Panoramic Resources Limited

ABN: 47 095 792 288

Interim Financial Report

For the half-year ended 31 December 2013

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

Current Reporting Period: Half Year Ending 31 December 2013

Previous Reporting Period: Half Year Ending 31 December 2012

INTERIM FINANCIAL REPORT
For the half-year ended 31 December 2013

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 2013 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. Its 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 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		% movement		2012 A$'000		**2013 A$'000**
Revenue from ordinary activities (note 1)	up	3.9%	from	94,812	to	**98,495**
Net (loss) after tax from ordinary activities	up	79.3%	from	(12,986)	to	**(23,281)**
Net (loss) after tax attributable to members	up	79.3%	from	(12,986)	to	**(23,281)**

Note 1 – Revenue is after including interest income and after deducting concentrate treatment costs and smelter payment charges. There were no gains on delivered/deferred commodity hedges (2012: gains of $6,917,000).

DIVIDENDS

No dividend was paid during the period and no interim dividend has been declared for the half year ended 31 December 2013 (31 December 2012: 1 cent per share fully-franked interim dividend).

NET TANGIBLE ASSETS PER SHARE

	31 December 2012 $ per share	**31 December 2013 $ per share**
Net tangible assets per share	1.16	**0.82**

OTHER INFORMATION

The Company did not gain or lose control over any entity during the period.

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 Half Year Report for the period ended 31 December 2013 which accompanies this Half Year 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 2013.

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
Christopher D J Langdon
John Rowe

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 2013 of $23,281,000 (2012: loss after tax of $12,986,000).

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

- a 3.9% increase in total net revenue, from an increase in the volume of product sold but at a lower net realised A$ price of nickel sold during the period.

  The spot nickel price, in Australian dollar terms, averaged $6.84 per pound during the financial period. In the previous corresponding half year, the equivalent average spot Australian dollar nickel price was $7.39 per pound.

- a $1,611,000 increase in the cost of goods sold (COGS) (including depreciation and amortisation), which principally reflected the 9% increase in non-cash depreciation and amortisation expense on non-current assets in comparison to the previous corresponding half-year; and

- in response to the current and forecast low nickel price environment, an impairment of the carrying-value of the Lanfranchi Nickel Project of $18,259,000 on a pre-tax basis ($12,781,000 after tax). Of this amount, $13,119,000 before tax was recognised in the consolidated income statement and the balance of $5,140,000 was taken to reduce the asset revaluation reserve which holds the increase in fair value of the original 75% interest in the Lanfranchi mineral tenements following the acquisition by the Group of the remaining 25% interest of the project in 2009.

REVIEW OF OPERATIONS

Nickel Division

During the period, the Savannah Nickel Mine produced 57,281 dry metric tonnes of concentrate at an average nickel grade of 7.25% for 4,151 tonnes of nickel in concentrate (2012: 43,865 dry metric tonnes of concentrate at an average grade of 7.83% for 3,434 tonnes of nickel in concentrate).

The Lanfranchi Nickel Mine, produced 238,243 dry metric tonnes of ore at an average nickel grade of 2.79% for 6,652 tonnes of nickel in ore (2012: 251,767 dry metric tonnes of ore at an average nickel grade of 2.30% for 5,802 tonnes of nickel in ore).

On a consolidated group basis, the nickel division produced 10,803 dry metric tonnes of nickel in concentrate/ore (2012: 9,236 dry metric tonnes of nickel in concentrate/ore).

DIRECTORS' REPORT (Continued)

DEVELOPMENT PROJECTS

Gold Division

During the period, work continued to complete the Gidgee Gold Project Bankable Feasibility Study ("BFS"). Evaluation work concentrated on the development, mining and treatment of the Wilsons orebody to produce a saleable gold concentrate for transportation and further processing off-site.

At the 70% owned Mt Henry Gold Project, evaluation work continued on the project BFS, focusing on environmental studies of the local flora and fauna, waste rock geochemistry and soil characterisation. Metallurgical studies on the flotation and recovery characteristics of the gold bearing sulphides were also commenced in the period.

