PANORAMIC
RESOURCES LTD

VISION | COMMITMENT | RESULTS

2014 ANNUAL REPORT


DUSTIN
CARDBOARD ONLY
PLASTIC ONLY


# CONTENTS



## ABOUT US

Panoramic Resources Limited is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the $65 million Savannah Project in late 2004 and then purchased and restarted the Lanfranchi Nickel Project, near Kambalda in 2005. In FY2014, the Company produced a record 22,256t contained nickel and is forecasting to produce 20-21,000t contained nickel in FY2015.

Following the successful development of the nickel projects, the Company diversified its resource base to include gold and platinum group metals (PGM). The Gold Division consists of the Gidgee Project located near Wiluna and the Mt Henry Project (70% interest), near Norseman. Both projects are currently under feasibility study. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada.

Panoramic has been a consistent dividend payer and has paid out a total of $111 million in fully franked dividends since 2008. At 30 June 2014, Panoramic had $65 million in cash, no bank debt and employed around 400 people (including contractors).

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining company in the S&P/ASX 100 Index. The growth path will include developing existing resources, discovering new ore bodies, acquiring additional projects and is being led by an experienced exploration-to-production team with a proven track record.

# CHAIRMAN'S REPORT

## Dear Shareholder,

FY2014 was a year of two distinct halves, with the second-half producing the sort of outcomes that make being in the mining industry both exciting and rewarding. Focussed management, aggressive cost reduction and productivity improvements all assisted in us achieving record production of 22,256 tonnes contained nickel, generating a second-half $14 million after tax profit and making a significant new discovery. A great credit to the entire Panoramic team.

The first half of the year was very tough despite a remarkable performance at both the Lanfranchi and Savannah nickel mines, where operating costs and productivity continued the previous year's improving trend. The US$ nickel price remained weak, dropping below US$6/lb in the December quarter while the A$ was unexpectedly strong against the US$, squeezing our margins and making it hard to generate significant free cash to fund exploration.

In November, with the outlook for US$ nickel prices remaining soft and the persistently strong A$, we completed a small placement that raised $14.5 million (after costs) in a very tough equity market. We thank the teams at Petra Capital and Azure Capital for their support. The new equity allowed us to accelerate exploration at Savannah and Lanfranchi. Some remarkably clever work by our geology team culminated in the announcement on 18 February of an 89.3m intercept grading 1.6% Ni, 0.76% Cu, and 0.12% Co, in the first hole of a new drilling program, discovering what we now refer to as the Savannah North mineralised zone. This is another event that makes being in the mining industry very exciting! The first drill hole has been followed up by further holes drilled from both surface and underground, which have confirmed the existence of a significant mineralised system. This is a wonderful discovery and underpins the old miner's adage that the best place to make a discovery is at your existing operations. Drilling to define the extent of the Savannah North mineralised zone has continued, and we have commenced the development of an exploration drive that will allow the establishment of dedicated drill positions from which this potentially mine-life extending discovery hopefully can be converted into a Resource. In the meantime, on 28 July we released an Exploration Target of 3.2-6.4Mt at 1.5-2.1% Ni for Savannah North which will be drill tested early in 2015 and could lead to a significant mine life extension. Having an operating mine and processing plant staffed with skilled and dedicated people, supportive local Traditional Owners, granted mining leases, and a respected customer in Jinchuan provides a wonderful foundation on which to base a long-term extension of the Savannah operations.

In early January, the much-heralded action by Indonesia to ban the export of nickel laterite ore took effect and shipments ceased almost immediately. A month into the ban the markets began taking the situation seriously and the nickel price responded by rallying quickly from below US$6/lb to around US$10/lb before settling around US$8 by year-end. This is a welcome relief after two very tough years. Unfortunately, the US$/A$ exchange rate has not been so kind and range traded between US$0.90-0.95 for most of FY2014, despite the weakness in many commodity prices including iron ore, coal and gold. The strong US$ nickel price in the second half combined with the record nickel production resulted in our nickel operations generating a net cash flow of $54 million, leading to the Company's cash position growing to $64 million at 30 June 2014.

At the Lanfranchi mine, while there has been a major effort to find extensions of existing orebodies as well as new mineralised channels, the operating team achieved record production of contained nickel in ore delivered to the Nickel West concentrator for FY2014 and was successful in achieving significant cost savings. The productivity improvements and cost savings were recorded despite increased haul distances as the mining areas extend and from some other cost increases, including the ore treatment charge and power cost. It was pleasing to visit Lanfranchi in August and see at first hand the positive culture and dedication to the business. We now need a new discovery at Lanfranchi so that our people and shareholders can continue to enjoy results like the one just completed for many more years to come.

In relation to our projects in gold and PGM, shareholders must remember it can take months or even years before the value of a discovery or acquisition can be measured. A case in point has been the process leading up to the announcement, on 30 July, of the Earn-in and Option to Joint Venture Agreement with Rio Tinto Exploration Canada Inc. (RTEC) on our Thunder Bay North PGM Project. Discussions were conducted for eighteen months, and have resulted in RTEC agreeing to an option to earn a 70% interest in Thunder Bay North by spending C$20 million over five years from early 2015, assuming RTEC proceeds beyond the Exploration Target Generation Phase, where it will spend up to C$250,000 before 31 December 2014. If the option is exercised, Panoramic will retain a 30% interest in both Thunder Bay North and RTEC's adjacent Escape Lake projects. As well as providing for the potential advancement of the Thunder Bay North project, the agreement frees up our financial, technical and management resources. In the meantime, we are reviewing the Panton PGM Project Feasibility Study, completed by the previous owner, to determine if we can enhance the project economics through a combination of a simplified flow sheet and utilisation of the existing infrastructure at our Savannah operation, which is only 60km north of Panton. It is important to note that palladium has traded up to US$900/oz recently, a 14 year high. The outlook for the price is positive based on strong demand growth and weak supply.

Work has continued on the Feasibility Studies for the Gidgee and Mt Henry gold projects, targeting completion before the end of calendar year 2014. Both projects are highly leveraged to the A$ gold price which is currently trading below our Base Case assumption of A$1,500/oz. Given that we expect the A$/US exchange rate to weaken, both projects will be more attractive development opportunities at or above A$1,500/oz gold. The plan is to finish the studies and consider options which could include development, IPO, trade sale (for cash or script or a combination), vend into an existing gold producer or simply hold the assets until the gold price improves.

Throughout the year, a number of investment and corporate opportunities were reviewed by the Company's Business Development Group. Having two well managed operations provides a quality benchmark against which opportunities can be assessed. Our focus is primarily on operating gold, PGM and base metal assets with low cost and reasonable mine life in Australia and North America. Assets that may not fit strategically with their existing owners due to cost base, mine life and/or scale, would be ideal acquisitions for us.

Your Company is well placed to benefit from nickel production, stronger A$ commodity prices, exploration success, value realisation from our gold and PGM projects and value accretive acquisitions. Given the improved operating and financial performance due to the stronger nickel price, it is pleasing that the Company has been able to pay a two cent final dividend.

In relation to the political landscape in Australia, I believe that all Australians who are committed to the long term wealth creation and sustainability of our nation must be concerned and confused about the past several years' erratic and politically polarised approach to national policy and legislation. Policies and legislation that can influence the continuing viability of resource, agricultural and manufacturing industries in this country, such as renewable energy targets, carbon offset schemes, reduced diesel fuel rebates, income-tax changes, as well as adversarial workplace legislation and superannuation tinkering, create uncertainty, and do not provide the political risk-free foundation required to attract the huge capital commitments required to build resource projects that will sustain the nation's high standard of living. I urge our local, state and federal representatives (and the public servants who advise them) to re-focus their efforts and ambitions on ensuring that the advancement of all Australians' interests are placed ahead of the short term point scoring that has become a feature of today's political landscape.

In closing, the positive outcomes recorded by Panoramic this year are the result of our corporate and operating people applying their skill and experience, and adopting improved practices and procedures necessary to maintain and enhance our wealth creating activities. To give special reference to the key leaders would risk omitting members who should also be mentioned. I urge all shareholders to look at our website to gain a deeper understanding of the people who contribute to Panoramic's success, all 400 of them.

On behalf of the board of directors, I thank Peter and all the Panoramic people for their hard work and dedication in what has been a turnaround year for the Company.

Brian Phillips

**Brian Phillips**
Chairman

# MANAGING DIRECTOR'S REPORT

## Dear Shareholder,

What a difference a year makes. Record production and a foreign political decision, namely the Indonesian nickel ore export ban, together with a continued focus on safety and reducing costs have all assisted Panoramic to return to profitability after a few tough years. Add to that, the major discovery at Savannah North and a four-fold increase in the share price and things look very different than what they did twelve months ago.

**Safety is the No.1 value in our business and Panoramic is committed to ensuring the safety, health and wellbeing of all employees. Our people continue to work hard to improve our safety performance.**

The highlights for the year include:

- **Production** - a new record of 22,256t Ni in concentrate/ore produced, up 14%
- **Net revenue** - $238.2 million, up 31% reflecting the increase in nickel sales and stronger A$ nickel price
- **Net cashflow from operating activities** - $54.0 million before tax, up 135%
- **Underlying Nickel Division EBITDA** - $73.3 million, up 167%
- **Second-half net profit** - $14 million after tax
- **Final dividend** - two cents per share, fully franked, a 47% pay-out ratio on the June half-year result
- **Liquid assets** - $96.7 million, up 115%
- **Major discovery** - the new zones of mineralisation at Savannah North
- **PGM** - Rio's option to spend up to C$20.25M on the consolidated Escape Lake/Thunder Bay North Project

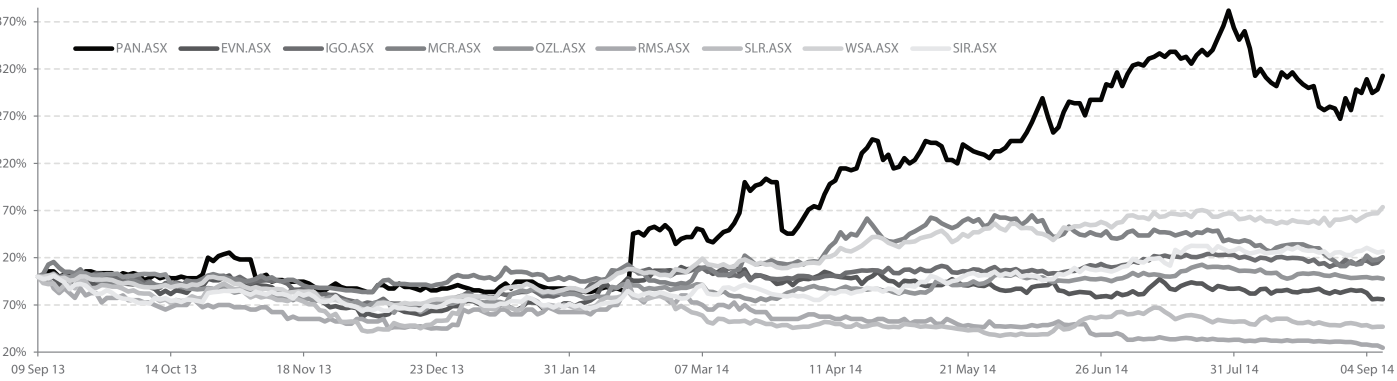
I am very proud of our achievements this year, especially considering the challenging nickel price environment during the first-half of the financial year. The record production result was by no means an easy feat and was achieved through the sheer determination, hard work and commitment of the entire Panoramic team. We have a good culture and a workforce committed to doing that little bit extra and the results speak for themselves. The Savannah North discovery is also an outstanding achievement and a great credit to the exploration team, especially considering there was no defined drill target, just a geological concept, which has now proven to be correct. As I stated at the time we announced the discovery of Savannah North, this could be a game changer for the Company, and I stand by that comment.

The US$ nickel price was very soft between mid-2012 and early 2014, so much so that very few nickel producers were profitable. The nickel price touched US$5.50/lb in late 2013, while the A$ was close to parity with the US$. This was an unusual set of circumstances, making it even more difficult for the Australian nickel producers. Historically, when commodity prices are soft so is the A$, however over the past few years the reverse has occurred.

The decision made by the Indonesian Government to ban the export of unprocessed nickel laterite ore some years ago, was enforced in January 2014. The Indonesians want to see more value add in their own country. The nickel price rallied strongly within a month of that decision. We saw prices touch US$10/lb before settling back to the US$8-9/lb range more recently. The outlook for the nickel price is positive given the Indonesian ban, the expected supply/demand deficit over the next few years and the recent news that the Philippines could impose a similar nickel ore export ban. While Panoramic has benefited greatly from the stronger nickel price, it is important to note the price increases only started to flow into our sales during the June 2014 quarter. This is due to the lag effect of quotational period pricing whereby shipments of concentrate from Savannah are priced at the average cash price of the month after month of delivery and shipments of ore from Lanfranchi are priced at the average cash price of the third month after month of delivery. Consequently, our revenue from April 2014 onwards improved substantially helping us to record a net after tax profit of $14 million for the second-half, following a first-half loss of $23.3 million after tax, a phenomenal turnaround.

The nickel price rally and the subsequent return to profitability ensured we were able to declare a final two cent, fully franked, dividend. This brings total dividends paid to $111 million over the last eight years, which is something we are very proud of. The improved A$ nickel price, coupled with our record production, positive cash flow, exploration success and the resurgence in investor appetite for nickel stocks has seen a +400% improvement in our share price over twelve months against our peers.

## TWELVE MONTH SHARE PRICE PERFORMANCE SEPTEMBER 2013 - SEPTEMBER 2014




FY2015 promises to be another busy year for the Company. Both nickel operations have set realistic production budgets in order to achieve Group production guidance of 20,000-21,000 tonnes nickel contained. The focus continues on improved safety performance, productivity, cost control and exploration success to grow resources and reserves in our nickel business. With our gold and PGM projects we want to realise the inherent value in these assets and diversify our earnings streams to build a multi-commodity, sustainable business. Key deliverables for FY2015 include:

**Nickel Operations**

- **Improve our safety performance**
- Produce 20-21,000t nickel contained in concentrate/ore
- Savannah - re-open Copernicus, increase nickel recovery
- Lanfranchi - develop the Jury-Metcalfe orebody, undertake further studies on the lower grade orebodies

**Gold**

- Deliver the feasibility studies for Gidgee and Mt Henry
- Realise the value of our gold assets through development, IPO, trade sale, or vending them into an existing structure

**PGM**

- Thunder Bay North – Rio proceeding with the C$20.25 million earn-in, subject to satisfactory completion of the Exploration Target Generation Phase
- Panton - undertake further metallurgical testing and study alternative flowsheets to enhance the economics

**Exploration**

- Savannah - drill out the orebody below the 900 fault and continue exploring Savannah North from surface and the dedicated drill drive
- Lanfranchi - find extensions to existing orebodies and discover new orebodies

**Our People**

- Continue to roll out and follow the Sustainable Business Model with primary focus on effectiveness in role and accountability

**Corporate**

- Continue to pay dividends, when circumstances permit
- Acquire another producing asset

The Board is optimistic in relation to the outlook for the world economy and therefore commodity prices, while we are expecting the A$ to continue to depreciate against the US$, which will assist us and all Australian commodity exporters. The Board and management are committed to the Ten Year Plan which is:

- **Improve our safety culture** so every employee believes that safety is our most important value in line with our safety mantra: Vision, Commitment, Results;
- **Optimise our metal production** to maximise our margins;
- **Grow** the existing Resource and Reserve base to extend the mine life of our operations;
- **Maintain dividend payments** subject to generating sufficient free cash flow and taking into account future funding requirements; and
- **Develop our pipeline of projects** to become a diversified mining house and an S&P/ASX 100 Company

Adhering to the Ten Year Plan will ensure our nickel operations are profitable whilst we put the building blocks in place to grow the Company and continue to deliver returns to our shareholders.

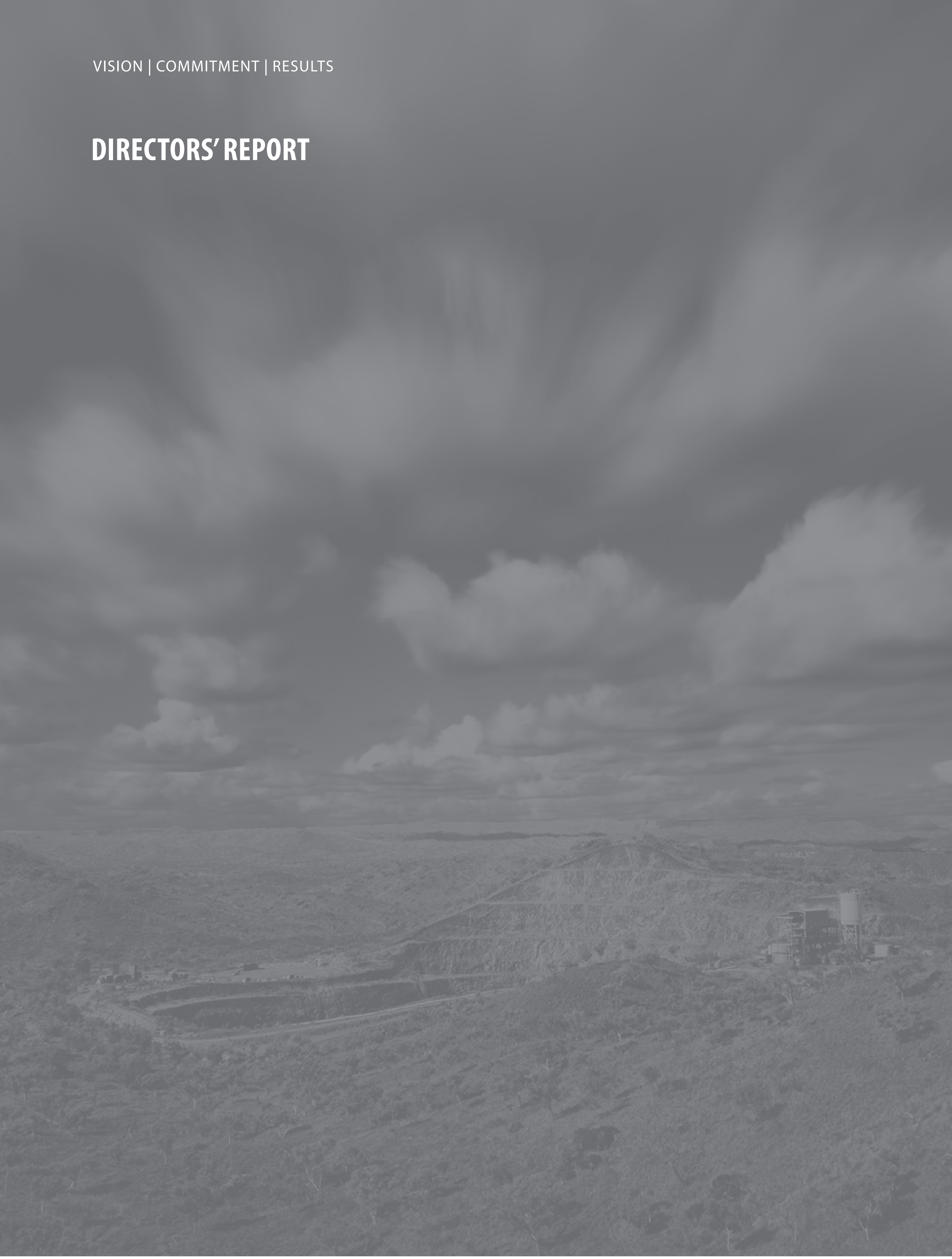
The success of our Company is primarily due to the quality of our asset base and the dedication of our workforce and I would like to thank the Board and all employees and contractors for their hard work and commitment again this year. I would also like to thank all our shareholders, other stakeholders and our two customers for their ongoing support.

As always, I urge all our staff and contractors to adopt and embrace our safety mission statement to ensure we get everybody "**home safely every day**".

Yours faithfully

**PETER HAROLD**
Managing Director

# DIRECTORS' REPORT



# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

## DIRECTORS

### Brian M Phillips (Non-Executive Chairman)

***AWASM-Mining, FAusIMM, MIMMM,***

***Appointed 27 March 2007; Non-Executive Chairman from 17 November 2011***

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

During the past three years, Brian has also served as a director of the following listed companies:

- Indophil Resources NL (Non-Executive Director from 1 April 2005 and Non-Executive Chairman from 21 April 2005)*
- White Rock Minerals Ltd (Non-Executive Chairman from 26 March 2010)*

** Denotes current directorship*

### Peter J Harold (Managing Director)

***B.AppSc(Chem), AFAICD***

***Appointed 16 March 2001***

Peter Harold is a process engineer with over 26 years corporate experience in the minerals industry specialising in financing, marketing, business development and general corporate activities. Peter has extensive experience with the development and operation of both sulphide and laterite nickel projects having been responsible for metals marketing and various corporate functions relating to the Scuddles/Golden Grove copper lead zinc mine, Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects. Peter held various senior management positions with Shell Australia, Australian Consolidated Minerals Limited, Normandy Mining Limited, MPI Mines Limited and the Gutnick network of companies prior to founding Panoramic Resources Limited (formerly Sally Malay Mining Limited) in March 2001.

