel Division generated $8,409,000 of sales revenue which was 91% down on the prior year as a result of the cessation of production at the Savannah Nickel Project in May 2016. Other revenue comprised interest income of $557,000. Other income of $700,000 was made up of (1) a gain on the re-estimation of the Lanfranchi and Gum Creek site decommissioning and rehabilitation provisions ($198,000), (2) rental income from the leasing out of the Lanfranchi village ($120,000) and (3) the sale of consumables and spare parts ($382,000).

Cost of Sales of Goods
The Nickel Division's total aggregate cost of goods sold/produced of $8,473,000 were 91% lower than the previous financial year and included port and shipping costs, assaying, payability deductions and other costs incurred from the sale of 10,719 tonnes of Savannah concentrate that had remained unsold at the end of the previous financial year.

Care and Maintenance Costs
Care and maintenance costs totaling $7,539,000 were incurred by the Nickel Division and the Gum Creek Gold Project during the period. These costs were significantly higher than the previous financial year ($1,002,000) due to the costs of placing and maintaining the Savannah Nickel Project on full care and maintenance and the mine closure and rehabilitation costs incurred at the Copernicus Nickel Project during the September 2016 quarter.

Corporate and Marketing Costs
Corporate and marketing costs of $5,369,000 were 20% lower than the previous reporting period 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.

Reversal of Impairment Loss
As a result of a review of the carrying value of the Gum Creek Gold Project during the Horizon Gold Limited initial public offering (IPO) process, a reversal of a previous impairment loss of $8,995,000 was made against the carrying values of the Project's assets at 30 September 2016. The total impairment reversal made during the financial year was $9,178,000.

Income Tax Benefit
There was no tax benefit booked on the consolidated entity's loss for the financial year as the corresponding equivalent deferred tax asset was not recognised in the consolidated statement of financial position at 30 June 2017.

Review of Financial Condition

Balance Sheet

Horizon Gold Limited
In recognition of the Company's majority 51% shareholding in Horizon Gold Limited (Horizon) at balance date, under AASB 10 *Consolidated Financial Statements*, the assets, liabilities, equity, income, expenses and cash flows of Horizon are consolidated in the financial statements of the consolidated entity after attributing the profit or loss and each component of other comprehensive income to the equity owners of the Company and to the non-controlling interests (as described in note 28 of the "Notes to the Consolidated Financial Statements").

For clarity, the Company has shown in Table A below, a non-AIFRS pro-forma consolidated balance sheet in which the Company's 51% shareholding in Horizon has been re-classified as an "investment in subsidiary". In this presentation, the Company's equity investment of 39,030,617 shares in Horizon is shown at fair value through profit and loss measured using the quoted share price of Horizon at balance date, instead of the assets, liabilities, equity and results of Horizon being separately consolidated as required under AASB10. The table also includes the adjustments to reconcile the pro-forma balance sheet back to the consolidated balance sheet.

Directors' report
For the Financial Year ended 30 June 2017

Table A: Pro-forma Consolidated Balance Sheet (51% equity interest in Horizon Gold Limited re-classified as "Investment in Subsidiary")

	30 June 2017 (Pro-forma)[1] $'000	Adjustments $'000	30 June 2017 (AIFRS) $'000
Current Assets			
Cash and cash equivalents	8,946	*11,704*	20,650
Trade and other receivables	464	*71*	535
Inventories	3	-	3
Prepayments	236	-	236
Total Current Assets	**9,649**	***11,775***	**21,424**
Non-Current assets			
Available-for-sale financial assets	1,200	-	1,200
Investment in subsidiary	11,709	*(11,709)*	-
Property, plant and equipment	7,293	*4,263*	11,555
Exploration and evaluation	69,102	*22,670*	91,772
Development properties	17,028	-	17,028
Mine properties	1,403	-	1,403
Other non-current assets	1,803	-	1,803
Total Non-Current Assets	**109,537**	***15,224***	**124,761**
Total Assets	**119,186**	***26,999***	**146,185**
Current Liabilities			
Trade and other payables	1,870	*663*	2,533
Borrowings	769	-	769
Provisions	953	*18*	971
Total Current Liabilities	**3,592**	***681***	**4,273**
Non-Current Liabilities			
Borrowings	68	-	68
Provisions	20,345	*9,377*	29,722
Total Non-Current Liabilities	**20,413**	***9,377***	**29,790**
Total Liabilities	**24,005**	***10,058***	**34,063**
Net Liabilities	**95,181**	***16,941***	**112,122**
Equity			
Contributed equity	169,044	-	169,044
Reserves	38,665	*3,903*	42,568
Accumulated losses	(112,528)	*(938)*	(113,466)
Non-controlling interests	-	*13,976*	13,976
Total Equity	**95,181**	***16,941***	**112,122**

[1] The pro-forma balance sheet presentation of the de-consolidated 51% equity interest in Horizon Gold Limited is a non-AIFRS treatment of this investment. The adjustments to the Pro-forma balance sheet are to comply with AIFRS.

[2] The financial information presented above in Table A has not been audited or reviewed by the Company's Auditor, Ernst & Young (EY).

Net Working Capital - current assets less current liabilities
The net working capital position of $17,151,000 was 20% lower than at the previous balance date. This position excludes $1,803,000 which is cash backing the drawn amount on the Company's performance bond facility (and is classified as a non-current asset, as described in note 15 of the "Notes to the Consolidated Financial Statements").
The contribution of Horizon Gold Limited's net assets to net working capital was $10,984,000.

The consolidated entity's operating cash flows were materially impacted by the reduction in concentrate sales revenue from the Savannah Nickel Project and the costs incurred to place the Savannah Nickel Project onto full care and maintenance in the first half of the financial year. Trade and other payables decreased by 45% over the reporting period as a direct result of the reduction in operational activity across the Nickel Division.

The operating activities of the consolidated entity (including royalty payments, greenfield exploration and net corporate costs) generated a net cash outflow of $7,862,000.

Net cash outflow from investing activities of $4,219,000, included $4,955,000 expenditure on exploration and evaluation activities at the Savannah Nickel Project and Gum Creek Gold Project.

Net Tax Balances
At balance date, the consolidated entity had a net deferred tax asset value of $44,540,000. Due to the Nickel Division's operations being on care and maintenance and the uncertain outlook in the US$ nickel price, this asset was not recognised in the consolidated statement of financial position at 30 June 2017.

Net Assets/Equity
The net asset position of the consolidated entity increased 10% to $112,122,000 as a result of (1) the increase in cash from the $15,000,000 before costs capital raising and listing on the Australian Securities Exchange (ASX) by Horizon Gold Limited in December 2016, and (2) the increase in total non-current assets following the booking of the reversal of the impairment loss against the assets of the Gum Creek Gold Project in the first half of the financial year.

Capital Structure

The debt to equity ratio (borrowings on contributed equity) at 30 June 2017 was 0.5% (2016: 0.9%).

Business and Financial Risks

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

Hedging Policy
The consolidated entity has an active policy of limiting the exposure to nickel price risk and currency risk through limited hedging.

As at 30 June 2017, the consolidated entity had no nickel forward sales contracts and no nickel put options in place.

As at 30 June 2017, the consolidated entity had no United States dollar denominated foreign exchange derivatives in place.

Other business risks can have an impact on the profitability of the consolidated entity. The recognition, management and control of these risks are key elements of the enterprise-wide risk management framework which has been progressively developed and rolled-out across the Group, as detailed in the Corporate Governance Statement on page 40.

Directors' report
For the Financial Year ended 30 June 2017

Dividends

No final dividend has been declared for the financial year ended 30 June 2017.

Review of Operations

Nickel Division

Savannah Nickel Project, (including the Copernicus Nickel Project), East Kimberley region, WA

Physicals	2017	2016
(i) Produced		
Concentrate Produced (t)	**-**	131,789
Nickel in Concentrate (t)	**-**	9,845
Copper in Concentrate (t)	**-**	6,011
Cobalt in Concentrate (t)	**-**	476
(ii) Sold		
Concentrate Sold (t)	**10,719**	124,962
Nickel in Concentrate (t)	**929**	9,316
Copper in Concentrate (t)	**520**	5,728
Cobalt in Concentrate (t)	**44**	436

Due to the low US$ nickel price, the Project has been on care and maintenance since May 2016.

During the financial year, the Project shipped 10,719 tonnes of concentrate (2016: 124,962 tonnes) that had remained unsold as at the end of the previous financial year.

Lanfranchi Nickel Project, South Kambalda, WA

Physicals	2017	2016
(i) Produced		
Ore Mined (t)	**-**	43,692
Nickel in Ore (t)	**-**	1,019
Copper in Ore (t)	**-**	79
(ii) Sold		
Ore Sold (t)	**-**	46,279
Nickel in Ore (t)	**-**	1,051
Copper in Ore (t)	**-**	83

Due to the low US$ nickel price, the Project has been on care and maintenance since November 2015.

Exploration and Development Projects

Nickel Division

During the financial year, the consolidated entity continued evaluation work on the Savannah North Project and explored for new discoveries and extensions to existing resources.

In August 2016, the Company announced a material upgrade in the Savannah North Resource to 10.27 million tonnes at a nickel grade of 1.70% for 175,100 tonnes of contained nickel (*refer to the Company's ASX announcement of 24 August 2016 for further details*).

In February 2017, the Company announced and released the Savannah Project Feasibility Study which demonstrated a ten year mine life at the Project by mining from firstly, the remaining Savannah Ore Reserve whilst developing then mining from the Savannah North Ore Reserve. The Study is based on a combined Savannah Nickel Project Ore Reserve of 8.21 million tonnes at a nickel grade of 1.37% for 112,600 tonnes of contained nickel, a copper grade of 0.64% for 52,400 tonnes of contained copper and a cobalt grade of 0.09% for 7,600 tonnes of contained cobalt. Twelve years of continuous operating experience at Savannah from 2004 to 2016 provided the basis for the production and cost estimates used in the Study.

Note: the Study disclosed a life-of-mine nickel production target of 114,000 tonnes of contained nickel in ore. This target included an additional 1,400 tonnes of contained nickel classified as Inferred Resource which, under the 2012 or 2004 editions of the JORC code, has a low level of geological confidence.

In July 2017, the Company released the Savannah Project Feasibility Study Optimisation based on an improved mine plan, higher grade ore and lower input costs (*refer to the Company's ASX announcement of 20 July 2017 for further details*).

Gold Division

Gum Creek Gold Project, Murchison region, WA (previously known as the Gidgee Gold Project)
In June 2016, following the release of the updated March 2016 Scoping Study, exploration results, encouraging metallurgical test work and the buoyant gold sector, the directors resolved to commence a process to divest the Gum Creek Gold Project. On 21 October 2016, the Company entered into an agreement with the then wholly owned subsidiaries, Horizon Gold Limited (Horizon) and Panoramic Gold Pty Ltd (Pan Gold) to sell Pan Gold (which owns the Project) to Horizon subject to a capital raising and initial public offering (IPO) of Horizon (refer to the "Corporate" section below for further details).

Platinum Group Metals (PGM) Division

Thunder Bay North PGM (TBN) Project, North-West Ontario, Canada
On 30 July 2014, the Company signed an Agreement with Rio Tinto Exploration Canada Inc. (RTEC) which allowed RTEC to review all existing data on the TBN Project on an exclusive basis until December 2014. On 16 January 2015, the Company announced that RTEC had exercised its right under the Agreement by electing to spend up to C$20 million (minimum spend of C$5 million before RTEC can withdraw) over the next five years to earn a 70% interest in the Project. During this period, RTEC is responsible for managing the Project and ensuring the TBN tenements are kept in good standing.

During the financial year, RTEC conducted various exploration activities on the TBN Project under the earn-in arrangement of the Agreement. The three part-time employees of TBN assisted RTEC and undertook various consulting work for locally based exploration companies to assist in offsetting the costs of running the Thunder Bay Office.

In January 2017, RTEC confirmed that it had exceeded the minimum spend of C$5 million and began discussions with the Company on the results of exploration and future plans and strategy for the Project. As at the date of this report, these discussions are continuing.

Panton PGM Project, East Kimberley, WA
The Company continued its sponsorship of research by a post-graduate student of Curtin University into alternative direct leaching technologies for smaller chromite rich PGM deposits. This research is due for completion in late 2018.

Directors' report
For the Financial Year ended 30 June 2017

Corporate

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

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

Horizon Gold Initial Public Offer (IPO)
In June 2016, the directors agreed to divest the Gum Creek Gold Project by vending Panoramic Gold Pty Ltd (Pan Gold), the entity which owns the project, into a new publicly listed company. In October 2016, the Company entered into an agreement with Horizon Gold Limited (Horizon) and Pan Gold to sell Pan Gold to Horizon subject to the completion of a capital raising and initial public offering (IPO) of Horizon. After successfully raising $15,000,000 before costs from existing Company shareholders and new investors, Horizon Gold listed on the Australian Securities Exchange (ASX) on 21 December 2016 with a total of 76,530,617 shares on issue. At the IPO issue price of $0.40 per share, the net assets of Horizon (including Panoramic Gold Pty Ltd) were valued at $30,612,000.

Except for the five shares issued to the Company on the incorporation of Horizon Gold (10 August 2016), the Company's retained 51% equity interest in Horizon of 39,030,617 shares are escrowed from trading on the ASX until 21 December 2018.

Unmarketable Parcel (UMP) Sale Facility
On 24 April 2017, the Company announced that it had initiated an Unmarketable Parcel (UMP) Sale Facility to provide eligible shareholders with the opportunity to sell their small shareholding in the Company without incurring brokerage or handling costs. The UMP Sale Facility was open to eligible shareholders from 24 April 2017 to 5 June 2017.

As a result of the UMP Sale Facility, 754 shareholders holding a total of 673,886 UMP shares had their shares sold on their behalf by the Company in June 2017. By directly reducing the number of shareholders holding UMP shares, the Company has reduced the share registry costs associated with maintaining small unmarketable holdings.

Employees

At the end of the financial year, the Group had 20 permanent, full time employees (2016: 52).

Key Developments (Incorporating Significant Changes in the State of Affairs)

Significant changes in the state of affairs of the consolidated entity during the financial period were as follows:

- On 11 July 2016, the Company announced its intention to proceed with the partial divestment of the Gum Creek Gold Project by way of an initial public offering (IPO) of a new listed entity on the Australian Securities Exchange (ASX).
- On 24 August 2016, the Company announced a material upgrade in the Savannah North Resource to 10.27 million tonnes at a nickel grade of 1.70% for 175,100 tonnes of contained nickel.
- On 21 October 2016, the Company announced it had entered into an "Acquisition Agreement" with Horizon Gold Limited (Horizon) and Panoramic Gold Pty Ltd (Pan Gold) in which Pan Gold and the Gum Creek Gold Project would be acquired by Horizon in return for the Company being issued 39,030,612 shares, valued at $15,612,000, in Horizon, conditional on Horizon raising $15,000,000 before costs by issuing 37,500,000 shares in Horizon at $0.40 per share and receiving conditional admission approval to the ASX Official List.
- On 19 December 2016, the Company announced the successful divestment of a 49% interest in the Gum Creek Gold Project following the completion of the $15,000,000 IPO of Horizon.
- On 2 February 2017, the Company released the Savannah Project Feasibility Study based on a total Savannah Ore Reserve of 8.21 million tonnes at a nickel grade of 1.37% for 112,600 tonnes of contained nickel. *Note: approximately 1.1% in the production target (1,400 tonnes of contained nickel) was from material classified as Inferred Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.*
- On 24 April 2017, the Company announced the establishment of an Unmarketable Parcel (UMP) Sale Facility, open to eligible shareholders from 24 April 207 to 5 June 2017.

Matters subsequent to the end of the financial year

Savannah Project Feasibility Study Optimisation
On 20 July 2017, the Company released the Savannah Project Feasibility Study Optimisation based on an improved mine plan, higher grade ore, lower input costs and metallurgical performance as per historical Savannah metallurgical results. In comparison to the February 2017 Savannah Project Feasibility Study, the life-of-mine all-in sustaining cash costs (AISC), using spot commodity prices and A$:US$ foreign currency exchange rate of 30 June 2017, has reduced the ASIC by US$0.90 per pound to US$3.40 per pound of nickel (payable nickel after by-product credits). As at the date of this report, further productivity improvements are being pursued targeting further cost reductions (*refer to the Company's ASX announcement of 20 July 2017 for further details*).

Vesting of FY2015 Performance Rights and issue of Ordinary Shares
On 1 August 2017, the Company issued 1,575,012 ordinary shares to executives of the Company following vesting on 1 July 2017 of FY2015 Performance Rights. Following the issue of new shares for no consideration, the share capital of the Company has increased to 430,142,283 ordinary shares.

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

Business Strategies and Prospects (Incorporating Likely developments and expected results)

The Company's primary goal is to explore for, develop and mine its Resources profitably and return value to shareholders through capital growth and dividends. The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house in the S&P/ASX 100 Index.

The likely developments in each of the consolidated entity's commodity divisions over the next 12 months are highlighted below.

Nickel Division

Subject to funding, exploration activities will continue during the financial year to find new areas of mineralisation, principally at and surrounding the Savannah Nickel Project where additional Resource definition and extensional drilling will be undertaken on the Savannah North Mineral Resource.

In relation to the restart of the Savannah Nickel Project, the Company will:

(1) continue discussions with potential financiers including offtake partners, traditional resource project financing banks and other resource financing organisations to determine the optimal funding quantum and debt financing structure to fund the pre-production development of the Savannah Nickel Project restart;
(2) confirm that the treatment of Savannah North ore in the existing Savannah process plant will give metallurgical results consistent with historical results; and
(3) complete its review on further productivity improvements at the Savannah Nickel Project so that when nickel prices have sufficiently recovered on a sustainable basis, the Savannah Nickel Project can restart with a lower cost base.

The Company will continue to consider and review options to further unlock value at the Lanfranchi Nickel Project and for its shareholders.

Gold Division

The consolidated entity will continue to provide technical, commercial, managerial and administrative services in relation to the Gum Creek Gold Project and, such other assets of Horizon Gold Limited as appropriate, pursuant to the Management Agreement dated 21 October 2016 between the Company and Horizon.

Platinum Group Metals (PGM) Division

The consolidated entity will continue evaluation activities on the Panton PGM Project in the East Kimberley region of Western Australia and will monitor RTEC's activities at the Thunder Bay North PGM Project in north-west Ontario, Canada.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the consolidated entity.

Shares Options

At the date of signing, there are no unissued ordinary shares of the Company under Option (2016: nil).

Indemnification of Auditors

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

Indemnification and Insurance of Directors and Officers

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

During the financial year, the Company has accrued and/or paid premiums of $25,775 (2016: $53,151) in respect of contracts insuring all the directors and officers against legal costs incurred in defending proceedings. The insurance premiums relate to:

(1) Costs and expenses incurred by the relevant officers in defending legal proceedings, both civil and criminal and whatever the outcome; and

(2) Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

2017 Remuneration Report (Audited)

This 2017 remuneration report outlines the remuneration arrangements in place for the directors and executives of the Company and the Group in accordance with the Corporations Act 2001 and its Regulations (the Act). The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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

For the purposes of this report, the term 'executive' encompasses the managing director, senior executives and operations managers of the Company and the Group.

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

(i) Directors

Brian Phillips	Chairman (Non-Executive)
Peter Harold	Managing Director
John Rowe	Director (Non-Executive)
Peter Sullivan	Director (Non-executive)

(ii) Named Executives

Trevor Eton	Chief Financial Officer & Company Secretary
Terry Strong	Chief Operating Officer *(to 3 March 2017)*
John Hicks	General Manager - Exploration
Tim Mason	General Manager – Projects
Mark Recklies	Operations Manager – Savannah *(to 30 December 2016)*

(b) Remuneration Philosophy

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

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

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value and company profits;
- Significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate and demanding performance hurdles in relation to variable executive remuneration.

(c) Remuneration Committee

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

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

(d) Remuneration Structure

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

(e) Use of remuneration consultants

Where appropriate, the Remuneration Committee and the Board seek advice from independent remuneration consultants to ensure the remuneration paid to the non-executive directors and senior management is appropriate and in line with the market. The Company did not receive independent remuneration advice during the financial year as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration)*.

