



Panoramic Resources Limited

Interim report

for the half-year 31 December 2017

ABN: 47 095 792 288

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

Interim Financial Report

For the half-year ended 31 December 2017

Contents	Page
Directors' report	4
Independent auditor's review report to the members	9
Consolidated income statement	13
Consolidated statement of comprehensive income	14
Consolidated statement of financial position	15
Consolidated statement of changes in equity	16
Consolidated statement of cash flows	17
Notes to the consolidated financial statements	18

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Panoramic Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial report covers the consolidated entity consisting of Panoramic Resources Limited and its subsidiaries.

The financial report is presented in Australian dollars.

Panoramic Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

The Company's registered office is:

Panoramic Resources Limited
Level 9
553 Hay Street
Perth WA 6000

Appendix 4D - Interim Financial Report for the half-year ended 31 December 2017

Results for announcement to the market:

		% movement		2016 \$'000		2017 \$'000
Revenue from ordinary activities (note 1)	Down	94.4%	from	8,367	to	466
Net loss after tax from ordinary activities	Up	701.2%	from	(665)	to	(5,328)
Net loss after tax attributable to members	Up	1,422.5%	from	(325)	to	(4,948)

Note 1 - Revenue is after including interest income and after including gains on delivered/deferred commodity hedges/currency hedges of nil (2016: gain \$46,000).

Dividends

No dividend has been paid or declared at the end of the reporting period.

Net tangible assets per share

	31 December 2016 \$ per share	31 December 2017 \$ per share
Net tangible asset backing (per share)	0.27	0.25

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

- (i) The Company did not gain any entity during the period; and
- (ii) The Company did not lose control of any entity during the period (excluding wholly-owned subsidiaries that were wound-up and deregistered in Australia or overseas).

Detail of controlled entity (associate)

The Company has a 51% (2016: 51%) holding in the securities of listed entity, Horizon Gold Limited (ACN: 614 175 923). The contribution of Horizon Gold Limited to the consolidated entity's net loss after tax from ordinary activities during the period was a net loss of \$866,000 (2016: net loss of \$694,000).

Emphasis of matter

This Interim Financial Report is based on accounts which have been reviewed by the consolidated entity's Independent Auditor and which contain an Independent Review Report that is subject to an emphasis of matter about the consolidated entity's ability to continue as a going concern. Note 1(c) of the "Notes to the Consolidated Financial Statements" describes the conditions that indicate the existence of material uncertainty that may cast doubt on the consolidated entity's ability to realise its assets and discharge its liabilities in the normal course of business.

Other information required by Listing Rule 4.2A:

Except for the matters noted above and subject to the requirements being applicable to the Company, all the disclosure requirements pursuant to ASX Listing Rule 4.2A.3 are contained within Panoramic Resources Limited's Interim Report for the period ended 31 December 2017 which accompanies this Interim Report (Appendix 4D).

Directors' report

The directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The names of the directors of the Company during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Brian M Phillips
Peter J Harold
John Rowe
Peter R Sullivan

Operating and Financial Review

Operating Result for the Half-year

The consolidated entity recorded a loss after tax for the financial period ended 31 December 2017 of \$5,328,000 (2016: loss after tax of \$665,000).

The results, in comparison to the previous corresponding half-year, reflect:

- a 96.3% decrease in sales revenue generated by the Nickel Division following the transition of the Savannah Nickel Project onto full care and maintenance during the previous corresponding half-year;
- a 39.9% reduction in aggregate care and maintenance expenses incurred at the Savannah Nickel Project, the Lanfranchi Nickel Project and the Gum Creek Gold Project. In the previous corresponding half-year, a large number of one-off costs were incurred at the Savannah Nickel Project on activities to put the project onto full care and maintenance; and
- a 25.3% reduction in corporate and marketing costs due to the continued reduction in resource and staffing levels at the Company's Perth Office.

Review of operations

Nickel Division

During the period, both the Savannah Nickel Project and the Lanfranchi Nickel Project remained on full care and maintenance.

The consolidated entity generated revenue of \$281,000 from the leasing-out of the village at the Lanfranchi Nickel Project during the half-year. This income was used to off-set the cost of care and maintenance activities at the Project.

Development Projects

Updated Savannah Project Feasibility Study

On 27 October 2017, the Company released the results of an update ("Updated FS") to the February 2017 Savannah Feasibility Study. The Updated FS demonstrates a financially robust project with a long mine life, modest pre-production capital requirements and competitive cash operating costs.