During the past three years, Peter has also served as a director of the following listed companies:

- Alloy Resources Limited (Non-Executive Chairman from 15 September 2005 to 30 June 2014)
- Spectrum Rare Earths Limited, formerly TUC Resources Limited (Non-Executive Chairman from 1 March 2007 to 1 May 2014 and Non-Executive Director from 1 May 2014 to 30 June 2014)
- Pacifico Minerals Limited (Non-Executive Director from 19 August 2013)*

** Denotes current directorship*

### Christopher D J Langdon (Non-Executive Director)

***B.Com (Econ)***

***Appointed 4 August 2004***

Christopher Langdon has over 25 years of corporate finance and management experience and has had extensive experience in investment banking in Australia and overseas working for Wardley Australia Limited, James Capel & Co. and Samuel Montagu & Co. specialising in cross border corporate advisory. Chris is the Chief Executive Officer of HJ Langdon & Co., a family owned business based in Melbourne involved in the food industry.

During the past three years, Christopher has also served as a director of the following listed companies:

- F.F.I. Holdings Limited (Non-Executive Director from 10 November 2006 to 14 October 2011)
- Webster Limited (Non- Executive Director from 14 March 2013)*

** Denotes current directorship*

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

**John Rowe (Non-Executive Director)**

***BSc (Hons), ARSM, MAusIMM***

***Appointed 5 December 2006***

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

During the past three years, John has also served as a director of the following listed companies:

- Evolution Mining Limited, formerly Catalpa Resources Limited, (Non-Executive Director from 12 October 2006 to 30 January 2008, Non-Executive Chairman from 30 January 2008 to 10 December 2009, and Non-Executive director from 10 December 2009)*
- Southern Cross Goldfields Ltd (Non-Executive Director from 14 April 2010 to 23 September 2013)
- Magma Metals Limited (Non-Executive Chairman from 25 June 2012)*[a]

** Denotes current directorship*

*[a]Magma Metals Limited was delisted from the Australian Stock Exchange ("ASX") on 28 June 2012 and from the Toronto Stock Exchange ("TSX") on 5 July 2012. On 28 September 2012, the Company's entity status was changed to a proprietary company and became Magma Metals Pty Limited*

## COMPANY SECRETARY

**Trevor R Eton**

***B.A (Hons)(Econ), PostGradDip (Man), AFAIM***

***Appointed 12 March 2003***

Trevor Eton is an accountant with over 25 years of experience in corporate finance within the minerals industry. Prior to joining the Company in 2003, he was Company Secretary and Group Financial Controller of MPI Mines Limited for 10 years. Trevor also worked for North Kalgurli Mines Limited, Metals Exploration Limited and Australian Consolidated Minerals Limited in various corporate finance roles from the mid 1980's.

During the past three years, Trevor has served as a director of the following listed companies:

- Magma Metals Limited (Executive Director from 25 June 2012)*[a]

** Denotes current directorship*

*[a]Magma Metals Limited was delisted from the Australian Stock Exchange ("ASX") on 28 June 2012 and from the Toronto Stock Exchange ("TSX") on 5 July 2012. On 28 September 2012, the Company's entity status was changed to a proprietary company and became Magma Metals Pty Limited*

## MEETINGS OF DIRECTORS

The number of meetings of directors (including committee meetings of directors) held during the year ended 30 June 2014, and the number of meetings attended by each director are as follows:

| | | Meetings of Committees | | |
|---|---|---|---|---|
| | Directors' Meetings | Audit | Remuneration | Environment, Safety & Risk |
| **Number of meetings held** | 9 | 2 | 7 | 2 |
| **Number of meetings attended** | | | | |
| Brian M Philips | 9 | 1 | 7 | 2 |
| Peter J Harold | 9 | - | - | 2 |
| Christopher D J Langdon | 9 | 2 | 7 | 2 |
| John Rowe | 9 | 2 | 7 | 2 |

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## COMMITTEE MEMBERSHIP

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

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

| Audit | Remuneration | Environment, Safety & Risk |
|---|---|---|
| Christopher D Langdon (c) | Brian M Phillips (c) | Brian M Phillips (c) |
| Brian M Phillips | Christopher D Langdon | Christopher D Langdon |
| John Rowe | John Rowe | John Rowe |
| | | Peter J Harold |

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

## DIRECTORS' INTERESTS

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

| Name of Director | Ordinary Direct | Shares Indirect | Performance rights over ordinary shares |
|---|---|---|---|
| Brian M Phillips | - | 65,555 | - |
| Peter J Harold | - | 3,490,785 | 904,601 |
| Christopher DJ Langdon | - | 43,518 | - |
| John Rowe | - | 65,555 | - |

## PRINCIPAL ACTIVITIES

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

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

**Nickel Division** - comprising the Savannah Nickel Project, the Lanfranchi Nickel Project and the Copernicus Nickel Project in which the Group now has a 100% interest (2013:~78%);

**Gold Division** - comprising the Gidgee Gold Project and the Mt Henry Gold Project in which the Group has a 70% interest;

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

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

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## OPERATING AND FINANCIAL REVIEW

### Operating Results for the Year

The Group recorded a loss after tax for the financial year ending 30 June 2014 of $9,322,000 (2013: $31,685,000).

### Financial Performance

The Group's performance during the 2014 financial year and for the four previous financial years, are set out in the table below. The financial results shown below were all prepared under International Financial Reporting Standards (IFRS).

| Year Ended 30 June | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Revenue and other income ($'000) | **239,505** | 185,590 | 233,549 | 254,047 | 287,953 |
| Cost of production ($'000) | **(153,549)** | (145,012) | (159,343) | (136,681) | (126,543) |
| Royalties ($'000) | **(11,313)** | (9,283) | (11,421) | (12,596) | (12,598) |
| Exploration and evaluation ($'000) | **(3,186)** | (2,682) | (6,704) | (6,303) | (7,113) |
| Other expenses ($'000) | **(8,478)** | (11,625) | (17,160) | (14,651) | (17,194) |
| EBITDA (before impairment) ($'000) | **62,979** | 16,988 | 38,921 | 83,816 | 124,505 |
| Depreciation and amortisation ($'000) | **(59,656)** | (54,386) | (51,438) | (46,073) | (52,661) |
| Impairment/write-off of assets ($'000) | **(13,119)** | (8,026) | (7,202) | (5,536) | 7,221 |
| Finance costs ($'000) | **(1,334)** | (1,563) | (1,590) | (1,424) | (762) |
| Profit /(loss) before tax ($'000) | **(11,130)** | (46,987) | (21,309) | 30,783 | 78,303 |
| Income tax benefit (expense) | **1,808** | 15,302 | 3,097 | (10,154) | (22,108) |
| Net profit/(loss) after tax ($'000) | **(9,322)** | (31,685) | (18,212) | 20,629 | 56,195 |
| Basic earnings/(loss) per share (cents) | **(3.1)** | (12.5) | (8.6) | 10.0 | 27.5 |
| Dividends per share (cents) | **2.0** | 1.0 | 2.0 | 6.0 | 16.5 |
| Dividends payout ratio (%) | **-** | - | - | 60.0 | 59.9 |
| Market capitalisation ($'000) | **267,489** | 52,135 | 145,616 | 362,339 | 447,473 |
| Closing share price ($ per share) | **0.83** | 0.20 | 0.61 | 1.75 | 2.18 |
| Return on equity (%) | **(6.2)** | (22.9) | (15.3) | 20.0 | 55.3 |

Note: EBITDA (before impairment) is not shown in the Consolidated Income Statement or the accompanying notes and as such has not been reviewed by the Company's auditor.

### Revenue and other income

The Nickel Division generated $237,459,000 of revenue which was up 31% on the prior year. Sales revenue benefited from the increase in sold nickel production and the higher realised nickel price received in Australian dollars on nickel in concentrate/ore sold during the second half of the fiscal year. There was an 18% increase in nickel contained in concentrate/ore sold (22,397 tonnes) over the previous reporting period (18,959 tonnes). The LME cash nickel price averaged A$7.52 per pound during the financial year, up 4% on the previous year's equivalent LME average cash nickel price of A$7.23 per pound. Approximately 390 tonnes of nickel contained in concentrate was waiting to be shipped at the end of the financial year. There were no hedging gains realised on nickel derivatives. Other revenue comprised interest income of $751,000 and other income of $1,295,000 was principally from federal government grants in relation to the *Jobs and Competitiveness Program*.

### Cost of production

Total aggregate direct costs of the Nickel Division were 6% higher than the previous financial year due to the 14% increase in nickel production, but lower on an average payable cash per pound basis, as a consequence of the continuing cost saving and productivity initiatives implemented from November 2012. The Group is still in the process of reviewing all supply contracts across the business and is seeking on-going assistance from all suppliers and contractors to reduce input costs to improve the gross sales margin at each operation. The focus on productivity via increased production at a lower unit cost of production is reflected in the further reduction in total employees across the Group and the 10% reduction in total salaries and wages over the period.

### Other expenses

The majority of costs in "Other expenses" are for corporate and marketing costs ($7,645,000), which were 16% lower than the prior year from a further reduction in the number of employees working in the Perth office. The Company is continually looking for ways to reduce the cost of managing the business.

### Impairment/write-off of assets

At 31 December 2013, the carrying-value of the Lanfranchi Nickel Project was impaired by $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.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### Income tax benefit

Tax benefit of $1,808,000 represented an effective tax benefit rate of 16%, down from the rate of 33% in the prior year. Significant adjustments to tax benefit included the benefits of research & development claims ($576,000) offset by (1); prior year tax adjustments ($228,000) and (2); a de-recognition of deferred tax asset of $1,580,000 relating to Magma Metals Pty Limited.

## REVIEW OF FINANCIAL CONDITION

### Balance Sheet

***Net working capital - current assets less current liabilities***

The net working capital position of $73,232,000 was 185% higher than at the previous period end, primarily due to the increase in both cash on hand and trade and other receivables. The increase in the value of trade receivables was from the upward movement in commodity prices priced in United States dollars at the end of the fiscal year compared to the previous period end.

Due to higher spot commodity prices and the lower Australian dollar in comparison to the previous period, the operating activities of the consolidated group (including royalty payments and net of the costs of running the Perth and Thunder Bay offices) generated cashflows before tax of $53,977,000, which was up 135% on the previous financial year. Net cash outflow from investing activities of $25,509,000 was 23% lower than in the previous financial year from a reduction in expenditure on all investing categories, but more so for exploration and evaluation activities on the advanced gold exploration projects.

***Net tax balances***

The net deferred tax liability of $20,102,000 was 15% lower than at the previous period end after the use of tax losses to shelter the impact of timing differences between the accounting and tax treatment on the depreciation of non-current assets and provisions.

***Net assets/equity***

The net asset position of the consolidated entity increased 2% to $276,121,000, with the 185% increase in net working capital being offset by a 16% decrease in non-current assets from impairment and depreciation/amortisation expense. The main factor for the 11% increase in contributed entity was the issue in December 2013 of 56 million new ordinary shares at an issue price of $0.27 as a result of the private placement in two tranches to new and existing institutional and sophisticated investors.

### Capital Structure

The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2014 was 5.1% (2013: 7.6%).

### Business and Financial Risks

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

***Hedging Policy***

The consolidated entity has an active policy of limiting the exposure to nickel price risk and currency risk through limited hedging, namely:

- For nickel price risk of both the Savannah Project and the Lanfranchi Project, the policy is to hedge, when appropriate, no more than 80% (2013: 80%) of the payable nickel forecast to be produced in any month, over a rolling two year horizon. Any hedging is undertaken using a combination of nickel forward sales contracts and nickel put options, with nickel call options written and sold in order to offset the cost of bought nickel put options. Of the 80% maximum limit, the percentage of the combined nickel forward sales contracts and written nickel call options (but excluding purchased nickel put options) is to be no more than 40% (2013: 40%) of the payable nickel forecast to be produced in any month over the same rolling two year horizon; and
- For currency risk, although not mandatory in the policy, when appropriate, sufficient foreign currency hedging on a month to month basis, via a combination of currency forward contracts and currency put and call options, to match the net United States dollar proceeds from nickel hedging using nickel forward sales contracts.

As at 30 June 2014, the consolidated entity had no nickel forward sales contracts and 975 tonnes of nickel put options in place.

As at 30 June 2014, the consolidated entity had a net "in the money" position on open United States dollar denominated foreign exchange bought put and sold call options that expire between July 2014 and December 2014 (as detailed further in Note 11 of the Notes to the Financial Statements).

Other business risks can have an impact on the profitability of the consolidated entity. The recognition, management and control of these risks are key elements of the enterprise-wide risk management framework which has been progressively developed and rolled-out across the Group, as detailed in the Corporate Governance Statement on page 29.

### Dividends

On 18 August 2014, the directors declared a final fully franked dividend of 2.0 cents per share in respect of the financial year ended 30 June 2014. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2014 and will be recognised in subsequent financial reports.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## REVIEW OF OPERATIONS

### Nickel Division

On a Group basis, the operations produced an aggregate 22,256 (2013: 19,561) tonnes of contained nickel, up 14% on the previous financial year. The Group sold an aggregate 22,387 (2013: 18.959) tonnes of contained nickel, up 18% on the prior year.

***Lanfranchi Nickel Project, South Kambalda, WA***

| Physicals | 2014 | 2013 |
|---|---|---|
| ***(i) Produced*** | | |
| Ore Mined (t) | **518,273** | 520,523 |
| Nickel Grade (%) | **2.66** | 2.28 |
| Nickel in Ore (t) | **13,775** | 11,858 |
| ***(ii) Sold*** | | |
| Nickel in Ore (t) | **13,794** | 11,801 |

The nickel ore is trucked and treated at BHP Billiton Nickel West's Kambalda nickel concentrator under an Ore Tolling and Concentrate Purchase Agreement.

***Savannah Nickel Project, East Kimberley region, WA***

| Physicals | 2014 | 2013 |
|---|---|---|
| ***(i) Produced*** | | |
| Ore Treated (t) | **759,150** | 686,739 |
| Nickel Grade (%) | **1.29** | 1.29 |
| Recovery (%) | **86.6** | 87.1 |
| Nickel in Concentrate (t) | **8,484** | 7,703 |
| ***(ii) Sold*** | | |
| Nickel in Concentrate (t) | **8,593** | 7,158 |

In addition, the mine produced 5,439 (2013: 4,443) tonnes of copper and 426 (2013: 382) tonnes of cobalt. The nickel concentrate is trucked and shipped from the port of Wyndham to the Jinchuan Group in China under the March 2010 Extended Concentrate Sales Agreement.

***Copernicus Nickel Project, East Kimberley region, WA (Panoramic 100%)***

As at the date of this report, the Copernicus Nickel Project remains under care and maintenance. Subject to economic conditions and the receiving of statutory approvals, the Group is targeting to recommence mining operations at the open pit during the 2014/15 financial year.

### Exploration and Development Projects

During the financial year, the Group continued exploring for additional Mineral Resources and Ore Reserves at each of its projects together with exploration on advanced and greenfield exploration projects within and outside Australia.

### Gold Division

***Gidgee Gold Project, Murchison region, WA***

Following the positive results of the August 2012 Scoping Study, the Company commenced a Feasibility Study ("Gidgee FS") into the mining and treatment of open pit ore from the Swan Bitter, Swift, Howards, Toedter, Specimen Well Mineral Resources and underground ore from the Wilsons Mineral Resource. As part of the Gidgee FS, in 2012/13, a 26,000 metre drilling program was undertaken at Wilsons, Swan Bitter, Swift and Howards to upgrade the Gidgee Inferred Resources to an Indicated Resource Category and to gather geotechnical and metallurgical information for mine planning, plant design and flowsheet optimisation.

During the financial year, an evaluation on mining and treating the Wilsons Mineral Resource (Wilsons Only Case) was undertaken, with processing via flotation to make a saleable concentrate product. Remaining steps for the completion of the Gidgee FS include the optimisation of the Wilsons Only Case and a final review of studies undertaken since acquiring the project.

***Mt Henry Gold Project, Norseman, WA (Panoramic 70%)***

Subsequent to the finalisation of the purchase of a 70% interest in the Mt Henry Gold Project in August 2012, the Company, as the Manager and Operator of the unincorporated Mt Henry Joint Venture, released the Mt Henry Scoping Study in December 2012. The positive outcome of the Scoping Study was the first step towards the completion of a Bankable Feasibility Study ("Mt Henry BFS") into the mining and treatment of ore from the Mt Henry, Selene and North Scotia Mineral Resources. In 2012/13, a 10,000 metre drilling program was completed to upgrade the Mt Henry Inferred Resources to an Indicated Resource Category and to gather geotechnical and metallurgical information for mine planning, plant design and flowsheet optimisation.

During the financial year, a number of evaluation studies on the Mt Henry BFS were completed, including the estimation of capital and operating costs, detailed mine planning and various baseline environmental studies required for statutory approvals.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### Platinum Group Metals (PGM) Division

***Thunder Bay North PGM Project, North-West Ontario, Canada***

Since acquiring the advanced exploration PGM project in June 2012, the Company has undertaken targeted exploration for extensions to the Thunder Bay North Mineral Resource and has undertaken detailed evaluation studies primarily focused on optimising the process flowsheet.

On 30 July 2014, the Company announced the agreement with Rio Tinto Exploration Canada Inc. ("RTEC") allowing RTEC to review all existing data on the Thunder Bay North PGM Project on an exclusive basis until December 2014, when RTEC may elect to spend up to CAD$20 million over the next five years to earn a 70% interest in the Thunder Bay North PGM Project. Further information on this agreement is detailed in the "Matters subsequent to the end of the financial year" section on page 15.

***Panton PGM Project, East Kimberley, WA***

The Panton PGM Project is located only 60kms south of the Savannah Nickel Project. Following the acquisition of the project in May 2012, the Company has been reviewing the technical information contained in the 2003 and 2012 Bankable Feasibility Studies to better understand the geological characteristics of the Mineral Resource prior to the optimisation of mining and processing options.

### Corporate

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

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

***Capital Raising***

During November and December 2013, the Company completed a private share placement over two tranches raising a total of $15.12 million (before transaction costs) from new and existing institutional and sophisticated investors via the issue of 56 million ordinary shares in the Company at $0.27 per share.

***Share Purchase Plan***

In January 2014, the Company issued 2,990,692 ordinary shares to eligible shareholders at an issue price of $0.27 per share from a Share Purchase Plan that raised $807,500.

### Employees

At the end of the financial year, the Group had 368 permanent, full time employees (2013: 410).

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

Significant changes in the state of affairs of the Consolidated Entity during the financial period were as follows:

- On 9 August 2013, a wholly owned subsidiary of the Company, Panoramic Gold Pty Ltd, executed the "Gidgee Project Farm-In and Joint Venture Agreement" with Gateway Mining Limited ("Gateway") whereby Gateway, by spending $1.2 million over thirty months, is able to earn an 70% interest in tenement M57/633 at the Gidgee Gold Project.
- On 16 December 2013, at a General Meeting of the Company's shareholders, approval was given for the issue of 56 million shares under the Capital Raising announced by the Company on 4 November 2013.
- On 30 December 2013, Auzex Exploration Limited ("Auzex") formally advised the Company of its intention to withdrawal from the "Farm-In and Joint Venture Agreement (Lake Grace Joint Venture)" previously executed by Auzex and a wholly owned subsidiary of the Company, Greenstone Metals Pty Limited, on 18 April 2013.
- On 18 February 2014, the Company announced the significant discovery of the Savannah North zone of mineralisation, located 650m north-west of the current Savannah Nickel Project decline in which subsequent drilling from surface and underground and interpretation of down-hole electromagnetic ("EM") surveys have confirmed the potential for a large footprint of "Savannah magmatic breccia style" mineralisation.
- On 13 May 2014, the Company announced that it had agreed to acquire Thundelarra Exploration Limited's remaining ~22% interest in the Copernicus Joint Venture and ~31% interest in the East Kimberley Joint Venture for a total cash consideration of $800,000.
- On 3 June 2014, in relation to the Laverton Farm-in between Poseidon Nickel Limited ("Poseidon") and the Company's wholly owned subsidiary, Magma Metals Pty Limited, both parties agreed to vary the terms of the farm-in to take account of delays arising from a dispute involving third party claims in relation to some of the tenements. As a result of the variation, Poseidon has the sole and exclusive right to earn a 60% interest in the tenements by sole funding an additional $2,700,000 in expenditure on the tenements within a three year period.