(f) Non-executive director remuneration policy

(i) Fixed Remuneration

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

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

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

In recognition of the significant operational changes made across the consolidated entity during the 2015/16 financial year, the Board reviewed the fees paid to non-executive directors on two separate occasions, in August 2015 and February 2016. As a result of these reviews, the non-executive directors agreed to accept a reduction in fees paid to non-executive directors, with the Non-Executive Chairman's annual remuneration being reduced to $90,000 per annum and other non-executive director's annual remuneration being reduced to $65,000 per annum.

The fees paid to non-executive directors for the period ending 30 June 2017 are detailed in Table 1 on pages 34 and 35 of this report. Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of $600,000, which was last approved by shareholders on 20 November 2007.

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

(g) Executive Remuneration

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

- reward executives for Company, operating segment and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and the performance of the Company; and
- ensure total remuneration is competitive by market standards.

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

It is the Remuneration Committee's policy that employment contracts are entered into with the Managing Director and other key management personnel. Details of these KMP contracts are provided on pages 33 to 34.

Remuneration consists of the following key elements:

- Fixed Remuneration (base salary, superannuation and non-monetary benefits);
- Variable Remuneration:
  - Short Term Incentive Bonus ('STIB'); and
  - Long Term Incentive ('LTI').

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives if the Company's operational and economic circumstances permit), is established for each senior executive by the Remuneration Committee. Table 1 on page 34 and 35 details the variable component (%) of the Group's KMP. Where necessary, when the payment of superannuation on an individual's STI Bonus would cause the amount of superannuation in any financial year to exceed the applicable statutory concessional maximum superannuation contribution limit, at the individual's discretion, an equivalent amount of employer superannuation is added to the executive's base cash salary.

(i) Fixed Remuneration

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

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

In recognition of the significant operational changes that were made across the consolidated entity during the 2015/16 financial year, the Remuneration Committee reviewed all salaries resulting in senior executives, with a base salary over $200,000 per annum, agreeing to accept a 10% reduction in base salary from 1 July 2016.

The fixed remuneration component of the Group's key management personnel is detailed in Table 1 on page 34 and 35.

(ii) Variable Remuneration - Short-term Incentive Bonus (STIB)

Objective

The objective and intention of the executive STIB scheme, when the Company's operational and economic circumstances permit, is to encourage and provide a further incentive to executives to:

(a) Maximise the financial performance of the Company on a regular and consistent basis that is also consistent with the Company's Core Values; and

(b) create and maintain a culture within all levels of the Company and Group such that the Company's Core Values are accepted, supported and actively promoted by all the employees of the Company and Group.

The STIB scheme has, in the past, been designed so as to provide sufficient incentive to the executives such that the cost to the Company is reasonable in the circumstances.

In light of the Nickel Division operations being on care and maintenance during the financial year as a result of the low, albeit unsustainable, nickel price, the Remuneration Committee has put on hold the current STIB scheme that commenced from 1 January 2010. It is likely that a new STIB Scheme will be put in place for when the Company's operational and economic circumstances allow for such payments of short-term incentive bonuses to senior executives. It should be noted that the Managing Director has a separate right to receive STIB payments, subject to certain performance conditions, under his employment contract.

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

Objective

The objective of a LTI program is to reward and incentivise executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Company's performance during the 2017 financial year and for the previous four financial years, and its impact on shareholder wealth, is summarised in the table below.

Year Ended 30 June	2017	2016	2015	2014	2013
Revenue and other income ($'000)	9,666	93,441	200,280	239,505	185,590
Cost of sales of goods ($'000)	(8,473)	(97,933)	(155,048)	(153,549)	(145,012)
Royalties ($'000)	(490)	(4,920)	(11,948)	(11,313)	(9,283)
Exploration and evaluation ($'000)	(493)	(4,280)	(12,912)	(3,186)	(2,682)
Care and maintenance expenses ($'000)	(7,539)	(1,002)	(905)	(985)	(2,500)
Other expenses ($'000)	(5,369)	(8,520)	(8,884)	(7,494)	(9,125)
EBITDA (before impairment) ($'000)	**(12,698)**	**(23,214)**	**10,583**	**62,978**	**16,988**
Depreciation and amortisation ($'000)	(760)	(50,749)	(62,124)	(59,655)	(54,386)
Reversal of / (impairment) of assets ($'000)	9,178	(79,453)	11,864	(13,119)	(8,026)
Finance costs ($'000)	(490)	(1,405)	(998)	(1,334)	(1,563)
Profit /(loss) before tax ($'000)	**(4,770)**	**(154,821)**	**(40,675)**	**(11,130)**	**(46,987)**
Income tax benefit (expense) ($'000)	-	10,462	11,827	1,808	15,302
Net profit/(loss) after tax ($'000)	**(4,770)**	**(144,359)**	**(28,848)**	**(9,322)**	**(31,685)**
Earnings/(loss) per share (cents)	(1.0)	(42.7)	(9.0)	(3.1)	(12.5)
Dividends per share (cents)	-	-	1.0	2.0	1.0
Dividends pay out ratio (%)	-	-	-	-	-
Market capitalisation ($'000)	94,285	57,857	149,462	267,489	52,135
Closing share price ($ per share)	0.220	0.135	0.465	0.83	0.20
Return on equity (%)	(2.8)	(88.0)	(18.1)	(6.2)	(22.9)

PANORAMIC RESOURCES LTD

From 1 July 2014, LTI grants to executives were delivered in the form of performance rights to shares issued under the 2010 Panoramic Resources Limited Employee Share Plan (“2010 ES Plan”), which was re-approved by the Company’s shareholders on 30 July 2014 under ASX Listing Rule purposes for three years, until 30 July 2017.

In light of the Nickel Division operations being on care and maintenance during the financial year as a result of the low, albeit unsustainable, nickel price, the Remuneration Committee has put on hold the granting of new performance rights to shares to employees. In addition, the three year shareholder approval period of the 2010 ES Plan has now expired (on 30 July 2017), meaning a new Employee Share Plan (“Plan”), under ASX Listing Rules, would need to have obtained shareholder approval before new performance rights to shares can be granted to executives and other senior employees under a new Plan.

2010 Panoramic Resources Limited Employee Share Plan (“2010 ES Plan”)

Under the structure of the 2010 ES Plan, executives and senior employees were invited, subject to the Company’s operational and economic circumstances, to receive a new grant of performance rights to shares, such that the LTI grant formed a key component of their remuneration package. The LTI dollar value that senior executives and other senior employees were entitled to be received was set at a fixed percentage of their annual Fixed Remuneration (base salary plus statutory superannuation) ranging from 17% to 100% of Fixed Remuneration depending on level and seniority and market conditions. The number of performance rights to shares to be granted was determined by dividing the LTI dollar value by the fair value (“FV”) of one performance right (as determined by an independent valuer).

For the FY2015 grant of performance rights, the FV at 1 July 2014 was externally determined at $0.67. The vesting day of the FY2015 Performance Rights was 1 July 2017. On 1 August 2017, the Company issued 1,575,012 ordinary shares to senior executives and other senior managers upon the satisfaction of the performance and three year time based vesting hurdles. A balance of 525,017 FY2015 Performance Rights did not satisfy the relative total shareholder return (“TSR”) performance hurdle and lapsed.

For the FY2016 grant of performance rights, the FV at 1 July 2015 was externally determined at $0.208. The vesting day of the FY2016 Performance Rights is 1 July 2018.

Performance Conditions

FY2015 Performance Rights and FY2016 Performance Rights will vest subject to meeting service and performance conditions as defined below:

- 75% of the performance rights will be performance tested against the relative total shareholder return (“TSR”) measure over a three year period; and
- 25% of the performance rights will be performance tested against the reserve/resource growth over a three year period.

The performance conditions above that were endorsed by the Board and subsequently approved by shareholders on 30 July 2014, were chosen as they matched similar split performance conditions used in LTI Plans of other ASX listed resource companies.

The Company’s TSR will be measured at the end of each financial year against a customised peer group, which for the FY2016 grant of performance rights for the three year period commencing 1 July 2015, comprised the following companies:

- Altona Mining Limited
- Aurelia Metals Limited
- CuDeco Limited
- Heron Resources Limited
- Hillgrove Resources Limited
- Hot Chili Ltd
- Independence Group NL
- Mincor Resources NL
- Rex Minerals Limited
- Sandfire Resources NL
- Poseidon Nickel Limited
- Western Areas Ltd

(iii) Variable Remuneration - Long Term Incentive (LTI) (continued)
The following table sets out the vesting outcome based on the Company's relative TSR performance:

Relative TSR Rank	% of Performance Rights
Below 50% percentile	No Performance Rights vesting
At or above the 50th percentile but below the 75th percentile	50% to 99% vesting (pro-rata on a straight–line basis) of the Performance Rights
At or above 75th percentile	100% of Performance Rights vesting

The second performance hurdle is the Company's metal reserve/resource growth net of depletion. Broadly, the quantum of the increase in reserves/resources will determine the number of performances rights to vest.

The following table sets out the vesting outcome based on the Company's metal reserve/resource growth performance:

Reserves and Resources Growth Performance	% of Performance Rights vesting
Reserves and Resources depleted	No Performance Rights vesting
Reserves and Resources maintained Reserves and Resources grown by up to 30%	50% vesting of the Performance Rights Between 50% and 100% vesting (pro-rata on a straight–line basis) of the Performance Rights
Reserves and Reserves grown by 30% or more	100% of Performance Rights vesting

There will be no retesting of performance hurdles. It is only if one or both of these performance hurdles are passed and the three year service condition is met that the performance rights can be exercised into Shares.

No Hedging Contracts on LTI Grants
The Company does not permit executives to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package. This policy is strictly enforced by the Managing Director under the Company's Share Trading Policy detailed in the Corporate Governance Statement on page 43.

Table 3 on page 36 and 37 provides details of FY2015 Performance Rights and FY2016 Performance Rights granted as compensation to the Managing Director and the named executives.

(h) Employment contracts

(i) Non-Executive Chairman
The Non-Executive Chairman, Brian Phillips, commenced in his role on 17 November 2011 under the following terms:

- Brian Phillips may resign from his position and thus terminate his directorship on written notice.
- The Company must provide 6 months written notice or provide payment in lieu of the notice period ($45,000), based on the fixed component of Brian Phillips' remuneration if termination is initiated by the Company, except where termination is from serious misconduct.
- The Company may terminate his directorship at any time without notice if serious misconduct has occurred. In this situation, the Non-Executive Chairman is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

(ii) Non-Executive Directors
All other non-executive directors conduct their duties under the following terms:

- A non-executive director may resign from his position and thus terminate his contract on written notice.
- The Company may terminate a directorship by providing 6 months' written notice or provide payment in lieu of the notice period (based on the fixed component of the non-executive director's remuneration) if termination is initiated by the Company, except where termination is from serious misconduct.

Non-Executive Director	Amount payable on termination
John Rowe	$32,500
Peter Sullivan	$32,500

- The Company may terminate a directorship at any time without notice if serious misconduct has occurred. Where termination with such cause occurs the non-executive director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

(iii) Managing Director
The Managing Director, Peter Harold, is employed under a contract that commenced on 1 January 2010. The key features of his employment contract (Contract) are:

- The term of the Contract was initially for a minimum of 12 months, and is now able to be terminated on 6 months notice from Peter Harold, and on 12 months notice from the Company. Termination is immediate (with no payment in lieu of notice) under certain events. Since 1 January 2011, the fixed remuneration per annum of Peter Harold's Contract is subject to review on an annual basis.
- The Company may make STIB payments to Peter Harold, firstly, up to a maximum of 75% of Peter Harold's fixed remuneration per annum under the First Part (Financial Performance), and secondly, up to a maximum of 25% of Peter Harold's fixed remuneration per annum under the discretionary Second Part (Core Values). The Cash bonus under the First Part (Financial Performance) will be calculated at the end of the Relevant Financial Year using figures obtained from the audited consolidated financial statements of the Company for the Relevant Financial Year, in accordance with the following formula:

  CPH = [P - (E x 15%)] x 2.5%, where

  CPH = the Cash bonus to be paid to Peter Harold for the Relevant Financial Year;

  P = Earnings Before Interest and Tax ("**EBIT**") of the Company (on a consolidated basis) for the Relevant Financial Year;

  E = the average of (1) the "Total Assets" line item of the audited consolidated balance sheet of the Company (on a consolidated basis) for the Relevant Financial Year and (2) the "Total Assets" line item of the audited consolidated balance sheet of the Company for the year immediately preceding the Relevant Financial Year. "Total Assets" includes current and non-current assets.

- Peter Harold may resign from his position and thus terminate the Contract by giving 6 months written notice. Any vested unlisted options not exercised, if applicable, will be forfeited 4 weeks after notice of resignation. Peter Harold will not receive any accrued benefits of the executive STIB scheme in the event that he gives notice.
- Peter Harold accrues 5 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements for every 10 years of service.
- If the Company terminates Peter Harold's Contract, other than lawfully in accordance with its terms, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) at the time notice of the termination is given based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) will be at the discretion of the Remuneration Committee. If Peter Harold works out the whole or any part of his notice period, he will be entitled to his accrued First Part (Financial Performance) during the period after the notice is given until such time as he stops working.
- If there is a Change of Control Event, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) at the time of the Change of Control based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) will be at the discretion of the Board. If the Board is unable to determine for any reason the accrued and discretionary benefits to Peter Harold, Peter Harold will be entitled to be paid an accrued STIB based on 100% of Peter Harold's fixed remuneration per annum.
- From 1 July 2014 until 30 July 2017, for the granting of performance rights to shares at zero cost under the 2010 ES Plan, Peter Harold was entitled to receive up to 100% of his annual Fixed Remuneration in performance rights to shares. On 20 November 2015 at a General Meeting of shareholders, Peter Harold was granted 1,450,000 FY2016 performance rights at zero cost under the 2010 ES Plan. The FV of each performance right on 20 November 2015 was externally determined at $0.208. On 30 July 2014 at a General Meeting of shareholders, Peter Harold was granted 904,601 FY2015 performance rights at zero cost under the 2010 ES Plan. The FV of each performance right on 30 July 2014 was externally determined at $0.71.
- If Peter Harold's employment contract is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing Peter Harold to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse and be cancelled.
- The principal terms and conditions of the performance rights granted under the 2010 ES Plan are provided in pages 31 and 32.

(iv) Other Named Executives
All other named executives are employed under individual open common law employment contracts. These executives and the commencement date of their contracts are as follows:

Named Executive	Date of Current Employment Contract	Position
Trevor Eton	8 January 2013	Chief Financial Officer & Company Secretary
Terry Strong#	6 February 2013	Chief Operating Officer
John Hicks	14 March 2014	General Manager - Exploration
Tim Mason	1 December 2015	Manager – Special Projects
Mark Recklies#	23 January 2013	Operations Manager - Savannah Project

 # the named executive's employment contract was terminated during the financial year

Employment Contracts
The common key features of the above named executives' employment contracts are:

- Each named executive may resign from their position and thus terminate their contract by giving 3 months written notice. Any vested unlisted options not exercised will be forfeited 4 weeks from the date of resignation.
- The Company may terminate a named executive's employment contract by providing 4 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of the notice period. In the event of a termination in employment through a Change in Control of the Company, the Company will provide 6 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of notice.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. When termination with such cause occurs, the named executive is only entitled to that portion of remuneration which is fixed, and only up to the date that notice of termination is given. On termination with such cause, any unvested options or LTI grants in the form of performance rights will immediately be forfeited. Any vested unlisted options not exercised within 4 weeks of such notice of termination will be forfeited.
- If a named executive's employment contract is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing the named executive to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse and be cancelled.
- Each named executive accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements for every 10 years of service.
- From 1 July 2014 until 30 July 2017, for the granting of performance rights to shares at zero cost under the 2010 ES Plan, each named executive, depending on level and seniority, were entitled to receive 17% to 75% of their annual Fixed Remuneration in performance rights. Each of the named executives were granted FY2015 performance rights and/or FY2016 performance rights at zero cost under the 2010 ES Plan, as shown in Table 3 on page 36 and 37. The main terms and conditions of performance rights granted under the 2010 ES Plan are provided in pages 31 and 32:

(i) Details of Remuneration

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

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

Directors' report
For the Financial Year ended 30 June 2017

2017	Short-term benefits			Post employment benefits	Long-term benefits	Share based payments			
Name	**Cash salary and fees**	**Bonus*(a)***	**Other**	**Super-annuation**	**Long Service Leave**	**Rights to shares *(a)(b)***	**Termination / Resignation payments**	**Total**	**Performance related**
Non-executive directors									
J Rowe	65,000	-	3,851	-	-	-	-	68,851	-
P R Sullivan	65,000	-	3,851	-	-	-	-	68,851	-
B M Phillips	90,000	-	3,851	-	-	-	-	93,851	-
Executive directors									
P J Harold	498,150	-	13,467	47,324	12,454	318,088	-	889,483	36
Executives									
T R Eton	270,540	-	12,044	25,701	6,764	127,768	-	442,817	29
T J Strong *(c)*	186,778	-	2,595	17,744	5,149	(172,787)	176,004	215,483	-
J D Hicks	207,000	-	12,045	19,665	5,175	65,173	-	309,058	21
M A Recklies *(d)*	126,968	-	1,931	12,062	3,266	(99,820)	410,125	454,532	-
T S Mason	198,000	-	3,851	18,810	4,949	62,340	-	287,950	22
	1,707,436	**-**	**57,486**	**141,306**	**37,757**	**300,762**	**586,129**	**2,830,876**	**11**

(a) Includes the non-cash amortisation expense of the FY2015 and/or FY2016 LTI performance rights to shares over the period
(b) For individuals who left the Company during the period, the total accumulated amortisation expense up to the date of departure has been reversed
(c) Mr. T J Strong left the Company on 3 March 2017
(d) Mr. M A Recklies left the Company on 30 December 2016

2016	Short-term benefits			Post employment benefits	Long Term benefits	Share based payments			
Name	Cash salary and fees	Bonus*(a)*	Other	Super-annuation	Long Service Leave	Rights to shares *(a)(b)*	Termination / Resignation payments	Total	Performance related
Non-executive directors									
C D J Langdon *(c)*	91,491	-	4,085	-	-	-	-	95,576	-
J Rowe	91,491	-	4,085	-	-	-	-	95,576	-
P R Sullivan *(d)*	63,333	-	3,055	-	-	-	-	66,388	-
B M Phillips	128,733	-	4,085	-	-	-	-	132,818	-
Executive directors									
P J Harold	553,500	-	12,035	52,583	13,838	270,635	-	902,591	30
Executives									
T R Eton	300,600	-	12,035	28,557	7,515	108,347	-	457,054	24
C J Williams *(e)*	131,031	-	1,779	12,448	3,274	(42,623)	299,131	405,040	-
T J Strong	306,000	-	4,085	29,070	7,650	108,853	-	455,658	24
J D Hicks	230,000	-	12,035	21,850	5,750	55,267	-	324,902	17
M A Recklies	261,250	-	4,085	24,819	6,531	62,776	-	359,461	18
T S Mason	229,872	-	4,085	21,838	5,500	52,864	-	314,159	17
A S Thomson *(f)*	24,474	-	1,319	2,325	630	(48,919)	167,227	147,056	-
T M Ram *(g)*	179,808	-	12,035	19,898	4,250	(16,874)	110,738	309,855	-
	2,591,583	**-**	**78,803**	**213,388**	**54,938**	**550,326**	**577,096**	**4,066,134**	**14**

(a) Includes the non-cash amortisation expense of the FY2015 and/or FY2016 LTI performance rights to shares over the period
(b) For individuals who left the Company during the period, the total accumulated amortisation expense up to the date of departure has been reversed
(c) Mr. C D J Langdon retired as a director on 30 June 2016
(d) Mr. P R Sullivan was appointed a director on 1 October 2015
(e) Mr. C J Williams left the Company on 7 December 2015
(f) Mr. A S Thomson left the Company on 10 August 2015
(g) Ms. T M Ram left the Company on 30 June 2016

Table 2: Securities granted as part of remuneration during the year

Options - 2016/17
No options were granted during 2016/17.

Performance Rights to Shares - 2016/17
No performance rights to shares were granted as compensation to key management personnel during 2016/17.

Options - 2015/16
No options were granted during 2015/16.

Performance Rights to Shares - 2015/16
Performance rights to shares granted as compensation to key management personnel are shown in Table 3 on page 37.