Platinum Group Metals (PGM) Division

At the Thunder Bay North PGM Project in Canada, evaluation studies primarily focused on optimising the mineral processing route to reduce the capital and operating costs estimated in previous economic assessments. Limited regional field work was also undertaken during the period.

During the period, the Company continued the optimisation of previous evaluation studies on the Panton PGM Project.

EXPLORATION ACTIVITIES

During the period, the consolidated entity explored for extensions to existing orebodies at each of its nickel operations, and continued work on greenfield exploration projects within and outside Australia.

CORPORATE ACTIVITIES

Capital Raising

In November 2013, the Company undertook a Capital Raising via a two Tranche Placement ("Placement") and a Share Purchase Plan ("SPP"). The Placement and SPP were both priced at $0.27 per share and raised approximately $16 million before costs.

ROUNDING

The Company is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S 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 6.

Signed in accordance with a resolution of directors.

Peter J Harold
Managing Director
Perth, 26 February 2014

Building a better working world

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Auditor's Independence Declaration to the Directors of Panoramic Resources Limited

In relation to our review of the financial report of Panoramic Resources Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Robert A Kirkby
Partner
Perth
26 February 2014

RK:AF:PAN:034

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Report on the 31 December 2013 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its 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 Panoramic Resources Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Panoramic Resources Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its 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*.

Ernst & Young

Robert Kirkby
Partner
Perth
26 February 2014

RK:AF:PAN:033

DIRECTORS' DECLARATION

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 2013 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(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.

On behalf of the Board

Peter J Harold
Managing Director

Perth, 26 February 2014

	Notes	Consolidated Half-year **31 December 2013 $'000**	31 December 2012 $'000
Revenue		**98,495**	94,812
Cost of sales of goods		**(109,771)**	(108,160)
Gross margin on sale of goods		**(11,276)**	(13,348)
Other income	4	**773**	2,348
Mark to market of derivatives		**685**	(615)
Exploration and evaluation expenditure		**(1,156)**	(1,835)
Other		**(5,615)**	(5,163)
Impairment of available-for-sale financial assets		**-**	(26)
Share based payments		**(436)**	(414)
Impairment of assets		**(13,119)**	-
Finance costs	5	**(704)**	(793)
Loss before income tax		**(30,848)**	(19,846)
Income tax benefit	6	**7,567**	6,860
Loss for the half-year		**(23,281)**	(12,986)
Loss for the half-year is attributable to:			
Owners of Panoramic Resources Limited		**(23,281)**	(12,986)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share		**(8.3)**	(5.2)
Diluted loss per share		**(8.3)**	(5.2)

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

	Notes	Consolidated Half-year **31 December 2013 $'000**	31 December 2012 $'000
Loss for the half-year		**(23,281)**	(12,986)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets, net of tax		**30**	(53)
Transfer from cash flow hedge reserve to net profit, net of tax		**-**	(5,070)
Changes in fair value of cash flow hedges, net of tax		**21**	437
Exchange differences on translation of foreign operations		**2,445**	(1,110)
Items that will not be reclassified subsequently to profit or loss			
Impairment of assets charged against revaluation reserve, net of tax		**(3,598)**	-
Other comprehensive income for the half-year, net of tax		**(1,102)**	(5,796)
Total comprehensive income for the half-year		**(24,383)**	(18,782)
Total comprehensive income for the half-year is attributable to:			
Owners of Panoramic Resources Limited		**(24,383)**	(18,782)