A significant portion of the funds being raised under the Company's fully-underwritten pro-rata renounceable entitlement offer (*refer to the "Subsequent Event" section of this report for further details on the entitlement offer*) has been allocated on activities to progress the Savannah Nickel Project towards a restart.

Review of operations (continued)

Development Projects

Platinum Group Metals (PGM) Division

At the Thunder Bay North ("TBN") Project located in north-west Ontario, Canada, Rio Exploration Canada Inc. ("RTEC") continued to earn a 70% interest in TBN by sole funding C\$20 million over five years from 1 January 2015. In January 2017, RTEC confirmed that it had achieved the minimum spend condition of C\$5 million on the Project. RTEC and the Company are currently holding discussions on exploration results to date and on future plans and strategy for the Project.

At the Panton PGM Project, the Company continued to sponsor research being undertaken by Curtin University on alternative leaching methods applicable to Panton ore.

Exploration Activities

During the period, the consolidated entity worked on plans to drill test, in 2018, three under-explored layered mafic-ultramafic intrusions at Frog Hollow, Wilson and Dave Hill. All three areas are located near the Savannah Nickel Project. The impetus and focus for these exploration programs has been driven by the results of a series of recently completed joint Company and Minerals Research Institute of Western Australia (MRIWA) funded research projects by CSIRO Mineral Resources in which the CSIRO concluded that these intrusions were emplaced at the same time and by the same magmatic event that was responsible for the emplacement of the mineralised Savannah and Savannah North intrusions.

Corporate Activities

Purchase Power Agreement

During the period, the consolidated entity and the supplier of electricity to the Lanfranchi Nickel Project reached an agreement on the two items of dispute, being the termination date of the Power Purchase Agreement and the claim by the supplier for back-charges of energy supplied to the project in 2014/15 and 2015/16.

Consolidation of Controlled Entity (Horizon Gold Limited)

Accounting Treatment

In recognition of the Company's majority 51% shareholding in Horizon Gold Limited ("Horizon Gold") and under AASB 10 *Consolidated Financial Statements*, the assets, liabilities, equity, income, expenses and cash flows of Horizon Gold 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 11 of the "Notes to the Consolidated Financial Statements").

For clarity, the Company has shown in Table 1 below, a non-AIFRS pro-forma consolidated balance sheet in which the Company's 51% shareholding in Horizon Gold has been re-classified as an "investment in subsidiary". In this presentation, the Company's equity investment of 39,030,617 shares in Horizon Gold is shown at fair value through profit and loss measured using the quoted share price of Horizon Gold at the end of the period, instead of the assets, liabilities, equity and results of Horizon Gold 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.

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 Gold (of 39,030,617 shares) are escrowed from trading on the ASX until 21 December 2018.

Table 1: Pro-forma Consolidated Balance Sheet (51% equity interest in Horizon Gold re-classified as "Investment in Subsidiary")

	31 Dec 2017 (Pro-forma) ¹ \$'000	Adjustments \$'000	31 Dec 2017 (AIFRS) ² \$'000
Current Assets			
Cash and cash equivalents	3,906	8,399	12,305
Trade and other receivables	410	51	461
Prepayments	80	45	125
Total Current Assets	4,396	8,495	12,891
Non-Current assets			
Available-for-sale financial assets	2,722	-	2,722
Investment in subsidiary	9,758	(9,758)	-
Property, plant and equipment	7,022	4,296	11,318
Exploration and evaluation	69,452	24,712	94,164
Development properties	17,106	-	17,106
Mine properties	1,403	-	1,403
Other non-current assets	1,803	-	1,803
Total Non-Current Assets	109,266	19,250	128,516
Total Assets	113,662	27,745	141,407
Current Liabilities			
Trade and other payables	1,549	447	1,996
Borrowings	441	-	441
Provisions	841	50	891
Total Current Liabilities	2,831	497	3,328
Non-Current Liabilities			
Provisions	20,183	9,339	29,522
Total Non-Current Liabilities	20,183	9,339	29,522
Total Liabilities	23,014	9,836	32,850
Net Liabilities	90,648	17,909	108,557
Equity			
Contributed equity	169,026	-	169,026
Reserves	38,940	5,409	44,349
Accumulated losses	(117,318)	(1,096)	(118,414)
Non-controlling interests	-	13,596	13,596
Total Equity	90,648	17,909	108,557

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

² AIFRS means "Australian International Financial Reporting Standards".