The fair value of one performance right is determined using a Binomial valuation model (for non-market vesting conditions) and a Monte Carlo simulation model (for market vesting conditions), that takes into account the share price at grant date and expected price volatility of the underlying Share, the expected dividend yield and the risk-free rate for the term of the right at the date of grant

There were no ordinary shares issued to key management personnel on the exercise of securities during the financial year. There have been 1,230,580 ordinary shares issued to key management personnel on the exercise of securities (FY2015 Performance Rights) since 30 June 2017.

(a) Equity instrument disclosures relating to key management personnel

Securities provided as remuneration

Details of securities provided as remuneration are shown in Table 3. The terms and conditions of the securities are provided in pages 31 and 32.

Security holdings

The number of securities over ordinary shares in the Company held during the financial year by the Managing Director of Panoramic Resources Limited and other key management personnel of the Group, including their personally related parties are provided in the following table. In the table provided, performance rights to shares are separately identified.

Table 3: Securities holdings of managing director and specified executives

2017 Performance Rights	Balance at start of the year	Granted as compen-sation	Exercised	Other changes#	Balance at end of the year	Vested and exercisable	Unvested
Managing director of Panoramic Resources Limited							
P J Harold	2,354,601	-	-	-	2,354,601	-	2,354,601
Other key management personnel of the Group							
T R Eton	961,891	-	-	-	961,891	-	961,891
T J Strong	972,552	-	-	(972,552)	-	-	-
J D Hicks	490,652	-	-	-	490,652	-	490,652
M A Recklies	557,317	-	-	(557,317)	-	-	-
T S Mason	469,319	-	-	-	469,319	-	469,319
	5,806,332	**-**	**-**	**(1,529,869)**	**4,276,463**	**-**	**4,276,463**

 # Other changes relate to performance rights forfeited due to termination of employment

Directors' report
For the Financial Year ended 30 June 2017

2016 Performance Rights	Balance at start of the year	Granted as compen- sation	Exercised	Other changes#	Balance at end of the year	Vested and exercisable	Unvested
Managing director of Panoramic Resources Limited							
P J Harold	904,601	1,450,000	-	-	2,354,601	-	2,354,601
Other key management personnel of the Group							
T R Eton	368,459	593,432	-	-	961,891	-	961,891
T J Strong	368,459	604,093	-	-	972,552	-	972,552
C J Williams	245,640	-	-	(245,640)	-	-	-
J D Hicks	187,948	302,704	-	-	490,652	-	490,652
M A Recklies	213,484	343,833	-	-	557,317	-	557,317
T S Mason	179,776	289,543	-	-	469,319	-	469,319
A S Thomson	281,922	-	-	(281,922)	-	-	-
T M Ram	97,243	156,617	-	(253,860)	-	-	-
	2,847,532	**3,740,222**	**-**	**(781,422)**	**5,806,332**	**-**	**5,806,332**

 # Other changes relate to performance rights forfeited due to termination of employment

Share holdings

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

2017 Name	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Received on vesting of rights to deferred shares**	**Other changes during the year**	**Balance at end of the year**
Directors of Panoramic Resources Limited					
Ordinary shares					
P J Harold	4,567,714	-	-	-	4,567,714
J Rowe	87,407	-	-	-	87,407
P R Sullivan	-	-	-	-	-
B M Philips	287,407	-	-	-	287,407
Other key management personnel of the Group					
Ordinary shares					
T R Eton	70,000	-	-	-	70,000
T J Strong	282,001	-	-	(282,001)	-
J D Hicks	306,751	-	-	-	306,751
M A Recklies	100,000	-	-	(100,000)	-
T S Mason	2,340	-	-	-	2,340
	5,703,620	**-**	**-**	**(382,001)**	**5,321,619**

2016 Name	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
Directors of Panoramic Resources Limited					
Ordinary shares					
P J Harold	3,490,785	-	-	1,076,929	4,567,714
C D J Langdon	43,518	-	-	14,506	58,024
J Rowe	65,555	-	-	21,852	87,407
P R Sullivan	-	-	-	-	-
B M Philips	65,555	-	-	221,852,	287,407
Other key management personnel of the Group					
Ordinary shares					
T R Eton	50,000	-	-	20,000	70,000
T J Strong	188,000	-	-	94,001	282,001
A S Thomson	-	-	-	-	-
C J Williams	155,000	-	-	(155,000)	-
J D Hicks	204,500	-	-	102,251	306,751
T M Ram	-	-	-	-	-
M A Recklies	100,000	-	-	-	100,000
T S Mason	1,560	-	-	780	2,340
	4,364,473	**-**	**-**	**1,397,171**	**5,761,644**

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

Securities granted and exercised as part of remuneration for the year ended 30 June 2017 and 30 June 2016

2017	**Value of securities granted during the year**	**Value of securities exercised during the year**	**Value of securities cancelled during the year #**
	$	$	$
(i) Performance Rights			
P J Harold	-	-	-
T R Eton	-	-	-
T J Strong	-	-	259,123
J D Hicks	-	-	-
M A Recklies	-	-	136,732
T S Mason	-	-	-

 # Refer to Table 3 on page 36 for the number of performance rights to shares cancelled

2016	**Value of securities granted during the year**	**Value of securities exercised during the year**	**Value of securities cancelled during the year #**
	$	$	$
(i) Performance Rights			
P J Harold	301,600	-	-
T R Eton	123,434	-	-
T J Strong	125,651	-	-
C J Williams	-	-	149,840
J D Hicks	62,963	-	-
M A Recklies	71,517	-	-
A S Thomson	-	-	171,972
T S Mason	60,225	-	-
T M Ram	32,576	-	91,894

Note: the value for each performance right to a share granted in 2015/16 to P J. Harold and the other named executives is $0.208 (the fair value (FV) determined on 20 November 2015).

 # Refer to Table 3 on page 37 for the number of performance rights to shares cancelled

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

There were performance rights to shares that were cancelled on the date of the named executive's termination, as detailed in Table 3 of the remuneration report.

There were no loans to directors or other key management personnel at any time during the year ended 30 June 2017. There were no transactions involving key management personnel other than compensation and transaction concerning shares and performance rights to shares as discussed in the remuneration report.

This marks the end of the 2017 Remuneration Report.

Environmental regulation

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

Rounding of Amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young (EY), to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2017. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

Non-audit Services

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

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

- Tax Compliance and other services of $92,560.

Signed in accordance with a resolution of the directors.

Peter Harold
Managing Director

Perth, 30 August 2017

Competent Person

Information in this report relating to Ore Reserves has been compiled by or reviewed by Lilong Chen (MAusIMM). The aforementioned is a full-time employee of Panoramic Resources Limited. The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australiasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The aforementioned consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Corporate Governance Statement

The Board of Directors of Panoramic Resources Limited ("the Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Panoramic Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's Corporate Governance Statement ("Statement") outlines the main corporate governance practices in place throughout the financial year, which comply with the Australian Securities Exchange ("ASX") Corporate Governance Council's ("CGC") Third Edition (March 2014) of the "Corporate Governance Principles and Recommendations ("the Recommendations"), unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Company makes the following Board approved disclosures in relation to each of the Recommendations as at 30 June 2017.

Principle 1: Lay Foundations for Management and Oversight

Primary Role of the Board
The Board's primary role is the protection and enhancement of long-term shareholder value.

Board Operation
To ensure the Board is well equipped to discharge its responsibilities, as substitute for a Board Charter it has established written guidelines for the operation of the Board. A written guide on the roles of the Board and committees sets out the overriding functions and responsibility of the Board, while a second guide sets out more specific guidelines on the statutory roles and on the separate duties of the Managing Director to the rest of the Board. In addition, Article 11 of the Company's Constitution (November 2008) ("Constitution") details the specific powers and duties of directors as empowered on them by the Company's shareholders. All these documents can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Board Processes
The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for executive management and monitoring the achievement of these goals. The Board has established a framework for the management of the Company and its controlled entities, a framework which divides the functions of running the Company between the Board, the Managing Director and the senior executives. The Board has put in place a system of internal control, a pro-active business risk management process, and has the task of monitoring financial performance and the establishment of appropriate ethical standards. The agenda for meetings of the Board is prepared by the Managing Director. Standard items include the project reports, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Senior executives are regularly involved in Board discussions.

The Company Secretary of the Company is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Roles of Management and the Evaluation of Management Performance
The Managing Director and the senior executives are ultimately responsible and accountable for the day to day running of the Company and for implementing the strategic objectives and operating within the risk appetite set by the Board. The Board regularly reviews the division of functions between the Board and the senior executives. The Board has in place a performance appraisal and remuneration system for the Managing Director and senior executives designed to enhance performance and Management performance is reviewed on an annual basis at the end of each calendar year and as appropriate. The last performance appraisal of the Managing Director and senior executives was undertaken by the Remuneration Committee in July 2017. The criterion for the evaluation of the Managing Director and of each executive is their performance against key performance indicators, behavior and effectiveness in role. In addition, the Board monitors and evaluates the performance of the Managing Director and senior executives as appropriate.

Appointment of Directors and Management
The Company has in place an appropriate organisational and management structure to ensure the day to day running of the Company is undertaken in an effective and efficient manner and to ensure the Company has the right mix of skills and resources to implement and achieve the Board's corporate and strategic objectives. The Board and the Managing Director regularly reviews this structure to determine that it is appropriate and "fit for purpose" and if necessary make changes in the number of roles and personnel.

The directors and senior executives have a clear understanding of their duties, roles and responsibilities and of the expectations of them, as contained within a written agreement agreed and signed by the Company and each director and senior executive.

Corporate Governance Statement

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial, financial and mining skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) for which the Board is looking to achieve in its membership. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Under the direction and supervision of the Chair, appropriate background checks are undertaken of each candidate as to the person's character, experience, education, criminal record and bankruptcy history. Each incumbent director is encouraged, and given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. For the meeting, shareholders are given sufficient information of the new director, including but not limited to biographical details, other listed directorships currently held and in the case of a director standing for election for the first time, advice that appropriate background checks have been undertaken.

Diversity Policy
The Company has in place a Diversity Policy which provides the written framework and objectives for achieving a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives, irrespective of gender, age, ethnicity and cultural background. The Board is responsible for developing, where possible, measurable objectives and strategies to support the framework and objectives of the Diversity Policy. The Remuneration Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms.

Apart from participation rates established for indigenous employment at the Savannah nickel project prescribed under the 2007 Savannah Co-Existence Agreement (and as reported below), the Board has not determined measurable objectives on gender diversity across the workplace and at the Board level. In the coming financial year, the Board is to continue to oversee the development of new programs to achieve a broader pool of skilled and experienced senior management and Board candidates, and if deemed appropriate, identify future and targeted measurable objectives and strategies on gender diversity.

Pursuant to *Recommendation 1.5* of the Recommendations, the Company discloses the following information as at the date of this report:
• Percentage of women and men employed within the Group - women: 10%; men: 90%;
• Percentage of women and men employed as a senior executive - women: nil; men: 100%;
• Percentage of women and men employed at the Board level - women: nil; men: 100%; and
• Percentage of indigenous employees at the Savannah Nickel Project – nil.

The Company has defined an employee who is a senior executive as a person who is a "senior manager" as defined in Section 9 (Definitions) of the Corporations Act 2001, namely a person who is at the highest management level of the Company who "makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the corporation; or has the capacity to affect significantly the corporation's financial standing". The performance appraisal of a senior executive is performed by the Managing Director and the Remuneration Committee.

The Diversity Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Performance Assessment of the Board, its Committees and Individual Directors
Currently, there is no formal annual performance appraisal system in place for Board performance on a director by director basis. The last performance appraisal was conducted at a meeting of directors in June 2016, where time was set aside in which each director gave a performance appraisal on the Board as a whole and on themselves. The Board has agreed to conduct these performance appraisals on a regular basis while the search for a suitable formal performance appraisal system is undertaken. Membership of the Audit Committee by non-executive directors is initially for a three year period, with an annual renewal review thereafter with performance being one criteria in order to retain office.

Principle 2: Structure the Board to Add Value

Board Composition
The composition of the Board is determined using the following principles:

- The Board currently comprises four directors. Under Article 10 of the Company's Constitution, this number may be increased to a maximum of ten directors where it is required due to a commercial alliance, or felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- The Board should comprise directors with a broad range of expertise with an emphasis on commercial, exploration, mining and project development related experience; and
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years. The tenure of executive directors is linked to their holding of executive office.

Corporate Governance Statement

The name, position, independence classification, qualification, skills and length of service of each director of the Company in office at the date of the Statement is:

Name	Position	Independence Classification	Qualification/Skills	Service (yrs)
Brian M Phillips	Chairman	Independent	Mining Engineer, general mining	10
Peter J Harold	Managing Director	n/a, Executive	Process Engineer, project development	16
John Rowe	Non-Executive Director	Independent	Geologist, general mining	11
Peter R Sullivan #	Non-Executive Director	Non Independent	Engineer, corporate and project developmer	1

 # Peter R Sullivan is a non-executive director of a substantial shareholder holding more than 5% of the ordinary shares in the Company and as a consequence has been assessed as not being independent under the independence criteria detailed in Recommendation 2.3 of the Recommendations.

Nomination committee

Due to the size of the Board and the small senior executive team, the Board has determined there is no benefit, at this time, of establishing a nomination committee. The functions of the nomination committee are performed by the Board as a whole, when required, using the principles for setting the composition of the Board.

Directors' Independence

The composition of the Board is considered to be appropriate for a Company that had and subject to a recovery in base metal prices, will, in all likelihood, again have a sustainable producing business. In addition, the Company remains active in reviewing, acquiring and developing new projects. As at the date of this Statement, the majority of non-executive directors, including the Chairman, are considered independent of management, have no interest, position, association or relationship that would compromise their independence and directly or indirectly, individually hold less than 5% of the issued ordinary shares of the Company. A review of the independence criteria detailed in Recommendation 2.3 of the Recommendations in relation to each non-executive director is made on a regular basis and when appropriate.

Director Education

The non-executive directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Company operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors visit each mining operation at least once a year, and meet with executives on a regular basis to enable directors to maintain an understanding of the roles and responsibilities of executives and of the culture and values within the Company.

Conflict of Interest

In accordance with Section 191 of the Corporations Act 2001 and Article 10.13 of the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent professional advice

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of the advice received by the director is made available to all other members of the Board.

Board Committees

To facilitate the execution of its responsibilities, the Board's Committees provide a forum for a more detailed analysis of key issues. Each Committee is entitled to the resources and information it requires to carry out its duties, including direct access to advisors and employees. Membership of the current Committees of the Panoramic Board and the number of times each Committee met during the financial year are set out in the Directors' Report. The names and functions of each Committee is set out below:

- ***Audit Committee***

The Audit Committee consists of all non-executive directors and is chaired by an independent director who is not the Chairman of the Board. The Audit Committee is to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee is also to review: the effectiveness of internal controls, recommendation and the appointment and assessing the performance of the external auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. The Audit Committee operates under an Audit Committee Charter that is reviewed by the Committee and is re-approved or changed by the full Board on a bi-annual basis.

- ***Remuneration Committee***

The Remuneration Committee consists of all non-executive directors and is chaired by an independent director. The role of the Remuneration Committee is to review remuneration packages and policies applicable to the Managing Director, other executive directors (if applicable) and senior executives and to monitor the scope and currency of the Company's Diversity Policy. The remuneration of executive directors is determined by reference to relevant employment market conditions and of the attainment of defined Company goals. The remuneration of senior executives is determined by the Remuneration Committee based on recommendations provided by the Managing Director. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

There is increased transparency and accountability in remuneration matters as required in the *Improving Accountability on Director and Executive Remuneration Bill 2011*. There are now rules for engaging remuneration consultants and on reporting specific information about remuneration consultants in the audited Remuneration Report in the Directors' Report. The Company's audited 2017 Remuneration Report includes these reporting obligations.

Further details on the Committee and of remuneration arrangements in place for the directors and executives are set out in the Directors' Report.

- ***Environment, Safety and Risk Committee***

The Environment, Safety and Risk Committee consist of all directors and is chaired by an independent director. The role of the Environment, Safety and Risk Committee is to oversee and monitor the effectiveness of the Group's strategies and systems to ensure that the Company complies with external and internally accepted standards for the impact of business activities on the environment, the safety and well being of employees, and on the control and management of the key risks facing the business. Where possible, the Committee meets during Board visits to the mining operations whereby the members of the Committee are able to directly inter face with the senior managers responsible for environmental issues, occupational health and safety and the control and mitigation of non-financial risks. The Committee also nominates a non-executive director to attend and be actively involved in the Group's safety conferences. The Committee operates under an Environment, Safety and Risk Committee Charter that is reviewed by the committee and is re-approved or changed by the full Board on a bi-annual basis.

The Committee Charter can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

As a consequence of the Company's operations being put on care and maintenance in the previous financial year, the Committee did not hold a meeting during the financial year.

Principle 3: Act Ethically and Responsibly

All directors, executives, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the performance and reputation of the Company and its controlled entities.

Code of Conduct

The Company has established a written Code of Conduct which outlines the culture, practices, expected conduct, values and behaviour to be displayed by all employees in upholding the integrity, reputation and accountability of the Company and its controlled entities in the work environment and in the interactions with the Company's various stakeholders. Certain practices are necessary to comply with Federal and Western Australian State industrial legislation and the Corporations Law. The Code of Conduct has a clear responsibility and accountability of employees for reporting and investigating reports of unethical practices by reference to specific rules and policies such as the rules for trading in the Company securities, and the policy on discrimination, harassment and bullying.

This code can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Trading in Company securities by directors, officers and employees

The Company has in place a fit-for-purpose Share Trading Policy for the trading in Company securities by directors, key management personnel, officers and employees as required under ASX Listing Rule 12.12. The Policy is worded to ensure compliance with Section 1043A of the Corporations Law (on insider trading), Part 2D.1 of the Corporations Act 2001 (on the proper duties in relation to the use of inside information), and ASX Listing Rules 3.19A, 12.9, 12.10, and 12.11 and updated Guidance Note 27 (January 2015).

Corporate Governance Statement

The Managing Director and the Company Secretary have been appointed to ensure that the following rules for the trading in Company's securities are strictly adhered to:

- Trading in Company securities is only permitted following the notification of the intention to trade by submitting a Notification Form with the Managing Director and dealing is not to occur until a receipt of confirmation is received from the Managing Director or, in the case of the Managing Director, from the Chairman;
- Trading in Company securities is prohibited at any time when in possession of unpublished information, which if generally available, might materially affect the price or value of those securities;
- Trading in Company securities is prohibited during specified prohibited periods, known as black-out periods;
- Active trading in Company securities, which involves frequent and regular trading in those securities with a view to derive profit related income from that activity, is prohibited;
- The entering into contracts to hedge exposure to equity-based remuneration, is prohibited; and
- Only in exceptional circumstances, can approval be obtained in advance from the Managing Director, or in the case of a director, from the other directors, to trade outside the specified prohibited periods.

On an annual basis in December, the Company Secretary circulates to all employees via email, the start and finish dates for the next calendar year's black-out periods. To monitor compliance with the policy and to give assurance to the Board on compliance with the rules of the Share Trading Policy, the Company Secretary keeps records of the confirmations permitting a trade in the Company's securities in strict adherence with the rules.

This Share Trading Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Discrimination, Harassment and Bullying Policy
The Company is committed to providing a work environment that is safe, fair and free from discrimination, harassment and bullying for all employees of the Company. All employees are encouraged to follow adopted procedures allowing concerns or instances of illegal conduct or malpractice to be raised in good faith without being subjected to victimisation, harassment or discriminatory treatment, and to have such concerns or instances properly investigated. The Policy provides a mechanism by which all employees can confidentially report improper conduct without fear of discrimination. This policy document can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Privacy Policy
The Company has in place a Privacy Policy which deals with the collection, use, storage and disclosure of information of personal information about an individual who can be identified or who may be reasonably identified by the information. Where sensitive information is collected and stored, the information must not be collected unless the individual consents to collection and the Company is authorised to collect the information by law. The Policy sets out the obligations surrounding the integrity of personal information, security measures, how an individual can access their information and seek correction to it, and make complaint to if necessary.