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

	Notes	**31 December 2013 $'000**	30 June 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**34,377**	23,261
Trade and other receivables	8	**20,256**	21,670
Inventories		**18,384**	17,933
Derivative financial instruments	9	**428**	19
Prepayments		**628**	1,496
Total current assets		**74,073**	64,379
Non-current assets			
Available-for-sale financial assets		**109**	67
Property, plant and equipment		**72,669**	82,756
Exploration and evaluation		**117,157**	115,266
Development properties		**69,411**	80,942
Mine properties		**15,105**	26,678
Other non-current assets		**413**	438
Total non-current assets		**274,864**	306,147
Total assets		**348,937**	370,526
LIABILITIES			
Current liabilities			
Trade and other payables		**25,286**	27,069
Borrowings		**3,072**	3,724
Derivative financial instruments	9	**235**	232
Provisions		**7,151**	7,620
Total current liabilities		**35,744**	38,645
Non-current liabilities			
Borrowings		**5,632**	7,189
Deferred tax liabilities		**14,311**	23,627
Provisions		**29,845**	29,482
Total non-current liabilities		**49,788**	60,298
Total liabilities		**85,532**	98,943
Net assets		**263,405**	271,583
EQUITY			
Contributed equity	11	**159,080**	143,309
Reserves		**44,405**	45,071
Retained earnings		**59,920**	83,203
Total equity		**263,405**	271,583

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

Consolidated entity	Notes	Contributed equity $'000	Share- based payment reserve $'000	Available-for-sale financial assets reserve $'000	Retained earnings $'000	Cash flow hedge reserve $'000	Mineral properties revaluation reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance at 1 July 2012		133,765	18,641	65	117,457	5,579	31,252	734	307,493
Other comprehensive income		-	-	(53)	-	(4,633)	-	(1,110)	(5,796)
Loss for the year		-	-	-	(12,986)	-	-	-	(12,986)
Total comprehensive income for the half-year		**-**	**-**	**(53)**	**(12,986)**	**(4,633)**	**-**	**(1,110)**	**(18,782)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	11	8,110	-	-	-	-	-	-	8,110
Employee share options - value of employee services		-	414	-	-	-	-	-	414
Balance at 31 December 2012		**141,875**	**19,055**	**12**	**104,471**	**946**	**31,252**	**(376)**	**297,235**
Balance at 1 July 2013		143,309	19,334	-	83,201	-	26,715	(978)	271,581
Other comprehensive income		-	-	30	-	21	(3,598)	2,445	(1,102)
Loss for the year		-	-	-	(23,281)	-	-	-	(23,281)
Total comprehensive income for the half-year		**-**	**-**	**30**	**(23,281)**	**21**	**(3,598)**	**2,445**	**(24,383)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	11	15,771	-	-	-	-	-	-	15,771
Employee share options - value of employee services		-	436	-	-	-	-	-	436
		15,771	436	-	-	-	-	-	16,207
Balance at 31 December 2013		**159,080**	**19,770**	**30**	**59,920**	**21**	**23,117**	**1,467**	**263,405**

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

	Notes	Consolidated Half-year **31 December 2013 $'000**	31 December 2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**98,184**	97,799
Payments to suppliers and employees (inclusive of goods and services tax)		**(84,061)**	(79,175)
Interest paid		**(353)**	(430)
Payments for exploration and evaluation expense		**(1,215)**	(1,836)
Net cash inflow from operating activities		**12,555**	16,358
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,007)**	(5,564)
Payment of development costs		**(8,428)**	(10,578)
Proceeds from sale of property, plant and equipment		**47**	243
Proceeds from sale of available-for-sale financial assets		**-**	6,980
Interest received		**252**	762
Payments for exploration		**(2,458)**	(12,246)
Proceeds from term deposits		**-**	6,500
Net cash (outflow) from investing activities		**(13,594)**	(13,903)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**14,364**	-
Repayment of borrowings		**(2,209)**	(2,542)
Net cash inflow (outflow) from financing activities		**12,155**	(2,542)
Net increase (decrease) in cash and cash equivalents		**11,116**	(87)
Cash and cash equivalents at the beginning of the financial year		**23,261**	39,368
Cash and cash equivalents at end of half-year	7	**34,377**	39,281

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 2013 was authorised for issue in accordance with a resolution of the directors on 26 February 2014.

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 as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjuction with the annual financial report of Panoramic Resources Limited as at 30 June 2013.

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 2013 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 condensed 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 derivative financial instruments and 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 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

- AASB 10 Consolidated Financial Statements

  AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities*.

  The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give you control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

  The adoption of AASB 10 had no effect on the financial position or performance of the Group.