³ The financial information presented above in Table 1 has not been reviewed by the Company's Auditor, Ernst & Young (EY).

Subsequent Event

Fully Underwritten Pro-Rata Renounceable Entitlement Offer

On 24 January 2018, the Company announced to eligible shareholders the opportunity to acquire fully paid ordinary Shares in the Company through a fully underwritten pro-rata renounceable entitlement offer ("Offer") of one (1) New Share for every seven (7) Shares held by eligible shareholders on the Offer Record Date of 1 February 2018. The Offer of New Shares is at an issue price of 34 cents per New Share to raise approximately \$20.9 million (before costs). The net proceeds of the Offer are primarily to be used for critical-path pre-production activities to reduce the lead time for a restart of the Savannah Nickel Project, exploration near the Savannah mine, general corporate expenses and to provide working capital. The Offer closed on 19 February 2018.

In the interval between the end of the financial period and the date of this report, apart from the matter noted 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.

Interim Dividend

No dividend was paid during the period and no interim dividend has been declared for the half year ended 31 December 2017 (2016: nil).

Rounding

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 Investment Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Auditor Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of directors.



Peter J Harold
Managing Director

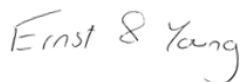
Perth, 27 February 2018

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

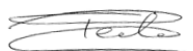
As lead auditor for the review of Panoramic Resources Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Philip Teale
Partner
27 February 2018

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 1(c) 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.

Directors' responsibility for the half-year financial report

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

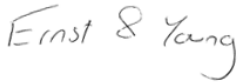
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

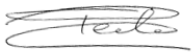
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Philip Teale
Partner
Perth
27 February 2018

This page is intentionally left blank

Panoramic Resources Limited
Directors' declaration
31 December 2017

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) subject to the achievement of matters set out in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter J Harold
Managing Director

Perth, 27 February 2018

Panoramic Resources Limited
Consolidated income statement
For the half-year 31 December 2017

		Consolidated Half-year	
		31 December	31 December
Notes		2017	2016
		\$'000	\$'000
Revenue		466	8,367
Cost of goods sold		-	(8,973)
Gross margin on sale of goods		466	(606)
Other income	4	276	349
Exploration and evaluation expenditure		(282)	(295)
Other expenses		(105)	(95)
Care and maintenance expenses		(3,506)	(5,830)
Corporate and marketing costs		(2,068)	(2,768)
Share based payments		181	(341)
Reversal of impairment loss	8	-	9,178
Finance costs	5	(290)	(257)
Loss before income tax		(5,328)	(665)
Loss for the half-year		(5,328)	(665)
Loss for the half-year is attributable to:			
Owners of Panoramic Resources Limited		(4,948)	(325)
Non-controlling interests		(380)	(340)
		(5,328)	(665)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share		(1.2)	(0.1)
Diluted loss per share		(1.2)	(0.1)

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

Panoramic Resources Limited
Consolidated statement of comprehensive income
For the half-year 31 December 2017

	Consolidated Half-year	
	31 December	31 December
Notes	2017	2016
	\$'000	\$'000
Loss for the half-year	(5,328)	(665)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of available-for-sale financial assets, net of tax	1,523	(22)
Exchange differences on translation of foreign operations	439	(324)
Other comprehensive income/(loss) for the half-year, net of tax	1,962	(346)
Total comprehensive income/(loss) for the half-year	(3,366)	(1,011)
Total comprehensive loss for the half-year is attributable to:		
Owners of Panoramic Resources Limited	(2,986)	(671)
Non-controlling interests	(380)	(340)
	(3,366)	(1,011)

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

Panoramic Resources Limited
Consolidated statement of financial position
As at 31 December 2017