This Privacy Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Principle 4: Safeguard Integrity in Corporate Reporting
The Managing Director and Chief Financial Officer are required to state in writing to the Audit Committee and the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. Pursuant to Section 295A of the Corporations Act 2001, the Managing Director and the Chief Financial Officer are required to provide written certification to the Board, at both the end of the Half-Year and the Full-Year reporting periods, that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

The Audit Committee reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy to the Board prior to their release to shareholders, investors and other public forums. There is regular communication between the Audit Committee, management and external auditor. In accordance with Section 324DA of the Corporations Act 2001, the audit partner of the external auditor is required to be rotated after five successive financial years. It is the role of the Audit Committee to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

In addition, in the absence of an internal audit function, the Audit Committee reviews, assists and assesses the adequacy of the Company's internal control and financial risk management systems, accounting and business policies.

Principle 5: Make Timely and Balanced Disclosure

Continuous Disclosure and Shareholder Communication
The Company is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Law.

The Company has a Continuous Disclosure Policy that all shareholders and investors have equal access to the Company's information. This policy has been updated and approved by the full Board to comply with the May 2013 amendments to ASX Listing Rule 3.1 and updated Guidance Note 8 (August 2015) of the Recommendations. This document and all material announcements provided to the ASX can be accessed on the Company's website at *www.panoramicresources.com.*

The Company has appointed the Company Secretary to oversee the continuous disclosure practices of the Company and its controlled entities. His responsibilities include:
- Reviewing all statutory regulatory or tender reports submitted to or made by the Company and its controlled entities, and to report or recommend to the Board as appropriate;
- Ensuring compliance with continuous disclosure requirements;
- Overseeing and coordinating the disclosure of information to the ASX, analysts, brokers, shareholders, the media and public; and
- Educating directors and staff of the Company's and Group's disclosure policies and procedures and raising awareness of the principles of the underlying continuous disclosure.

Principle 6: Respect the Rights of Security Holders

Continuous Disclosure and Shareholder Communication
The Board in adopting a Continuous Disclosure Policy ensures that shareholders are provided with up to date Company information. Communication to shareholders is facilitated by the production of the annual report, quarterly reports, public announcements, and the posting of policies, and ASX releases immediately after their disclosure to the ASX, on the Company's website. All shareholders are given the option to receive communications from, and send communications to, the Company and Share Registry electronically. In addition, all shareholders are encouraged to attend the Annual General Meeting and use the opportunity to ask questions to management following the Managing Director's presentation. The Company makes every endeavour to respond to the most commonly asked questions. The external auditor attends the meeting and is available to answer questions in relation to the conduct of the audit.

Principle 7: Recognise and Manage Risk

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Company has significantly changed the risk management framework through the progressive development of an enterprise-wide software database on the inherent risks and risk mitigation strategies identified across all functions of the business, including occupational, health, safety and environment (OHS&E). This Board sanctioned approach is in accordance with Australian/New Zealand Standard for Risk Management (AS/NZS 4360 2004) and is aligned to the control framework for enterprise risk management prepared by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in 2001. The framework involved the Company undertaking a comprehensive review in 2011/12 of the different elements across the various financial, administrative and operational functions at the Company's mine sites and Perth office and in identifying the risks inherent in each element and the appropriate risk management internal controls, systems and response procedures to mitigate their impact on strategic, operational and financial performance.

For example, there are a number of risks the Company's sites are exposed to, principally when in production, that are both common to the mining industry and unique due to location such as, but not limited to:

- exposure to fluctuations in commodity prices and the United States currency foreign exchange rate;
- customer declaration of force majeure;
- health, safety, industrial and environment matters;
- production capacity;
- future delivery against committed financial derivatives; and
- regulatory constraints, compliance, the impact of climate change and natural disasters.

Corporate Governance Statement

The 2011/12 review also examined the effectiveness of internal controls, systems and response procedures that were in place in previous years. This comprehensive review on each element and function across the Group, including the setting of various risk appetite tolerance thresholds by senior management was completed in mid-2012, followed by approval by the full Board of the Risk Management Guideline (August 2012) which detailed on the enterprise wide risk management framework and the process, roles and responsibilities for conducting each new comprehensive review.

In 2014/15, the Company conducted a new comprehensive review using the procedures set down in the Risk Management Guideline, including the re-setting of various risk appetite tolerance thresholds by senior management, which resulted in the production of new Risk Appetite Statements (May 2015), Risk Management Policy (May 2015) and an updated Risk Management Guideline ("Guideline") that was approved by the full Board in June 2015. A condensed version of the Guideline is available on the Company's website at *www.panoramicresources.com.*

The Board has established a committee of the Board, the Environment, Safety and Risk Committee, which is chaired by an independent director. All directors of the Board are also members of the Committee. The number of times the Committee met during the financial year is contained in the Directors' Report. The Committee's Charter (November 2015) states that the Committee will oversee the Company's management of financial and non-financial risks at the operations in accordance with the established risk management framework while always taking into account the Company's legal obligations set by the Federal and State statutory law makers on, but not limited to, environment, employment and occupational health and safety. As a consequence of the Company's operations being put on care and maintenance in the previous financial year, the Committee did not hold a meeting during the financial year.

There are strict Company-wide compliance reporting requirements under the Guideline that require each department head/function manager on an annual basis to review their risk registers to determine the level of compliance (from zero to 100%) using a risk matrix score for impact, tolerance and opportunity, thereby ensuring that either a risk(s) has not developed a higher risk profile, or outlining monitoring and corrective measures to reduce the risk(s) to an acceptable level. Using this information, each operations manager is required to complete and provide a Project Risk Summary and Compliance Report during the Full-Year audit process.

In 2015/16 and again in 2016/17, the compliance reporting requirements detailed above were undertaken on a more limited basis as a consequence of the operations being on care and maintenance.

The reporting and control mechanisms, in the absence of an internal audit function, support the written certification at the end of the Half-Year and Full-Year reporting periods, in accordance with Section 295A of the Corporations Act 2001 given by the Managing Director and the Chief Financial Officer to the Board certifying that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

Principle 8: Remunerate Fairly and Responsibly

Board Remuneration
The total annual remuneration paid to non-executive directors may not exceed the limit set by the shareholders at an annual general meeting (currently $600,000). The remuneration of the non-executive directors is fixed rather than variable.

Executive Remuneration
The Board has established a committee of the Board, the Remuneration Committee. The Remuneration Committee provides recommendations and direction for the Company's remuneration practices. Subject always to the Company's operational and economic circumstances, the Committee ensures that a significant proportion of each executive's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be at 'risk' for the upcoming year. Until recently, the Company's executives were able to participate in a performance share rights plan that was linked to the Company's performance (on both a relative share price and resources and reserves growth basis) against its peers in the resources industry. However, in light of the Nickel Division operations being on care and maintenance as a result of the low, albeit unsustainable, nickel price, the Remuneration Committee has put on hold the granting of new performance rights to shares to employees. The Committee also ensures that there is no discrimination on remuneration in respect to gender.

Further details in relation to director and executive remuneration are set out in the 2017 Remuneration Report on pages 27 to 38.

Directors' declaration
30 June 2017

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

1. In the directors' opinion:

(a) the financial statements and notes set out on pages 54 to 113 are in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

 (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2017.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 30, subject to the achievement of the matters set out in Note 1(b), will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Peter Harold
Managing Director

Perth, 30 August 2017

Independent Auditors Report

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Independent Auditor's Report to the Members of Panoramic Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Panoramic Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2017, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 1(b) Going concern basis in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

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

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Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

1. Carrying value of non-current assets

Why significant

As at 30 June 2017 the Group had non-current assets totaling $121.8 million comprising development properties, mine properties , property, plant and equipment and capitalised exploration and evaluation expenditure (refer to notes 12 and 14). The Group recorded an impairment reversal of 9,178,000 as described in note 12.

At the end of each reporting period, the directors exercise judgment in determining whether there is any indication of impairment or indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset. As detailed in notes 12 and 14, it was determined that the recoverable amount, based on fair value less costs of disposal (FVLCD) value of the Projects approximated its carrying value at 30 June 2017.

We focused on this matter because of the:

- Significant judgment involved in considering if there was an indicator of impairment or indicator that an impairment loss recognised in prior periods may no longer exist or may have decreased.
- Significant judgment and estimates such as underlying reserves and resources, as well as resource multiples based on comparable transactions are involved in the determination of recoverable amount.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We assessed the appropriateness of the Group's identification of indications of impairment loss recognised in prior periods may no longer exist or may have decreased.
- For recoverable amounts determined by the Group, in conjunction with our valuation specialists we assessed the key assumptions in the Group's recoverability assessments, including assessing resource multiples and performing comparable transaction analysis using external data where available.
- For recoverable amounts determined by external independent experts engaged by the Group, we involved our valuation specialists to assess the valuation report provided by the Group's experts including assessing:
  - The independence, objectivity and capability of the expert used by the Group.
  - The methodology and valuation method adopted.
  - The assumptions applied by the Group's independent valuer providing the report as detailed in notes 12 and 14.
- We also considered the adequacy of the Group's disclosures with respect to the degree of estimation involved in the determination of the recoverable amount and the reversal of the impairment loss.

2. Rehabilitation and restoration provisions

Why significant

As a consequence of its operations the Group incurs obligations to rehabilitate and restore mine sites. Rehabilitation and restoration activities are governed by local legislative requirements. As at 30 June 2017 the Group's consolidated balance sheet includes provisions of $29.8 million in respect of such obligations.

Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as timing of when rehabilitation will take place, the time period for the rehabilitation to be effective, the costs associated with the rehabilitation and restoration activities and economic assumptions such as inflation rates and discount rates (refer to note 21).

How our audit addressed the key audit matter

We evaluated the assumptions, methodologies and conclusions determined by the Group. We assessed the Group's methodology in conjunction with re-performing related calculations. We assessed the qualifications, experience and independence (for external experts) of both management's internal and external experts that formed the basis of the Group's costs estimate. We evaluated the adequacy of the Group's disclosures relating to rehabilitation obligations; and considered the treatment applied to changes in the rehabilitation and restoration provision from prior year.

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Independent Auditors Report

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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Building a better working world

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

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

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

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

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

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Panoramic Resources Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

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Building a better working world

Responsibilities

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

Ernst & Young

Ernst & Young

P Teale
Partner
Perth
30 August 2017

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Auditors Independent Declaration

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Auditor's independence declaration to the Directors of Panoramic Resources Limited

As lead auditor for the audit of Panoramic Resources Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Panoramic Resources Limited and the entities it controlled during the financial year ended 30 June 2017.

Ernst & Young

Ernst & Young

Philip Teale
Partner
30 August 2017

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FINANCIAL REPORT

Consolidated income statement
For the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Revenue	3	**8,966**	92,136
Cost of sales of goods	5	**(8,963)**	(153,252)
Gross margin on sale of goods		**3**	(61,116)
Other income	4	**700**	1,305
Care and maintenance expenses		**(7,539)**	(1,002)
Corporate and marketing costs		**(5,365)**	(6,729)
Exploration and evaluation expenditure		**(493)**	(2,358)
Exploration expenditure written-off		**-**	(1,924)
Mark to market of derivatives	5	**-**	(623)
Impairment loss		**-**	(79,453)
Reversal of impairment loss	12, 14	**9,178**	-
Share based payments		**(473)**	(624)
Other expenses	5	**(291)**	(892)
Finance costs	5	**(490)**	(1,405)
Loss before income tax		**(4,770)**	(154,821)
Income tax benefit	6	**-**	10,462
Loss for the year		**(4,770)**	(144,359)
Loss for the year is attributable to:			
Owners of Panoramic Resources Limited		**(4,241)**	(144,359)
Non-controlling interests		**(529)**	-
		(4,770)	(144,359)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share	34	**(1.0)**	(42.7)
Diluted loss per share	34	**(1.0)**	(42.7)

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

Consolidated statement of comprehensive income
For the year ended 30 June 2017

	2017 $'000	2016 $'000
Loss for the year	**(4,770)**	(144,359)
Other comprehensive income		
Items that may reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**528**	(90)
Exchange differences on translation of foreign operations	**(324)**	(489)
Items that will not be reclassified to profit or loss		
Impairment of assets charged against revaluation reserve, net of tax	**-**	(3,272)
Other comprehensive loss for the year, net of tax	**204**	(3,851)
Total comprehensive loss for the year	**(4,566)**	(148,210)
Total comprehensive loss for the year is attributable to:		
Owners of Panoramic Resources Limited	**(4,037)**	(148,210)
Non-controlling interests	**(529)**	-
	(4,566)	(148,210)

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

PANORAMIC RESOURCES LTD

Consolidated balance sheet
As at 30 June 2017

	Notes	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**20,650**	19,437
Trade and other receivables	8	**535**	797
Inventories	9	**3**	8,480
Prepayments	10	**236**	302
Total current assets		**21,424**	29,016
Non-current assets			
Available-for-sale financial assets	11	**1,200**	677
Exploration and evaluation	14	**91,772**	80,201
Development properties	14	**17,028**	18,019
Mine properties	14	**1,403**	1,403
Property, plant and equipment	12	**11,555**	9,523
Other non-current assets	15	**1,803**	1,803
Total non-current assets		**124,761**	111,626
Total assets		**146,185**	140,642
LIABILITIES			
Current liabilities			
Trade and other payables	16	**2,533**	4,638
Borrowings	17	**769**	728
Provisions	18	**971**	2,242
Total current liabilities		**4,273**	7,608
Non-current liabilities			
Borrowings	19	**68**	876
Provisions	21	**29,722**	30,002
Total non-current liabilities		**29,790**	30,878
Total liabilities		**34,063**	38,486
Net assets		**112,122**	102,156
EQUITY			
Contributed equity	22	**169,044**	169,044
Reserves	23(a)	**42,568**	42,337
Accumulated losses		**(113,466)**	(109,225)
Non-controlling interests		**13,976**	-
Total equity		**112,122**	102,156

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

Consolidated statement of changes in equity

For the year ended 30 June 2017

	Contributed equity $'000	Mineral properties revaluation reserve $'000	Available-for-sale financial assets reserve $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Equity Reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2015	158,941	23,117	414	20,459	1,574	-	35,374	-	239,879
Loss for the year	-	-	-	-	-	-	(144,359)	-	(144,359)
Other comprehensive income	-	(3,272)	(90)	-	(489)	-	-	-	(3,851)
Total comprehensive loss for the year	**-**	**(3,272)**	**(90)**	**-**	**(489)**	**-**	**(144,359)**	**-**	**(148,210)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	10,103	-	-	-	-	-	-	-	10,103
Employee share options - value of employee services	-	-	-	624	-	-	-	-	624
Equity transfer on disposal of subsidiary	-	-	-	-	-	-	(240)	-	(240)
	10,103	-	-	624	-	-	(240)	-	10,487
Balance at 30 June 2016	169,044	19,845	324	21,083	1,085	-	(109,225)	-	102,156
Balance at 1 July 2016	169,044	19,845	324	21,083	1,085	-	(109,225)	-	102,156
Loss for the year	-	-	-	-	-	-	(4,241)	(529)	(4,770)
Other comprehensive income	-	-	528	-	(324)	-	-	-	204
Total comprehensive loss for the year	**-**	**-**	**528**	**-**	**(324)**	**-**	**(4,241)**	**(529)**	**(4,566)**
Transactions with owners in their capacity as owners:									
Non-controlling interests on listing of subsidiary (note 28 b)	-	-	-	-	-	(446)	-	14,505	14,059
Employee share options - value of employee services	-	-	-	473	-	-	-	-	473
	-	-	-	473	-	(446)	-	14,505	14,532
Balance at 30 June 2017	**169,044**	**19,845**	**852**	**21,556**	**761**	**(446)**	**(113,466)**	**13,976**	**112,122**

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

Consolidated statement of cash flows
For the year ended 30 June 2017

	Notes	**2017 $'000**	2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**8,782**	102,470
Payments to suppliers and employees (inclusive of goods and services tax)		**(16,098)**	(143,400)
Interest paid		**(53)**	(160)
Income tax refund		**-**	613
Payments for exploration and evaluation expense		**(493)**	(2,345)
Net cash (outflow) from operating activities	32	**(7,862)**	(42,822)
Cash flows from investing activities			
Payments for property, plant and equipment		**(249)**	(1,867)
Payment of development costs		**(265)**	(7,526)
Exploration and evaluation expenditure		**(4,955)**	(5,553)
Payments for cash backed bonds		**-**	(1,803)
Proceeds from sale of property, plant and equipment		**693**	180
Proceeds from sale of available-for-sale financial assets		**-**	17,811
Interest received		**557**	495
Net cash (outflow) inflow from investing activities		**(4,219)**	1,737
Cash flows from financing activities			
Proceeds from issues of shares (net of cost)		**-**	10,103
Proceeds from partial sale of subsidiary		**14,055**	-
Repayment of borrowings		**(761)**	(3,636)
Net cash inflow from financing activities		**13,294**	6,467
Net increase (decrease) in cash and cash equivalents		**1,213**	(34,618)
Cash and cash equivalents at the beginning of the financial year		**19,437**	54,055
Cash and cash equivalents at end of year	7	**20,650**	19,437

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

Notes to the consolidated financial statements
30 June 2017

1 Summary of significant accounting policies

The financial report of Panoramic Resources Limited (the Parent or the Company) and its subsidiaries (the Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 30 August 2017.

Panoramic Resources Limited (the Parent) is a for profit Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal place of business is Level 9, 553 Hay Street, Perth WA 6000.

The principal activities of the Group during the course of the financial year consisted of exploration, evaluation, development, and production of mineral deposits.

(a) Basis of preparation

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

(b) Going concern basis

These financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Both the Savannah and Lanfranchi nickel mine were placed onto care and maintenance in 2016 and continued to be on care and maintenance during the financial year due to weak nickel prices. The Group experienced net cash outflows from operating activities of $7.9 million for the year ended 30 June 2017. In addition, the Group incurred a net loss of $4.8 million for the year ended 30 June 2017. At 30 June 2017, the Group had cash and cash equivalents of $20.6 million, which includes $11.7 million held by Horizon Gold Limited (a subsidiary of Panoramic Resources Limited).

On the basis that global nickel prices remain weak for a sustained period, the directors are cognisant that there will need to be additional staffing changes and cuts to operational and corporate costs, notwithstanding there may be a need to raise additional funds via equity raisings from existing or new shareholders or to put in place borrowing facilities in order to fund future programs on its growth assets and for general working capital requirements during the period the Group's income producing assets remain on care and maintenance. The Board is satisfied that the Company will be able to raise additional capital (via equity, debt or a combination) as and when required and as a result, it is appropriate to prepare the financial statements on a going concern basis.

Should the Group not achieve the funding outcomes set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(d) New accounting standards and interpretations

Refer to Appendix A on page 109.

(e) Significant accounting judgements, estimates and assumptions

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

(e) Significant accounting judgements, estimates and assumptions (continued)

(i) Determination of mineral resources and ore reserves

The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined either under the 2012 or 2004 editions of the JORC code.

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

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

(ii) Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

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

(iii) Impairment of capitalised mine development expenditure and mine properties

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised mine development expenditure and mine properties is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

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

(e) Significant accounting judgements, estimates and assumptions (continued)

(iv) Impairment of property, plant and equipment

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

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

• Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
• Future production levels;
• Future commodity prices; and
• Future cash costs of production and capital expenditure.

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

Property, plant and equipment that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. Refer to *Note12 : Non-current assets - Property, plant and equipment* for further information.

(v) Provision for decommissioning and rehabilitation

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

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques, discount rates or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

The carrying amount of the provision as at 30 June 2017 was $29.715 million (2016: $29.883 million). The Group estimates that the costs would be realised towards the end of the respective mine lives and calculates the provision using the discounted cash flow method based on expected costs to be incurred to rehabilitate the disturbed area. These costs are discounted at 2.03% (2016: 3.50%).

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

(vi) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a Monte Carlo model and a Binomial model, using the assumptions detailed in note 35.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of concentrates/ore

A sale is recorded when risk and reward of ownership of the concentrates/ore has passed to the buyer.

(f) Revenue recognition (continued)

(ii) Interest income

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

(iii) Dividends

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

(g) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, finance charges in respect of finance leases and foreign currency exchange differences net of the effect of hedges of borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than twelve months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the costs of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate to the extent that they relate to the qualifying asset.

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

(h) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(i) Cash and cash equivalents

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

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in the banks short-term deposits with an original maturity not exceeding three months and if greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts.

(j) Term deposits

Term deposits are stated at nominal value. These deposits have original maturity of three months or more.