### Matters subsequent to the end of the financial year

***Thunder Bay North PGM Project***

On 30 July 2014, the Company's wholly owned Canadian subsidiary, Panoramic PGMs (Canada) Limited ("PANP"), executed an "Earn-In with Option to Joint Venture Agreement" with Rio Tinto Exploration Canada Inc. ("RTEC") whereby RTEC, by undertaking a review of all existing data on the Thunder Bay North PGM Project ("TBN") and by electing to spend CAD$20 million over five years from 1 January 2015 including vending its single tenement, Escape Lake, into the "TBN" tenement package, is able to earn an 70% interest in TBN and thereby enabling PANP to earn an 30% interest in Escape Lake.

***General Meeting***

On 30 July 2014, the Company's shareholders approved the three year exception to ASX Listing Rule 7.1 [*Issues exceeding 15% of Capital*] on the annual grant of performance rights and the issue of shares on the exercise of those performance rights under the 2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan"), in addition to approving the grant of FY2015 performance rights to the Company's Managing Director, Peter Harold under the 2010 ES Plan as required under ASX Listing Rule 10.14 [*Approval required under an Employee Incentive Scheme*].

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### *Final Dividend*

On 18 August 2014, the Company's Board resolved to declare a 2 cent per share fully franked final dividend to be paid out of retained earnings at 30 June 2014. The dividend payment date is set down for 26 September 2014.

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

The Company has embarked on a process called "Building a Sustainable Future". This process was commissioned in May 2013 to improve the way the consolidated entity manages all areas of the Group's activities to survive volatile commodity prices and foreign exchange rates and to build a sustainable business. This process is a continuation of the cost saving and productivity initiatives implemented in November 2012 and is leading to improved planning and management systems and more consistent performance, resulting in further productivity improvements and cost reductions.

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house in the S&P/ASX 100 Index.

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

### *Nickel Division*

The consolidated entity will continue mining and treating nickel sulphide ores to produce nickel concentrate at the Savannah Project and continue mining of nickel sulphide ores from the Lanfranchi Project. On the assumption that the nickel price remains at current levels or higher, plans will be finalised for the approval and commencement of mining operations at the Copernicus Nickel Project.

Work will continue on extending and adding to economic reserves of the Savannah Nickel Project and the Lanfranchi Project from known resources and identifying new resources through exploration, such as the discovery of mineralisation at the potentially significant Savannah North Project.

### *Gold Division*

At the Gidgee Gold Project, the consolidated entity will complete the Gidgee FS for the economic mining of underground ore at the Wilsons deposit and mining of open pit ore from the Swan Bitter, Swift, Howards, Toedter and Specimen Well Mineral Resources.

At the 70% owned Mt Henry Gold Project, the consolidated entity will complete the Mt Henry BFS for the economic mining of open pit ore from the Mt Henry, Selene and North Scotia Mineral Resources.

### *Platinum Group Metals (PGM) Division*

The consolidated entity will continue evaluation activities on the Panton PGM Project in the East Kimberley region of Western Australia and will monitor RTEC's review of data on the Thunder Bay North PGM Project in north-west Ontario, Canada. Concurrent with RTEC's review, the Company will review data on RTEC's Escape Lake tenement.

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

### Shares options

At the date of signing, there are no unissued ordinary shares of the Company under option (2013: nil).

### Indemnification of Auditor

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

### Indemnification and Insurance of Directors and Officers

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

During the financial year, the Company has paid premiums of $75,300 (2013: $104,700) in respect of contracts insuring all the directors and officers against legal costs incurred in defending proceedings. The insurance premiums relate to:

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

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

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2014 REMUNERATION REPORT (AUDITED)

This 2014 remuneration report outlines the remuneration arrangements in place for the directors and executives of the Company and the Group in accordance with the Corporations Act 2001 and its Regulations (the Act). The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

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

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

### (a) Directors and key management personnel disclosed in this report

#### *(i) Directors*

| | |
|---|---|
| Brian Phillips | Chairman (Non-Executive) |
| Peter Harold | Managing Director |
| Christopher Langdon | Director (Non-Executive) |
| John Rowe | Director (Non-Executive) |

#### *(iI) Named Executives*

| | |
|---|---|
| Trevor Eton | Chief Financial Officer & Company Secretary |
| Terry Strong | Chief Operating Officer |
| Christopher Williams | General Manager - Project Development & Technical Services |
| Angus Thompson | Executive GM - Business Development *(from 19 July 2013)* |
| John Hicks | General Manager - Exploration |
| Tim Mason | Operations Manager - Lanfranchi |
| Mark Recklies | Operations Manager - Savannah |
| Tracey Ram | General Manager - Human Resources *(from 19 July 2013)* |

### (b) Remuneration Philosophy

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

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

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

### (c) Remuneration Committee

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

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

### (d) Remuneration Structure

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

### (e) Use of remuneration consultants

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

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (f) Non-executive director remuneration policy

#### Fixed Remuneration

***Objective***

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

***Structure***

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

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. This fee is inclusive for each Board committee on which a director sits.

The fees paid to non-executive directors for the period ending 30 June 2014 are detailed in Table 1 on pages 24 and 25 of this report. Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of $600,000, which was last approved by shareholders on 20 November 2007.

***Variable Remuneration***

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

### (g) Executive Remuneration

***Objective***

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

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

***Structure***

In determining the level and make-up of executive remuneration, the Remuneration Committee takes consideration of the current market levels of remuneration for comparable executive roles.

It is the Remuneration Committee's policy that employment contracts are entered into with the Managing Director and other key management personnel. Details of these KMP contracts are provided on pages 22 to 23.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration Committee. Table 1 on page 24 details the variable component (%) of the Group's KMP. STI Bonuses paid and accrued, in most cases, do not include the statutory requirement from 1 July 2009 for the payment of employer superannuation. Where necessary, when the payment of superannuation on an individual's STI Bonus would cause the amount of superannuation in any financial year to exceed the applicable statutory concessional maximum superannuation contribution limit, at the individual's discretion, an equivalent amount of employer superannuation is added to the executive's base cash salary.

***Fixed Remuneration***

***Objective***

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

***Structure***

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

The fixed remuneration component of the Group's key management personnel is detailed in Table 1 on page 24.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

***Objective***

The objective and intention of the executive STIB scheme is to encourage and provide a further incentive to executives to:

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

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

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

***Structure***

The current structure of the executive STIB scheme commenced from 1 January 2010.

***Calculation of the STIB***

The STIB is calculated annually at the end of the relevant financial year ("**Relevant Financial Year**"). The STIB comprises two parts - the first part is based on the Company's financial performance; the second part is discretionary and based on the extent to which the Company and the Group, Managing Director, executives, and all employees have acted and performed in a manner consistent with the Company and the Group Core Values during the Relevant Financial Year. The STIB is paid in the next Financial Year.

***STIB First Part - Cash Bonus based on Financial Performance***

A maximum Cash bonus (excluding statutory superannuation) will be paid to the executives if certain financial thresholds are met by the Company and the Group during the Relevant Financial Year ("**Cash bonus**"). The maximum Cash bonus will be calculated at the end of the Relevant Financial Year and paid in the next Financial Year using figures obtained from the audited financial statements of the consolidated entity for the Relevant Financial Year, in accordance with the following formula:

**CEXEC = [P (E x 15%)] x 20%**, where

**CEXEC** = the maximum Cash bonus to be paid to executives for the Relevant Financial Year;

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

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

***STIB Second Part - Discretionary Cash Bonus based on Core Values***

In addition to the first part maximum STIB Cash bonus, the Company (in the sole and absolute discretion of the Remuneration Committee) may pay each executive on a case by case basis, a Discretionary Cash bonus ("**Discretionary Cash bonus**"). The Discretionary Cash bonus will be determined at the end of the Relevant Financial Year and paid in the next Financial Year taking into account the extent to which the Company, Managing Director, executives, and all employees have acted and performed in a manner consistent with the Company's **Core Values** during the Relevant Financial Year.

The Company's **Core Values** are the core values of the Company as announced to the Australian Stock Exchange ("ASX") from time to time by the Company, which as listed in the Managing Director's employment contract, are:

- **Core Value One** - to maintain and improve the Company's safety culture so every employee believes that safety is the Company's most important value in line with the Company's safety mantra: Vision, Commitment, Results:
- **Core Value Two** - to optimise the Company's metal production by focus on operations and the performance of the management team;
- **Core Value Three** - to maintain a programme to grow the Company's existing resource and reserve base;
- **Core Value Four** - seek to acquire additional assets so the Company pursues its aim to become a diversified mining house; and
- **Core Value Five** - maintain a steady return to Shareholders through dividends and/or increase in the value of the Company's shares.

***Maximum STIB***

In addition to the executive STIB scheme, and subject to the financial and operational performance of the Company and Group in the Relevant Financial year, the Company may make discretionary STIB cash payments to the remaining employees of the Company and Group.

To take account of the aggregation of the two annual STIB cash payments, the Remuneration Committee has set a maximum aggregate STIB Cash pool (including statutory superannuation) for the Company and Group to be calculated at the end of the Relevant Financial Year using figures obtained from the audited consolidated financial statements of the Company for the Relevant Financial Year, in accordance with the following formula:

**Cmax = P x 5%**, where

**Cmax** = the maximum aggregate Cash bonus to be paid to all Company and Group employees for the Relevant Financial Year;

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

***Accrued and actual executive STIB payments***

Actual STIB payments granted to each executive are made in the next Financial Year (usually in October (60%) and the following April (40%)), when the audited consolidated financial statements of the Company for the Relevant Financial Year are known and the maximum executive STIB Cash pool (CEXEC) has been determined.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### *2014 Financial Year*

Based on the CEXEC calculation formula and forecast consolidated financial results, no aggregate executive STIB Cash bonus (First Part) was accrued in the 2014 consolidated financial statements. In July 2014, the Remuneration Committee determined that the Company, Managing Director, executives, and employees acted and performed in a manner consistent with the Company's Core Values, with the exception of Core Value One, during the 2014 Financial Year and approved the payment, in the 2015 Financial Year, of a Discretionary Cash bonus (Second Part) allocated on an individual-by-individual performance basis.

### *2013 Financial Year*

No STIB Cash bonuses (First Part or Second Part) in relation to the 2013 financial year were granted.

The short term incentive variable remuneration component of the Group's KMP is detailed in Table 1 on pages 24 and 25.

### *Variable Remuneration - Long Term Incentive (LTI)*

### *Objective*

The objective of the LTI program is to reward and incentivise executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The Company's performance during the 2014 financial year and for the previous four financial years, and its impact on shareholder wealth, is summarised in the table below.

| Year Ended 30 June | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Revenue and other income ($'000) | **239,505** | 185,590 | 233,549 | 254,047 | 287,953 |
| Cost of production ($'000) | **(153,549)** | (145,012) | (159,343) | (136,681) | (126,543) |
| Royalties ($'000) | **(11,313)** | (9,283) | (11,421) | (12,596) | (12,598) |
| Exploration and evaluation ($'000) | **(3,186)** | (2,682) | (6,704) | (6,303) | (7,113) |
| Other expenses ($'000) | **(8,478)** | (11,625) | (17,160) | (14,651) | (17,194) |
| EBITDA (before impairment) ($'000) | **62,979** | 16,988 | 38,921 | 83,816 | 124,505 |
| Depreciation and amortisation ($'000) | **(59,656)** | (54,386) | (51,438) | (46,073) | (52,661) |
| Impairment/write-off of assets ($'000) | **(13,119)** | (8,026) | (7,202) | (5,536) | 7,221 |
| Finance costs ($'000) | **(1,334)** | (1,563) | (1,590) | (1,424) | (762) |
| Profit /(loss) before tax ($'000) | **(11,130)** | (46,987) | (21,309) | 30,783 | 78,303 |
| Income tax benefit (expense) | **1,808** | 15,302 | 3,097 | (10,154) | (22,108) |
| Net profit/(loss) after tax ($'000) | **(9,322)** | (31,685) | (18,212) | 20,629 | 56,195 |
| Basic earnings/(loss) per share (cents) | **(3.1)** | (12.5) | (8.6) | 10.0 | 27.5 |
| Dividends per share (cents) | **2.0** | 1.0 | 2.0 | 6.0 | 16.5 |
| Dividends payout ratio (%) | **-** | - | - | 60.0 | 59.9 |
| Market capitalisation ($'000) | **267,489** | 52,135 | 145,616 | 362,339 | 447,473 |
| Closing share price ($ per share) | **0.83** | 0.20 | 0.61 | 1.75 | 2.18 |
| Return on equity (%) | **(6.2)** | (22.9) | (15.3) | 20.0 | 55.3 |

Note: EBITDA (before impairment) is not shown in the Consolidated Income Statement or the accompanying notes and as such has not been reviewed by the Company's auditor.

LTI grants to executives are delivered in the form of performance rights to shares issued under the 2010 Panoramic Resources Limited Employee Share Plan (2010 ES Plan), which was re-approved by the Company's shareholders on 30 July 2014 for ASX Listing Rule purposes.

During the previous two financial years, there were no new LTI grants made under the 2010 ES Plan to executives and senior employees of the Company. Table 2 and Table 3 on pages 25 to 27 provide details of performance rights to shares granted before 1 July 2014.

### *Structure from 1 July 2014*

Under the structure from 1 July 2014, executives and senior employees will be invited each year to receive a new grant of performance rights under the 2010 ES Plan, such that the LTI grant will now form a key component of their remuneration package. The LTI dollar value that executives and senior employees will be entitled to receive is set at a fixed percentage of their annual Fixed Remuneration (base salary plus statutory superannuation) and will range from 35% to 100% of Fixed Remuneration depending on level and seniority. The number of performance rights to be granted is determined by dividing the LTI dollar value by the fair value ("FV") of one performance right (as determined by an independent valuer). For the FY2015 grant of performance rights, the FV at 1 July 2014 has been externally determined at $0.67.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### Performance Conditions

Performance rights will vest subject to meeting service and performance conditions as defined below:

- 75% of the performance rights will be performance tested against the relative total shareholder return ("TSR") measure over a 3 year period; and
- 25% of the performance rights will be performance tested against the reserve/resource growth over a 3 year period.

The Company's TSR will be measured at the end of each financial year against a customised peer group, which for the FY2015 grant of performance rights for the 3 year period commencing 1 July 2014, comprises the following companies:

- Aditya Birla Minerals Limited
- Altona Mining Limited
- Aurelia Metals Limited
- CuDeco Limited
- Heron Resources Limited
- Hillgrove Resources Limited
- Hot Chili Ltd
- Indophil Resources NL
- Mincor Resources NL
- Rex Minerals Limited
- Sandfire Resources NL
- Sirius Resources NL
- Poseidon Nickel Limited
- Western Areas Ltd

The following table sets out the vesting outcome based on the Company's relative TSR performance:

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

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

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

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

There will be no retesting of performance hurdles. It is only if one or both of these performance hurdles are passed and the 3 year service condition is met that the performance rights can be exercised into Shares.

#### *No Hedging Contracts on LTI Grants*

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance shares granted as part of their remuneration package. This policy is strictly enforced by the Managing Director under the Company's Share Trading Policy detailed in the Corporate Governance Statement on page 31.

### Employment Contracts

#### *Non-Executive Chairman*

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

- Brian Phillips may resign from his position and thus terminate his directorship on written notice.
- The Company must provide 6 months written notice or provide payment in lieu of the notice period ($80,798), based on the fixed component of Brian Phillips' remuneration if termination is initiated by the Company, except where termination is from serious misconduct.
- The Company may terminate his directorship at any time without notice if serious misconduct has occurred. In this situation, Brian Phillips is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### *Non-Executive Directors*

All other non-executive directors conduct their duties under the following terms:

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

| Non-Executive Director | Amount payable on termination |
|---|---|
| Christopher Langdon | $56,315 |
| John Rowe | $56,315 |

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

### *Managing Director*

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

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

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

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

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

  **E** = the average of (1) the "Total Assets" line item of the audited consolidated balance sheet of the Company (on a consolidated basis) for the Relevant Financial Year and (2) the "Total Assets" line item of the audited consolidated balance sheet of the Company for the year immediately preceding the Relevant Financial Year. "Total Assets" includes current and non-current assets.
- Peter Harold may resign from his position and thus terminate the Contract by giving 6 months written notice. Any vested unlisted options not exercised, if applicable, will be forfeited 4 weeks after notice of resignation. Peter Harold will not receive any accrued benefits of the executive STIB scheme in the event that he gives notice.
- Peter Harold accrues 5 weeks of annual leave entitlements per year and 13 weeks of long serve leave entitlements for every 10 years of service.
- If the Company terminates Peter Harold's Contract, other than lawfully in accordance with its terms, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) executive STIB at the time notice of the termination is given based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Remuneration Committee. If Peter Harold works out the whole or any part of his notice period, he will be entitled to his accrued First Part (Financial Performance) executive STIB during the period after the notice is given until such time as he stops working.
- If there is a Change of Control Event, Peter Harold will be entitled to paid his accrued First Part (Financial Performance) executive STIB at the time of the Change of Control based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Board of Directors. If the Board of Directors is unable to determine for any reason the accrued and discretionary benefits to Peter Harold under the executive STIB scheme, Peter Harold will be entitled to be paid an accrued STIB based on 100% of Peter Harold's fixed remuneration per annum.
- Prior to 1 July 2014, Peter Harold was granted a fixed allocation of performance rights at zero cost over two tranches under the 2010 ES Plan, as detailed in Table 3 on pages 25 to 27. **The vesting date of Tranche 1 of performance rights was 1 July 2013 and the vesting date of Tranche 2 of performance rights was 31 December 2013. The performance conditions for the vesting of each of these two Tranches of performance rights were not satisfied and lapsed with no shares in the Company being allotted to Peter Harold. As a result, no actual value was received by Peter Harold.**
- Under the new structure from 1 July 2014 for the granting of performance rights at zero cost under the 2010 ES Plan, subject to shareholder approval each year, Peter Harold will be entitled to receive 100% of his annual Fixed Remuneration in performance rights. In the interval between the end of the financial year and the date of this report, Peter Harold has been invited to be granted 904,601 FY2015 performance rights at zero cost under the 2010 ES Plan:
- If a named executive is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing the named executive to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse.
- The terms and conditions of the FY2015 performance rights under the 2010 ES Plan are provided from page 20.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

***Other Named Executives***

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

| Named Executive | Date of Current Employment Contract | Position |
|---|---|---|
| Trevor Eton | 8 January 2013 | Chief Financial Officer & Company Secretary |
| Terry Strong | 6 February 2013 | Chief Operating Officer |
| Angus Thomson | 8 January 2013 | Executive GM - Business Development |
| Christopher Williams | 6 February 2013 | General Manager - Project Dev' & Tech Services |
| John Hicks | 14 March 2014 | General Manager - Exploration |
| Tim Mason | 7 May 2014 | Operations Manager - Lanfranchi Project |
| Mark Recklies | 23 January 2013 | Operations Manager - Savannah Project |
| Tracey Ram | 1 January 2013 | General Manager - Human Resources |

***Employment Contracts***

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

- Each may resign from his position and thus terminate his contract by giving 3 months written notice. Any vested unlisted options not exercised will be forfeited 4 weeks from the date of resignation.
- The Company may terminate a named executive's employment contract by providing 4 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of the notice period. In the event of a termination in employment through a Change in Control of the Company, the Company will provide 6 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of notice.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. When termination with such cause occurs, the named executive is only entitled to that portion of remuneration which is fixed, and only up to the date that notice of termination is given. On termination with such cause, any unvested options or LTI grants in the form of performance rights will immediately be forfeited. Any vested unlisted options not exercised within 4 weeks of such notice of termination will be forfeited.
- If a named executive is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing the named executive to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse.
- Each named executive accrues 4 weeks of annual leave entitlements per year and 13 weeks of long serve leave entitlements for every 10 years of service.
- Prior to 1 July 2014, the named executives were granted a fixed allocation of performance rights at zero cost over two tranches under the 2010 ES Plan, as detailed in Table 3 on pages 25 to 27. **The vesting date of Tranche 1 of performance rights was 1 July 2013 and the vesting date of Tranche 2 of performance rights was 31 December 2013. The performance conditions for the vesting of each of these two Tranches of performance rights were not satisfied and lapsed with no shares in the Company being allotted to the named executives. As a result, no actual value was received by each of the named executive.**
- Under the new structure from 1 July 2014 for the granting of performance rights at zero cost under the 2010 ES Plan, each named executive, depending on level and seniority, will be entitled to receive 35% to 75% of their annual Fixed Remuneration in performance rights. In the interval between the end of the financial year and the date of this report, each of the named executives have been invited to be granted FY2015 performance rights at zero cost under the 2010 ES Plan:

| Named Executive | FY2015 LTI Grants |
|---|---|
| Trevor Eton | 368,459 |
| Terry Strong | 368,459 |
| Angus Thomson | 281,922 |
| Christopher Williams | 245,640 |
| John Hicks | 187,948 |
| Mark Recklies | 213,484 |
| Tim Mason | 179,776 |
| Tracey Ram | 97,243 |
| **Total LTI grants** | **1,942,931** |