		Consolidated entity	
		31 December	30 June
	Notes	2017	2017
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	12,305	20,650
Trade and other receivables		461	545
Inventories		-	3
Prepayments		125	226
Total current assets		<u>12,891</u>	<u>21,424</u>
Non-current assets			
Available-for-sale financial assets	7	2,722	1,200
Property, plant and equipment		11,318	11,555
Exploration and evaluation		94,164	91,772
Development properties		17,106	17,028
Mine properties		1,403	1,403
Other non-current assets		1,803	1,803
Total non-current assets		<u>128,516</u>	<u>124,761</u>
Total assets		<u>141,407</u>	<u>146,185</u>
LIABILITIES			
Current liabilities			
Trade and other payables		1,996	2,533
Borrowings		441	769
Provisions		891	971
Total current liabilities		<u>3,328</u>	<u>4,273</u>
Non-current liabilities			
Borrowings		-	68
Provisions		29,522	29,722
Total non-current liabilities		<u>29,522</u>	<u>29,790</u>
Total liabilities		<u>32,850</u>	<u>34,063</u>
Net assets		<u>108,557</u>	<u>112,122</u>
EQUITY			
Contributed equity	9	169,026	169,044
Reserves		44,349	42,568
Accumulated losses		(118,414)	(113,466)
Non-controlling interests		13,596	13,976
Total equity		<u>108,557</u>	<u>112,122</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Panoramic Resources Limited
Consolidated statement of changes in equity
For the half-year 31 December 2017

Consolidated entity	Contributed equity \$'000	Share-based payment reserve \$'000	Available-for-sale financial assets reserve \$'000	Retained earnings \$'000	Mineral properties revaluation reserve \$'000	Foreign currency translation reserve \$'000	Equity Reserve \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance 1 July 2016	169,044	21,083	324	(109,225)	19,845	1,085	-	-	102,156
Loss for the year	-	-	-	(325)	-	-	-	(340)	(665)
Other comprehensive income	-	-	(22)	-	-	(324)	-	-	(346)
Total comprehensive income for the half-year	-	-	(22)	(325)	-	(324)	-	(340)	(1,011)
Transactions with owners in their capacity as owners:									
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	(446)	14,515	14,069
Employee share options - value of employee services	-	341	-	-	-	-	-	-	341
Balance at 31 December 2016	169,044	21,424	302	(109,550)	19,845	761	(446)	14,175	115,555

Consolidated entity	Contributed equity \$'000	Share-based payment reserve \$'000	Available-for-sale financial assets reserve \$'000	Retained earnings \$'000	Mineral properties revaluation reserve \$'000	Foreign currency translation reserve \$'000	Equity Reserve \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 July 2017	169,044	21,556	852	(113,466)	19,845	761	(446)	13,976	112,122
Loss for the year	-	-	-	(4,948)	-	-	-	(380)	(5,328)
Other comprehensive income	-	-	1,523	-	-	439	-	-	1,962
Total comprehensive income for the half-year	-	-	1,523	(4,948)	-	439	-	(380)	(3,366)
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	(18)	-	-	-	-	-	-	-	(18)
Employee share options - value of employee services	(18)	(181)	-	-	-	-	-	-	(199)
Balance at 31 December 2017	169,026	21,375	2,375	(118,414)	19,845	1,200	(446)	13,596	108,557

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

Panoramic Resources Limited
Consolidated statement of cash flows
For the half-year 31 December 2017

	Consolidated Half-year	
	31 December	31 December
Notes	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	464	8,103
Payments to suppliers and employees (inclusive of goods and services tax)	(5,509)	(11,818)
Interest paid	(19)	(35)
Payments for exploration and evaluation expense	(282)	(295)
Net cash outflow from operating activities	(5,346)	(4,045)
Cash flows from investing activities		
Payments for property, plant and equipment	(15)	(190)
Payment of development costs	(380)	(108)
Proceeds from sale of property, plant and equipment	-	693
Interest received	185	235
Exploration and evaluation expenditure	(2,392)	(2,666)
Net cash outflow from investing activities	(2,602)	(2,036)
Cash flows from financing activities		
Proceeds from issues of shares (net of cost)	-	14,069
Repayment of borrowings	(397)	(378)
Net cash (outflow) / inflow from financing activities	(397)	13,691
Net (decrease) / increase in cash and cash equivalents	(8,345)	7,610
Cash and cash equivalents at the beginning of the financial year	20,650	19,437
Cash and cash equivalents at end of half-year	12,305	27,047

6

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

1 Basis of Preparation of half-year report

The financial report of Panoramic Resources Limited (the Company) for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 27 February 2018.

Panoramic Resources Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity.

The half-year financial report should be read in conjunction with the annual financial report of Panoramic Resources Limited as at 30 June 2017.