(k) Trade receivables

(i) Nickel concentrate

Mining revenue from nickel concentrate sales exported from the Savannah Nickel Project is recognised at its provisional price on the day the product has been shipped from port. 100% of the provisional value is payable in approximately 7 working days from the issue of a provisional invoice. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period stipulated in the contract until the quotational period expires and change in fair value is recognised as revenue. Increments and decrements in the final measured contained nickel in nickel concentrate delivered to the customer are brought to account upon presentation of the final invoice. Receivables are carried at fair value.

(ii) Nickel ore

Mining revenue from Lanfranchi nickel ore delivered to the Kambalda concentrator is recognised at its provisional price net of the amount goods and services tax (GST) payable to the taxation authority. 70% of the provisional invoice is payable one month after issue. Revenue is recognised based on the estimated fair value of the consideration receivable. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period (QP) stipulated in the contract until the QP expires and change in fair value is recognised as revenue. Receivables are carried at fair value.

(iii) Other receivables

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(l) Inventories

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

Inventories are valued at the lower of cost (determined based on weighted average cost) and net realisable value.

Costs incurred in bringing inventory to its present location and condition are accounted for as follows:

• ore stocks - cost of direct mining and a proportion of site overheads; and
• concentrates and work in progress - cost of direct mining, processing, transport and labour and a proportion of site overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost of parts and consumables is accounted for using average cost.

(ii) Spares for production

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

(m) Derivative financial instruments and hedging

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

Derivatives are not held for speculative purposes.

(m) Derivative financial instruments and hedging (continued)

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

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

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

The hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

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

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement.

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

The Group tests each of the designated cash flow hedges for effectiveness at the inception of the hedge and then at each reporting date both prospectively and retrospectively using the dollar offset method. This is done by comparing the changes in the present value of the cash flow arising from hedged forecast sale at the forward rate, compared to changes in the fair value of the forward contract. Measurement of the cash flow changes is based on the respective forward curve over the hedge horizon.

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

(ii) Derivatives that do not qualify for hedge accounting

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

(n) Foreign currency translation

Both the functional and presentation currency of Panoramic Resources Limited and its Australian subsidiaries is Australian dollars (A$).

(n) Foreign currency translation (continued)

Transactions and balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(o) Investments and other financial assets

(i) Available-for-sale financial assets

After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

Investments which are not classified as held for trading or held to maturity are treated as available-for-sale financial assets.

(p) Income tax

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

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

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

(p) Income tax (continued)

• except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

• except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

Tax consolidation legislation

Panoramic Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

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

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

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

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

(q) Other taxes

Revenue, expenses and assets are recognised net of the amount of GST except:

• where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

• receivables and payables are stated with the amount of GST included.

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

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

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

(r) Property, plant and equipment

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

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

Depreciation and amortisation

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

Office equipment	3 - 4 years
Office furniture and fittings	5 years
Plant and equipment under hire purchase	over the lease term
Plant and equipment under finance lease	over the lease term
Process plant and buildings	lesser of life of mine and life of asset

Impairment

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

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

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

(r) Property, plant and equipment (continued)

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

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

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

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

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

(i) Exploration and evaluation expenditure

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

Exploration and evaluation in the area of interest that have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are expensed as incurred.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area or, alternatively, by its sale.

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

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

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

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset’s value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

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

(ii) Mine development expenditure

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

Impairment

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

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

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

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

(iii) Mine properties

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

Impairment

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

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

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Mine property expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(iv) Provision for decommissioning and rehabilitation

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

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided in the period in which obligation arise. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. Over time, the liability is increased for the change in net present value based on a risk adjusted pre-tax discount rate appropriate to the risk inherent in the liability. The unwinding of the discount is included in financing cost. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted and the effect is recognised in the income statement on a prospective basis over the remaining life of the operation.

(t) Impairment of non-financial assets

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

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

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

Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(u) Trade and other payables

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

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

(v) Interest-bearing loans and borrowings (continued)

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

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

(w) Provisions

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

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

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

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

(x) Employee benefits

(i) Short term benefits

Liabilities for short term benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

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

(iii) Share-based payments

Equity-settled transactions

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

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

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

(x) Employee benefits (continued)

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

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

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

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

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

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

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(y) Contributed equity

Incremental costs directly attributable to the issue of new shares for the acquisition of a business are deducted from equity and not expensed as an acquisition related cost.

(z) Dividends

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

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Parent, adjusted for:

• costs of servicing equity (other than dividends) and preference share dividends;

• other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Business combinations

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Business combinations prior to 1 July 2009 were accounted for using the purchase method.

(ac) Government grants

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

(ad) Joint Operations

The Group’s recognises its interest in joint operations:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

2 Segment information

(a) Business segments

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

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold, as these are the sources of the Group's major risks and have the most effect on the rates of return.

The Group has identified five operating segments being: (1) Nickel, the aggregation of the Savannah Nickel Project, Lanfranchi Nickel Project and Copernicus Nickel Project; (2) Gold, the Gum Creek Gold Project; (3) Platinum Group Metals, the Thunder Bay North PGM Project and Panton PGM Project; (4) Australian Exploration; and (5) Overseas Exploration.

Nickel

The Savannah Nickel Project, the Copernicus Nickel Project and the Lanfranchi Nickel Project all mine nickel ore. As mentioned in Note 1(b), the Lanfranchi Nickel Project was placed onto care and maintenance in November 2015 and the Savannah Nickel Project was placed onto care and maintenance in May 2016.

At the Savannah Nickel Project and the Copernicus Nickel Project, nickel concentrate was produced and sold to the one customer Sino Nickel Pty Ltd (a company owned by the Jinchuan Group Limited (60%) and Sino Mining International Limited (40%)). At the Lanfranchi Nickel Project, nickel ore was delivered and sold to the one customer BHP Billiton Nickel West Pty Ltd.

Gold

The Gum Creek Gold Project (formerly Gidgee Gold) is located 640kms northeast of Perth in Western Australia, and was purchased by the Company in January 2011. The Company refurbished the site's village and administration areas and commenced exploration and evaluation activities from July 2011.

In May 2012, the Company acquired the Wilsons Gold Project from Apex Minerals Limited. The Wilsons Gold Project is within trucking distance of the existing Gum Creek processing facility which is under care and maintenance. The Wilsons Gold Project acquisition forms part of the Gum Creek Gold Project.

Platinum Group Metals (PGM)

In July 2012, the Company finalised the acquisition of Magma Metals Limited by way of an off market takeover bid. Magma's principal project, the Thunder Bay North PGM Project, is located in northwest Ontario, Canada. Since acquisition, the Company has commenced evaluation studies to re-optimise the mining method and mineral processing route contained in the previous 2011 Preliminary Economic Assessment (PEA). In January 2015, Rio Exploration Canada Inc. (RTEC), having completed its review of all existing data on TBN, exercised a right under the "Earn In with Option to Joint Venture Agreement (July 2014)" by electing to proceed into the Earn-In option phase.

In May 2012, the Company executed an agreement with Platinum Australia Limited to purchase the Panton PGM Project. The Panton Project is located 60km north of Halls Creek, in the East Kimberley Region of Western Australia. The Company will continue to develop the asset through the optimisation of the project's mining and processing options.

Australian and Overseas Exploration

The Group's primary exploration and evaluation activities cover the regional areas of Western Australia. The Group also undertakes exploration and evaluation activities in overseas jurisdictions from time to time.

(a) Business segments (continued)

The Group's Exploration Manager is responsible for budgets and expenditure by the Group's exploration team. The exploration division does not normally derive any income. Should a project generated by the exploration division commence generating income or lead to the construction or acquisition of a mining operation, that operation would then be disaggregated from the exploration and become a separate reportable segment.

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 8 *Operating Segments*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, derivative financial instruments, property, plant and equipment and development and mine properties. Segment liabilities consist primarily of trade and other creditors, employee benefits, derivative financial instruments, finance leases and borrowings and provision for rehabilitation

(b) Operating business segments

2017	Nickel $'000	Gold $'000	Platinum Group Metals $'000	Australian Exploration $'000	Overseas Exploration $'000	Total $'000
Sales to external customers	8,409	-	-	-	-	8,409
Other revenue	139	186	1	-	-	326
Total segment revenue	**8,548**	**186**	**1**	**-**	**-**	**8,735**
Total segment results	**(6,447)**	**7,371**	**(31)**	**(84)**	**(132)**	**677**
Total segment assets	**29,337**	**38,709**	**42,828**	**26,465**	**2**	**137,341**
Total segment liabilities	**22,431**	**10,059**	**80**	**7**	**-**	**32,577**
Reversal of impairment loss	-	(9,178)	-	-	-	(9,178)
Depreciation and amortisation	450	-	-	-	-	450
Interest expense	351	139	-	-	-	490
Interest income	(139)	(186)	(1)	-	-	(326)

2016	Nickel $'000	Gold $'000	Platinum Group Metals $'000	Australian Exploration $'000	Overseas Exploration $'000	Total $'000
Sales to external customers	91,641	-	-	-	-	91,641
Other revenue	269	2	12	-	-	283
Total segment revenue	91,910	2	12	-	-	91,924
Total segment results	(101,271)	(43,998)	(142)	(1,885)	280	(147,016)
Total segment assets	43,810	15,452	42,898	24,294	2	126,456
Total segment liabilities	27,342	9,638	83	(1)	(11)	37,051
Impairment of assets	37,616	41,837	-	-	-	79,453
Depreciation and amortisation	50,399	-	-	-	-	50,399
Mark to market of derivatives	623	-	-	-	-	623
Exploration and evaluation written off	-	128	-	1,796	-	1,924
Interest expense	643	753	-	-	-	1,396
Interest income	(268)	(2)	(12)	-	-	(282)

(c) Other segment information

(i) Segment revenue

Segment revenue reconciles to total revenue from continuing operations as follows:

	2017 $'000	2016 $'000
Total segment revenue	**8,735**	91,924
Unallocated revenue	**231**	212
Consolidated revenue (note 3)	**8,966**	92,136

(c) Other segment information (continued)

The amount of its revenue from external customers in Australia is nil (2016: $86.799 million), and the total revenue from external customers in China is $8.409 million (2016: $4.842 million).

Segment revenues are allocated based on the country in which the customer is located. Sales to external customers exclude hedging gains and losses, transport, port and shipping charges, and therefore the amounts will not agree to the revenue from continuing operations as shown in the consolidated income statement.

The Group had two customers to which it delivered nickel concentrate. The Group's most significant client accounted for $4.351 million (2016: $86.799 million) of external revenue. The next most significant client accounted for $4.058 million (2016: $4.842 million) of revenue.

(ii) Segment results

A reconciliation of segment results to loss for the year is provided as follows:

	2017 **$'000**	2016 $'000
Segment results	**677**	(147,016)
Corporate charges	**(5,447)**	(7,805)
Income tax benefit	**-**	10,462
Loss for the year	**(4,770)**	(144,359)

(iii) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

	2017 **$'000**	2016 $'000
Segment assets	**137,341**	126,457
Intersegment eliminations	**118**	113
Unallocated assets	**8,726**	14,073
Total assets as per the consolidated balance sheet	**146,185**	140,643

Total non-current assets located in Australia is $109.746 million (2016: $103.955 million), and the total of these non-current assets located in Canada is $36.439 million (2016: $36.687 million). Non-current assets for this purpose consist of property, plant and equipment, exploration and evaluation, development and mine properties.

(iv) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2017 **$'000**	2016 $'000
Segment liabilities	**32,577**	37,051
Intersegment eliminations	**118**	117
Unallocated liabilities	**1,368**	1,318
Total liabilities as per the consolidated balance sheet	**34,063**	38,486

3 Revenue

	2017 $'000	2016 $'000
Sales revenue		
Sale of goods	**8,409**	91,641
Other revenue		
Interest income	**557**	495
	8,966	92,136

4 Other income

	2017 $'000	2016 $'000
Gain on disposal of exploration and evaluation asset	**-**	651
Gain on measurement of rehabilitation liability	**198**	433
Sundry income	**502**	221
	700	1,305

5 Expenses

Loss before income tax includes the following specific expenses:

	2017 $'000	2016 $'000
Cost of sales of goods		
Cost of goods sold/produced	**8,473**	97,933
Royalties	**490**	4,920
Depreciation - property, plant and equipment	**-**	13,255
Amortisation - deferred development costs	**-**	31,804
Amortisation - mine properties	**-**	5,340
	8,963	153,252
Finance costs		
Interest and finance charges paid/payable	**53**	169
Unwinding of discount - rehabilitation	**437**	1,236
	490	1,405
Rental expense relating to operating leases		
Minimum lease payments	**1,578**	1,517
	1,578	1,517
Derivative financial instruments		
Mark to market of derivatives instruments which are not in an effective hedge relationship	**-**	623
	-	623
Other		
Net (gain)/loss on disposal of property, plant and equipment	**(150)**	-
Net foreign currency exchange loss/(gain)	**62**	(292)
Loss on sale of available-for-sale financial assets	**-**	839
(Reversal of writedown) / write down on inventory	**(433)**	5,726
Depreciation - property, plant and equipment not used in production	**735**	317
Depreciation - finance lease and hire purchase assets not used in production	**25**	33
	239	6,623
Breakdown of employee benefits expenses		
Salaries and wages	**3,791**	27,436
Payroll tax	**317**	2,128
Superannuation	**390**	2,696
Redundancies	**1,300**	10,814
Others	**271**	907
Share based payments expense	**473**	624
	6,542	44,605

6 Income tax benefit

(a) Income tax benefit

	2017 $'000	2016 $'000
Relating to origination and reversal of temporary differences in current year	**(3,422)**	(46,409)
Adjustments in relation to prior years	**-**	57
Deferred tax asset not recognised	**2,967**	-
Utilisation of unrecognised deferred tax asset	**455**	-
Deferred tax asset de-recognised	**-**	35,890
	-	(10,462)

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

	2017	2016
Loss from continuing operations before income tax benefit	**(4,770)**	(154,821)
Tax benefit at the Australian tax rate of 30.0% (2016 - 30.0%)	**(1,431)**	(46,446)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	**1**	3
Share based payments	**142**	156
Adjustments in relation to research and development	**62**	57
Tax (profit)/ losses relating to foreign subsidiary not booked	**-**	39
Other	**771**	(161)
Utilisation of unrecognised deferred tax asset	**455**	-
Deferred tax asset de-recognised	**-**	35,890
Income tax benefit	**-**	(10,462)

(c) Amounts recognised through other comprehensive income

	2017	2016
Relating to equity securities available for sale	**-**	39
Relating to asset revaluation reserve	**-**	(918)
	-	(879)

(d) Amounts recognised directly in equity

	2017	2016
Relating to capital raising	**-**	(1)

(e) Tax losses

	2017	2016
Unused tax losses for which no deferred tax asset has been recognised		
Capital losses	**1,789**	1,789
Income tax losses transferred to Panoramic Resources Limited from Magma Metals Limited on tax consolidation	**23,695**	23,695
Foreign tax losses	**878**	877
Income tax losses of Panoramic Resources Limited	**121,006**	80,767
Potential tax benefit @ 30%	**44,210**	32,138

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7 Current assets - Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and in hand	**1,860**	7,254
Deposits at call	**18,790**	12,183
	20,650	19,437

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

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

	2017 $'000	2016 $'000
Cash at bank and in hand and deposits at call	**20,650**	19,437

(b) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 1.84% (2016: 1.4%).

(c) Deposits at call

Short term deposits are made of varying maturities not exceeding three months and earn interest at the respective short term deposit rates. If short term deposits have original maturity greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts. The weighted average interest rate achieved for the year was 2.5% (2016: 2.6%).

(d) Fair value

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

8 Current assets - Trade and other receivables

	2017 $'000	2016 $'000
Other receivables	**535**	797

(a) Other receivables

These amounts relate to receivables for goods and services tax, diesel fuel rebates and sundry items. Interest may be charged at commercial rates where the terms of repayments exceed six months. Collateral is not normally obtained.

(b) Fair value and credit risk

Information on credit risk is provided in note 37.

9 Current assets - Inventories

	2017 $'000	2016 $'000
Spares for production		
- at cost	**3**	-
Nickel ore stocks on hand		
Concentrate stocks on hand		
- at net realiseable value	**-**	8,480
	3	8,480

10 Current assets - Prepayments

	2017 $'000	2016 $'000
Prepayments	**236**	302

11 Non-current assets - Available-for-sale financial assets

Available-for-sale financial assets include the following classes of financial assets:

	2017 $'000	2016 $'000
Listed securities		
Equity securities	**1,200**	677

	2017 $'000	2016 $'000
At beginning of year	**677**	858
Additions	**-**	18,650
Disposal proceeds	**-**	(17,811)
Net loss on sale	**-**	(840)
Fair value gain/(loss) recognised in other comprehensive income	**523**	(180)
At end of year	**1,200**	677

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

12 Non-current assets - Property, plant and equipment

	2017 $'000	2016 $'000
Plant and equipment		
Deemed cost	**203,873**	206,491
Accumulated depreciation and impairment	**(192,575)**	(197,236)
	11,298	9,255
Leased plant & equipment		
Cost	**7,316**	7,316
Accumulated depreciation	**(7,257)**	(7,193)
	59	123
Construction in progress		
Cost	**176**	123
Accumulated impairment	**22**	22
	198	145
	11,555	9,523

	Plant and equipment $'000	Leased plant and equipment $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2017				
Opening net book amount	9,255	123	145	9,523
Disposals	(543)	-	-	(543)
Additions	199	-	53	252
Depreciation charge	(696)	(64)	-	(760)
Reversal of impairment loss	3,084	-	-	3,084
Foreign currency exchange adjustments	(1)	-	-	(1)
Closing net book amount	**11,298**	**59**	**198**	**11,555**
At 30 June 2017				
Deemed cost	203,873	7,316	176	211,365
Accumulated depreciation and impairment	(192,575)	(7,257)	22	(199,810)
Net book amount	**11,298**	**59**	**198**	**11,555**
Year ended 30 June 2016				
Opening net book amount	35,996	1,600	14,210	51,806
Exchange differences	78	-	4,645	4,723
Transfer (to) from other asset class	7,483	-	(7,777)	(294)
Disposals	(371)	-	-	(371)
Depreciation charge	(12,690)	(916)	-	(13,606)
Impairment loss	(21,211)	(561)	(10,933)	(32,705)
Foreign currency exchange adjustments	(30)	-	-	(30)
Closing net book amount	**9,255**	**123**	**145**	**9,523**
At 30 June 2016				
Deemed cost	206,491	7,316	123	213,930
Accumulated depreciation	(197,236)	(7,193)	22	(204,407)
Net book amount	**9,255**	**123**	**145**	**9,523**

(a) Impairment of assets

Nickel Division

In the previous financial period, the decline in commodity prices and the deficiency in market capitalisation compared to net assets during the year ended 30 June 2016 led to the Group to make an assessment of the recoverability of the carrying value of its assets at 30 June 2016 under AASB 136 *Impairment of Assets*. An external party was engaged to determine the fair value less costs to dispose (FVLCD) of the Nickel Division assets (Lanfranchi Nickel Project and the Savannah Nickel Project). The FVLCD were then compared against the carrying value and as a result of the impairment test, an impairment loss of $42.290 million was recognised to reduce the carrying amount of the exploration and evaluation properties, plant and equipment, mine development and the mine properties to their recoverable amount. Of this amount, $37.616 million has been recognised in the income statement and $4.674 million has been recognised in the mineral properties revaluation reserve ($3.272 million net of tax). The mineral property revaluation reserve account was created when the Group increased its holding in Lanfranchi from 75% to 100% in 2009 which required a revaluation of the original asset in accordance with the purchase method of accounting to business combination applied at the time.

In accordance with AASAB 136: *Impairment of Assets* ("AASB 136"), at 30 June 2017, the carrying value of the Nickel Division assets were assessed to ensure that they were being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and FVLCD. It was determined that the fair value less cost of disposal (FVLCD) value of the Projects approximated its carrying value.

The fair value less cost to dispose of the Nickel Division assets were determined by a combination of valuation performed by an external party (based on comparable market transactions) and management's internal assessment of FVLCD (based on comparable market transactions). The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

Gum Creek Gold Project

On 3 August 2015, Panoramic announced the decision by its directors to divest the Gum Creek Gold Project. Accordingly, the Project was classified as an asset held for sale under AASB 5: *Non-Current Assets Held for Sale and Discontinued Operations* ("AASB 5").