The terms and conditions of FY2015 LTI grants under the 2010 ES Plan are provided from page 20.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (h) Details of remuneration

**Table 1: Remuneration of Directors and Executives Officers**

The remuneration in Table 1 of each named person is the total of fixed remuneration (base salary, superannuation and non-monetary benefits) and variable remuneration (short term and long term incentives). Excluding the cash component of remuneration, the total remuneration shown is the amount expensed by the Company and does not, in every case, represent what each named individual ultimately received.

| 2014 | Short-term employee benefits | | | Post employment benefits | | Share based payments | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Cash salary and fees | Bonus | Other | Superannuation | Retirement Benefits | Long Term Shares (a)/(b) | Termination / Resignation payments | Total | Performance related |
| | $ | $ | $ | $ | $ | $ | $ | $ | % |
| ***Non-executive directors*** | | | | | | | | | |
| C D J Langdon | 112,630 | - | 4,555 | - | - | - | - | 117,185 | - |
| J Rowe | 112,630 | - | 4,555 | - | - | - | - | 117,185 | - |
| B M Phillips | 161,597 | - | 4,555 | - | - | - | - | 166,152 | - |
| ***Executive directors*** | | | | | | | | | |
| P J Harold | 553,500 | - | 10,683 | 51,199 | - | 120,442 | - | 735,824 | 16 |
| ***Executives*** | | | | | | | | | |
| T R Eton | 300,600 | - | 10,683 | 27,806 | - | 66,042 | - | 405,131 | 16 |
| C J Williams | 300,600 | - | 4,555 | 27,806 | - | 66,042 | - | 399,003 | 17 |
| T J Strong | 283,500 | - | 4,555 | 26,224 | - | 44,215 | - | 358,494 | 12 |
| J D Hicks | 224,563 | - | 10,683 | 20,341 | - | 44,215 | - | 299,802 | 15 |
| M A Recklies | 261,250 | - | 4,555 | 24,166 | - | 8,955 | - | 298,926 | 3 |
| T S Mason | 220,000 | - | 4,555 | 20,350 | - | 5,597 | - | 250,502 | 2 |
| A Thompson (c) | 190,379 | - | 10,458 | 17,610 | - | 8,030 | - | 226,477 | 4 |
| T M Ram (d) | 175,550 | - | 10,458 | 16,238 | - | 8,030 | - | 210,276 | 4 |
| | **2,896,799** | **-** | **84,850** | **231,740** | **-** | **371,568** | **-** | **3,584,957** | **10** |

*(a) Includes the amortisation expense of Tranche 1 of the LTI Share Rights, which subsequently lapsed with no benefit to the holder on 1 July 2013*
*(b) Includes the amortisation expense of Tranche 2 of the LTI Share Rights, which subsequently lapsed with no benefit to the holder on 31 December 2013*
*(c) From 19 July 2013*
*(d) From 19 July 2013*

| 2013 | Short-term employee benefits | | | Post employment benefits | | Share based payments | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Cash salary and fees | Bonus | Other | Superannuation | Retirement Benefits | Long Term Shares (a)/(b) | Termination / Resignation payments | Total | Performance related |
| | $ | $ | $ | $ | $ | $ | $ | $ | % |
| ***Non-executive directors*** | | | | | | | | | |
| C D J Langdon | 118,887 | - | 5,647 | - | - | - | - | 124,534 | - |
| J Rowe | 118,887 | - | 5,647 | - | - | - | - | 124,534 | - |
| B M Phillips | 170,574 | - | 5,647 | - | - | - | - | 176,221 | - |
| ***Executive directors*** | | | | | | | | | |
| P J Harold | 584,250 | - | 11,441 | 52,583 | - | 240,115 | - | 888,389 | 27 |
| ***Executives*** | | | | | | | | | |
| T R Eton | 317,300 | - | 11,441 | 28,557 | - | 131,610 | - | 488,908 | 27 |
| C J Williams | 317,300 | - | 5,647 | 28,557 | - | 131,610 | - | 483,114 | 27 |
| T J Strong | 299,250 | - | 5,647 | 26,933 | - | 88,112 | - | 419,942 | 21 |
| J D Hicks (c) | 62,893 | - | 3,587 | 5,660 | - | 26,355 | - | 98,495 | 27 |
| M A Recklies | 268,654 | - | 5,647 | 24,179 | - | 17,845 | - | 316,325 | 6 |
| R J Thorburn (d) | 247,183 | - | 4,809 | 29,744 | - | 74,895 | 314,503 | 671,134 | 11 |
| Tim Mason (e) | 26,442 | - | 838 | 2,380 | - | 1,694 | - | 31,354 | 5 |
| | **2,531,620** | **-** | **65,998** | **198,593** | **-** | **712,236** | **314,503** | **3,822,950** | **19** |

*(a) Includes the amortisation expense of Tranche 1 of the LTI Share Rights, which subsequently lapsed with no benefit to the holder on 1 July 2013*
*(b) Includes the amortisation expense of Tranche 2 of the LTI Share Rights, which subsequently lapsed with no benefit to the holder on 31 December 2013*
*(c) From 14 March 2013*
*(d) Mr. R Thorburn left the Company on 7 May 2013*
*(e) From 7 May 2013*

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### (i) Details of share based compensation and bonuses

*Securities granted as part of remuneration during the year*

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

*Options - 2013/14*

No options were granted during 2013/14.

*Performance Rights to Shares - 2013/14*

No performance rights to shares were granted during 2013/14.

*Options - 2012/13*

No options were granted during 2012/13.

*Performance Rights to Shares - 2012/13*

No performance rights to shares were granted during 2012/13.

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

There were no ordinary shares issued to key management personnel on the exercise of securities during the financial year and there have been no ordinary shares issued to key management personnel on the exercise of securities since 30 June 2014.

### *(a) Equity instrument disclosures relating to key management personnel*

***Securities provided as remuneration***

Details of securities provided as remuneration, together with terms and conditions of the securities, can be found in the remuneration report.

***Security holdings***

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

***Table 3 : Securities holdings of directors and specified executives***

| 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Performance Rights** | **Balance at start of the year** | **Granted as compensation** | **Exercised** | **Other changes #** | **Balance at end of the year** | **Vested and exercisable** | **Unvested** |
| ***Directors of Panoramic Resources Limited*** | | | | | | | |
| P J Harold | 520,000 | - | - | (520,000) | - | - | - |
| ***Other key management personnel of the Group*** | | | | | | | |
| T R Eton | 295,000 | - | - | (295,000) | - | - | - |
| C J Williams | 295,000 | - | - | (295,000) | - | - | - |
| T J Strong | 197,500 | - | - | (197,500) | - | - | - |
| J D Hicks | 197,500 | - | - | (197,500) | - | - | - |
| M A Recklies | 40,000 | - | - | (40,000) | - | - | - |
| T S Mason | 25,000 | - | - | (25,000) | - | - | - |
| A S Thomson | 40,000 | - | - | (40,000) | - | - | - |
| T M Ram | 40,000 | - | - | (40,000) | - | - | - |
| | **1,650,000** | **-** | **-** | **(1,650,000)** | **-** | **-** | **-** |

*# Other changes relate to the lapse of performance rights where performance hurdles were not achieved*

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Performance Rights | Balance at start of the year | Granted as compensation | Exercised | Other changes # | Balance at end of the year | Vested and exercisable | Unvested |
| ***Directors of Panoramic Resources Limited*** | | | | | | | |
| P J Harold | 1,040,000 | - | - | (520,000) | 520,000 | - | 520,000 |
| ***Other key management personnel of the Group*** | | | | | | | |
| T R Eton | 590,000 | - | - | (295,000) | 295,000 | - | 295,000 |
| T J Strong | 395,000 | - | - | (197,500) | 197,500 | - | 197,500 |
| C J Williams | 590,000 | - | - | (295,000) | 295,000 | - | 295,000 |
| J D Hicks | 395,000 | - | - | (197,500) | 197,500 | - | 197,500 |
| M A Recklies | 80,000 | - | - | (40,000) | 40,000 | - | 40,000 |
| T S Mason | 50,000 | - | - | (25,000) | 25,000 | - | 25,000 |
| R J Thorburn | 395,000 | - | - | (395,000) | - | - | - |
| | **3,535,000** | **-** | **-** | **(1,965,000)** | **1,570,000** | **-** | **1,570,000** |

*# Other changes for R J Thorburn relate to performance rights forfeited on leaving the Company. Other changes relate to performance rights where performance hurdles were not achieved*

***Share holdings***

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

| 2014 | | | | | |
|---|---|---|---|---|---|
| Name | Balance at the start of the year | Received during the year on the exercise of options | Received on vesting of rights to deferred shares | Other changes during the year # | Balance at end of the year |
| ***Directors of Panoramic Resources Limited*** | | | | | |
| **Ordinary shares** | | | | | |
| P J Harold | 3,490,785 | - | - | - | 3,490,785 |
| C D J Langdon | 25,000 | - | - | 18,518 | 43,518 |
| J Rowe | 10,000 | - | - | 55,555 | 65,555 |
| B M Philips | 10,000 | - | - | 55,555 | 65,555 |
| ***Other key management personnel of the Group*** | | | | | |
| **Ordinary shares** | | | | | |
| T R Eton | 100,000 | - | - | - | 100,000 |
| T J Strong | 188,000 | - | - | - | 188,000 |
| A S Thomson | - | - | - | - | - |
| C J Williams | 155,000 | - | - | - | 155,000 |
| J D Hicks | 204,500 | - | - | - | 204,500 |
| T M Ram | - | - | - | - | - |
| M A Recklies | 100,000 | - | - | - | 100,000 |
| T S Mason | 1,560 | - | - | - | 1,560 |
| | 4,284,845 | - | - | 129,628 | 4,414,473 |

*# Other changes represent the participation in the January 2014 share purchase plan.*

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| 2013 | | | | | |
|---|---|---|---|---|---|
| **Name** | **Balance at the start of the year** | **Received during the year on the exercise of options** | **Received on vesting of rights to deferred shares** | **Other changes during the year** | **Balance at end of the year** |
| ***Directors of Panoramic Resources Limited*** | | | | | |
| **Ordinary shares** | | | | | |
| P J Harold | 3,490,785 | - | - | - | 3,490,785 |
| C D J Langdon | 25,000 | - | - | - | 25,000 |
| J Rowe | 10,000 | - | - | - | 10,000 |
| B M Philips | 10,000 | - | - | - | 10,000 |
| ***Other key management personnel of the Group*** | | | | | |
| **Ordinary shares** | | | | | |
| T R Eton | 100,000 | - | - | - | 100,000 |
| C J Williams | 155,000 | - | - | - | 155,000 |
| T J Strong | 188,000 | - | - | - | 188,000 |
| M A Recklies | 100,000 | - | - | - | 100,000 |
| J D Hicks | 204,500 | - | - | - | 204,500 |
| R J Thorburn | 10,200 | - | - | (10,200) | - |
| T S Mason | - | - | - | 1,560 | 1,560 |
| | **4,293,485** | **-** | **-** | **(8,640)** | **4,284,845** |

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

*Securities granted and exercised as part of remuneration for the year ended 30 June 2014 and 30 June 2013*

| 2014 | Value of securities granted during the year | Value of securities exercised during the year | Value of securities lapsed during the year | Remuneration consisting of securities for the year |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| ***(i) Performance Rights*** | | | | |
| P J Harold | | | 836,545 | |
| T R Eton | - | - | 403,791 | - |
| C J Williams | - | - | 403,791 | - |
| T J Strong | - | - | 270,336 | - |
| J D Hicks | - | - | 270,336 | - |
| M A Recklies | - | - | 54,752 | - |
| A S Thomson | - | - | 54,752 | - |
| T S Mason | - | - | 34,219 | - |
| T M Ram | - | - | 54,752 | - |

| 2013 | Value of securities granted during the year | Value of securities exercised during the year | Value of securities lapsed during the year | Remuneration consisting of securities for the year |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| ***(i) Performance Rights*** | | | | |
| P J Harold | - | - | 872,404 | - |
| T R Eton | - | - | 347,498 | - |
| C J Williams | - | - | 347,498 | - |
| T J Strong | - | - | 232,646 | - |
| J D Hicks | - | - | 232,646 | - |
| M A Recklies | - | - | 47,118 | - |
| R J Thorburn | - | - | 445,549 | - |
| T S Mason | - | - | 29,449 | - |

*Note: The value of securities lapsed includes the value of securities that did not vest and in the case of employees having left the Company during the period, the total value of securities foregone.*

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

There were no forfeitures during the period.

There were no loans to directors or other key management personnel at any time during the year ended 30 June 2014. There were no transactions involving key management personnel other than compensation and transaction concerning shares and performance rights as discussed in the remuneration report.

**This marks the end of the 2014 Remuneration Report.**

## ENVIRONMENTAL REGULATION

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

## ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

## AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the auditor, Ernst & Young, to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2014. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

## NON-AUDIT SERVICES

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

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

Tax Compliance $210,357

Signed in accordance with a resolution of the directors.

**Peter Harold**
***Managing Director***
***Perth***
***27 August 2014***

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Panoramic Resources Limited ("the Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Panoramic Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with Australian Stock Exchange ("ASX") Corporate Governance Council ("CGC") June 2010 amendments to the *August 2007 "Corporate Governance Principles and Recommendations (Second Edition)"* ("the Recommendations"), unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Company makes the following disclosures in relation to each of the Recommendations.

## PRINCIPLE 1: LAY FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### Primary Role of the Board

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

### Board Operation

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

### Board Processes

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

### Evaluation of Managing Director and Executive Performance

The Managing Director and the senior executives are ultimately responsible for the day to day running of the Company. The Board has in place a performance appraisal and remuneration system for the Managing Director and senior executives designed to enhance performance. Management performance is reviewed on an annual basis. The criterion for the evaluation of the Managing Director and each executive is their performance against key performance indicators. In addition, the Board monitors and evaluates the performance of the Managing Director and senior executives as appropriate.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

### Board composition

The names of the directors of the Company in office at the date of the Statement are set out in the Directors' report.

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

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

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial, financial and mining skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) for which the Board is looking to achieve in its membership. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent director is encouraged, and given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

### Director independence

The composition of the Board is considered to be appropriate for a Company that has a sustainable producing business and is active in acquiring and developing new projects. As at the date of this report, the majority of non-executive directors, including the Chairman, are considered independent of management and directly or indirectly, individually hold less than 5% of the issued ordinary shares of the Company.

### Director Education

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

# CORPORATE GOVERNANCE STATEMENT

### Conflict of interest

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

### Performance assessment

There is no formal performance appraisal system in place for Board performance on a director by director basis. In April 2013, each director completed a self-performance appraisal by answering a set of specific questions rating their own performance since assuming office and their personal view on the performance of the whole Board. The Board has agreed to complete these self-performance appraisal surveys on a regular basis as part of implementing a more formal performance appraisal system. Membership of the Audit Committee by non-executive directors is initially for a three year period, with an annual renewal review thereafter with performance being one criteria in order to retain office.

### Independent professional advice and access to Company information

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

### Board committees

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

- ***Audit Committee***

The Audit Committee consists of all non-executive directors. The Audit Committee is to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee is also to review: the effectiveness of internal controls, recommendation and the appointment and assessing the performance of the external auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. The Audit Committee operates under an *Audit Committee Charter* that is reviewed by the committee and is re-approved or changed by the full Board on a bi-annual basis.

- ***Remuneration Committee***

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

There is increased transparency and accountability in remuneration matters as required in the *Improving Accountability on Director and Executive Remuneration Bill 2011*. There are now rules for engaging remuneration consultants and on reporting specific information about remuneration consultants in the audited Remuneration Report in the Directors' Report. The Company's audited 2014 Remuneration Report includes these reporting obligations.

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

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

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

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

- ***Nomination Committee***

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

## PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

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

### Code of conduct

The Company has established a written *Code of Conduct* which outlines the culture, practices, expected conduct, values and behaviour to be displayed by all employees in upholding the integrity, reputation and accountability of the Company and its controlled entities in the work environment and in the interactions with the Company's various

# CORPORATE GOVERNANCE STATEMENT

stakeholders. Certain practices are necessary to comply with Federal and Western Australian State industrial legislation and the Corporations Law. The Code of Conduct has a clear responsibility and accountability of employees for reporting and investigating reports of unethical practices by reference to specific rules and policies such as the rules for trading in the Company securities, and the policy on discrimination, harassment and bullying.

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

### Diversity policy

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

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

Pursuant to *Recommendation 3.3* of the Recommendations, the Company discloses the following information as at the date of this report:

- Percentage of women and men employed within the Group - women: 10%; men: 90%;
- Percentage of women and men employed at the senior management level - women: 9%; men: 91%;
- Percentage of women and men employed at the Board level - women: nil; men: 100%; and
- Percentage of indigenous employees at the Savannah nickel project - 16% (objective by November 2015: 30%)

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

### Trading in Company securities by directors, officers and employees

The Company has in place a *Share Trading Policy* for the trading in Company securities by directors, key management personnel, officers and employees as required under ASX Listing Rule 12.12. The Policy is worded to ensure compliance with Section 1043A of the Corporations Law (on insider trading), Part 2D.1 of the *Corporations Act 2001* (on the proper duties in relation to the use of inside information), and ASX Listing Rules 3.19A, 12.9, 12.10, and 12.11. The Managing Director has been appointed to ensure that the following rules for the trading in Company's securities are strictly adhered to:

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

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

### Discrimination, Harassment and Bullying Policy

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

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Managing Director and Chief Financial Officer are required to state in writing to the Audit Committee and the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. The Audit Committee reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy to the Board prior to their release to shareholders, investors and other public forums. There is regular communication between the Audit Committee, management and external auditor. In accordance with Section 324DA of the *Corporations Act 2001*, the audit partner of the external auditor is required to be rotated after 5 successive financial years. It is the role of the Audit Committee to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

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

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLES 5 : MAKE TIMELY AND BALANCED DISCLOSURES

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

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

The Company has appointed the Company Secretary to oversee the continuous disclosure practices of the Company and its controlled entities. His responsibilities include:

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

## PRINCIPLES 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Company has significantly changed the risk management framework through the progressive development of an enterprise-wide software database on the inherent risks and risk mitigation strategies identified across all functions of the business, including occupational, health, safety and environment (OHS&E). This Board sanctioned approach is in accordance with *Australian/New Zealand Standard for Risk Management (AS/NZS 4360 2004)* and is aligned to the control framework for enterprise risk management prepared by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in 2001. The framework involved the Company undertaking a comprehensive review in 2011/12 of the different elements across the various financial, administrative and operational functions at the Company's mine sites and Perth office and in identifying the risks inherent in each element and the appropriate risk management internal controls, systems and response procedures to mitigate their impact on strategic, operational and financial performance. For example, there are a number of risks the Company's sites are exposed to that are both common to the mining industry and unique due to location such as, but not limited to:

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

The 2011/12 review also examined the effectiveness of internal controls, systems and response procedures that were in place in previous years. This comprehensive review on each element and function across the Group, including the setting of various risk appetite tolerance thresholds by the senior management group was completed in mid-2012, followed by approval by the full Board of the *Risk Management Guideline (August 2012)* which details on the enterprise wide risk management framework and the process, roles and responsibilities for conducting each new comprehensive review. A condensed version of the guideline is available on the Company's website at *www.panoramicresources.com*. As at the date of the report, the Company is currently in the process of conducting a new comprehensive review using the procedures set down in the Risk Management Guideline in order to produce an updated Risk Management Guideline for approval by the full Board.

The Board has established a committee of the Board, the Environment, Safety and Risk Committee. The *Committee's Charter (November 2013)* states that the Committee will oversee the Company's management of financial and non-financial risks at the operations in accordance with the established risk management framework while always taking into account the Company's legal obligations set by the Federal and State statutory law makers on, but not limited to, environment, employment and occupational health and safety.

The reporting and control mechanisms, together with the assurances of the Environment, Safety and Risk and Audit Committees, support the annual written certification, in accordance with Section 295A of the *Corporations Act 2001* given by the Managing Director and the Chief Financial Officer to the Board certifying that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

### Board Remuneration

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

### Executive Remuneration

The Board has established a committee of the Board, the Remuneration Committee. The Remuneration Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each executive's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be at 'risk' for the upcoming year. The Company's executives can participate in a performance share rights plan that is linked to the Company's performance (on both a relative share price and resources and reserves growth basis) against its peers in the resources industry. The Committee also ensures that there is no discrimination on remuneration in respect to gender.