It is also recommended that the half-year financial report be considered together with any public announcements made by Panoramic Resources Limited and its controlled entities during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under ASX listing rules.

(a) Basis of preparation of half-year financial report

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. The half-year financial report has been prepared on a historical cost basis, except for available-for-sale investments that have been measured at fair value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2017, except for the adoption of new standards and interpretations as of 1 July 2017.

The adoption of any new and revised standards and interpretation effective 1 July 2017 has not resulted in any changes to the Group's accounting policies and has no material effect on the amounts reported to the current or prior period.

1 Basis of Preparation of half-year report (continued)

(c) 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 continued to be on care and maintenance during the six months to 31 December 2017. The Group experienced net cash outflows from operating activities of \$5.346 million for the half year ended 31 December 2017. In addition, the Group incurred a net loss of \$5.328 million for the half year ended 31 December 2017. At 31 December 2017, the Group had cash and cash equivalents of \$12.3 million, which included \$8.4 million held by Horizon Gold Limited.

On 24 January 2018, the Company announced a new fully underwritten capital raising to raise \$20.9 million (before costs). The net proceeds of the capital raising are primarily to be used for critical-path pre-production activities to reduce the lead time for a restart of the Savannah Nickel Project, exploration near the Savannah mine, general corporate expenses and to provide working capital. Should a decision be made to recommence mining at Savannah, the Group will need to raise additional funds via new equity or debt to fund the remaining pre-production activities at the Savannah Nickel Project. Further, as the Group is not generating revenue from its income producing assets, the Group will need to raise additional capital for general working capital purposes until such time as positive cashflow is generated from the operating Savannah mine. The Board is satisfied that the Company will be able to raise additional capital (via equity, debt or a combination) as and when required. 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.

2 Financial Instruments

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) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

At 31 December 2017, the Group does not have any level 3 financial instruments.

The following table presents the fair value measurement hierarchy of the Group's financial assets and liabilities carried at fair value at 31 December 2017 and 30 June 2017.

2 Financial Instruments (continued)

Consolidated entity - at 31 December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Available-for-sale financial assets:				
- Equity securities	2,722	-	-	2,722
Total assets	2,722	-	-	2,722
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	-	441	-	441
Total liabilities	-	441	-	441
Consolidated entity - at 30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Available-for-sale financial 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

3 Segment information

(a) Description of segments

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 and the Lanfranchi Nickel Project; (2) Gold - the Gum Creek Gold Project; (3) Platinum Group Metals - the Thunder Bay North PGM Project and Panton PGM Project; (4) Australian Exploration; and (5) Overseas Exploration.

Nickel

The Savannah Nickel Project and the Lanfranchi Nickel Project all mine nickel ore. As mentioned in Note 1(c), the Lanfranchi Nickel Project was placed onto care and maintenance in November 2015 and the Savannah Nickel Project was placed onto care and maintenance in May 2016. Both mines remained in care and maintenance during the period other than the Lanfranchi camp being leased out.

3 Segment information (continued)

(a) Description of segments (continued)

Business segments (continued)

Gold

The Gum Creek Gold Project (formerly the Gidgee Gold Project) is located 640kms northeast of Perth in Western Australia, and was purchased by a subsidiary of the Company, Panoramic Gold Pty Ltd, 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, a subsidiary of the Company, Panoramic Gold Pty Ltd, 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.

The ultimate parent company of the Gum Creek Gold Project is Horizon Gold Limited, after purchasing all the shares in Panoramic Gold Pty Ltd from the Company in October 2016.

Platinum Group Metals (PGM)

In July 2012, the Company finalised the acquisition of Magma Metals Limited ("Magma") by way of an off market takeover bid. Magma's principal project, the Thunder Bay North PGM Project ("TBN"), is located in northwest Ontario, Canada. Since acquisition, the Company has commenced evaluation studies to re-optimize 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. RTEC is able to earn a 70% interest in the TBN by spending C\$20 million over a five year period to January 2020.

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

Australian and Overseas Exploration

The Group's primary greenfield exploration and evaluation activities currently cover the regional areas of Western Australia.

The Group's 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(a).

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.