In accordance with AASB 5, immediately before the classification of Gum Creek as assets held for sale, the carrying value of Gum Creek was assessed to ensure that it was being carried at the lower of its carrying value and "fair value less cost to dispose" (FVLCD). Accordingly, at 31 December 2015, an impairment loss of $41.837 million was recognised to reduce the carrying values of Gum Creek to its FVLCD.

In June 2016, the directors resolved to divest the Gum Creek Gold Project by way of an initial public offering (IPO) of the project on the ASX. As a result, at 30 June 2016, the Project (which was previously classified as asset held for sale) was re-classified into its respective asset categories.

Prior to reclassification out of the held for sale category, the carrying value of Gum Creek was assessed to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and FVLCD. It was determined that the FVLCD value of the Project approximated its carrying value at 30 June 2016.

During the IPO process and accordance with AASB 136: *Impairment of Assets* ("AASB 136"), the carrying value of the Gum Creek Project was reviewed for indicators of impairment or indicators of reversal of impairment loss to determine whether impairment loss recognised during the year ended 30 June 2016 may no longer exist or may have decreased. As indicators of impairment reversal were identified, management determined the recoverable amount of the Project. The FVLCD of Gum Creek was determined to be $25.042 million (30 June 2016: $15.864 million) and accordingly an impairment loss of $9.178 million was reversed during the period.

A further review was undertaken at 30 June 2017 to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and FVLCD. It was determined that the FVLCD value of the Project approximated its carrying value at 30 June 2017.

The FVLCD of the Gum Creek Gold Project has been determined based on comparable market transactions. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying "cash generating unit" (CGU).

As at 30 June 2016, a total Group impairment loss of $32.705 million was recognised to decrease the carrying amount of plant and equipment to their recoverable amount. This has been recognised in the income statement.

(b) Non-current assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The carrying amounts of assets pledged as security for current and non-current borrowings are $0.059 million (2016: $0.123 million).

13 Non-current assets - Deferred tax assets

	2017 $'000	2016 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**36,302**	24,230
Employee benefits	**293**	1,506
Provisions	**8,915**	9,459
Trading stock	**-**	492
Sundry temporary differences	**53**	501
Research and development tax offset	**4,091**	4,091
Business related costs	**(57)**	213
Deferred tax asset not recognised	**(44,540)**	(35,890)
	5,057	4,602
Set-off of deferred tax liabilities pursuant to set-off provisions (note 20)	**(5,057)**	(4,602)
Net deferred tax assets	**-**	-

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

	2017 $'000	2016 $'000
Mine development expenditure		
Deemed cost	**349,963**	350,509
Accumulated amortisation and impairment	**(332,935)**	(332,490)
	17,028	18,019
Exploration and evaluation		
Deemed cost	**121,910**	117,282
Accumulated impairment	**(30,138)**	(37,081)
	91,772	80,201
Mine (mineral) properties		
Deemed cost	**89,703**	89,703
Accumulated amortisation and impairment	**(88,300)**	(88,300)
	1,403	1,403
	110,203	99,623

	Mine Development Expenditure $'000	Exploration and Evaluation $'000	Mine (Mineral) Properties $'000	Total $'000
Year ended 30 June 2017				
Opening net book amount	18,019	80,201	1,403	99,623
Remeasurement of rehab provision	(403)	-	-	(403)
Expenditure incurred	262	5,075	-	5,337
Reversal of impairment loss (net)	(850)	6,943	-	6,093
Foreign currency exchange adjustments	-	(447)	-	(447)
Closing net book amount	**17,028**	**91,772**	**1,403**	**110,203**
At 30 June 2017				
Deemed cost	349,963	121,910	89,703	561,576
Accumulated amortisation and impairment	(332,935)	(30,138)	(88,300)	(451,373)
Net book amount	**17,028**	**91,772**	**1,403**	**110,203**
Year ended 30 June 2016				
Opening net book amount	53,564	113,794	11,542	178,900
Transfer to/(from) other asset class	-	294	-	294
Amortisation charge	(31,806)	-	(5,338)	(37,144)
Expenditure incurred	5,801	5,638	-	11,439
Exchange differences	-	(520)	-	(520)
Impairment loss	(9,540)	(37,081)	(4,801)	(51,422)
Written off to profit and loss	-	(1,924)	-	(1,924)
Closing net book amount	**18,019**	**80,201**	**1,403**	**99,623**
At 30 June 2016				
Deemed cost	350,509	117,282	89,703	557,494
Accumulated depreciation	(332,490)	(37,081)	(88,300)	(457,871)
Net book amount	**18,019**	**80,201**	**1,403**	**99,623**

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or the sale of the respective mining areas.

(a) Impairment of assets

Nickel Division

In the previous financial year, the decline in commodity prices and the deficiency in market capitalisation compared to net assets during the year ended 30 June 2016 led to the Group to make an assessment of the recoverability of the carrying value of its assets at 30 June 2016 under AASB 136 *Impairment of Assets*. An external party was engaged to determine the fair value less costs to dispose (FVLCD) of the Nickel Division assets.The FVLCD were then compared against the carrying value and as a result of the impairment test, an impairment loss of $42.290 million was recognised to reduce the carrying amount of the exploration and evaluation properties, plant and equipment, mine development and the mine properties to their recoverable amount. Of this amount, $37.616 million has been recognised in the income statement and $4.674 million has been recognised in the mineral properties revaluation reserve ($3.272 million net of tax). The mineral property revaluation reserve account was created when the Group increased its holding in Lanfranchi from 75% to 100% in 2009 which required a revaluation of the original asset in accordance with the purchase method of accounting to business combination applied at the time.

In accordance with AASAB 136: *Impairment of Assets* ("AASB 136"), at 30 June 2017, the carrying value of the Nickel Division assets were assessed to ensure that they were being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and FVLCD. It was determined that the fair value less cost of disposal (FVLCD) value of the Projects approximated its carrying value.

The fair value less cost to dispose of the Nickel Division assets were determined by a combination of valuation performed by an external party (based on comparable market transactions) and management's internal assessment of FVLCD (based on comparable market transactions). The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

Gum Creek Gold Project

On 3 August 2015, Panoramic announced the decision by its directors to divest the Gum Creek Gold Project. Accordingly, the Project was classified as an asset held for sale under AASB 5: *Non-Current Assets Held for Sale and Discontinued Operations* (“AASB 5”).

In accordance with AASB 5, immediately before the classification of Gum Creek as assets held for sale, the carrying value of Gum Creek was assessed to ensure that it was being carried at the lower of its carrying value and “fair value less cost to dispose” (FVLCD). Accordingly, at 31 December 2015, an impairment loss of $41.837 million was recognised to reduce the carrying values of Gum Creek to its FVLCD.

In June 2016, the directors resolved to divest the Gum Creek Gold Project by way of an initial public offering (IPO) of the project on the ASX. As a result, at 30 June 2016, the Project (which was previously classified as asset held for sale) was re-classified into its respective asset categories.

Prior to reclassification out of the held for sale category, the carrying value of Gum Creek was assessed to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and FVLCD. It was determined that the FVLCD value of the Project approximated its carrying value at 30 June 2016.

During the IPO process and accordance with AASB 136: *Impairment of Assets* ("AASB 136"), the carrying value of the Gum Creek Project was reviewed for indicators of impairment or indicators of reversal of impairment loss to determine whether impairment loss recognised during the year ended 30 June 2016 may no longer exist or may have decreased. As indicators of impairment reversal were identified, management determined the recoverable amount of the Project. The FVLCD of Gum Creek was determined to be $25.042 million (30 June 2016: $15.864 million) and accordingly an impairment loss of $9.178 million was reversed during the period.

A further review was undertaken at 30 June 2017 to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and FVLCD. It was determined that the FVLCD value of the Project approximated its carrying value at 30 June 2017.

The FVLCD of the Gum Creek Gold Project has been determined based on comparable market transactions. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying "cash generating unit" (CGU).

As at 30 June 2016, a total Group impairment loss of $51.422 million was recognised to decrease the carrying amount of exploration and evaluation properties, mine development and mine properties to their recoverable amount. Of this amount, $46.748 million has been recognised in the income statement and $4.674 million has been recognised in the mineral properties revaluation reserve.

15 Non-current assets - Other non-current assets

	2017 $'000	2016 $'000
Others	**1,803**	1,803
	1,803	1,803

At 30 June 2017, $1.803 million (2016: $1.803 million) is cash backed against the drawn amount on the Company's performance bond facility.

16 Current liabilities - Trade and other payables

	2017 $'000	2016 $'000
Trade payables	**1,674**	2,243
Accrued expenses	**859**	2,092
Amounts owing on estimated final customer invoices	**-**	303
	2,533	4,638

Trade payables are non interest bearing and are normally settled on 30 day terms.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

17 Current liabilities - Borrowings

	2017 $'000	2016 $'000
Secured		
Lease liabilities (note 27)	**769**	728
Total secured current borrowings	**769**	728

(a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 37.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 37.

(c) Security and fair value disclosures

Details the Group's security relating to non-current borrowings are set out in note 19.

18 Current liabilities - Provisions

	2017	2016
	$'000	$'000
Employee benefits - long service leave	**510**	957
Employee benefits - annual leave	**461**	1,285
	971	2,242

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

19 Non-current liabilities - Borrowings

	2017	2016
	$'000	$'000
Secured		
Lease liabilities (note 27)	**68**	876

(a) Assets pledged as security

Finance lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are $0.059 million (2016: $0.123 million).

(b) Other loans

Finance lease liabilities

Finance lease liabilities have an average term of 3 years (2016: 3 years). The average interest rate implicit in the hire purchase liability is 4.59% (2016: 4.59%). Secured finance lease liabilities are secured by a charge over the asset.

Financing facilities available

At reporting date, there is a performance bond facility available. The performance bond facility is $2.0 million (2016: $2.0 million) with a drawdown amount at reporting date of $1.8 million (2016: $1.8 million) and $0.2 million (2016: $0.2 million) available to be used. The $1.8 million drawn amount is cash-backed with a financial institution (note 15).

(c) Interest rate risk exposures

The following table sets out the Company's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods.

2017		Fixed interest rate					
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Non interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 16)	-	-	-	-	-	2,533	2,533
Lease liabilities (notes 17 and 19)	-	769	68	-	-	-	837
	-	**769**	**68**	**-**	**-**	**2,533**	**3,370**
Weighted average interest rate	-	4.59%	4.60%	-	-	N/A	

19 Non-current liabilities - Borrowings (continued)

(c) Interest rate risk exposures (continued)

2016		Fixed interest rate					
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Non interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 16)	-	-	-	-	-	4,638	4,638
Lease liabilities (notes 17 and 19)	-	728	803	73	-	-	1,604
	-	**728**	**803**	**73**	**-**	**4,638**	**6,242**
Weighted average interest rate	-	4.59%	4.60%	4.60%	-	N/A	

(d) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	2017 Carrying amount $'000	Fair value $'000	2016 Carrying amount $'000	Fair value $'000
On-balance sheet (i)				
Non-traded financial liabilities				
Lease liabilities	**837**	**837**	1,604	1,604
	837	**837**	1,604	1,604

(i) On-balance sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles

20 Non-current liabilities - Deferred tax liabilities

	2017 $'000	2016 $'000
The balance comprises temporary differences attributable to:		
Financial instruments at fair value	**256**	1,078
Inventories	**-**	2,490
Borrowing costs capitalised	**3**	3
Accrued income	**3**	2
Exploration and evaluation, development expenditure and mine properties	**4,637**	747
Quotational period (QP) commodity pricing	**-**	120
Foreign exchange	**158**	162
	5,057	4,602
Set-off of deferred tax liabilities pursuant to set-off provisions (note 13)	**(5,057)**	(4,602)
Net deferred tax liabilities	**-**	-
Movements:		
Opening balance	**4,602**	45,076
Charged/credited:		
- profit or loss	**455**	(39,595)
- directly to statement of comprehensive income	**-**	(879)
	5,057	4,602

21 Non-current liabilities - Provisions

	2017 $'000	2016 $'000
Employee benefits - long service leave	**7**	119
Rehabilitation	**29,715**	29,883
	29,722	30,002

A provision for rehabilitation is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the rehabilitation are based on the anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislations in relation to rehabilitation of such mines in the future. Refer to note1(e)(v) for inputs used in determining the provision for rehabilitation.

(a) Movements in provisions

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

2017	**Rehabilitation $'000**
Carrying amount at start of year	29,883
- unwinding of discount	437
- reversal of unutilised provisions	(605)
Carrying amount at end of year	**29,715**

2016	**Rehabilitation $'000**
Carrying amount at start of year	30,184
- unwinding of discount	1,236
- reversal of unutilised provisions	(1,537)
Carrying amount at end of year	**29,883**

22 Contributed equity

(a) Share capital

	2017 Shares	2016 Shares	2017 $'000	2016 $'000
Ordinary shares				
Ordinary shares - fully paid	**428,567,271**	428,567,271	**169,044**	169,044

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue / Redemption price	$'000
1 July 2015	Opening balance	321,424,015		158,941
3 May 2016	Share Issue	107,143,256	$0.10	10,714
	Transaction costs, net of tax	-		(611)
30 June 2016	Balance	428,567,271		169,044
1 July 2016	Opening balance	428,567,271		169,044
30 June 2017	Balance	428,567,271		169,044

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Capital management

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

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitor capital through the gearing ratio (total borrowings / contributed equity). The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2017 was 0.50% (2016: 0.95%).

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2016: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. (Refer to note Financial risk management)

The Group is not subject to any externally imposed capital requirements.

Management consider that the total equity of the Group (contributed equity, reserves and retained earnings) plus borrowings (current and non-current) is what it manages as capital. At 30 June 2017 this was $112,959,000 (2016: $103,760,000).

23 Reserves

(a) Reserves

	2017 $'000	2016 $'000
Mineral properties revaluation reserve	**19,845**	19,845
Available-for-sale financial assets	**852**	324
Share-based payments	**21,556**	21,083
Foreign currency translation	**761**	1,085
Other reserves	**(446)**	-
	42,568	42,337

(b) Nature and purpose of reserves

(i) Mineral properties revaluation reserve

In 2009, the Company increased the Group's interest in the Lanfranchi Project from 75% to 100%. This required a revaluation of the original interest in the project when acquired in 2004. The asset revaluation reserve resulted from the increase in the fair value of the original interest.

(ii) Share-based payments reserve

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration. The reserve is also used to record share based payments provided to third parties as part of the acquisition of an entity or asset.

(iii) Available-for-sale investments revaluation reserve

This reserve comprises the cumulative net change in the fair value of available for sale financial assets until the investment is derecognised or impaired.

(iv) Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24 Dividends

(a) Ordinary shares

No final dividend was paid for the year ended 30 June 2017.
No interim dividend was paid for the half year ended 31 December 2016.

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

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

(c) Franking credits

	Consolidated entity	
	2017 $'000	2016 $'000
Franking credits available for subsequent reporting periods	**10,503**	10,503

The tax rate at which paid dividends have been franked is 30% (2016: 30%).

25 Remuneration of auditors

	2017 $	2016 $
Amounts received or due and receivable by Ernst & Young for:		
Audit and review of financial statements	**66,744**	155,000
Other services in relation to the Company and other entity of the consolidated entity:		
Tax compliance and other services	**92,560**	103,750
	159,304	258,750

26 Guarantees and contingencies

(a) Guarantees

At 30 June 2017, the Company had bank guarantees with a financial institution with a face value of $0.709 million (2016: $0.709 million) in respect to the leasing of the office space in the Perth CBD.

Controlled entities

Under the terms of Deeds of Cross Guarantee with several finance institutions, the Company has agreed to become a covenantor with Savannah Nickel Mines Pty, Cherish Metals Pty Ltd and Donegal Resource Pty Ltd in regards to indebtedness and liabilities resulting from the lease and hire purchase of mobile equipment and mine buildings. As at reporting date, the Closed Group has lease liabilities amounting to $0.837 million (2016: $1.604 million).

The Company has guaranteed the bank facilities of controlled entities.

(b) Contingent assets

In the directors' opinion there are no contingent assets as at the date of signing this report.

(c) Contingent liabilities

Power Purchase Agreement
The Company and a supplier are in discussions over the termination date in relation to the supply of electricity to the Lanfranchi Nickel Project. Additional demand charges of $585,000 may be payable by the Company if a termination date of 1 July 2016 applies. It is the Company's opinion that the contract to supply electricity to the project terminated on 15 December 2015.

In addition, the same supplier has claimed that due to its administrative error, the Company has been undercharged $422,000 in energy charges for 2014/15 and 2015/16. It is the Company's opinion that the back-charges cannot be claimed on a retrospective basis in accordance with the Power Purchase Agreement.

27 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2017 $'000	2016 $'000
Mineral tenements expenditure commitments		
Not later than one year	**3,815**	4,078
Later than one year but not later than five years	**11,794**	13,563
Later than five years	**32,237**	35,311
	47,846	52,952

(b) Lease commitments: group as lessee

(i) Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2017 $'000	2016 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**825**	825
Later than one year but not later than five years	**34**	859
	859	**1,684**
Less future finance lease charges	**(22)**	(80)
Present value of minimum lease payments	**837**	1,604
Representing lease liabilities:		
Current (note 17)	**769**	728
Non-current (note 19)	**68**	876
	837	1,604

(c) Operating lease commitments as lessee

(i) Corporate office

The Group has a commercial lease on its corporate office premises. This is a non-cancellable lease expiring on 28 February 2019.

Future minimum rentals payable under the non-cancellable operating leases at 30 June 2017 are as follows:

	2017 $'000	2016 $'000
Within one year	**1,701**	1,628
Later than one year and not later than five years	**1,168**	2,869
	2,869	4,497

(c) Operating lease commitments as lessee (continued)

(ii) Drill rig

The Group had a drill rig on hire under a non-cancellable lease that expired on 13 December 2016.

Future minimum rentals payable under the non-cancellable operating leases at 30 June 2017 are as follows:

	2017 $'000	2016 $'000
Within one year	-	330

(d) Operating lease commitments as lessor

(i) Corporate office

The Group sub-leases its excess corporate office space to third parties under non-cancellable operating leases expiring within two to five years.

Future minimum rentals receivable under the non-cancellable operating leases at 30 June 2017 are as follows:

	2017 $'000	2016 $'000
Commitments for minimum lease receipts in relation to non-cancellable operating leases are as follows:		
Within one year	**347**	368
Later than one year but not later than five years	**210**	557
	557	925

(e) Remuneration commitments

	2017 $'000	2016 $'000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**629**	824

28 Related party transactions

(a) Compensation of key management personnel of the Group

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

	2017 $'000	2016 $'000
Short-term employee benefits	**1,764,922**	2,670,386
Post-employment benefits	**141,306**	213,388
Long-term benefits	**37,757**	54,938
Termination/resignation benefits	**586,129**	577,096
Share-based payments	**300,762**	550,326
	2,830,876	4,066,134

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

Notes to the consolidated financial statements
30 June 2017

29 Subsidiaries and transactions with non-controlling interests

(a) Significant investments in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2017	2016
			%	%
Cherish Metals Pty Ltd *	Australia	Ordinary	**100**	100
Pindan Exploration Company Pty Ltd	Australia	Ordinary	**100**	100
SMY Copernicus Pty Ltd**	Australia	Ordinary	**100**	100
Copernicus Nickel Mine Pty Ltd	Australia	Ordinary	**100**	100
Donegal Resources Pty Ltd	Australia	Ordinary	**100**	100
Donegal Lanfranchi Pty Ltd	Australia	Ordinary	**100**	100
Lanfranchi Nickel Mine Pty Ltd	Australia	Ordinary	**100**	100
Pindan (USA) Inc. ***	USA	Ordinary	**-**	100
Pindan (Finland) Exploration Ltd	Finland	Ordinary	**100**	100
Panoramic Copper Pty Ltd	Australia	Ordinary	**100**	100
Panton Sill Pty Ltd (formerly Panoramic Precious Metals Pty Ltd)	Australia	Ordinary	**100**	100
Mt Henry Gold Pty Ltd	Australia	Ordinary	**100**	100
Mt Henry Mines Pty Ltd	Australia	Ordinary	**100**	100
Magma Metals Pty Limited	Australia	Ordinary	**100**	100
Greenstone Metals Ltd	Australia	Ordinary	**100**	100
Panoramic PGM's (Canada) Ltd (formerly Magma Metals (Canada) Ltd)	Canada	Ordinary	**100**	100
Panoramic Nickel Pty Ltd	Australia	Ordinary	**100**	100
Panoramic PGMs Pty Ltd	Australia	Ordinary	**100**	100
Horizon Gold Limited ****	Australia	Ordinary	**51**	-
Panoramic Gold Pty Ltd ****	Australia	Ordinary	**51**	100

* Cherish Metals Pty Ltd is the holder of 100 shares (of 100 shares) in Lanfranchi Nickel Mines Pty Ltd (LNM) at a cost of $0.10 per share. LNM is incorporated in Australia and acts as the Operator of the Lanfranchi Nickel Project (formerly known as the Lanfranchi Joint Venture). For further information refer to note 30.