Further details in relation to director and executive remuneration are set out in the 2014 Remuneration Report on pages 17 to 28.

# DIRECTORS' DECLARATION

## 30 JUNE 2014

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

1. In the directors' opinion:

   (a) the financial statements and notes set out on pages 39 to 89 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2014.

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

On behalf of the Board

**Peter Harold**
***Managing Director***
***Perth***
***27 August 2014***

# INDEPENDENT AUDITOR'S REPORT

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

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Fax: +61 8 9429 2436
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## Independent auditor's report to the members of Panoramic Resources Limited

### Report on the financial report

We have audited the accompanying financial report of Panoramic Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit 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.



RK:MW:PAN:036

# INDEPENDENT AUDITOR'S REPORT



## Opinion

In our opinion:

a. the financial report of Panoramic Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 27 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Panoramic Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Robert Kirkby
Partner
Perth
27 August 2014



RK:MW:PAN:036

# AUDITOR'S INDEPENDANCE DECLARATION

Ernst & Young
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## Auditor's Independence Declaration to the Directors of Panoramic Resources Limited

In relation to our audit of the financial report of Panoramic Resources Limited for the financial year ended 30 June 2014, 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.

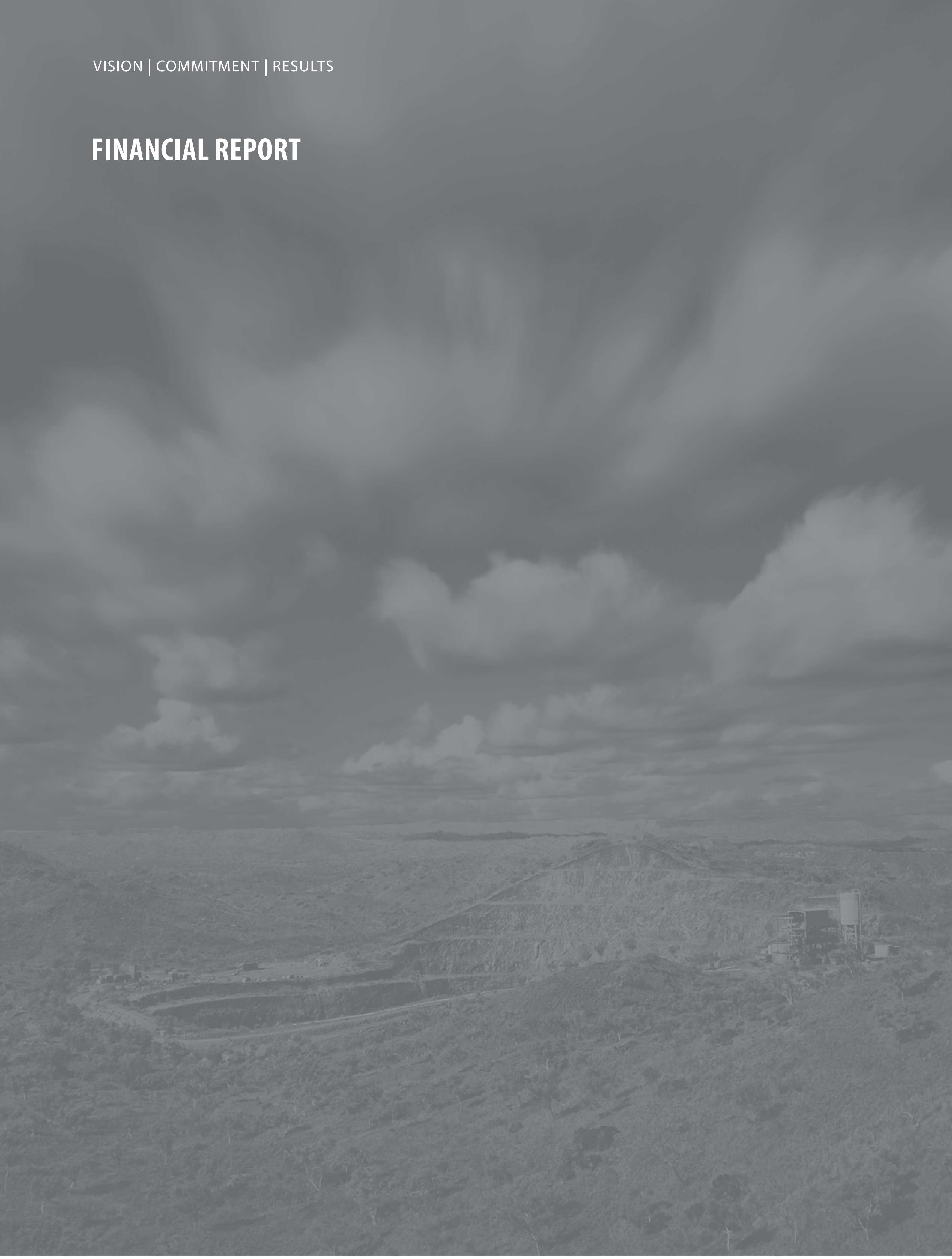
Ernst & Young

Robert Kirkby
Partner
27 August 2014



RK:MW:PAN:037

# FINANCIAL REPORT



# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | 2014 | 2013 |
|---|---|---|---|
| | | $'000 | $'000 |
| Revenue | 3 | **238,210** | 181,765 |
| Cost of sales of goods | 5 | **(224,106)** | (208,528) |
| **Gross margin on sale of goods** | | **14,104** | (26,763) |
| Other income | 4 | **1,295** | 3,825 |
| Other | 5 | **(8,371)** | (8,944) |
| Exploration and evaluation expenditure | | **(3,186)** | (2,682) |
| Mark to market of derivatives | | **(83)** | (2,141) |
| Impairment of available-for-sale financial assets | | **-** | (138) |
| Impairment of assets | | **(13,119)** | (7,888) |
| Share based payments | | **(436)** | (693) |
| Finance costs | 5 | **(1,334)** | (1,563) |
| **Loss before income tax** | | **(11,130)** | (46,987) |
| Income tax benefit | 6 | **1,808** | 15,302 |
| **Loss for the year** | | **(9,322)** | (31,685) |
| Loss for the year is attributable to: | | | |
| Owners of Panoramic Resources Limited | | **(9,322)** | (31,685) |

| | | Cents | Cents |
|---|---|---|---|
| **Loss per share attributable to the ordinary equity holders of the Company:** | | | |
| Basic loss per share | 35 | **(3.1)** | (12.5) |
| Diluted loss per share | 35 | **(3.1)** | (12.5) |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | 2014 | 2013 |
|---|---|---|---|
| | | $'000 | $'000 |
| **Loss for the year** | | **(9,322)** | (31,685) |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may reclassified to profit or loss* | | | |
| Changes in fair value of available-for-sale financial assets, net of tax | 24(a) | **183** | (64) |
| Changes in fair value of cash flow hedges, net of tax | 24(a) | **(10)** | (508) |
| Exchange differences on translation of foreign operations | 24(a) | **884** | (1,712) |
| Transfer from cash flow hedge reserve to net profit, net of tax | 24(a) | **-** | (5,071) |
| | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Impairment of assets charged against revaluation reserve, net of tax | 24(a) | **(3,598)** | (4,537) |
| **Other comprehensive loss for the year, net of tax** | | **(2,541)** | (11,892) |
| | | | |
| **Total comprehensive loss for the year** | | **(11,863)** | (43,577) |
| | | | |
| Total comprehensive loss for the year is attributable to: | | | |
| Owners of Panoramic Resources Limited | | **(11,863)** | (43,577) |

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

# CONSOLIDATED BALANCE SHEET

## AS AT 30 JUNE 2014

| | Notes | 2014 | 2013 |
|---|---|---|---|
| | | $'000 | $'000 |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **64,055** | 23,261 |
| Trade and other receivables | 8 | **32,670** | 21,670 |
| Inventories | 9 | **17,209** | 17,933 |
| Derivative financial instruments | 11 | **926** | 19 |
| Prepayments | 10 | **1,343** | 1,494 |
| **Total current assets** | | **116,203** | 64,377 |
| | | | |
| **Non-current assets** | | | |
| Available-for-sale financial assets | 12 | **528** | 67 |
| Exploration and evaluation | 15 | **122,736** | 115,266 |
| Development properties | 15 | **57,820** | 80,942 |
| Mine properties | 15 | **12,431** | 26,678 |
| Property, plant and equipment | 13 | **63,379** | 82,756 |
| Other non-current assets | 16 | **529** | 438 |
| **Total non-current assets** | | **257,423** | 306,147 |
| | | | |
| **Total assets** | | **373,626** | 370,524 |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | **30,732** | 27,069 |
| Borrowings | 18 | **4,138** | 3,724 |
| Derivative financial instruments | 11 | **728** | 232 |
| Provisions | 19 | **7,373** | 7,620 |
| **Total current liabilities** | | **42,971** | 38,645 |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 20 | **4,007** | 7,189 |
| Deferred tax liabilities | 21 | **20,102** | 23,627 |
| Provisions | 22 | **30,425** | 29,482 |
| **Total non-current liabilities** | | **54,534** | 60,298 |
| | | | |
| **Total liabilities** | | **97,505** | 98,943 |
| | | | |
| **Net assets** | | **276,121** | 271,581 |
| | | | |
| **EQUITY** | | | |
| Contributed equity | 23 | **159,276** | 143,309 |
| Reserves | 24(a) | **42,966** | 45,071 |
| Retained earnings | | **73,879** | 83,201 |
| | | | |
| **Total equity** | | **276,121** | 271,581 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | Contributed equity | Mineral properties revaluation reserve | Available-for-sale financial assets | Cash flow hedge reserve | Share-based payment reserve | Foreign currency translation | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 July 2012** | | 133,765 | 31,252 | 64 | 5,579 | 18,641 | 734 | 117,454 | 307,489 |
| Other comprehensive loss | | - | (4,537) | (64) | (5,579) | - | (1,712) | - | (11,892) |
| Loss for the year | | - | - | - | - | - | - | (31,685) | (31,685) |
| **Total comprehensive loss for the year** | | **-** | **(4,537)** | **(64)** | **(5,579)** | **-** | **(1,712)** | **(31,685)** | **(43,577)** |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | |
| Contributions of equity, net of transaction costs and tax | 23 | 9,544 | - | - | - | - | - | - | 9,544 |
| Dividends provided for or paid | 25 | - | - | - | - | - | - | (2,568) | (2,568) |
| Employee share options - value of employee services | | - | - | - | - | 693 | - | - | 693 |
| | | 9,544 | - | - | - | 693 | - | (2,568) | 7,669 |
| **Balance at 30 June 2013** | | **143,309** | **26,715** | **-** | **-** | **19,334** | **(978)** | **83,201** | **271,581** |
| **Balance at 1 July 2013** | | 143,309 | 26,715 | - | - | 19,334 | (978) | 83,201 | 271,581 |
| Other comprehensive loss | | - | (3,598) | 183 | (10) | - | 884 | - | (2,541) |
| Loss for the year | | - | - | - | - | - | - | (9,322) | (9,322) |
| **Total comprehensive loss for the year** | | **-** | **(3,598)** | **183** | **(10)** | **-** | **884** | **(9,322)** | **(11,863)** |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | |
| Contributions of equity, net of transaction costs and tax | 23 | 15,967 | - | - | - | - | - | - | 15,967 |
| Employee share options - value of employee services | | - | - | - | - | 436 | - | - | 436 |
| | | 15,967 | - | - | - | 436 | - | - | 16,403 |
| **Balance at 30 June 2014** | | **159,276** | **23,117** | **183** | **(10)** | **19,770** | **(94)** | **73,879** | **276,121** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | 2014 | 2013 |
|---|---|---|---|
| | | $'000 | $'000 |
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **224,084** | 188,564 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(166,325)** | (162,086) |
| Interest paid | | **(537)** | (836) |
| Payments for exploration and evaluation expense | | **(3,245)** | (2,684) |
| **Net cash inflow from operating activities** | 33 | **53,977** | 22,958 |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(4,090)** | (8,962) |
| Payment of development costs | | **(13,507)** | (19,294) |
| Payments for exploration | | **(8,060)** | (20,101) |
| Proceeds from term deposits | | **-** | 6,500 |
| Payments for mineral properties | | **(529)** | - |
| Proceeds from cash backed bonds | | **-** | 117 |
| Proceeds from sale of property, plant and equipment | | **47** | 403 |
| Proceeds from sale of available-for-sale financial assets | | **-** | 6,980 |
| Interest received | | **630** | 1,115 |
| **Net cash (outflow) from investing activities** | | **(25,509)** | (33,242) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of shares and other equity securities | | **15,927** | - |
| Share issue transaction costs | | **(830)** | - |
| Repayment of borrowings | | **(2,771)** | (3,255) |
| Dividends paid to company's shareholders | 25 | **-** | (2,568) |
| **Net cash inflow (outflow) from financing activities** | | **12,326** | (5,823) |
| | | | |
| **Net increase (decrease) in cash and cash equivalents** | | **40,794** | (16,107) |
| Cash and cash equivalents at the beginning of the financial year | | **23,261** | 39,368 |
| **Cash and cash equivalents at end of year** | 7 | **64,055** | 23,261 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Panoramic Resources Limited (the Parent or the Company) and its subsidiaries (the Group) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 27 August 2014.

Panoramic Resources Limited (the Parent) is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

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

### (a) Basis of preparation

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

### (b) New accounting standards and interpretations

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

#### *(i) Changes in accounting policies and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2013:

- 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.

- 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.

  These additional disclosures are provided in note 29 and note 31.

- 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 38 for the additional disclosures.

- AASB 119 Employee Benefits

  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.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

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 financial statements for the year end 30 June 2014 have been updated for changes in disclosure requirements. The adoption of AASB 2011-4 had no effect on the financial position and performance of the Group.

***(ii) Accounting Standards and Interpretations issued but not yet effective***

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities, effective 1 July 2014

  AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

- AASB 9 Financial Instruments, effective 1 July 2018

  On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

  IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

  The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

  The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

  AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.

  The main changes are described below.

  a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
  b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
  c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
  d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
     - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
     - The remaining change is presented in profit or loss

  AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

  Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 - Part E.

- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets, effective 1 July 2014

  AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139], effective 1 July 2014

  AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

- AASB 2014-1 Part A -Annual Improvements 2010-2012 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010-2012 Cycle, effective 1 July 2014

  AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

  Annual Improvements to IFRSs 2010-2012 Cycle addresses the following items:

  - AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
  - AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
  - AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
  - AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.

  AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

- AASB 2014-1 Part A -Annual Improvements 2011-2013 Cycle Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011-2013 Cycle, effective 1 July 2014

  Annual Improvements to IFRSs 2011-2013 Cycle addresses the following items:

  - AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.
  - AASB140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.

- AASB 1031 Materiality, effective 1 July 2014

  The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.

  AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.

  - AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.

- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments, effective 1 July 2015

  The Standard contains three main parts and makes amendments to a of AASB CF 2013-1.

  Part B makes amendments to particular Australian Accounting Standard s to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.

  Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

  IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

  The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- IFRS 15 Revenue from Contracts with Customers, effective 1 July 2015

  In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue-Barter Transactions Involving Advertising Services).

  The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  (a) Step 1: Identify the contract(s) with a customer

  (b) Step 2: Identify the performance obligations in the contract

  (c) Step 3: Determine the transaction price

  (d) Step 4: Allocate the transaction price to the performance obligations in the contract

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted.

Impact of the above standards is yet to be determined.

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

### (d) Significant accounting judgements, estimates and assumptions

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

#### *(i) Determination of mineral resources and ore reserves*

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

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

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

#### *(ii) Impairment of capitalised exploration and evaluation expenditure*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

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

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

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

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

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

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

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

#### *(iv) Impairment of property, plant and equipment*

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

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

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

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

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

#### *(v) Provisions for decommissioning and restoration costs*

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

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

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

#### *(vi) Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a Black Scholes model and a Binomial model, using the assumptions detailed in note 36.

### (e) Revenue recognition

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

#### *(i) Sale of concentrates/ore*

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

#### *(ii) Interest income*

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

#### *(iii) Dividends*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### (f) Borrowing costs

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

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

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

### (g) Leases

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

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

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

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

### (h) Cash and cash equivalents

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

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

### (i) Term deposits

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

### (j) Trade receivables

#### *(i) Nickel concentrate*

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

#### *(ii) Nickel ore*

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

#### *(iii) Other receivables*

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

### (k) Inventories

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### *(ii) Spares for production*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (l) Derivative financial instruments and hedging

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

Derivatives are not held for speculative purposes.

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

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

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

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

#### *(i) Cash flow hedges*

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

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

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

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

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

#### *(ii) Derivatives that do not qualify for hedge accounting*

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

### (m) Foreign currency translation

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

#### *Transactions and balances*

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

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

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

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

#### *Group companies*

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

### (n) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### (o) Investments and other financial assets

#### *(i) Available-for-sale financial assets*

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

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

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

### (p) Income tax

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

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

***Tax consolidation legislation***

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

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

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

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

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

### (q) Other taxes

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

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

### (r) Property, plant and equipment

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

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

***Depreciation and amortisation***

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

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

***Impairment***

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

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

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

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

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

***Derecognition and disposal***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

#### *(i) Exploration and evaluation expenditure*

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

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

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

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

**Impairment**

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

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

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

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

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

#### *(ii) Mine development expenditure*

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

**Impairment**

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

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

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

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

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

#### *(iii) Mine properties*

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

**Impairment**

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

#### *(iv) Provisions for decomissioning and rehabilitation*

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

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

### (t) Impairment of non-financial assets

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

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

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

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

### (u) Trade and other payables

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

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

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

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

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

### (w) Provisions

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

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

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

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

### (x) Employee benefits

#### *(i) Short term benefits*

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

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### *(ii) Long service leave*

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

### *(iii) Share-based payments*

***Equity-settled transactions***

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

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

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

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

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

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

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

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

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

### *(iv) Bonus plans*

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

### (y) Contributed equity

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

### (z) Dividends

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

### (aa)Earnings per share

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

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

- costs of servicing equity (other than dividends) and preference share dividends;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

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

### (ab) Business combinations

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

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

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

### (ac) Government grants

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

### (ad) Joint Operations

The Group's recognises its interest in joint operations its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

## 2 SEGMENT INFORMATION

### (a) Business segments

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

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

The Group has identified five operating segments being: (1) Nickel the aggregation of the Savannah Nickel Project, Lanfranchi Nickel Project and Copernicus Nickel Project; (2) Gold the 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 Nickel Project, a nickel project in which the Group has 100% interest, is currently under care and maintenance. No revenue was generated from this 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 approximately 650km north east of Perth, within trucking distance of the existing Gidgee processing facility. 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 comprises 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 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 agreements to conduct overseas exploration and evaluation activities in Scandinavia.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

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

***Accounting policies***

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

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

### (b) Operating business segments

| 2014 | Nickel | Gold | Platinum Group Metals | Australian Exploration | Overseas Exploration | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Sales to external customers | 237,459 | - | - | - | - | 237,459 |
| Other revenue | 577 | 10 | 15 | - | - | 602 |
| **Total segment revenue** | **238,036** | **10** | **15** | **-** | **-** | **238,061** |
| **Total segment results** | **(390)** | **(948)** | **(578)** | **(628)** | **(313)** | **(2,857)** |
| **Total segment assets** | **240,083** | **75,390** | **39,533** | **20,826** | **2** | **375,834** |
| **Total segment liabilities** | **74,669** | **29,441** | **1,321** | **80** | **(10)** | **105,501** |
| Impairment of assets (a) | 18,259 | - | - | - | - | 18,259 |
| Depreciation and amortisation | 59,243 | - | 106 | - | - | 59,349 |
| Mark to market of derivatives | 83 | - | - | - | - | 83 |

(a) An impairment loss of $18.259 million was recognised to reduce the carrying amount of the property, plant and equipment, mine development and 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.

| 2013 | Nickel | Gold | Platinum Group Metals | Australian Exploration | Overseas Exploration | Total |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Sales to external customers | 180,634 | - | - | - | - | 180,634 |
| Other revenue | 880 | 4 | 133 | 1 | - | 1,018 |
| **Total segment revenue** | 181,514 | 4 | 133 | 1 | - | 181,652 |
| **Total segment results** | (36,795) | (2,900) | (726) | (621) | 277 | (40,765) |
| **Total segment assets** | 240,442 | 70,035 | 38,758 | 20,872 | 8 | 370,115 |
| **Total segment liabilities** | 79,967 | 23,382 | (31) | 37 | - | 103,355 |
| Impairment of assets (b) | 14,369 | - | - | - | - | 14,369 |
| Depreciation and amortisation | 54,236 | - | 22 | - | - | 54,258 |
| Mark to market of derivatives | 2,141 | - | - | - | - | 2,141 |

(b) An impairment loss of $14.369 million was recognised to reduce the carrying amount of the property, plant and equipment, mine development and mine properties to recoverable amount. $7.888 million has been recognised in the income statement and $6.481 million has been recognised in the mineral properties revaluation reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (c) Other segment information

#### *(i) Segment revenue*

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Total segment revenue | **238,061** | 181,652 |
| Unallocated revenue | **149** | 113 |
| **Consolidated revenue (note 3)** | **238,210** | 181,765 |

The amount of its revenue from external customers in Australia is $127.510 million (2013: $86.110 million), and the total revenue from external customers in China is $121.122 million (2013: $94.688 million).