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

- AASB 11 Joint Arrangements

  AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*.

  AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

  The adoption of AASB 11 had no effect on the financial position or performance of the Group.

  Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.

- AASB 12 Disclosure of Interests in Other Entities

  AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

  None of these disclosure requirements are applicable for interim financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

- AASB 13 Fair Value Measurement

  AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

  AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

  The adoption of AASB 13 had no effect on the financial position or performance of the Group.

  Consequential amendments were also made to other standards via AASB 2011-8 which has resulted in additional disclosures around the fair values of financial instruments. Refer to note 8 for the additional disclosures.

- AASB 119 Employee Benefits (Revised 2011)

  The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

  The adoption of AASB 119 had no effect on the financial position or performance of the Group.

  Consequential amendments were also made to other standards via AASB 2011-10.

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

- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

  AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.

  The adoption of AASB 2012-2 had no effect on the financial position or performance of the Group.

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

  AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:
  - Repeat application of AASB 1 is permitted (AASB 1)
  - Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*).

  The adoption of AASB 2012-5 had no effect on the financial position or performance of the Group.

- AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039

  AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*.

  The adoption of AASB 2012-9 had no effect on the financial position or performance of the Group.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]

  This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

  The adoption of AASB 2011-4 had no effect on the financial position or performance of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2 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) 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 2013 the Group does not have any level 3 instruments.

2 Fair value measurements (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2013 and 30 June 2013. The carrying amount of these financial assets and liabilities approximate their fair value.

Consolidated entity - at 31 December 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through profit or loss				
Derivative instruments	**-**	**428**	**-**	**428**
Derivative embedded in receivables - note 8(d)	**-**	**8,159**	**-**	**8,159**
Available-for-sale financial assets				
Equity securities	**109**	**-**	**-**	**109**
Total assets	**109**	**8,587**	**-**	**8,696**
Liabilities				
Derivative instruments	**-**	**235**	**-**	**235**

Consolidated entity - at 30 June 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss				
Derivative instruments	-	19	-	19
Derivative embedded in receivables - note 8(d)	-	5,019	-	5,019
Available-for-sale financial assets				
Equity securities	67	-	-	67
Total assets	67	5,038	-	5,105
Liabilities				
Derivative instruments	-	232	-	232

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 putoptions. 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.

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.

3 Segment information (continued)

(a) Description of segments (continued)

Business segments (continued)

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 Joint Venture; (2) Gold - the Gidgee Gold Project and Mount Henry 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 both mine nickel ore. At the Savannah Nickel Project, nickel concentrate is 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 is delivered and sold to the one customer BHP Billiton Nickel West Pty Ltd.

The Copernicus joint arrangement, a nickel producing project in which the Group has a 78% interest, is currenty under care and maintenance. No revenue was generated from the Project in the reporting period.

Gold

The 100% owned and operated Gidgee Gold Project 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 Gidgee processing facility which is under care and maintenance. The Wilsons Gold Project acquisition forms part of the Gidgee Gold Project. The combined mineral Resource of Gidgee, following the acquisition of WIlsons and upgrade of the Howards and Heron South Resources in October 2012, has increased to over one million ounces.

In August 2012, the Company finalised an agreement with Matsa Resources Limited to acquire a 70% equity interest in the Mt Henry Gold Project. The Mt Henry Gold Project consists of three deposits being Mt Henry, North Scotia and Selene. The Project is located on the southern end of the Norseman - Wiluna Greenstone belt. The Company will act as sole operator and will free carry Matsa to the completion of a Bankable Feasibility Study.

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, 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 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 is also party to joint venture agreements to conduct overseas exploration and evaluation activities in Scandanavia.

3 Segment information (continued)

(a) Description of segments (continued)

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.