** SMY Copernicus Pty Ltd is the holder of 10 shares in Copernicus Nickel Mines Pty Ltd (CNM) at a cost of $0.10 per share. CNM is incorporated in Australia.

*** Pindan (USA) Inc. was deregistered on 7 July 2016.

**** See Note 29(b).

Refer to note 30 for details on deed of cross guarantee signed between certain subsidiaries and Panoramic Resources Limited.

(b) Non-controlling interests (NCI)

In December 2016, the Company divested of its Gum Creek Gold Project by way of an initial public offering (IPO) and listing of subsidiary, Horizon Gold Limited ("Horizon"), on the Australian Securitites Exchange (ASX). In October 2016, the Company entered into an Acquisition Agreement with Horizon and Panoramic Gold Pty Ltd ("Pan Gold"), which owns the Gum Creek Gold Project, in which on completion of the capital raising, the Company sold Pan Gold to Horizon and the Company would be issued 39,030,612 shares in Horizon as consideration.

In the IPO, Horizon raised $15,000,000 before costs in new equity and issued 37,500,000 shares at $0.40 per share. Following completion of the capital raising by Horizon, the Company's interest in Horizon has been diluted from 100% to 51%. The shares in Horizon held by the Company are held in escrow until 18 December 2018.

The financial information of Horizon in which material non-control interest now exist is provided below:

Summarised statement of financial position for the period:	**30 June 2017 $000**	30 June 2016 $000
Cash and bank balances (current)	**11,704**	-
Trade and other receivables	**71**	-
Intercompany payables (current)	**(116)**	-
Trade and other payables (current)	**(650)**	-
Provisions (current)	**(25)**	-
Current net assets	**10,984**	-
Property, plant and equipment (non-current)	**4,263**	-
Exploration and evaluation (non-current)	**22,670**	-
Provisions (non-current)	**(9,395)**	-
Non-current net assets	**17,538**	-
Net assets	**28,522**	-
Accumulated balances of non-controlling interest (NCI)	**13,976**	-

Summarised statement of profit and loss for the period:	**30 June 2017 $000**	30 June 2016 $000
Other income	**344**	-
Care and maintenance expenses	**(1,424)**	-
IPO expenses	**(444)**	-
Corporate and administration	**(286)**	-
Reversal of impairment loss	**9,178**	-
Finance costs	**(138)**	-
Profit before tax	**7,230**	-
Income tax benefit	**1,714**	-
Total comprehensive income	**8,944**	-
Profit/(loss) allocated to NCI	**(529)**	-

(b) Non-controlling interests (NCI) (continued)

Summarised cashflow information for the period:	**30 June 2017 $000**	30 June 2016 $000
Cash flows from operating activities	**(1,433)**	-
Cash flows from investing activities	**(2,287)**	-
Cash flows from financing activities	**15,424**	-
Net increases in cash and cash equivalents	**11,704**	-

Comparative financial information of Horizon has not been disclosed as Horizon (which now owns Pan Gold) was incorporated on 10 August 2016.

30 Deed of cross guarantee

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

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

On 23 June 2009, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd joined as parties to the Deed of Cross Guarantee. As at reporting date, the "Closed Group" comprised Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

(a) Consolidated income statement and summary of movements in consolidated retained earnings

Set out below is a consolidated income statement and a summary of movements in consolidated retained earnings for the year ended 30 June 2017 of the Closed Group (consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd).

	2017	2016
	$'000	$'000
Loss before income tax includes the following specific items:		
Revenue	8,778	91,910
Other income	470	587
Finance cost	(351)	(651)
Impairment loss	-	(37,880)

(a) Consolidated income statement and summary of movements in consolidated retained earnings (continued)

	2017	2016
	$'000	$'000
Consolidated income statement		
Loss before income tax	**(11,667)**	(111,480)
Income tax (expense) / benefit	**-**	(8,657)
Loss for the year	**(11,667)**	(120,137)
Consolidated statement of comprehensive income		
Other comprehensive income		
Loss for the year	**(11,667)**	(120,137)
Items that may be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets, net of tax	**(536)**	106
Items that will not be reclassified to profit or loss		
Impairment of assets charged against revaluation reserve, net of tax	**-**	(3,272)
Other comprehensive loss for the period, net of tax	**(536)**	(3,166)
Total comprehensive loss for the year	**(12,203)**	(123,303)

	2017	2016
	$'000	$'000
(Accumulated losses)/retained earnings at the beginning of the financial year	**(88,784)**	31,353
Loss for the year	**(11,667)**	(120,137)
Accumulated losses at the end of the financial year	**(100,451)**	(88,784)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2017 of the Closed Group (consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd).

	2017 $'000	2016 $'000
Current assets		
Cash and cash equivalents	**8,883**	19,356
Trade and other receivables	**494**	800
Inventories	**3**	8,480
Derivatives	**-**	178
Total current assets	**9,380**	28,814
Non-current assets		
Receivables	**69,995**	68,034
Available-for-sale investments	**1,176**	627
Property, plant and equipment	**7,185**	8,236
Deferred exploration and evaluation expenditure	**26,440**	24,245
Development properties	**18,430**	18,389
Other non-current asset	**1,803**	1,803
Total non-current assets	**125,029**	121,334
Total assets	**134,409**	150,148
Current liabilities		
Trade and other payables	**1,486**	4,309
Interest-bearing loans and borrowings	**769**	728
Derivatives	**-**	178
Provisions	**883**	2,143
Total current liabilities	**3,138**	7,358
Non-current liabilities		
Interest-bearing loans and borrowings	**68**	876
Provisions	**20,345**	20,423
Total non-current liabilities	**20,413**	21,299
Total liabilities	**23,551**	28,657
Net assets	**110,858**	121,491
Equity		
Contributed equity	**169,044**	169,044
Reserves	**42,265**	41,231
Retained earnings	**(100,451)**	(88,784)
Total equity	**110,858**	121,491

31 Events occurring after the reporting period

Savannah Project Feasibility Study Optimisation
On 20 July 2017, the Company released the Savannah Project Feasibility Study Optimisation based on an improved mine plan, higher grade ore, lower input costs and metallurgical performance as per historical Savannah metallurgical results. In comparison to the February 2017 Savannah Project Feasibility Study, the life-of-mine all-in sustaining cash costs (AISC), using spot commodity prices and A$:US$ foreign currency exchange rate of 30 June 2017, has reduced the ASIC by US$0.90 per pound to US$3.40 per pound of nickel (payable nickel after by-product credits). As at the date of this report, further productivity improvements are being pursued targeting further cost reductions (refer to the Company's ASX announcement of 20 July 2017 for further details).

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

Vesting of FY2015 Performance Rights and issue of Ordinary Shares
On 1 August 2017, the Company issued 1,575,012 ordinary shares to executives of the Company following vesting on 1 July 2017 of FY2015 Performance Rights. Following the issue of new shares for no consideration, the share capital of the Company has increased to 430,142,283 ordinary shares.

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

	2017	2016
	$'000	$'000
Loss for the year	**(4,770)**	(144,359)
Depreciation and amortisation of property, plant and equipment	**760**	13,606
Amortisation of development costs	**-**	31,806
Amortisation of mine properties	**-**	5,338
(Reversal of) / impairment of assets	**(9,178)**	79,453
Net gain on sale on investment	**-**	840
Net gain on sale of non-current assets	**(150)**	(651)
Share based payments	**473**	624
Interest income	**(557)**	(500)
Exploration and evaluation written off	**-**	1,924
Gain on remeasurement of liability	**(198)**	(433)
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors and others	**(50)**	10,764
Decrease in prepayments	**75**	885
Increase in trade creditors	**(2,615)**	(35,267)
Decrease in inventories	**8,470**	4,413
Decrease in other assets	**-**	36
Decrease in derivative financial instruments	**-**	178
Increase in provisions	**(122)**	(1,629)
Decrease in deferred tax assets	**-**	1,493
(Decrease) in deferred tax liabilities	**-**	(11,343)
Net cash (outflow) from operating activities	**(7,862)**	(42,822)

33 Non-cash investing and financing activities

	2017	2016
	$'000	$'000
Acquisition of plant and equipment by means of finance leases	**-**	2,317

34 Loss per share

(a) Basic loss per share

	2017 Cents	2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(1.0)**	(42.7)
Total basic loss per share attributable to the ordinary equity holders of the Company	**(1.0)**	(42.7)

(b) Diluted loss per share

	2017 Cents	2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(1.0)**	(42.7)
Total diluted loss per share attributable to the ordinary equity holders of the Company	**(1.0)**	(42.7)

(c) Reconciliation of loss used in calculating loss per share

	2017 $'000	2016 $'000
Basic loss per share		
Loss from continuing operations	**(4,241)**	(144,359)
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	**(4,241)**	(144,359)
Diluted loss per share		
Loss from continuing operations	**(4,241)**	(144,359)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	**(4,241)**	(144,359)

(d) Weighted average number of shares used as denominator

	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**428,567,271**	338,449,518

Performance rights on issue are not considered in the calculation of diluted loss per share as they are considered to be contingently issuable.

(a) Performance Rights

Employee Share Plan (ESP)

On 30 July 2014, the Company's shareholders approved a three year exemption to ASX Listing Rule 7.1 [Issues exceeding 15% of Capital] on the annual grant of performance rights and the issue of shares on the exercise of those performance rights under the 2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan"). From 1 July 2014 until the expiry of the three year exemption on 30 July 2017, executives and senior employees were invited to receive a new grant of performance rights under the 2010 ES Plan. The number of performance rights granted each year was determined by dividing the LTI dollar by the fair value (FV) of one performance right on 1 July (as determined by an independent valuer).

35 Share-based payments

Each grant of performance rights will vest subject to meeting service and performance conditions as defined below:
- 75% of the performance rights will be performance tested against the relative total shareholder return (TSR) of a customised peer group over a 3 year period; and

- 25% of the performance rights will be performance tested against the reserve/resource growth over a 3 year period, net of depletion.

For FY2017, no performance rights were granted to key management personnel (KMP) and executives.

Grant date	Vesting date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number	Number
Consolidated 2017									
27/11/15	30/06/18	01/07/18	4,467,896	-	-	-	(947,926)	3,519,970	-
12/09/14	30/06/17	01/07/17	1,777,371	-	-	-	(581,943)	1,195,428	-
01/07/14	30/06/17	01/07/17	904,601	-	-	-	-	904,601	-
Total			**7,149,868**	**-**	**-**	**-**	**(1,529,869)**	**5,619,999**	**-**
Weighted average exercise price			$-	$-	$-	$-	$-	$-	$-

For FY2016, a total of 4,624,513 performance rights were calculated to be granted to executives and senior employees. To determine the number of FY2016 performance grants at 27 November 2015, a weighted average FV of $0.2080 was externally determined using a Monte-Carlo simulation pricing model for the first TSR performance condition and a binomial pricing model was used for the second reserve/resource growth test. The FY2016 performance rights were subsequently granted on two different dates and a new FV was externally determined using the same pricing methodology described above on each date to calculate the fair value to be expensed over a 3 year performance period from 27 November 2015:

Grant date	Vesting date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number	Number
Consolidated 2016									
27/11/15	30/06/18	01/07/18	-	4,624,513	-	-	(156,617)	4,467,896	
12/09/14	30/06/17	01/07/17	2,402,176	-	-	-	(624,805)	1,777,371	-
01/07/14	30/06/17	01/07/17	904601	-	-	-	-	904,601	-
Total			**3,306,777**	**4,624,513**	**-**	**-**	**(781,422)**	**7,149,868**	**-**
Weighted average exercise price			$-	$-	$-	$-	$-	$-	$-

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 1 year (2016: 1.63 years).

Fair value of Performance Rights

The fair value of each performance rights was estimated on the grant date utilising the assumptions underlying the Black Scholes methodology to produce a Monte Carlo simulation model which allowed for the incorporation of the Total Shareholder Return (TSR) hurdles that was to be met before the Share Based Payment vest in the holder.

	FY2016 Performance Rights
Rights issued under the plan	4,624,513
Grant date	27/11/2015
Vesting date	01/07/2018
Share price at grant date	$0.275
Risk free rate	2.11%
Dividend yield	2% pa in year 1 and 4% pa thereafter
Volatility	75%
Fair value - TRS	$0.191
Fair value - Reserve/Resource Growth	$0.259

(b) Expenses arising from share-based payment transactions

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

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

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

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

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

(i) Performance rights under employee share plan amount to $0.473 million (2016: $0.624 million).

36 Parent entity financial information

(a) Summary financial information

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

	2017 $'000	2016 $'000
Balance sheet		
Current assets	**7,286**	13,008
Non-current assets	**11,987**	11,098
Total assets	**19,273**	24,106
Current liabilities	**1,298**	1,257
Non-current liabilities	**7**	65
Total liabilities	**1,305**	1,322
Shareholders' equity		
Contributed equity	**171,174**	171,174
Reserves	**22,419**	21,386
Retained earnings	**(175,625)**	(169,776)
Capital and reserves attributable to owners of Panoramic Resources Limited	**17,968**	22,784
Loss for the year	**5,849**	90,653
Total comprehensive income	**5,849**	90,653

(b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:

(i) leases of subsidiaries amounting to $0.837 million (2016: $1.604 million);
(ii) the bank facilities of a subsidiary amounting to $0.250 million (2016: $0.250 million); and
(iii) a rehabilitation bank guarantee of a subsidiary amounting to $2 million (2016: $2 million).

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

There are cross guarantees given by Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd as described in note 30. No deficiencies of assets exist in any of these companies.

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

(c) Contingent liabilities of the parent entity

The parent entity and Group had contingent liabilities at 30 June 2017 in respect of a bank guarantee put in place with a financial institution with a face value of $0.709 million (2016: $0.709 million) in respect to the leasing of the office space in Perth CBD.

37 Financial risk management

The Group's principal financial instruments comprise receivables, payables, finance leases, hire purchase contracts, cash and derivatives.

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

To manage exposure to commodity prices and exchange rates the Group used derivative instruments, principally forward sales contracts and put and call options. The purpose was to manage the commodity price and currency rate risks arising from the Group's operations. These derivatives provided economic hedges and qualified for hedge accounting and are based on limits set by the Board. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rate and foreign currency exchange risk and assessments of market forecasts for commodity prices and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

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

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

(a) Foreign currency exchange rate risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases in a currency other than the entity's functional currency. Approximately 100% of the Group's sales were denominated in United States Dollars, whilst most of the costs are denominated in Australian Dollars. The Group's functional currency is Australian Dollars.

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

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

As 30 June 2017, the Group had the following exposure to USD foreign currency that is not designated in cashflow hedges.

	2017 $'000	2016 $'000
Cash at bank	**21**	591
Trade payables	**-**	(302)
Net exposure	**21**	289

Sensitivity

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The +/- 5% (2016: +/- 5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar, for the preceding 5 years and management's expectation of future movements.

At 30 June 2017, had the US dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	Impact on post-tax profit		Impact on other equity	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
AUD to USD +5% (2016: +5%)	**1**	15	**-**	-
AUD to USD -5% (2016: -5%)	**(1)**	(14)	**-**	-

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

(b) Interest rate risk

The Group has put in place a Cash Management Policy to ensure that up to 180 days (2016: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investments. The Group policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available.

	2017		2016	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash at bank and in hand	**2.5%**	**1,860**	2.6%	7,254

The following sensitivity is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity used is +/- 25 basis points (2016: +/- 25) which is based on reasonably, possible changes, over a financial year, using the observed range of actual historical Australian short-term deposit rate movements over the last 3 years and management's expectation of future movements.

Sensitivity

		Interest rate risk			
		-0.25%		**+0.25%**	
At 30 June 2017	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	**20,445**	**(15)**	**-**	**15**	**-**
Total increase/ (decrease)		**(15)**	**-**	**15**	**-**

		Interest rate risk			
		-0.25%		**+0.25%**	
At 30 June 2016	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	7,254	(4)	-	4	-
Total increase/ (decrease)		(4)	-	4	-

(c) Fair value measurements

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

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

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

At 30 June 2017 the Group does not have any level 3 instruments.

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities at 30 June 2017 and 30 June 2016:

At 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity securities	**1,200**	**-**	**-**	**1,200**
Total assets	**1,200**	**-**	**-**	**1,200**
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	**-**	**837**	**-**	**837**
Total liabilities	**-**	**837**	**-**	**837**

At 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Equity securities	677	-	-	677
Total assets	677	-	-	677
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	-	1,604	-	1,604
Total liabilities	-	1,604	-	1,604

The available-for-sale financial assets are traded in active markets. Their fair value is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

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

The fair value of finance lease is estimated by discounting future cashflows using rates currently available to debt on similar terms, credit risk and remaining maturities.

(d) Credit risk

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

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

In relation to derivative financial instruments, credit risk arose from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in relation to net settled derivatives is the total mark to market gain, should counterparts not honour their obligations. In case of gross-settled derivatives, the maximum exposure is the notional value. Gross-settled derivatives were held with financial institutions with sound credit rating.

When in production, the Group had a concentration of credit risk in that it depends on two major customers for a significant volume of revenue.

Under the Group's risk management framework, each customer is analysed individually for creditworthiness on an ongoing basis in order to minimise the risk of default. The Group believes that both its customers are of sound creditworthiness as evidenced by the compliance with the off-take agreement's payment terms over the life of each project.

(e) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. The fair value of these investments are based on quoted market prices.

The Group holds investments of shares in several listed entities who are joint venture partners or potential joint venture partners. The Board has not reacted to short-term price fluctuations as it has a medium to long term view on these investments. These investments represent less than 1% (2016: 1%) of total assets and have yet to generate any revenue.

The following sensitivity is based on the equity price risk exposures in existence at the balance sheet date. The sensitivity used is +/- 30% which is based on reasonably, possible changes, over a financial year, based on the share price fluctuations of the last 12 months and management's expectation of future movements.

Sensitivity

	Impact on post-tax profit		**Impact on equity**	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Available-for-sale financial investment +30% (2016: +30%)	**-**	-	**360**	139
Available-for-sale financial investment -30% (2016: -30%)	**-**	-	**(360)**	(139)

(f) Liquidity risk

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

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

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2016: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. This policy is reviewed and approved by the Board on a regular basis. When bank loans are used the Group's policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non scheduled debt repayments when excess cash is available.

Maturities of financial liabilities

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

Contractual maturities of financial liabilities At 30 June 2017	Less than 1 year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives				
Trade payables	**2,533**	**-**	**2,533**	**2,533**
Finance lease liabilities	**825**	**34**	**859**	**837**
Total non-derivatives	**3,358**	**34**	**3,392**	**3,370**

Contractual maturities of financial liabilities At 30 June 2016	Less than 1 year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives				
Trade payables	4,638	-	4,638	4,638
Finance lease liabilities	825	859	1,684	1,604
Total non-derivatives	5,463	859	6,322	6,242

Appendix A

New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2016:

• AASB 14, and relevant amending standard *Regulatory Deferral Accounts*

AASB 14 allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of Australian Accounting Standards. The Standard does not apply to existing Australian Accounting Standard preparers.

The adoption of AASB 14 had no effect on the financial position or performance of the Group.

• AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations*

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in AASB 3 *Business Combinations* and other Australian Accounting Standards that do not conflict with the requirements of AASB 11 *Joint Arrangements*.

The adoption of AASB 2014-3 had no effect on the financial position or performance of the Group.

• AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The adoption of AASB 2014-4 had no effect on the financial position or performance of the Group.