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

The Group has two major customers, one to which it delivers nickel concentrate and the other, nickel ore. The Group's most significant client accounts for $127.510 million (2013: $94.688 million) of external revenue. The next most significant client accounts for $121.122 million (2013: $86.110 million) of revenue.

#### *(ii) Segment results*

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Segment results | **(2,857)** | (40,765) |
| Corporate charges and unallocated revenue and expenses | **(8,273)** | (6,222) |
| Income tax benefit | **1,808** | 15,302 |
| **Loss for the year** | **(9,322)** | (31,685) |

#### *(iii) Segment assets*

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Segment assets | **375,834** | 370,115 |
| Intersegment eliminations | **(20,528)** | (16,467) |
| Unallocated assets | **18,320** | 16,876 |
| **Total assets as per the consolidated balance sheet** | **373,626** | 370,524 |

The total of non-current assets located in Australia is $222.812 million (2013: $274.095 million), and the total of these non-current assets located in Canada is $33.557 million (2013: $31.546 million). Non-current assets for this purpose consist of property, plant and equipment, exploration and evaluation, development and mine properties.

#### *(iv) Segment liabilities*

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Segment liabilities | **105,501** | 103,355 |
| Intersegment eliminations | **(9,529)** | (6,221) |
| Unallocated liabilities | **1,533** | 1,809 |
| **Total liabilities as per the consolidated balance sheet** | **97,505** | 98,943 |

## 3 REVENUE

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| ***Sales revenue*** | | |
| Sale of goods | **237,459** | 180,634 |
| ***Other revenue*** | | |
| Interest income | **751** | 1,131 |
| | **238,210** | 181,765 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 4 OTHER INCOME

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Net gain on sale of available-for-sale financial assets | - | 2,322 |
| Government grants | **1,236** | 1,422 |
| Sundry income | **59** | 81 |
| | **1,295** | 3,825 |

## 5 EXPENSES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| ***Loss before income tax includes the following specific expenses:*** | | |
| ***Cost of sales of goods*** | | |
| Cost of production | **153,549** | 145,012 |
| Royalties | **11,313** | 9,283 |
| Depreciation - property, plant and equipment | **20,182** | 17,359 |
| Amortisation - deferred development costs | **31,589** | 25,359 |
| Amortisation - mine properties | **7,473** | 11,515 |
| | **224,106** | 208,528 |
| ***Finance costs*** | | |
| Interest and finance charges paid/payable | **665** | 883 |
| Unwinding of discount - rehabilitation | **669** | 680 |
| | **1,334** | 1,563 |
| ***Rental expense relating to operating leases*** | | |
| Minimum lease payments | **1,386** | 1,152 |
| | **1,386** | 1,152 |
| ***Derivative financial instruments*** | | |
| Mark to market of derivatives instruments which are not in an effective hedge relationship | **83** | 2,141 |
| | **83** | 2,141 |
| ***Others*** | | |
| Corporate and marketing costs | **7,645** | 9,116 |
| Net (gain)/loss on disposal of property, plant and equipment | **(9)** | (234) |
| Depreciation - property, plant and equipment not used in production | **230** | 153 |
| Depreciation - finance lease and hire purchase assets not used in production | **182** | - |
| Net foreign currency exchange (gain)/loss | **323** | (91) |
| | **8,371** | 8,944 |
| ***Breakdown of employee benefits expenses*** | | |
| Salaries and wages | **39,526** | 43,948 |
| Payroll tax | **2,707** | 2,967 |
| Superannuation | **3,942** | 4,317 |
| Others | **4,235** | 4,198 |
| Share based payments expense | **436** | 693 |
| | **50,846** | 56,123 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 6 INCOME TAX BENEFIT

### (a) Income tax benefit

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Derecognised income tax expense | - | (83) |
| Current tax | - | 332 |
| Relating to origination and reversal of temporary differences in current year | **(3,086)** | (15,300) |
| Adjustments for current tax of prior periods | **1,854** | 530 |
| Adjustments in relation to research and development | **(576)** | (781) |
| | **(1,808)** | (15,302) |

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Loss from continuing operations before income tax benefit | **(11,130)** | (46,988) |
| Tax benefit at the Australian tax rate of 30.0% (2013 - 30.0%) | **(3,339)** | (14,096) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Foreign exploration | **4** | 76 |
| Entertainment | **6** | 5 |
| Share based payments | **131** | 217 |
| Inherited deductions on consolidation | **(171)** | - |
| Deferred tax on investment not recognised | **(79)** | (83) |
| Write back of impairment | - | (673) |
| Impairment of capital expenditure | - | (100) |
| Adjustments for current tax of prior years | **1,854** | 530 |
| Adjustments in relation to research and development | **(576)** | (781) |
| Tax losses not booked relating to foreign subsidiary | **291** | (1,582) |
| Acquisition expenses not deductible for tax | **71** | - |
| Deferred tax liability recognised on tax consolidation | - | 1,185 |
| **Income tax benefit** | **(1,808)** | (15,302) |

### (c) Amounts recognised through other comprehensive income

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Relating to financial instruments | **(4)** | (2,391) |
| Relating to equity securities available for sale | **79** | (27) |
| Relating to asset revaluation reserve | **(1,542)** | (1,944) |
| | **(1,467)** | (4,362) |

### (d) Amounts recognised directly in equity

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Relating to capital raising | **(249)** | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (e) Tax losses

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Unused tax losses for which no deferred tax asset has been recognised | | |
| Capital losses | **1,789** | 1,789 |
| Income tax losses transferred to Panoramic Resources Limited from Magma Metals Limited on tax consolidation | **23,695** | 23,695 |
| **Potential tax benefit @ 30%** | **7,645** | 7,645 |

### (f) Unrecognised temporary differences

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Temporary difference for which deferred tax asset has not been recognised: | | |
| Foreign currency translation | **757** | 452 |
| Investments at fair value | **-** | (228) |
| Employee benefits | **70** | - |
| Provisions | **7** | - |
| Tax losses | **1,397** | - |
| Depreciation | **3,027** | - |
| | **5,258** | 224 |
| **Unrecognised deferred tax liabilities relating to the above temporary differences** | **1,577** | 67 |

## 7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Cash at bank and in hand | **30,725** | 14,720 |
| Deposits at call | **33,330** | 8,541 |
| | **64,055** | 23,261 |

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

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Balances as above | **64,055** | 23,261 |

### (b) Cash at bank and on hand

Generally cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 2.6% (2013: 2.9%).

### (c) Deposits at call

Short term deposits are made of varying maturities not exceeding three months and earn interest at the respective short term deposit rates. If short term deposits have original maturity greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts. The weighted average interest rate achieved for the year was 3.6% (2013: 4.0%).

### (d) Fair value

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 8 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Trade receivables | **28,726** | 16,283 |
| Other receivables | **3,944** | 5,387 |
| | **32,670** | 21,670 |

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Trade receivables are marked to market based on the forward selling price 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 30 June 2014 was $12.765 million (2013: $5.019 million) and the amount of fair value changes recognised in the income statement was $7.746 million (2013: $1.567 million)

All receivables are current.

### (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 currency exchange rate and interest rate risk

The balance of trade receivables is exposed to movements in USD/AUD exchange rates and spot commodity prices.

All trade receivables are non-interest bearing in 2013 and 2014.

Information on foreign currency exchange and interest rate risk is provided in note 38.

### (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 30 June 2013 and 2014.

Trade receivables are marked to market based on the forward selling price from the date a provisional invoice is prepared until the presentation of a final invoice to the customer, known as the quotational period (QP).

Information on credit risk is provided in note 38.

## 9 CURRENT ASSETS - INVENTORIES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Spares for production | | |
| - at cost | **9,504** | 10,021 |
| - at net realisable value | **801** | 532 |
| Nickel ore stocks on hand | | |
| - at net realisable value | **885** | 1,302 |
| Concentrate stocks on hand | | |
| - at net realiseable value | **6,019** | 6,078 |
| | **17,209** | 17,933 |

## 10 CURRENT ASSETS - PREPAYMENTS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Prepayments | **1,343** | 1,494 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 11 DERIVATIVE FINANCIAL INSTRUMENTS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Current assets** | | |
| Commodity put options | **385** | - |
| Forward foreign currency exchange put options | **541** | 19 |
| **Total current derivative financial instrument assets** | **926** | 19 |
| | | |
| **Current liabilities** | | |
| Foreign currency exchange call options | **173** | 232 |
| Commodity call options | **555** | - |
| **Total current derivative financial instrument liabilities** | **728** | 232 |
| | | |
| **Total derivative financial instrument assets (liabilities)** | **198** | (213) |

### (a) 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 (refer to note 38).

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.

### (b) 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 | Tonnes Hedged | Average USD Price | Tonnes Hedged | Average USD Price |
|---|---|---|---|---|
| | 30 June 2014 | 30 June 2014 | 30 June 2013 | 30 June 2013 |
| **Nickel Sell Call Options** | | | | |
| Not later than one year | **700** | **20,929** | - | - |
| **Nickel Buy Put Options** | | | | |
| Not later than one year | **975** | **16,160** | - | - |

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.

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 | USD Hedged | Average Rate | USD Hedged | Average Rate |
|---|---|---|---|---|
| | 30 June 2014 | 30 June 2014 | 30 June 2013 | 30 June 2013 |
| **Foreign Currency Exchange Calls** | | | | |
| Not later than one year | **57,000,000** | **0.88** | 16,000,000 | 0.88 |
| **Foreign Currency Exchange Puts** | | | | |
| Not later than one year | **77,000,000** | **0.95** | 16,000,000 | 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (c) Risk exposures

Information about the Company's exposure to credit risk, foreign currency exchange and interest rate risk is provided in note 38. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

### (d) Offsetting of financial instruments

The Group presents assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination value is assessed and only single net amount is payable in settlement of all transactions.

The amounts set out in the table above represent the derivative financial assets and liabilities of the Group that are subject to the above arrangements and are presented on a gross basis.

## 12 NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Listed securities | | |
| Equity securities | **528** | 67 |

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| At beginning of year | **67** | 4,952 |
| Additions | **200** | - |
| Disposal proceeds | **-** | (6,980) |
| Net gain on sale | **-** | 2,322 |
| Losses from impairment | **-** | (137) |
| Fair value gain/(loss) recognised in other comprehensive income | **261** | (90) |
| **At end of year** | **528** | 67 |

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.

In November 2012, the Company sold its 11.5 million share investment in Hot Chili Limited and recognised a gain on the sale of $2.322 million.

In 2013, an impairment loss of $0.088 million was recognised in relation to the Company's investment in Thundelarra Exploration Limited at 30 June 2013 after a fall in the Thundelarra share price. The fair value has been calculated using the closing share price at 30 June 2013 of 2.2 cents.

In 2013, an impairment loss of $0.05 million was recognised in relation to the Company's investment in Liontown Resources Limited at 30 June 2013 after a fall in the Liontown share price. The fair value has been calculated using the closing share price at 30 June 2013 of 1.1 cents.

## 13 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Plant and equipment** | | |
| Deemed cost | **194,170** | 190,014 |
| Accumulated depreciation and impairment | **(148,221)** | (128,349) |
| | **45,949** | 61,665 |
| **Leased plant & equipment** | | |
| Cost | **14,251** | 14,129 |
| Accumulated depreciation | **(8,249)** | (4,948) |
| | **6,002** | 9,181 |
| **Construction in progress** | | |
| Cost | **11,997** | 12,354 |
| Accumulated impairment | **(569)** | (444) |
| | **11,428** | 11,910 |
| | **63,379** | 82,756 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

| | Plant and equipment | Leased plant and equipment | Construction in progress | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Year ended 30 June 2014** | | | | |
| Opening net book amount | 61,665 | 9,181 | 11,910 | 82,756 |
| Additions | 526 | - | 3,830 | 4,356 |
| Transfer (to) / from other asset class | 3,870 | 122 | (4,312) | (320) |
| Disposals | (27) | - | - | (27) |
| Depreciation charge | (17,246) | (3,301) | - | (20,547) |
| Impairment | (2,816) | - | - | (2,816) |
| Foreign currency exchange adjustments | (23) | - | - | (23) |
| **Closing net book amount** | **45,949** | **6,002** | **11,428** | **63,379** |
| **At 30 June 2014** | | | | |
| Deemed cost | 194,170 | 14,251 | 11,997 | 220,418 |
| Accumulated depreciation and impairment | (148,221) | (8,249) | (569) | (157,039) |
| **Net book amount** | **45,949** | **6,002** | **11,428** | **63,379** |
| **Year ended 30 June 2013** | | | | |
| Opening net book amount | 59,855 | 9,283 | 22,788 | 91,926 |
| Additions | 1,001 | 1,875 | 8,088 | 10,964 |
| Transfer (to) / from other asset class | 17,637 | 1,286 | (18,964) | (41) |
| Disposals | (170) | - | - | (170) |
| Depreciation charge | (14,249) | (3,263) | - | (17,512) |
| Impairment | (2,403) | - | (2) | (2,405) |
| Foreign currency exchange adjustments | (6) | - | - | (6) |
| **Closing net book amount** | **61,665** | **9,181** | **11,910** | **82,756** |
| **At 30 June 2013** | | | | |
| Deemed cost | 190,014 | 14,129 | 12,354 | 216,497 |
| Accumulated depreciation and impairment | (128,349) | (4,948) | (444) | (133,741) |
| **Net book amount** | **61,665** | **9,181** | **11,910** | **82,756** |

### (a) Impairment losses recognised

The current low commodity prices environment during the year 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 life of the mine 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% (2013: 15%) pretax was used in the calculation of the assets' recoverable amount. A recoverable amount was estimated for the plant and equipment. As a result, an impairment loss of $2.816 million (2013: $2.405 million) was recognised to reduce the carrying amount of the plant and equipment to recoverable amount. This has been recognised in the income statement.

### (b) Non-current assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The carrying amounts of assets pledged as security for current and non-current borrowings are $6.002 million (2013: $9.181 million).

Included in the balances of plant and equipment are assets of Donegal Resources Pty Ltd over which two mortgages were granted as security in relation to a rehabilitation bank guarantee.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### 14 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **The balance comprises temporary differences attributable to:** | | |
| Tax losses | **11,525** | 19,026 |
| Employee benefits | **2,465** | 2,471 |
| Provisions | **9,083** | 10,244 |
| Foreign currency exchange | **536** | 101 |
| Financial instruments at fair value | **213** | 64 |
| Superannuation | **-** | - |
| Trading stock | **452** | 332 |
| Accrued expenses | **-** | - |
| Research and development tax offset | **3,700** | 3,124 |
| Business related costs | **238** | 163 |
| | **28,212** | 35,525 |
| Set-off of deferred tax liabilities pursuant to set-off provisions (note 21) | **(28,212)** | (35,525) |
| **Net deferred tax assets** | **-** | - |
| **Movements:** | | |
| Opening balance | **35,525** | 16,244 |
| Charged/credited: | | |
| - to profit or loss | **(7,313)** | 19,281 |
| | **28,212** | 35,525 |

### 15 NON-CURRENT ASSETS - EXPLORATION AND EVALUATION, DEVELOPMENT AND MINE PROPERTIES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Mine development expenditure** | | |
| Deemed cost | **329,869** | 313,966 |
| Accumulated amortisation and impairment | **(272,049)** | (233,024) |
| | **57,820** | 80,942 |
| **Exploration and evaluation** | | |
| Deemed cost | **122,736** | 115,266 |
| **Mine (mineral) properties** | | |
| Deemed cost | **95,415** | 94,886 |
| Accumulated amortisation and impairment | **(82,984)** | (68,208) |
| | **12,431** | 26,678 |
| | **192,987** | 222,886 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

| | Mine Development Expenditure | Exploration and Evaluation | Mine (Mineral) Properties | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Year ended 30 June 2014** | | | | |
| Opening net book amount | 80,941 | 115,266 | 26,678 | 222,885 |
| Expenditure incurred | 11,186 | 12,891 | 530 | 24,607 |
| Transfer to/(from) other asset class | 5,421 | (5,421) | - | - |
| Amortisation charge | (32,213) | - | (6,848) | (39,061) |
| Impairment | (7,515) | - | (7,929) | (15,444) |
| **Closing net book amount** | **57,820** | **122,736** | **12,431** | **192,987** |
| | | | | |
| **At 30 June 2014** | | | | |
| Deemed cost | 329,869 | 122,736 | 95,415 | 548,020 |
| Accumulated amortisation and impairment | (272,049) | - | (82,984) | (355,033) |
| **Net book amount** | **57,820** | **122,736** | **12,431** | **192,987** |
| | | | | |
| **Year ended 30 June 2013** | | | | |
| Opening net book amount | 100,510 | 84,272 | 44,270 | 229,052 |
| Expenditure incurred | 19,294 | 31,867 | - | 51,161 |
| Transfer to/(from) other asset class | (254) | (106) | 404 | 44 |
| Increase/(Decrease) in rehabilitation costs capitalised | (7,766) | - | - | (7,766) |
| Amortisation charge | (25,359) | - | (11,515) | (36,874) |
| Impairment | (5,483) | - | (6,481) | (11,964) |
| Foreign currency exchange adjustments | - | (767) | - | (767) |
| **Closing net book amount** | **80,942** | **115,266** | **26,678** | **222,886** |
| | | | | |
| **At 30 June 2013** | | | | |
| Deemed cost | 313,966 | 115,266 | 94,886 | 524,118 |
| Accumulated depreciation and impairment | (233,024) | - | (68,208) | (301,232) |
| **Net book amount** | **80,942** | **115,266** | **26,678** | **222,886** |

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

### Acquisition of exploration and mineral properties

In August 2012, the Company acquired a 70% equity interest in the Mt Henry Gold Project. An amount of $13.653 million was recognised in relation to this acquisition.

During the year, the Company acquired the remaining 22% interest in Copernicus Nickel Mines Project. An amount of $0.530 million was recognised in relation to this acquisition.

### (a) Impairment losses recognised

The current low commodity prices environment during the year 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 life of the mine 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% (2013: 15%) pretax was used in the calculation of the assets' recoverable amount. A recoverable amount was estimated for the mine development and mine properties. As a result, an impairment loss of $15.444 million (2013: $11.964 million) was recognised to reduce the carrying amount of the mine development and the mine properties to recoverable amount. $10.303 million (2013: $5.483 million) has been recognised in the income statement and $5.140 million (2013: $6.481 million) has been recognised in the mineral properties revaluation reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### 16 NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Others | **529** | 438 |
| | **529** | 438 |

Cash backed bonds of $0.529 million (2013: $0.438 million) are placed with a financial institution in respect to Copernicus Nickel Mines' miscellaneous mining licences.

### 17 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Trade payables | **16,905** | 15,457 |
| Accrued expenses | **13,827** | 11,612 |
| | **30,732** | 27,069 |

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

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

### 18 CURRENT LIABILITIES - BORROWINGS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Secured** | | |
| Lease liabilities (note 28) | **3,185** | 2,968 |
| Other loans | **953** | 756 |
| **Total secured current borrowings** | **4,138** | 3,724 |

#### (a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 38.

#### (b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 38.

#### (c) Security and fair value disclosures

Details the Group's security relating to non-current borrowings are set out in note 20.

### 19 CURRENT LIABILITIES - PROVISIONS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Employee benefits - long service leave | **2,674** | 2,750 |
| Employee benefits - annual leave | **4,699** | 4,870 |
| | **7,373** | 7,620 |

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

### 20 NON-CURRENT LIABILITIES - BORROWINGS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Secured** | | |
| Lease liabilities | **4,007** | 7,189 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (a) Assets pledged as security

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

The carrying amounts of assets pledged as security for current and non-current borrowings are $6.002 million (2013: $9.181 million).

### (b) Other loans

***Finance lease liabilities***

Finance lease liabilities have an average term of 3 years (2013: 4 years). The average discount rate implicit in the hire purchase liability is 7.03% (2013: 7.04%). Secured finance lease liabilities are secured by a charge over the asset.