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

Six Months Ended 31 December 2013	**Nickel** $'000	**Gold** $'000	**Platinum Group Metals** $'000	**Australian Exploration** $'000	**Overseas Exploration** $'000	**Total** $'000
Sales to external customers	98,206	-	-	-	-	98,206
Other revenue	195	9	13	-	-	217
Total segment revenue	**98,401**	**9**	**13**	**-**	**-**	**98,423**
Segment result	**(24,618)**	**(726)**	**(342)**	**(450)**	**160**	**(25,976)**
Total segment assets	215,321	73,247	40,733	15,620	129	345,050
Total segment liabilities	70,336	25,409	1,088	51	233	97,117

Six Months Ended 31 December 2012	**Nickel** $'000	**Gold** $'000	**Platinum Group Metals** $'000	**Australian Exploration** $'000	**Overseas Exploration** $'000	**Total** $'000
Segment revenue						
Sales to external customers	94,050	-	-	-	-	94,050
Other revenue	581	3	120	1	-	705
Total segment revenue	94,631	3	120	1	-	94,755
Segment result	(14,556)	(1,398)	(1,223)	(404)	45	(17,536)
At 30 June 2013						
Total segment assets	295,272	61,847	39,918	20,818	14	417,869
Total segment liabilities	99,578	21,498	1,309	(18)	-	122,367

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 2013 $'000	Consolidated Half-year 31 December 2012 $'000
Total segment revenue	**98,423**	94,755
Unallocated revenue	**72**	57
Consolidated revenue	**98,495**	94,812

(ii) Segment results

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

	Consolidated Half-year 31 December 2013 $'000	Consolidated Half-year 31 December 2012 $'000
Segment results	**(25,976)**	(17,536)
Corporate charges	**(4,872)**	(2,310)
Income tax benefit	**7,567**	6,860
Loss for the half-year	**(23,281)**	(12,986)

(iii) Segment assets

Reportable segments assets are reconciled to total assets as follows:

	31 December 2013 $'000	30 June 2013 $'000
Segment assets	**345,050**	370,115
Intersegment eliminations	**(23,667)**	(16,467)
Unallocated assets	**27,554**	16,878
Total assets as per the consolidated statement of financial position	**348,937**	370,526

3 Segment information (continued)

(c) Other segment information (continued)

(iv) Segment liabilities

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December 2013 $'000	30 June 2013 $'000
Segment liabilities	**97,117**	103,355
Intersegment eliminations	**(13,421)**	(6,221)
Unallocated liabilities	**1,836**	1,809
Total liabilities as per the consolidated statement of financial position	**85,532**	98,943

4 Other income

	Consolidated Half-year	
	31 December 2013 $'000	31 December 2012 $'000
Net gain on sale of available-for-sale financial assets	**-**	2,322
Government grants	**743**	-
Sundry income	**30**	26
	773	2,348

Government grants are recognised in the statement of financial position as a liability when the grant is received. It is recognised as income on a systematic basis over the periods to which the costs relate.

5 Loss for the half-year

	31 December 2013 $'000	31 December 2012 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**9,913**	6,316
Plant and equipment under finance leases	**151**	1,856
	10,064	8,172
Amortisation		
Deferred development costs	**14,913**	12,918
Mine properties	**4,275**	5,723
	19,188	18,641
Finance costs		
Interest and finance charges paid/payable	**370**	453
Unwinding of discount - rehabilitation	**334**	340
	704	793
Others		
Net loss on disposal of property, plant and equipment	**(9)**	(203)
Net foreign exchange loss	**503**	1
	494	(202)

6 Income tax benefit

(a) Income tax benefit

	Consolidated Half-year	
	31 December 2013 $'000	31 December 2012 $'000
Derecognised income tax expense	**1,567**	(1,956)
Deferred tax	**(9,116)**	(6,695)
Adjustments for current tax of prior periods	**847**	1,791
Adjustments in relation to research and development	**(865)**	-
	(7,567)	(6,860)