• AASB 2014-9 *Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements*

The amendments to AASB 127 *Separate Financial Statements* allow an entity to use the equity method as described in AASB 128 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

The adoption of AASB 2014-9 had no effect on the financial position or performance of the Group.

• AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*

The amendments clarify certain requirements in:
► AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* - Changes in methods of disposal
► AASB 7 *Financial Instruments: Disclosures* - servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements
► AASB 119 *Employee Benefits* - regional market issue regarding discount rate
► AASB 134 *Interim Financial Reporting* - disclosure of information 'elsewhere in the interim financial report'

The adoption of AASB 2015-1 had no effect on the financial position or performance of the Group.

• AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

This Standard amends AASB 101 *Presentation of Financial Statements* to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.

The adoption of AASB 2015-2 had no effect on the financial position or performance of the Group.

• AASB 2015-5 *Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception*

This Standard amends AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure in Interests in Other Entities* and AASB 128 *Investments in Associates and Joint Ventures* to clarify how investment entities and their subsidiaries apply the consolidation exception.

The adoption of AASB 2015-5 had no effect on the financial position or performance of the Group.

• AASB 2015-6 *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*

This Standard makes amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities.

The adoption of AASB 2015-6 had no effect on the financial position or performance of the Group.

• AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*

This Standard makes amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The adoption of AASB 2016-1 had no effect on the financial position or performance of the Group.

• AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*

The amendments to AASB 107 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The adoption of AASB 2016-2 had no effect on the financial position or performance of the Group.

(i) Changes in accounting policies and disclosures (continued)

• AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

This Standard clarifies the scope of AASB 12 *Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The adoption of AASB 2017-2 had no effect on the financial position or performance of the Group.

(ii) Accounting Standards and Interpretations issued but not yet effective

• AASB 9 *Financial Instruments*, effective 1 January 2018

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement.*

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.
Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.

The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.

The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

The new standard is not expected to significantly impact the recognition and measurement of financial instrument as the Group does not have significant financial instruments.

• AASB 15 *Revenue from Contracts with Customers,* effective 1 January 2018

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services)* and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied).

The new standard is not expected to impact the Group in the immediate future as the Group's operations are currently on care and maintenance.

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
► Step 1: Identify the contract(s) with a customer
► Step 2: Identify the performance obligations in the contract
► Step 3: Determine the transaction price
► Step 4: Allocate the transaction price to the performance obligations in the contract
► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

• AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective 1 January 2018

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

• AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions,* effective 1 January 2018

This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:
► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
► Share-based payment transactions with a net settlement feature for withholding tax obligations
► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

• AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments*, effective 1 January 2018

The amendments clarify certain requirements in:
► AASB 1 *First-time Adoption of Australian Accounting Standards* - deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
► AASB 12 *Disclosure of Interests in Other Entities* - clarification of scope
► AASB 128 *Investments in Associates and Joint Ventures* - measuring an associate or joint venture at fair value
► AASB 140 *Investment Property* - change in use.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

• AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*, effective 1 January 2018

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

• AASB 16 *Leases*, effective 1 January 2019

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

• IFRIC 23 *Uncertainty over Income Tax Treatments*, effective 1 January 2019

The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:
► Whether an entity considers uncertain tax treatments separately
► The assumptions an entity makes about the examination of tax treatments by taxation authorities
► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
► How an entity considers changes in facts and circumstances.

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

Additional Shareholder Information
As at 30 September 2017

Stock Exchange Listing
Panoramic Resources Limited shares are listed on the Australian Securities Exchange Limited. The Company's ASX code is PAN.

Substantial Shareholders (Holding Not Less Than 5%) in accordance with notices provided to the Company
As at 30 September 2017

Name of Shareholder	Total Number of Voting Shares in Panoramic Resources Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Zeta Resources Limited (including UIL Limited, General Provincial Life Pension Fund (L) Limited, Bermuda Commercial Bank Limited and ICM Limited)	115,725,931	27.00%
Commonwealth Bank of Australia ACN 123 123 124 (CBA) and its related bodies	23,694,488	5.51%

Class of Shares and Voting Rights
At 30 September 2017, there were 3,681 holders of 430,142,283 fully paid Ordinary shares of the Company. The voting rights attaching to the Ordinary shares are in accordance with the Company's Constitution being that:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and
c. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully-paid share held by him, or in respect of which he is appointed a proxy, attorney or Representative have one vote for the share, but in respect of partly-paid shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to options or performance rights in the Company. Voting rights will be attached to the issued Ordinary shares when options and/or performance rights have been exercised.

Unmarketable Shares
At 30 September 2017, the number of parcels of shares with a value of less than $500 was 273.

Distribution of Shareholders
As at 30 September 2017

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1 - 1,000	188	62,915
1,001 - 5,000	1,354	4,173,495
5,001 - 10,000	719	5,749,375
10,001 - 100,000	1,195	40,184,839
100,001 and over	225	379,971,659
Total	**3,681**	**430,142,283**

Additional Shareholder Information
As at 30 September 2017

Listing of 20 Largest Shareholders
As at 30 September 2017

	Name of Ordinary Registered Shareholder	Number of Shares Held	Percentage of Shares Held %
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	145,244,640	33.77
2.	CITICORP NOMINEES PTY LIMITED	42,735,925	9.94
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,066,082	6.76
4.	ZETA RESOURCES LIMITED	19,984,431	4.65
5.	NATIONAL NOMINEES LIMITED	19,841,217	4.61
6.	UBS NOMINEES PTY LTD	19,576,977	4.55
7.	BNP PARIBAS NOMS PTY LTD <DRP>	6,533,659	1.52
8.	MATSA RESOURCES LIMITED	6,500,000	1.51
9.	3RD WAVE INVESTORS LTD	4,937,662	1.15
10.	MR DAVID NORMAN DEITCH	4,500,000	1.05
11.	MR KWOK LEUNG FUNG + MS YUEN MAN MOK	3,796,401	0.88
12.	PATINA RESOURCES PTY LTD	3,397,984	0.79
13.	ANGLO AMERICAN INVESTMENTS <AUSTRALIA>	2,781,429	0.65
14.	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	2,645,111	0.61
15.	WINTON VALE PTY LTD <HAROLD SUPER FUND A/C>	2,362,078	0.55
16.	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	1,964,216	0.46
17.	SPRINGWAY INVESTMENTS PTY LTD <ALLNUTT VENTURES FAMILY A/C>	1,945,636	0.45
18.	MRS SUE-ELLEN STUART	1,910,780	0.44
19.	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	1,632,996	0.38
20.	MRS ELIZABETH ANNE FOGARTY + MISS CAITLYN ELIZABETH FOGARTY <FOGARTY FOUNDATION A/C>	1,500,001	0.35
TOTAL		**322,857,225**	**75.06**

Unquoted Equity Securities
As at 30 September 2017

Securities	Number of Securities	Exercise Price $	Expiry Date	Number of Holders
FY2016 Performance Rights	2,935,093	NIL	30 June 2018	6

Schedule of Mining Tenements – 30 June 2017

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Copernicus	L80/52	Live	141	HA	100%	PanRes	100% of Commit, Rent & Rates	SMY Copernicus Pty Ltd
Copernicus	L80/86	Live	1	HA	100%	PanRes	100% of Commit, Rent & Rates	SMY Copernicus Pty Ltd
Copernicus	M80/540	Live	129	HA	100%	PanRes	100% of Commit, Rent & Rates	SMY Copernicus Pty Ltd
East Kimberley	E80/4880	Live	35	BL	100%	PanRes	100% of Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/5131	Pending	5	BL	100%	PanRes	100% of Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley JV - Keller Creek	E80/4834	Live	15	BL	80% - THX has 20% free carried interest	PanRes	100% of Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 80/100 & Thundelarra Exploration Ltd 20/100
Lanfranchi	M15/1295	Pending	40	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	M15/473	Live	982	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/346	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/347	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/367	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/368	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/369	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/370	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/371	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/372	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/375	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/376	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/377	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/378	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/379	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/380	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/381	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/382	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/383	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/384	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/385	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/386	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/387	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/388	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/389	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96

Schedule of Mining Tenements – 30 June 2017

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Lanfranchi	ML15/482	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/483	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/484	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/485	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/486	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/487	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/488	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/489	Live	73	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/490	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/491	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/492	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	ML15/493	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 96/96
Lanfranchi	P15/3752	Live	40	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Laverton - Focus JV	M38/101	Live	584	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/159	Live	598	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/342	Live	317	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/363	Live	6	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/364	Live	19	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/37	Live	650	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/38	Live	281	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/49	Live	946	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/535	Live	465	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/693	Live	49	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Panton	M80/103	Live	860	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Panton	M80/104	Live	571	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Panton	M80/105	Live	829	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Savannah	L80/64	Live	311	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/179	Live	242	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/180	Live	961	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/181	Live	960	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/182	Live	590	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/183	Live	968	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd

Resources and Reserves

NICKEL – MINERAL RESOURCES AS AT 30 JUNE 2017

Resource	Equity	Metal	JORC Compliance	Measured		Indicated		Inferred		Total		Metal Tonnes
				Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project												
Savannah (above 900)	100%	Nickel	2012	1,275,000	1.51	759,000	1.20	-	-	2,034,000	1.39	28,300
		Copper			0.87		0.90		-		0.88	17,900
		Cobalt			0.07		0.07		-		0.07	1,400
Savannah (below 900)	100%	Nickel	2012	780,000	1.64	125,000	1.72	-	-	905,000	1.65	14,900
		Copper			0.76		0.75		-		0.76	6,900
		Cobalt			0.10		0.09		-		0.10	900
Savannah North (Upper)	100%	Nickel	2012	-	-	4,229,000	1.64	1,759,000	1.25	5,987,000	1.53	91,300
		Copper			-		0.65		0.49		0.60	36,100
		Cobalt			-		0.12		0.10		0.11	6,800
Savannah North (Lower)	100%	Nickel	2012	-	-	2,697,000	1.96	853,000	2.02	3,549,000	1.97	70,100
		Copper			-		0.98		0.93		0.97	34,400
		Cobalt			-		0.14		0.13		0.14	4,900
Savannah North (Other)	100%	Nickel	2012	-	-	242,000	2.22	493,000	1.67	735,000	1.85	13,600
		Copper			-		0.50		0.53		0.52	3,800
		Cobalt			-		0.14		0.11		0.12	900
Lanfranchi Project												
Cruikshank	100%	Nickel	2004	-	-	2,018,000	1.42	611,000	0.79	2,629,000	1.28	33,600
Deacon	100%	Nickel	2012	89,000	2.99	-	-	134,000	1.70	224,000	2.22	5,000
Gigantus	100%	Nickel	2004	-	-	-	-	652,000	1.63	652,000	1.63	10,600
Helmut South Ext	100%	Nickel	2012	21,000	4.54	29,000	2.87	-	-	50,000	3.59	1,800
John	100%	Nickel	2004	-	-	-	-	291,000	1.42	291,000	1.42	4,100
Lanfranchi	100%	Nickel	2012	40,000	4.12	55,000	4.40	63,000	3.49	158,000	3.97	6,300
Martin	100%	Nickel	2012	-	-	47,000	3.58	7,000	4.16	54,000	3.66	2,000
McComish	100%	Nickel	2004	-	-	-	-	992,000	1.49	992,000	1.49	14,800
Metcalfe	100%	Nickel	2012	-	-	280,000	1.99	111,000	1.35	391,000	1.81	7,100
Schmitz	100%	Nickel	2012	30,000	4.92	23,000	3.93	16,000	2.95	69,000	4.14	2,900
Lower Schmitz	100%	Nickel	2012	-	-	51,000	5.60	79,000	4.80	131,000	5.11	6,700
Winner	100%	Nickel	2004	-	-	14,000	4.40	-	-	14,000	4.40	600
Total (Equity)		Nickel										313,600
		Copper										99,100
		Cobalt										14,900

Notes:

- *Figures have been rounded and therefore may not add up exactly to the reported totals*
- *All resources are inclusive of reserves*
- *Savannah Project Resource cutoff grade is 0.50% Ni*
- *Lanfranchi Project Resource cutoff grade is 1.00% Ni*

Cross references to previous market announcements:

- *Savannah (above 900) - refer ASX announcement dated 30 September 2016 titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *Savannah (below 900) - refer ASX announcement dated 30 September 2015 titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Savannah North – refer ASX announcement dated 24 August 2016 titled "Major Resource Upgrade for Savannah North"*
- *Cruickshank - refer ASX announcement dated 28 April 2011 titled "Cruickshank Resource Upgraded 26% to 33,560t Ni"*
- *Deacon, Helmut South Ext, Lanfranchi, Metcalfe - refer ASX announcement dated 30 September 2016 titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *Gigantus, John, McComish, Winner - refer ASX announcement dated 12 October 2011 titled "Business Review 2011"*
- *Martin - refer ASX announcement dated 13 September 2013 titled "Resources and Reserves at 30 June 2013 and Exploration Update"*
- *Schmitz - refer ASX announcement dated 30 September 2015 titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Lower Schmitz - refer ASX announcement dated 28 April 2016 titled "Quarterly Report for the period ending 31 March 2016"*

No New Information or Data

The Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Resources and Reserves

NICKEL – ORE RESERVE AS AT 30 JUNE 2017

Reserve	Equity	Metal	JORC Compliance	Proven		Probable		Total		Metal Tonnes
				Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project										
Above 900 Fault	100%	Nickel	2012	1,365,000	1.15	194,000	1.24	1,558,000	1.16	18,100
		Copper			0.66		1.28		0.74	11,500
		Cobalt			0.06		0.07		0.06	900
Savannah North	100%	Nickel	2012	-	-	6,650,000	1.24	6,650,000	1.42	94,500
		Copper			-		1.28		0.61	40,900
		Cobalt			-		0.10		0.10	6,700
Lanfranchi Project										
Deacon	100%	Nickel	2012			42,000	2.67	42,000	2.67	1,100
Metcalfe	100%	Nickel	2012			113,000	1.57	113,000	1.57	1,800
Lanfranchi	100%	Nickel	2012			11,000	2.56	11,000	2.56	300
Schmitz	100%	Nickel	2012			15,000	2.96	15,000	2.96	500
Helmut Sth Ext	100%	Nickel	2012			27,000	2.19	27,000	2.19	600
Total (Equity)		Nickel								116,800
		Copper								52,400
		Cobalt								7,600

Notes:

• Figures have been rounded and therefore may not add up exactly to the reported totals
• Savannah Project Reserve cutoff grade is 0.80% Ni
• Lanfranchi Project Reserve cutoff grade is 1.00% Ni except for airleg mining which is 2.00% Ni

Cross references to previous market announcements:

- *refer to ASX announcement dated 30 September 2016 titled "Mineral Resources and Ore Reserves at 30 June 2016"*
- *refer to ASX announcement dated 2 February 2017 titled "Savannah Feasibility Study. Ten-year life with minimal restart capital requirements"*

No New Information or Data

The Nickel Ore Reserve estimates tabled above have been previously reported, and the relevant market announcements cross referenced. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of the estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed

Resources and Reserves

PLATINUM GROUP METALS – MINERAL RESOURCES AS AT 30 JUNE 2017

Resource	Equity	JORC Compliance	Tonnage	Grade									Contained Metal	
				Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Co %	Pt-Eq (g/t)	Pt (oz ,000)	Pd (oz ,000)
Thunder Bay North														
Open Pit	100%	2004												
Indicated			8,460,000	1.04	0.98	0.04	0.07	1.50	0.25	0.18	0.014	2.13	283	267
Inferred			53,000	0.96	0.89	0.04	0.07	1.60	0.22	0.18	0.014	2.00	2	2
Underground	100%	2004												
Indicated			1,369,000	1.65	1.54	0.08	0.11	2.60	0.43	0.24	0.016	3.67	73	68
Inferred			472,000	1.32	1.25	0.06	0.09	2.10	0.36	0.19	0.011	2.97	20	19
Sub-total – Thunder Bay North (Equity)			10,354,000	1.13	1.07								377	355
Panton														
Top Reef	100%	2012												
Measured			4,400,000	2.46	2.83	-	0.42	-	0.08	0.28	-	-	348	400
Indicated			4,130,000	2.73	3.21	-	0.38	-	0.09	0.31	-	-	363	426
Inferred			1,560,000	2.10	2.35	-	0.38	-	0.13	0.36	-	-	105	118
Middle Reef	100%	2012												
Measured			2,130,000	1.36	1.09	-	0.10	-	0.03	0.18	-	-	93	75
Indicated			1,500,000	1.56	1.28	-	0.10	-	0.04	0.19	-	-	75	62
Inferred			600,000	1.22	1.07	-	0.10	-	0.05	0.19	-	-	24	21
Sub-total – Panton (Equity)			14,320,000	2.19	2.39								1,008	1,102
Total - PGM (Equity)													1,385	1,456

Notes

Thunder Bay North Open Pit Resource: The open pit Mineral Resource is reported at a cut-off grade of 0.59 g/t Pt-Eq within a Lerchs-Grossman resource pit shell optimized on Pt-Eq. The strip ratio (waste:ore) of this pit is 9.5:1. The platinum-equivalency formula is based on assumed metal prices and overall recoveries. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.3204 + Au g/t x 0.6379 + Ag g/t x 0.0062 + Cu g/t x 0.00011 + Total Ni g/t x 0.000195 + Total Co g/t x 0.000124 + Rh g/t x 2.1816. The conversion factor shown in the formula for each metal represents the conversion from each metal to platinum on a recovered value basis. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,595/oz, Pd US$512/oz, Au US$1,015/oz, Ag US$15.74/oz, Cu US$2.20/lb, Ni US$7.71/lb, Co US$7.71/lb and Rh US$3,479/oz. The assumed combined flotation and PlatsolTM process recoveries used in the Pt-Eq formula are: Pt 76%, Pd 75%, Au 76%, Ag 55%, Cu 86%, Ni 44%, Co 28% and Rh 76%. The assumed refinery payables are: Pt 98%, Pd 98%, Au 97%, Ag 85%, Cu 100%, Ni 100%, Co 100% and Rh 98%.

Thunder Bay North Underground Resource: The underground mineral resource is reported at a cut-off grade of 1.94g/t Pt-Eq. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.2721 + Au g/t x 0.3968 + Ag g/t x 0.0084 + Cu g/t x 0.000118 + Sulphide Ni g/t x 0.000433 + Sulphide Co g/t x 0.000428 + Rh g/t x 2.7211. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,470/oz, Pd US$400/oz, Rh US$4,000/oz, Au US$875/oz, Ag US$14.30/oz, Cu US$2.10/lb, Ni US$7.30/lb and Co US$13.00/lb. The assumed process recoveries used in the Pt-Eq formula are: Pt 75%, Pd 75%, Rh 75%, Au 50%, Ag 50%, Cu 90%, and Ni and Co in sulphide 90%. The assumed smelter recoveries used in the Pt-Eq formula are Pt 85%, Pd 85%, Rh 85%, Au 85%, Ag 85%, Cu 85%, Ni 90% and Co 50%. Ni and Co in sulphide were estimated by linear regression of MgO to total Ni and total Co respectively. The regression formula for Ni in sulphide (NiSx) is: NiSx = Ni - (MgO% x 60.35 - 551.43). The regression formula for Co in sulphide (CoSx) is: CoSx = Co - (MgO% x 4.45 - 9.25).

Cross references to previous market announcements:

- *Thunder Bay North Open Pit Resources – refer Magma Metals Limited (ASX:MMW) announcement dated 7 February 2011 titled “Positive Scoping Study for Thunder Bay North Project”*
- *Thunder Bay North Underground Resources – refer Magma Metals Limited (ASX:MMW) announcement dated 23 February 2012 titled “Magma Metals Increases Mineral Resources at TBN to 790,000 Platinum-Equivalent Ounces”*
- *Panton - refer ASX announcement dated 30 September 2015 titled “Mineral Resources and Ore Reserves at 30 June 2015”*

No New Information or Data

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Corporate Directory

BOARD OF DIRECTORS

Brian Phillips
Non-Executive Chairman

Peter Harold
Managing Director

John Rowe
Non-Executive Director

Peter Sullivan
Non-Executive Director

MANAGEMENT

Trevor Eton
Chief Financial Officer and Company Secretary

John Hicks
General Manager Exploration

Tim Mason
General Manager Projects

Robert Parkinson
Manager Business Development

Tim Shervington
Commercial Manager

Andrew Math
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Jeremy Smith
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