***Financing facilities available***

At reporting date, there is a performance bond facility available. The performance bond facility is $10.5 million (2013: $10.5 million) with a drawdown amount at reporting date of $7.3 million (2013: $7.3 million) and $3.2 million (2013: $3.2 million) available to be used.

### (c) Interest rate risk exposures

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

| 2014 | Fixed interest rate | | | | | | |
|---|---|---|---|---|---|---|---|
| | Floating interest rate | 1 year or less | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Non interest bearing | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Trade and other payables (note 17) | - | - | - | - | - | 30,732 | 30,732 |
| Lease liabilities (notes 18 and 20) | - | 3,185 | 3,375 | 454 | - | 178 | 7,192 |
| | **-** | **3,185** | **3,375** | **454** | **-** | **30,910** | **37,924** |
| Weighted average interest rate | -% | 7.01% | 6.92% | 6.47% | -% | N/A | |

| 2013 | Fixed interest rate | | | | | | |
|---|---|---|---|---|---|---|---|
| | Floating interest rate | 1 year or less | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Non interest bearing | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Trade and other payables (note 17) | - | - | - | - | - | 27,069 | 27,069 |
| Lease liabilities (notes 18 and 20) | - | 2,968 | 3,185 | 3,375 | 451 | 178 | 10,157 |
| | **-** | **2,968** | **3,185** | **3,375** | **451** | **27,247** | **37,226** |
| Weighted average interest rate | -% | 7.0% | 7.0% | 6.9% | 6.5% | N/A | |

### (d) Fair value

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

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | $'000 | $'000 | $'000 | $'000 |
| **On-balance sheet (i)** | | | | |
| *Non-traded financial liabilities* | | | | |
| Lease liabilities | **7,192** | **7,192** | 10,157 | 10,157 |
| | **7,192** | **7,192** | 10,157 | 10,157 |

***(i) On-balance sheet***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 21 NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **The balance comprises temporary differences attributable to:** | | |
| Property, plant and equipment | - | 3,685 |
| Financial instruments at fair value | **1,239** | 5 |
| Inventories | **3,544** | 3,497 |
| Borrowing costs capitalised | **3** | 3 |
| Accrued income | **141** | 148 |
| Exploration and evaluation, development expenditure and mine properties | **41,810** | 50,627 |
| Deferred tax liability recognised on tax consolidation | **1,577** | 1,185 |
| Superannuation | - | 2 |
| | **48,314** | 59,152 |
| Set-off of deferred tax liabilities pursuant to set-off provisions (note 14) | **(28,212)** | (35,525) |
| **Net deferred tax liabilities** | **20,102** | 23,627 |
| **Movements:** | | |
| Opening balance | **59,152** | 59,535 |
| Charged/credited: | | |
| - profit or loss | **(9,122)** | 3,979 |
| - to other comprehensive income | **(1,467)** | (4,362) |
| - directly to equity | **(249)** | - |
| | **48,314** | 59,152 |

## 22 NON-CURRENT LIABILITIES - PROVISIONS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Employee benefits - long service leave | **841** | 670 |
| Rehabilitation | **29,584** | 28,812 |
| | **30,425** | 29,482 |

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

### (a) Movements in provisions

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

| 2014 | Rehabilitation |
|---|---|
| | $'000 |
| Carrying amount at start of year | 28,812 |
| - unwinding of discount | 669 |
| - additional provisions recognised through asset acquisition | 103 |
| **Carrying amount at end of year** | **29,584** |

In May 2014, additional rehabilitation and restoration provision was recognised in relation the acquisition of the remaining 21.99% interest in the Copernicus Nickel Mines Project.

| 2013 | Rehabilitation |
|---|---|
| | $'000 |
| Carrying amount at start of year | 36,229 |
| - unwinding of discount | 680 |
| - reversal of unutilised provisions | (8,097) |
| **Carrying amount at end of year** | **28,812** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 23 CONTRIBUTED EQUITY

### (a) Share capital

| | 2014 | 2013 | 2014 | 2013 |
|---|---|---|---|---|
| | Shares | Shares | $'000 | $'000 |
| Ordinary shares | | | | |
| Ordinary shares - fully paid | **322,275,824** | 260,676,416 | **159,276** | 143,309 |

### (b) Movements in ordinary share capital

| Date | Details | 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 | 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 |
| 29 January 2014 | Share Issue | 2,990,692 | $0.27 | 808 |
| | Transaction costs, net of tax | - | | (581) |
| 30 June 2014 | Balance | 322,275,824 | | 159,276 |

### (c) Ordinary shares

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

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

### (d) Capital management

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

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

Management monitor capital through the gearing ratio (total borrowings / contributed equity). The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2014 was 5.11% (2013: 7.62%).

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2013: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. (Refer to note 38 Financial risk management)

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

Management consider that the total equity of the Group (contributed equity, reserves and retained earnings) plus borrowings (current and non-current) is what it manages as capital. At 30 June 2014 this was $284,266,000 (2013: $282,496,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 24 RESERVES

### (a) Reserves

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Mineral properties revaluation reserve | **23,117** | 26,715 |
| Available-for-sale financial assets | **183** | - |
| Cash flow hedge reserve | **(10)** | - |
| Share-based payments | **19,770** | 19,334 |
| Foreign currency translation | **(94)** | (978) |
| | **42,966** | 45,071 |

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Movements:** | | |
| *Mineral properties revaluation reserve* | | |
| Opening balance | **26,715** | 31,252 |
| Impairment | **(5,140)** | (6,481) |
| Deferred tax | **1,542** | 1,944 |
| **Balance 30 June** | **23,117** | 26,715 |
| | | |
| *Available-for-sale financial assets* | | |
| Opening balance | **-** | 64 |
| Revaluation - gross | **261** | (91) |
| Deferred tax | **(78)** | 27 |
| **Balance 30 June** | **183** | - |
| | | |
| *Cash flow hedge reserve* | | |
| Opening balance | **-** | 5,579 |
| Remeasurement of cash flow hedges, net of tax | **(10)** | (508) |
| Transfer to net loss, net of tax | **-** | (5,071) |
| **Balance 30 June** | **(10)** | - |
| | | |
| *Share-based payments* | | |
| Opening balance | **19,334** | 18,641 |
| Employee share plan expense - charged to the consolidated entity | **436** | 693 |
| **Balance 30 June** | **19,770** | 19,334 |
| | | |
| *Foreign currency translation* | | |
| Opening balance | **(978)** | 734 |
| Currency translation differences arising during the year | **884** | (1,712) |
| **Balance 30 June** | **(94)** | (978) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (b) Nature and purpose of reserves

#### *(i) Asset revaluation reserve*

Panoramic increased the groups holding in Lanfranchi from 75% to 100% in 2009. This required revaluation of the original interest. The asset revaluation reserve resulted from the increase in the fair value of the original interest.

#### *(ii) Share-based payments reserve*

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

#### *(iii) Available-for-sale investments revaluation reserve*

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

#### *(iv) Cash flow hedge reserve*

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

#### *(v) Foreign currency translation*

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

## 25 DIVIDENDS

### (a) Ordinary shares

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| No interim dividend was paid for the half-year ended 31 December 2013 (2012: 1 cent per fully paid share paid on 31 May 2013) | | |
| Interim franked based on tax paid @ 30% | - | 2,568 |

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 2 cents per fully paid ordinary share (2013 - 0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 26 September 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at year end, is | **6,446** | - |

### (c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2014 will be franked out of existing franking credits.

| | Consolidated entity | |
|---|---|---|
| | 2014 | 2013 |
| | $'000 | $'000 |
| Franking credits available for subsequent reporting periods | **18,226** | 18,226 |

The tax rate at which paid dividends have been franked is 30% (2013: 30%).

Dividends proposed will be franked at the rate of 30% (2013: 30%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 26 REMUNERATION OF AUDITORS

| | 2014 | 2013 |
|---|---|---|
| | $ | $ |
| Amounts received or due and receivable by Ernst & Young for: | | |
| Audit and review of financial statements | **209,708** | 212,901 |
| | | |
| Other services in relation to the Company and other entity of the consolidated entity | | |
| Tax compliance and other services | **210,357** | 49,915 |
| | **420,065** | 262,816 |

## 27 GUARANTEES AND CONTINGENCIES

### (a) Guarantees

At 30 June 2014, the Company had bank guarantees with a financial institution with a face value of $0.709 million (2013: $0.709 million) in respect to the leasing of the office space in the Perth CBD.

***Controlled entities***

Under the terms of Deeds of Cross Guarantee with several finance institutions, the Company has agreed to become a covenant or with Savannah Nickel Mines Pty, Cherish Metals Pty Ltd and Donegal Resource Pty Ltd in regards to indebtedness and liabilities resulting from the lease and hire purchase of mobile equipment and mine buildings. As at reporting date, the Closed Group has lease liabilities amounting to $10.157 million (2012: $9.645 million).

The Company has guaranteed the bank facilities of controlled entities.

### (b) Contingent assets

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

## 28 COMMITMENTS

### (a) Capital commitments

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Property, plant and equipment | | |
| Not later than one year - acquisition of new plant and equipment | **5,932** | 1,008 |
| | **5,932** | 1,008 |
| Mineral tenements expenditure commitments | | |
| Not later than one year | **2,859** | 4,237 |
| Later than one year but not later than five years | **30,409** | 13,640 |
| Later than five years | **40,075** | 24,886 |
| | **73,343** | 42,763 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (b) Lease commitments: group as lessee

#### *(i) Finance leases*

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Commitments in relation to finance leases are payable as follows: | | |
| Within one year | **3,589** | 3,589 |
| Later than one year but not later than five years | **4,179** | 7,762 |
| | **7,768** | 11,351 |
| Less future finance lease charges | **(576)** | (1,194) |
| **Present value of minimum lease payments** | **7,192** | 10,157 |
| Representing lease liabilities: | | |
| Current (note 18) | **3,185** | 2,968 |
| Non-current (note 20) | **4,007** | 7,189 |
| | **7,192** | 10,157 |

### (c) Operating lease commitments as lessee

#### *(i) Power Supply*

The diesel powered power station at the Savannah Nickel project was purpose built by an outside party to supply electricity under a commercial Power Generation & Distribution Agreement, dated 5 April 2004. This Agreement has been extended to 30 June 2015. The arrangement to supply electricity has been determined as an operating lease in accordance with AASB 17 "Leases".

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

Future minimum rentals payable under this operating lease are unable to be determined as electricity supply payments to the outside party are variable.

#### *(ii) Corporate office*

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

Future minimum rentals payable under non-cancellable operating leases at 30 June 2014 are as follows:

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Within one year | **1,358** | 1,221 |
| Later than one year and not later than five years | **5,006** | 4,659 |
| | **6,364** | 5,880 |

### (d) Operating lease commitments as lessor

#### *(i) Corporate office*

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

Future minimum rentals receivable under non-cancellable operating leases at 30 June 2014 are as follows:

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Commitments for minimum lease receipts in relation to non-cancellable operating leases are as follows: | | |
| Within one year | **792** | 289 |
| Later than one year but not later than five years | **3,167** | 685 |
| | **3,959** | 974 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (e) Remuneration commitments

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | **1,231** | 1,131 |

## 29 SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

### (a) Significant investments in subsidiaries

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

| Name of entity | Country of incorporation | Class of shares | Equity holding | |
|---|---|---|---|---|
| | | | 2014 | 2013 |
| | | | % | % |
| Cherish Metals Pty Ltd * | Australia | Ordinary | **100** | 100 |
| Pindan Exploration Company Pty Ltd | Australia | Ordinary | **100** | 100 |
| SMY Copernicus Pty Ltd** | Australia | Ordinary | **100** | 100 |
| Copernicus Nickel Mine Pty Ltd | Australia | Ordinary | **100** | 78 |
| Donegal Resources Pty Ltd | Australia | Ordinary | **100** | 100 |
| Donegal Lanfranchi Pty Ltd | Australia | Ordinary | **100** | 100 |
| Lanfranchi Nickel Mine Pty Ltd | Australia | Ordinary | **100** | 100 |
| Panoramic Gold Pty Ltd | Australia | Ordinary | **100** | 100 |
| Pindan (USA) Inc. | USA | Ordinary | **100** | 100 |
| Pindan (Finland) Exploration Ltd | Finland | Ordinary | **100** | 100 |
| Panoramic Copper Pty Ltd | Australia | Ordinary | **100** | 100 |
| Panton Sill Pty Ltd (formerly Panoramic Precious Metals Pty Ltd) | Australia | Ordinary | **100** | 100 |
| Mt Henry Gold Pty Ltd | Australia | Ordinary | **100** | 100 |
| Mt Henry Mines Pty Ltd | Australia | Ordinary | **100** | 100 |
| Magma Metals Pty Limited | Australia | Ordinary | **100** | 100 |
| Greenstone Metals Ltd | Australia | Ordinary | **100** | 100 |
| Panoramic PGM's (Canada) Ltd (formerly Magma Metals (Canada) Ltd) | Canada | Ordinary | **100** | 100 |
| Panoramic Nickel Pty Ltd | Australia | Ordinary | **100** | 100 |
| Panoramic PGMs Pty Ltd | Australia | Ordinary | **100** | 100 |

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

** SMY Copernicus Pty Ltd is the holder of 10 shares in Copernicus Nickel Mines Pty Ltd (CNM) at a cost of $0.10 per share. CNM is incorporated in Australia and acts as the Operator of the Copernicus nickel mine (formerly known as the Copernicus Joint Venture).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 30 DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, relief has been granted to Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd from the Corporations Act 2001 requirements for preparation, audit and lodgement of its financial report.

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

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

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

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2014 of the closed group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| ***Consolidated income statement*** | | |
| **Loss before income tax** | **(8,634)** | (45,647) |
| Income tax benefit | **2,782** | 14,029 |
| **Loss for the year** | **(5,852)** | (31,618) |

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Retained earnings at the beginning of the financial year** | **112,867** | 147,053 |
| Loss for the year | **(5,852)** | (31,618) |
| Dividends provided for or paid | **-** | (2,568) |
| **Retained earnings at the end of the financial year** | **107,015** | 112,867 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2014 of the closed group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Current assets** | | |
| Cash and cash equivalents | **63,720** | 22,495 |
| Trade and other receivables | **33,748** | 23,449 |
| Inventories | **17,185** | 17,910 |
| Derivatives | **926** | 19 |
| **Total current assets** | **115,579** | 63,873 |
| | | |
| **Non-current assets** | | |
| Receivables | **89,891** | 87,020 |
| Available-for-sale investments | **435** | 47 |
| Property, plant and equipment | **58,543** | 77,877 |
| Deferred exploration and evaluation expenditure | **14,895** | 15,156 |
| Development properties | **61,208** | 99,144 |
| Deferred tax asset | **141** | - |
| **Total non-current assets** | **225,113** | 279,244 |
| | | |
| **Total assets** | **340,692** | 343,117 |
| | | |
| **Current liabilities** | | |
| Trade and other payables | **30,096** | 26,300 |
| Interest-bearing loans and borrowings | **4,138** | 3,724 |
| Derivatives | **728** | 232 |
| Provisions | **7,271** | 7,524 |
| **Total current liabilities** | **42,233** | 37,780 |
| | | |
| **Non-current liabilities** | | |
| Interest-bearing loans and borrowings | **4,007** | 7,189 |
| Deferred tax liabilities | **-** | 11,581 |
| Provisions | **19,939** | 19,128 |
| **Total non-current liabilities** | **23,946** | 37,898 |
| | | |
| **Total liabilities** | **66,179** | 75,678 |
| | | |
| **Net assets** | **274,513** | 267,439 |
| | | |
| **Equity** | | |
| Contributed equity | **124,489** | 108,522 |
| Reserves | **43,008** | 46,050 |
| Retained earnings | **107,015** | 112,867 |
| **Total equity** | **274,512** | 267,439 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 31 INTERESTS IN JOINT ARRANGEMENTS

### Joint operations

As at 30 June 2013, the Group had a ~78% interest in the unincorporated Copernicus Joint Operation, which is involved with the exploration, evaluation, development and production of mineral deposits in the East Kimberley region of Western Australia.

In May 2014, the Company acquired the ~22% remaining interest in the unincorporated Copernicus Joint Operation. As at 30 June 2014, the Company owns 100% of the Copernicus Nickel Mines Project.

The share of assets, liabilities, revenue and expenses of the joint operation, which are included in the consolidated financial statements, are as follows:

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Share of joint operation's assets and liabilities** | | |
| Current assets | - | 464 |
| Non-current assets | - | 581 |
| **Total assets** | - | 1,045 |
| | | |
| Non-current liabilities | - | 348 |
| **Net assets** | - | 697 |
| | | |
| **Share of joint operation's revenue and expenses** | | |
| Revenue | - | 18 |
| Expenses | - | 273 |
| **Profit and (loss) before income tax** | - | 291 |

### *Contingencies and commitments*

There are no contingencies and commitments in relation to the Copernicus Joint Operation at the date of signing this report.

## 32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

### Thunder Bay North PGM Project

On 30 July 2014, the Company's wholly owned Canadian subsidiary, Panoramic PGMs (Canada) Limited ("PANP"), executed an "Earn-In with Option to Joint Venture Agreement" with Rio Tinto Exploration Canada Inc. ("RTEC") whereby RTEC, by undertaking a review of all existing data on the Thunder Bay North PGM Project ("TBN") and by electing to spend CAD$20 million over five years from 1 January 2015 including vending its single tenement, Escape Lake, within the TBN tenement package, is able to earn an 70% interest in TBN and thereby enabling PANP to earn an 30% interest in Escape Lake.

### General Meeting

On 30 July 2014, the Company's shareholders approved the three year exception to ASX Listing Rule 7.1 [Issues exceeding 15% of Capital] on the annual grant of performance rights and the issue of shares on the exercise of those performance rights under the 2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan"), in addition to approving the grant of FY2015 performance rights to the Company's Managing Director, Peter Harold under the 2010 ES Plan as required under ASX Listing Rule 10.14 [Approval required under an Employee Incentive Scheme].

### Final Dividend

On 18 August 2014, the Company's Board resolved to declare a 2 cent per share fully franked final dividend to be paid out of retained earnings at 30 June 2014. The dividend payment date is set down for 26 September 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

## 33 RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Loss for the year | **(9,322)** | (31,685) |
| Depreciation and amortisation | **20,547** | 17,512 |
| Amortisation of development costs | **31,589** | 25,359 |
| Amortisation of mine properties | **7,473** | 11,515 |
| Impairment on available-for-sale financial assets | **-** | 137 |
| Impairment of assets | **13,119** | 7,888 |
| Net gain on sale on investment | **-** | (2,322) |
| Net gain on sale of non-current assets | **(20)** | (234) |
| Share based payments | **436** | 693 |
| Interest income | **(751)** | (1,131) |
| Unrealised gain on foreign currency exchange | **(1,596)** | (1,712) |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in trade debtors and others | **(11,201)** | 11,344 |
| Decrease in prepayments | **153** | 2,715 |
| Increase in trade creditors | **4,191** | 736 |
| Decrease/(increase) in inventories | **724** | (3,931) |
| (Increase)/decrease in derivative financial instruments | **(425)** | 882 |
| Increase in provisions | **868** | 494 |
| Decrease in deferred tax assets | **175** | 4,362 |
| (Decrease) in deferred tax liabilities | **(1,983)** | (16,431) |
| (Decrease) in provision for income taxes payable | **-** | (3,233) |
| **Net cash inflow from operating activities** | **53,977** | 22,958 |

## 34 NON-CASH INVESTING AND FINANCING ACTIVITIES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Acquisition of plant and equipment by means of finance leases | **-** | 1,875 |
| Shares issued as part of payments for exploration expenditure | **621** | 1,434 |
| Shares issued as part of an acquisition of exploration properties | **-** | 8,110 |
| | **621** | 11,419 |

## 35 LOSS PER SHARE

### (a) Basic loss per share

| | 2014 | 2013 |
|---|---|---|
| | Cents | Cents |
| From continuing operations attributable to the ordinary equity holders of the Company | **(3.1)** | (12.5) |
| **Total basic loss per share attributable to the ordinary equity holders of the Company** | **(3.1)** | (12.5) |

### (b) Diluted loss per share

| | 2014 | 2013 |
|---|---|---|
| | Cents | Cents |
| From continuing operations attributable to the ordinary equity holders of the Company | **(3.1)** | (12.5) |
| **Total diluted loss per share attributable to the ordinary equity holders of the Company** | **(3.1)** | (12.5) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| *Basic loss per share* | | |
| Loss from continuing operations | **(9,322)** | (31,685) |
| **Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share** | **(9,322)** | (31,685) |
| *Diluted loss per share* | | |
| Loss from continuing operations | **(9,322)** | (31,685) |
| **Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share** | **(9,322)** | (31,685) |

### (d) Weighted average number of shares used as denominator

| | 2014 | 2013 |
|---|---|---|
| | Number | Number |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | **304,201,649** | 254,394,483 |

Due to losses in 2013, performance rights for 1,990,000 potential shares are not considered dilutive.