6 Income tax benefit (continued)

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

	Consolidated Half-year 31 December 2013 $'000	31 December 2012 $'000
Loss from continuing operations before income tax benefit	**(30,848)**	(19,846)
Tax benefit at the Australian tax rate of 30.0% (2012 - 30.0%)	**(9,254)**	(5,954)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	**2**	6
Acquisition costs	**71**	-
Foreign losses not recognised	**102**	-
Share based payments	**131**	124
Business related costs (s40-880)	**(171)**	-
Foreign exploration	**3**	94
Business costs	**-**	(268)
Write back of shares	**-**	(673)
Gain on sale of investment	**-**	(24)
Deferred tax not recognised	**(13)**	2
Deferred tax arising from R&D offset	**(865)**	(1,958)
Adjustments for current tax of prior periods	**847**	1,791
Adjustments recognised in the current year in relation to deferred tax of prior years	**1,580**	-
Income tax benefit	**(7,567)**	(6,860)

(c) Amounts recognised directly in equity

	Consolidated Half-year 31 December 2013 $'000	31 December 2012 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Relating to financial instruments	**(9)**	1,972
Relating to asset revaluation reserve	**1,529**	22
Relating to capital raising	**227**	-
	1,747	1,994

7 Current assets - Cash and cash equivalents

	31 December 2013 $'000	30 June 2013 $'000
Cash at bank and in hand	**18,114**	14,720
Deposits at call	**16,263**	8,541
	34,377	23,261

Cash equivalents

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.

8 Current assets - Trade and other receivables

	31 December 2013 $'000	30 June 2013 $'000
Trade receivables	**17,313**	16,283
Other receivables	**2,943**	5,387
	20,256	21,670

(a) Trade and other 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 (30 days after month of shipment) until the quotational period expires and the change in fair value is recognised as revenue. Increments and decrements in both final measured contained in nickel concentrate delivered to the customer are brought to account upon presentation of the final invoice.

(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 and the embedded derivative is included within trade receivables. 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 (90 days after month of delivery) until the quotational period expires and the change in fair value is recognised as revenue.

8 Current assets - Trade and other receivables (continued)

(a) Trade and other receivables (continued)

(b) 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.

(c) Foreign exchange and interest rate risk

The balance of trade receivables is exposed to movements in the United States currency exchange rates and spot commodity prices.

All trade receivables are non-interest bearing at 31 December 2013 and 30 June 2013.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value, at 31 December 2013 and 30 June 2013.

Embedded derivatives are adjusted upwards or downwards depending on movements in spot commodity prices from the date a provisional invoice is prepared until the presentation of a final invoice to the customer, known as the quotational period (QP).

The amount of derivative embedded within provisionally priced sales at 31 December 2013 was $8.159 million (30 June 2013: $5.019 million)

9 Derivative financial instruments

	31 December 2013 $'000	30 June 2013 $'000
Current assets		
Commodity put options	**381**	-
Forward exchange put options	**47**	19
Total current derivative financial instrument assets	**428**	19
Current liabilities		
Foreign exchange call options	**235**	232
Total current derivative financial instrument liabilities	**235**	232
	193	(213)

9 Derivative financial instruments (continued)

Instruments used by the group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in commodity prices and foreign currency exchange rates in accordance with the Group financial risk management policies.

The Group uses a number of methodologies to determine the fair value of derivatives. 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. The principal inputs to valuation techniques are listed below:

- Commodity prices
- Interest rates
- Foreign currency exchange rates
- Price volatilities
- Discount rates

Commodity prices, interest rates and foreign currency exchange rates are determined by reference to published / observable prices.

Commodity Hedges

In order to protect against price movements, the Group from time to time enters into nickel forward contracts, put options and zero cost option collars.

These contracts have been designated as cashflow hedges and are timed to mature when sales are scheduled to occur.

Consolidated entity	**Tonnnes Hedged**	**Average US$ price per tonne**	Tonnes Hedged	Average US$ price per tonne
	31 December 2013	**31 December 2013**	30 June 2013	30 June 2013
Nickel Buy Put Options				
Not later than one year	**600**	**13,750**	-	-

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity.