Panoramic Resources Limited
Notes to the consolidated financial statements
31 December 2017
(continued)

3 Segment information (continued)

(b) Operating business segments

Six Months Ended 31 December 2017	Nickel \$'000	Gold \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
Segment Revenue						
Other revenue	308	98	-	-	-	406
Total segment revenue	308	98	-	-	-	406
Segment result	(2,708)	(866)	(125)	(4)	-	(3,703)
Total segment assets	27,034	37,491	42,938	26,760	-	134,223
Total segment liabilities	21,779	9,835	81	7	-	31,702
 Depreciation and amortisation	168	-	-	-	-	168
Interest expense	203	90	-	-	-	293
Interest income	(27)	(98)	-	-	-	(125)
 Six Months Ended 31 December 2016	Nickel \$'000	Gold \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
Segment revenue						
Sales to external customers	8,132	-	-	-	-	8,132
Other revenue	86	9	1	-	-	96
Total segment revenue	8,218	9	1	-	-	8,228
Segment result	(5,406)	7,757	54	(74)	(132)	2,199
Total segment assets	31,406	39,058	42,675	25,948	2	139,089
Total segment liabilities	23,104	9,783	80	7	-	32,974
 (Reversal of) / impairment of assets	-	(9,178)	-	-	-	(9,178)
Depreciation and amortisation	272	-	-	-	-	272
Interest expense	186	70	-	-	-	256
Interest income	(86)	(9)	(1)	-	-	(96)

3 Segment information (continued)

(c) Other segment information

(i) Segment revenue

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

	Consolidated Half-year	
	31 December 2017 \$'000	31 December 2016 \$'000
Total segment revenue	406	8,228
Unallocated revenue	60	139
Consolidated revenue	466	8,367

(ii) Segment results

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

	Consolidated Half-year	
	31 December 2017 \$'000	31 December 2016 \$'000
Segment results	(3,703)	2,199
Corporate charges	(1,640)	(2,864)
Loss for the half-year	(5,343)	(665)

(iii) Segment assets

Reportable segments assets are reconciled to total assets as follows:

	Consolidated entity	
	31 December 2017 \$'000	30 June 2017 \$'000
Segment assets	134,223	137,341
Intersegment eliminations	118	118
Unallocated assets	7,066	8,726
Total assets as per the consolidated statement of financial position	141,407	146,185

3 Segment information (continued)

(c) Other segment information (continued)

(iv) Segment liabilities

Reportable segments liabilities are reconciled to total liabilities as follows:

	Consolidated entity	
	31 December	30 June
	2017	2017
	\$'000	\$'000
Segment liabilities	31,702	32,577
Intersegment eliminations	118	118
Unallocated liabilities	1,030	1,368
Total liabilities as per the consolidated statement of financial position	32,850	34,063

4 Other income

	Consolidated	
	Half-year	
	31 December	31 December
	2017	2016
	\$'000	\$'000
Gain on measurement of rehabilitation liability	176	-
Sundry income	100	349
	276	349

5 Loss for the half-year

	31 December 2017 \$'000	31 December 2016 \$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	252	425
Plant and equipment under finance leases	-	15
	<u>252</u>	<u>440</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	16	35
Unwinding of discount - rehabilitation	274	222
	<u>290</u>	<u>257</u>
<i>Others</i>		
Net gain on disposal of property, plant and equipment	-	(150)
Net foreign exchange loss	-	71
Write down / (reversal of write down) on inventory	128	(254)
	<u>128</u>	<u>(333)</u>

6 Current assets - Cash and cash equivalents

	Consolidated entity 31 December 2017 \$'000	30 June 2017 \$'000
Cash at bank and in hand	1,924	1,860
Deposits at call	10,381	18,790
	<u>12,305</u>	<u>20,650</u>

Cash equivalents

Cash and cash equivalents as at 31 December 2017 include \$8.399 million held by Horizon Gold Limited.

Short-term deposits are made for varying periods of between 30 days and 90 days and earn interest at the respective short-term deposit rates. These also include certain short-term deposits made for periods exceeding 90 days that can be immediately converted into cash at market cash rates, depending on the Group's immediate cash requirements, without incurring any penalties from the financial institutions.

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

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

	31 December 2017 \$'000	30 June 2017 \$'000
Listed securities		
Equity securities	<u>2,722</u>	<u>1,200</u>

The movement in the balance of available for sale investments between 30 June 2017 and 31 December 2017 is attributable to the fair value gain of \$1,522,000 (6 months to 31 December 2016: fair value loss of \$22,000).

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.