Consolidated entity	**Kilolitres Hedged**	**Average US$ price per litre**	Kilolitres Hedged	Average US$ price per litre
	31 December 2013	**31 December 2013**	30 June 2013	30 June 2013
Diesel Buy Call Options				
Not later than one year	**2,400**	**0.88**	-	-
Diesel Sell Put Options				
Not later than one year	**1,200**	**0.65**	-	-

9 Derivative financial instruments (continued)

In order to protect against price movements, the Group has entered into foreign currency forward exchange contracts and put and written call options.

These contracts have been designated as cashflow hedges and are timed to mature when receipts are scheduled to be received.

Consolidated entity	**US$ Hedged**	**Average Rate**	US$ Hedged	Average Rate
	31 December 2013 $'000	**31 December 2013 $**	30 June 2013 $'000	30 June 2013 $
Foreign Exchange calls				
Not later than one year	**24,000**	**0.85**	16,000	0.88
Foreign Exchange Puts				
Not later than one year	**24,000**	**0.96**	16,000	1.00

The portion of the gain or loss on the hedging instrument that determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity.

(a) Risk exposures

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

10 Impairment of Assets

The current low commodity prices environment during the half-year had led to the Group to make an assessment of the recoverability of its assets. The recoverable amount of each mine operation at the cash generating unit level has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the life of each project incorporating current market assumptions approved by the Directors. The cash generating unit comprise of the plant and equipment, mine development and mine properties. A discount rate of 15% pretax was used in the calculation of the assets' recoverable amount. Market assumptions on the nickel price and Australian Dollar (AUD) to US Dollar (USD) exchange rate were also used in the calculation. The nickel price per pound used ranged from USD6.65 to USD8.50 and AUD:USD exchange rate used ranged from USD0.83 to USD0.87 over the life of each project. A recoverable amount was estimated for the plant and equipment, mine development and mine properties. As a result, an impairment loss of $18.259 million was recognised to reduce the carrying amount of the plant and equipment, mine development and the mine properties to recoverable amount. $13.119 million has been recognised in the income statement and $5.140 million has been recognised in the mineral properties revaluation reserve.

11 Contributed equity

(a) Share capital

	Notes	**31 December 2013 Shares**	30 June 2013 Shares	**31 December 2013 $'000**	30 June 2013 $'000
Ordinary shares					
Ordinary shares - fully paid	11(b)	**321,359,346**	260,676,416	**159,080**	143,309
Total contributed equity		**321,359,346**	260,676,416	**159,080**	143,309

11 Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	$'000
1 July 2012	Opening balance		241,681,195		133,765
16 August 2012	Share Issue		14,000,000	$0.57	7,910
5 December 2012	Share Issue		377,360	$0.53	200
27 March 2013	Share Issue		841,174	$0.44	366
27 June 2013	Share Issue		3,776,687	$0.28	1,068
30 June 2013	Closing Balance		260,676,416		143,309
1 July 2013	Opening balance		260,676,416		143,309
1 October 2013	Share Issue		2,608,716	$0.24	621
11 November 2013	Share Issue		17,000,000	$0.27	4,590
13 November 2013	Share Issue		14,800,000	$0.27	3,996
20 December 2013	Share Issue		13,000,000	$0.27	3,510
20 December 2013	Share Issue		11,200,000	$0.27	3,024
	Shares to be issued **		2,074,214	$0.27	560
	Transaction Costs		-		(530)
31 December 2013	Closing Balance		321,359,346		159,080

** As at 31 December 2013, applications received from eligible shareholders totalled $0.560 million, representing 2,074,214 shares in the Company at the Share Purchase Plan (SPP) issue price of $0.27 per share. The offer of shares under the SPP was closed on 21 January 2014. At 31 December 2013, the application monies received of $0.560 million was held in trust on behalf of the Company and was not included in cash and cash equivalents.

12 Dividends

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

	Consolidated Half-year 31 December 2013 $'000	31 December 2012 $'000
No interim dividend was declared for the half-year ended 31 December 2013. In 2012, the directors' declared an interim dividend of 1 cent per fully paid share paid on 31 May 2013.		
Fully franked based on tax paid @ 30%	-	2,561

13 Contingencies

There were no changes in contingent assets or liabilities since the last annual financial report.

14 Commitments

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