8 Impairment of assets

(a) Gum Creek Gold Project

The deficiency in market capitalisation of Horizon Gold Limited (which owns the Gum Creek Gold Project) compared to its net assets during the half year ended 31 December 2017 led to the Group to make an assessment of the recoverability of the carrying value of its assets at 31 December 2017 under AASB 136 *Impairment of Assets*. The carrying value of the Gum Creek Gold Project CGU was assessed to ensure that the assets within the CGU were being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and recoverable amount (being its fair value less cost to dispose ("FVLCD")). It was determined that the FVLCD of the Gum Creek Gold Project approximated its carrying value.

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 CGU. A 5% increase or decrease in the underlying resources/reserve estimate and the valuation multiples estimate would have resulted in a reversal of previously recognised impairment loss or further impairment of \$1,236,000 respectively.

9 Contributed equity

(a) Share capital

	Notes	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$'000	30 June 2017 \$'000
Ordinary shares					
Ordinary shares - fully paid	9(b)	430,142,283	428,567,271	169,026	169,044
Total contributed equity		430,142,283	428,567,271	169,026	169,044

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
1 July 2016	Opening balance	428,567,271		169,044
30 June 2017	Closing balance	428,567,271		169,044
1 July 2017	Opening balance	428,567,271		169,044
1 August 2017	Performance rights issue	1,575,012		-
	Transaction costs, net of tax	-		(18)
31 December 2017	Closing balance	430,142,283		169,026

10 Dividends

No dividend was declared or paid for the half year ended 31 December 2017 and 2016.

11 Non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	31 December 2017	30 June 2017
Horizon Gold Limited	Australia	51%	51%
		31 December 2017	30 June 2017
		\$000	\$000
Accumulated balances of non-controlling interest		13,596	13,976
		31 December 2017	31 December 2016
Loss allocated to non-controlling interest		380	340

The summarised financial information of Horizon Gold Limited is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for the period:	31 December 2017	31 December 2016
	\$000	\$000
Interest revenue	98	9
Other income	126	-
Care and maintenance expenses	(717)	(943)
IPO expenses (Horizon Gold Limited)	-	(487)
Corporate and administration	(286)	(72)
Reversal of impairment loss	-	9,178
Finance costs	(87)	(70)
Profit/(loss) before tax	(866)	7,615
Income tax benefit	-	-
Profit/(loss) for the period from continuing operations	(866)	7,615
Total comprehensive income/(loss)	(866)	7,615
Attributable to non-controlling interest	(380)	(340)

11 Non-controlling interests (continued)

Summarised statement of financial position at the end of the period:	31 December 2017 \$000	30 June 2017 \$000
Cash and bank balances (current)	8,399	11,705
Trade and other receivables (current)	39	47
Prepayments (current)	45	24
Intercompany receivables (current)	12	-
Intercompany payables (current)	-	(116)
Property, plant and equipment (non-current)	4,296	4,263
Exploration and evaluation (non-current)	24,711	22,670
Trade and other payables (current)	(446)	(641)
Provisions (current)	(50)	(43)
Provisions (non-current)	(9,339)	(9,377)
Total equity	27,667	28,532
Attributable to:		
Equity holders of parent	14,071	14,556
Non-controlling interest	13,596	13,976
Summarised cashflow information for the period:	31 December 2017 \$000	31 December 2016 \$000
Operating	(1,201)	(1,155)
Investing	(1,977)	(884)
Financing	(127)	15,663
Net (decrease)/increase in cash and cash equivalents	(3,305)	13,624

12 Contingencies

The Group had no contingent liabilities at 31 December 2017 (2016: nil).

13 Commitments

There were no changes in commitments since the last annual financial report.

14 Events occurring after the reporting period

On 24 January 2018, the Company announced to eligible shareholders the opportunity to acquire fully paid ordinary shares in the Company through a fully underwritten pro-rata renounceable entitlement offer ("Offer") of one (1) Share for every (7) Shares held by eligible shareholders on the Offer Record Date of 1 February 2018. The Offer of New Shares is at an issue price of 34 cents per New Share to raise approximately \$20.9 million (before costs). The net proceeds of the Offer are primarily to be used for critical-path pre-production activities to reduce the lead time for a restart of the Savannah Nickel Project, exploration near the Savannah mine, general corporate expenses and to provide working capital. The Offer closed fully subscribed on Monday, 19 February 2018.

In the interval between the end of the financial period and the date of this report, apart from the matter noted 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.