## 36 SHARE-BASED PAYMENTS

### (a) Performance Shares

***Employee Share Plan (ESP)***

In 2010, an employee share plan was established with selected full time employees to be entitled to performance rights to shares in the Company for no consideration, dependent on performance hurdles. In Series One, the rights had two tranches (Tranche 1 and Tranche 2) and two separate performance periods with performance conditions being tested in two different vesting dates (Tranche 1: 1 July 2012 and Tranche 2: 31 December 2013). Tranche 1 and Tranche 2 of the 2010 ESP lapsed on 1 July 2012 and 31 December 2013 respectively, with no shares in the Company from both Tranches being allotted to employees. The peer group comprised those companies who were constituents of the S&P / ASX 300 Metals & Mining Index at the beginning of each relevant performance period. Rights were only be automatically exercised and converted into PAN shares if the TSR ranking of the Company was at or above 50th percentile of the peer group. At the 50th percentile, employees were entitled to 25% to 49% (pro rata on a straight line basis) of the ESP shares, increasing proportionately to 100% at the 75th percentile.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

| Grant date | Vesting date | Expiry date | Balance at start of the year | Granted during the year | Exercised during the year | Expired during the year | Forfeited during the year | Balance at the end of the year | Vested and exercisable at end of the year |
|---|---|---|---|---|---|---|---|---|---|
| | | | Number | Number | Number | Number | Number | Number | Number |
| **Consolidated 2014** | | | | | | | | | |
| 03/09/10 | 01/07/12 | 02/07/12 | - | - | - | - | - | - | - |
| 03/09/10 | 31/12/13 | 01/01/14 | 520,000 | - | - | (520,000) | - | - | - |
| 01/12/10 | 01/07/12 | 02/07/12 | - | - | - | - | - | - | - |
| 01/12/10 | 31/12/13 | 01/01/14 | 1,470,000 | - | - | (1,470,000) | - | - | - |
| **Total** | | | **1,990,000** | **-** | **-** | **(1,990,000)** | **-** | **-** | **-** |
| Weighted average exercise price | | | $- | $- | $- | $- | $- | $- | $- |

| Grant date | Vesting date | Expiry date | Balance at start of the year | Granted during the year | Exercised during the year | Expired during the year | Forfeited during the year | Balance at the end of the year | Vested and exercisable at end of the year |
|---|---|---|---|---|---|---|---|---|---|
| | | | Number | Number | Number | Number | Number | Number | Number |
| **Consolidated 2013** | | | | | | | | | |
| 03/09/10 | 01/07/12 | 02/07/12 | 520,000 | - | - | (520,000) | - | - | - |
| 03/09/10 | 31/12/13 | 01/01/14 | 520,000 | - | - | - | - | 520,000 | - |
| 01/12/10 | 01/07/12 | 02/07/12 | 1,867,500 | - | - | (1,867,500) | - | - | - |
| 01/12/10 | 31/12/13 | 01/01/14 | 1,867,500 | - | - | - | (397,500) | 1,470,000 | - |
| **Total** | | | **4,775,000** | **-** | **-** | **(2,387,500)** | **(397,500)** | **1,990,000** | **-** |
| Weighted average exercise price | | | $- | $- | $- | $- | $- | $- | $- |

The weighted average remaining contractual life of performance shares outstanding at the end of the period was nil (2013: 0.5 years).

***Fair value of Performance Shares***

For Series One, the fair value of each performance share was estimated on the grant date utilising the assumptions underlying the Black Scholes methodology to produce a Monte Carlo simulation model which allowed for the incorporation of the Total Shareholder Return (TSR) hurdles that was to be met before the Share Based Payment vest in the holder.

There were no performance shares granted in 2014 (2013: Nil).

### (b) Expenses arising from share-based payment transactions

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

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the number of options that, in opinion of the directors of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

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

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

(i) Performance shares under employee share plan amount to $0.436 million (2013: $0.693 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Balance sheet** | | |
| Current assets | **5,453** | 1,648 |
| Non-current assets | **111,314** | 104,711 |
| **Total assets** | **116,767** | 106,359 |
| Current liabilities | **1,503** | 1,763 |
| Non-current liabilities | **30** | 41 |
| **Total liabilities** | **1,533** | 1,804 |
| *Shareholders' equity* | | |
| Contributed equity | **161,406** | 145,439 |
| Reserves | **19,902** | 19,334 |
| Retained earnings | **(66,073)** | (60,219) |
| **Capital and reserves attributable to owners of Panoramic Resources Limited** | **115,235** | 104,554 |
| **Loss for the year** | **(5,854)** | (6,419) |
| **Total comprehensive income** | **(5,854)** | (6,419) |

### (b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:

(i) leases of subsidiaries amounting to $6.002 million (2013: $9.181 million);

(ii) the bank facilities of a subsidiary amounting to $0.686 million (2013: $0.686 million); and

(iii) a rehabilitation bank guarantee of a subsidiary amounting to $10.5 million (2013: $10.5 million).

No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees, as the fair value of the guarantees is immaterial.

There are cross guarantees given by Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd as described in note 30. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent entity or the Group in relation to the cross guarantees.

### (c) Contingent liabilities of the parent entity

The parent entity and Group had contingent liabilities at 30 June 2014 in respect of a bank guarantee put in place with a financial institution with a face value of $0.709 million (2013: $0.709 million) in respect to the leasing of the office space in Perth CBD.

## 38 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, finance leases, hire purchase contracts, cash and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

To manage exposure to commodity prices and exchange rates the Group uses derivative instruments, principally forward sales contracts and put and call options. The purpose is to manage the commodity price and currency rate risks arising from the Group's operations. These derivatives provide economic hedges and qualify for hedge accounting and are based on limits set by the Board. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rate and foreign currency exchange risk and assessments of market forecasts for commodity prices and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

Primary responsibility for the identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for hedging cover of commodity prices, foreign currency and interest rate risk, credit allowances and future cash flow forecast projections.

### (a) Foreign currency exchange rate risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases in a currency other than the entity's functional currency. Approximately 100% of the Group's sales are denominated in United States Dollars, whilst most of the costs are denominated in Australian Dollars. The Group's functional currency is Australian Dollars.

The Group's profit and loss and balance sheet can be affected significantly by movements in the USD/AUD exchange rate. The Group seeks to mitigate the effect of its net foreign currency exposure by using derivative instruments, principally forward foreign currency exchange rate contracts and put and call options.

It is the Group's policy to enter into derivative instruments to hedge foreign currency exposure once the likelihood of such exposure is highly probable and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness. The Group will follow its current policy of matching and hedging up to 80% of sales revenues in USD.

Information about the Group's foreign currency exchange rate contracts is provided in note 11.

As 30 June 2014, the Group had the following exposure to USD foreign currency that is not designated in cashflow hedges.

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Cash at bank | **16,982** | 7,538 |
| Trade receivables | **20,272** | 16,245 |
| Net exposure | **37,254** | 23,783 |

*Sensitivity*

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The +/- 10% (2013: +/- 10%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar, for the preceding 5 years and management's expectation of future movements.

At 30 June 2014, had the US dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

| Judgements of reasonably possible movements | Impact on post-tax profit | | Impact on equity | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | '000 | '000 | '000 | '000 |
| AUD to USD +10% (2013: +10%) | **971** | 1,231 | **1,204** | - |
| AUD to USD -10% (2013: -10%) | **(2,022)** | (1,016) | **241** | (8) |

Management believes the balance sheet date risk exposures are representative of the risk inherent in the financial instruments.

### (b) Interest rate risk

The Group has put in place a Cash Management Policy to ensure that up to 180 days (2013: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investments. The Group policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available.

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Weighted average interest rate | Balance | Weighted average interest rate | Balance |
| | % | $'000 | % | $'000 |
| Cash at bank and in hand | **2.5%** | **30,725** | 2.9% | 14,720 |

The following sensitivity is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity used is +/- 25 basis points (2013: +/- 75)which is based on reasonably, possible changes, over a financial year, using the observed range of actual historical Australian short term deposit rate movements over the last 3 years and management's expectation of future movements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (b) Interest rate risk (continued)

*Sensitivity*

| At 30 June 2014 | Carrying amount | Interest rate risk | | | |
|---|---|---|---|---|---|
| | | -0.75% | | +0.75% | |
| | | Profit | Equity | Profit | Equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | | |
| Cash and cash equivalents | **30,725** | **(2)** | **-** | **2** | **-** |
| **Total increase / (decrease)** | | **(2)** | **-** | **2** | **-** |

| At 30 June 2013 | Carrying amount | Interest rate risk | | | |
|---|---|---|---|---|---|
| | | -0.75% | | +0.75% | |
| | | Profit | Equity | Profit | Equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 14,720 | (3) | - | 3 | - |
| **Total increase / (decrease)** | | (3) | - | 3 | - |

### (c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Disclosure of fair value measurements is by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) 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 30 June 2014 the Group does not have any level 3 instruments.

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities at 30 June 2014 and 30 June 2013:

| At 30 June 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Derivative instruments | **-** | **926** | **-** | **926** |
| Equity securities | **528** | **-** | **-** | **528** |
| Receivables | **-** | **28,726** | **-** | **28,726** |
| **Total assets** | **528** | **29,652** | **-** | **30,180** |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| Derivative instruments | **-** | **728** | **-** | **728** |
| Financial liabilities for which fair values are disclosed: | | | | |
| Lease liabilities | **-** | **7,192** | **-** | **7,192** |
| **Total liabilities** | **-** | **7,920** | **-** | **7,920** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

| At 30 June 2013 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| Derivative instruments | - | 19 | - | 19 |
| Equity securities | 67 | - | - | 67 |
| Receivables | - | 16,283 | - | 16,283 |
| **Total assets** | 67 | 16,302 | - | 16,369 |
| | | | | |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| Derivative instruments | - | 232 | - | 232 |
| Financial liabilities for which fair values are disclosed: | | | | |
| Lease liabilities | - | 10,157 | - | 10,157 |
| **Total liabilities** | - | 10,389 | - | 10,389 |

The available-for-sale financial assets are traded in active markets. Their fair value is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These techniques include comparing contracted rates to market rates with the same length of maturity to determine the value of forward contracts and use of option pricing models to value put options. These instruments are included in level 2. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

The fair value of finance lease is estimated by discounting future cashflows using rates currently available to debt on similar terms, credit risk and remaining maturities.

### (d) Commodity Price Risk

The Group's exposure to nickel prices is very high as approximately 80-85% of total revenue comes from sale of nickel. Nickel is sold on the basis of nickel prices quoted on the London Metal Exchange (LME).

The Group's profit and loss account and balance sheet can be affected significantly by movements in nickel prices on the LME. The Group seeks to mitigate the effect of its nickel prices exposure by using derivative instruments, principally forward sales contracts and put and call options. The limits of hedging are set by the Board.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk. The +/- 30% (2013: +/- 30%) sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding 5 year period and management's expectation of future movements.

| At 30 June 2014 | Carrying amount | Commodity price risk | | | |
|---|---|---|---|---|---|
| | | -30% | | +30% | |
| | | Profit | Other equity | Profit | Other equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | | |
| Accounts receivable | **28,693** | **(9,340)** | **-** | **9,340** | **-** |
| **Total increase / (decrease)** | | **(9,340)** | **-** | **9,340** | **-** |

| At 30 June 2013 | Carrying amount | Commodity price risk | | | |
|---|---|---|---|---|---|
| | | -30% | | +30% | |
| | | Profit | Equity | Profit | Equity |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial assets** | | | | | |
| Accounts receivable | 16,245 | (6,140) | - | 6,140 | - |
| **Total increase / (decrease)** | | (6,140) | - | 6,140 | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

### (e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of these assets as indicated in the balance sheet.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in relation to net settled derivatives is the total mark to market gain, should counterparts not honour their obligations. In case of gross-settled derivatives, the maximum exposure is the notional value. Gross-settled derivatives are held with financial institutions with sound credit rating.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

The Group has a concentration of credit risk in that it depends on two major customers for a significant volume of revenue.

Under the Group's risk management framework, each customer is analysed individually for creditworthiness on an ongoing basis in order to minimise the risk of default. The Group believes that both its customers are of sound creditworthiness as evidenced by the compliance with the off-take agreement's payment terms over the life of each project.

### (f) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. The fair value of these investments are based on quoted market prices.

The Group holds investments of shares in several listed entities who are joint venture partners or potential joint venture partners. The Board has not reacted to short-term price fluctuations as it has a medium to long term view on these investments. These investments represent less than 1% (2013: 1%) of total assets and have yet to generate any revenue.

The following sensitivity is based on the equity price risk exposures in existence at the balance sheet date. The sensitivity used is +/- 30% which is based on reasonably, possible changes, over a financial year, based on the share price fluctuations of the last 12 months and management's expectation of future movements.

*Sensitivity*

| | Impact on post-tax profit | | Impact on equity | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Available-for-sale financial investment +30% (2013: +30%) | **-** | 16 | **111** | - |
| Available-for-sale financial investment -30% (2013: -30%) | **-** | (16) | **(111)** | - |

### (g) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding when necessary and the ability to close-out market positions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans (when required), finance leases and committed available credit lines.

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2013: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. This policy is reviewed and approved by the Board on an annual basis. When bank loans are used the Group's policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 JUNE 2014

***Maturities of financial liabilities***

The tables below analyse the Group's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Contractual maturities of financial liabilities | Less than 1 year | Between 1 and 5 years | Total contractual cash flows | Carrying amount (assets)/ liabilities |
|---|---|---|---|---|
| **At 30 June 2014** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-derivatives** | | | | |
| Trade payables | **30,732** | **-** | **30,732** | **30,732** |
| Borrowings | **973** | **-** | **973** | **953** |
| Finance lease liabilities | **3,589** | **4,179** | **7,768** | **7,192** |
| **Total non-derivatives** | **35,294** | **4,179** | **39,473** | **38,877** |
| | | | | |
| **Derivatives** | | | | |
| Commodity put options - outflow | **-** | **-** | **-** | **385** |
| Foreign currency exchange call options - (inflow) | **-** | **-** | **-** | **(173)** |
| Foreign currency exchange put options - outflow | **-** | **-** | **-** | **541** |
| Commodity call options - (inflow) | **(14)** | **-** | **(14)** | **(555)** |
| **Total derivatives** | **(14)** | **-** | **(14)** | **198** |

| Contractual maturities of financial liabilities | Less than 1 year | Between 1 and 5 years | Total contractual cash flows | Carrying amount (assets)/ liabilities |
|---|---|---|---|---|
| **At 30 June 2013** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Non-derivatives** | | | | |
| Trade payables | 27,069 | - | 27,069 | 27,069 |
| Borrowings | 910 | - | 910 | 756 |
| Finance lease liabilities | 3,589 | 7,762 | 11,351 | 10,157 |
| **Total non-derivatives** | 31,568 | 7,762 | 39,330 | 37,982 |
| | | | | |
| **Derivatives** | | | | |
| Foreign currency exchange call options - outflow | - | - | - | 232 |
| Foreign currency exchange put options - (inflow) | - | - | - | (19) |
| **Total derivatives** | - | - | - | 213 |

# ADDITIONAL SHAREHOLDER INFORMATION

## STOCK EXCHANGE LISTING

Panoramic Resources Limited shares are listed on the Australian Stock Exchange Limited. The Company's ASX code is PAN.

## SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 29 September 2014

| Name of Shareholder | Total Number of Voting Shares in Panoramic Resources Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests | Percentage of Total Number of Voting Shares (%) |
|---|---|---|
| HSBC Custody Nominees (Australia) Limited | 58,572,759 | 18.17 |
| JP Morgan Nominees Australia Limited | 56,130,802 | 17.42 |
| National Nominees Limited | 31,671,928 | 9.83 |
| Citicorp Nominees Pty Limited | 27,966,902 | 8.68 |
| Bercom Nominees Ltd <054796 A/C> | 20,481,487 | 6.36 |

## CLASS OF SHARES AND VOTING RIGHTS

At 29 September 2014, there were 5,010 holders of 322,275,824 fully-paid Ordinary shares of the Company. The voting rights attaching to the Ordinary shares are in accordance with the Company's Constitution being that:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

c. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully-paid share held by him, or in respect of which he is appointed a proxy, attorney or Representative have one vote for the share, but in respect of partly-paid shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to the options in the Company. Voting rights will be attached to the issued Ordinary shares when options have been exercised.

## UNMARKETABLE SHARES

At 29 September 2014, the number of parcels of shares with a value of less than $500 was 339.

## DISTRIBUTION OF SHAREHOLDERS

As at 29 September 2014

| Number of Shares Held | Number of Shareholders | Number of Fully Paid Shares |
|---|---|---|
| 1-1,000 | 807 | 520,446 |
| 1,001-5,000 | 2,031 | 5,652,851 |
| 5,001-10,000 | 841 | 6,764,510 |
| 10,001-100,000 | 1,193 | 37,473,036 |
| 100,001- and over | 138 | 271,864,981 |
| Total: | 5,010 | 322,275,824 |

# ADDITIONAL SHAREHOLDER INFORMATION

## LISTING OF 20 LARGEST SHAREHOLDERS

As at 29 September 2014

| Name of Ordinary Shareholder | | Number of Shares Held | Percentage of Shares Held |
|---|---|---|---|
| 1. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 58,572,759 | 18.17 |
| 2. | J P MORGAN NOMINEES AUSTRALIA LIMITED | 56,130,802 | 17.42 |
| 3. | NATIONAL NOMINEES LIMITED | 31,671,928 | 9.83 |
| 4. | CITICORP NOMINEES PTY LIMITED | 27,966,902 | 8.68 |
| 5. | BERCOM NOMINEES LTD <054796 A/C> | 20,481,487 | 6.36 |
| 6. | MATSA RESOURCES LIMITED | 6,132,089 | 1.90 |
| 7. | BNP PARIBAS NOMS PTY LTD <DRP> | 4,968,372 | 1.54 |
| 8. | MATSA RESOURCES LIMITED | 4,867,911 | 1.51 |
| 9. | UBS NOMINEES PTY LTD | 4,571,331 | 1.42 |
| 10. | MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT> | 3,281,431 | 1.02 |
| 11. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 3,220,760 | 1.00 |
| 12. | SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C> | 2,937,425 | 0.91 |
| 13. | ANGLO AMERICAN INVESTMENTS <AUSTRALIA> | 2,781,429 | 0.86 |
| 14. | DDH1 DRILLING PTY LTD | 2,515,322 | 0.78 |
| 15. | BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C> | 2,450,144 | 0.76 |
| 16. | MR MENG LUO + MRS LAN LIU <LUO & LIU SUPER FUND A/C> | 1,915,000 | 0.59 |
| 17. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 1,611,683 | 0.50 |
| 18. | CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 1,505,187 | 0.47 |
| 19. | SPRINGWAY INVESTMENTS PTY LTD <ALLNUTT VENTURES FAMILY A/C> | 1,459,227 | 0.45 |
| 20. | MR KWOK LEUNG FUNG | 1,350,000 | 0.42 |

## UNQUOTED EQUITY SECURITIES

As at 29 September 2014

| Securities | Number of Securities | Exercise Price $ | Expiry Date | Number of Holders |
|---|---|---|---|---|
| None | NIL | NIL | NIL | NIL |

## CASH USAGE

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project | Tenement | Status | Area | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Commitment | Current Registered Holders |
|---|---|---|---|---|---|---|---|---|---|
| Copernicus | L80/52 | Live | 141 | HA | 141 | 100% | PanRes | 100% of Commit, Rent & Rates | "SMY Copernicus Pty Ltd 60/100 Thundelarra Exploration Ltd 40/100" |
| Copernicus | M80/540 | Live | 129 | HA | 129 | 100% | PanRes | 100% of Commit, Rent & Rates | "SMY Copernicus Pty Ltd 60/100 Thundelarra Exploration Ltd 40/100" |
| Cowan JV | E15/821 | Live | 4 | BL | 4 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | E15/822 | Live | 4 | BL | 4 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | E15/828 | Live | 26 | BL | 26 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | E63/873 | Live | 46 | BL | 11 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | E63/1071 | Live | 11 | BL | 24 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | M15/507 | Live | 360 | HA | 360 | 100% Ni Rights only | Avoca | 100% Ni Rights - 20% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | M15/581 | Live | 481 | HA | 481 | 100% Ni Rights only | Avoca | 100% Ni Rights - 20% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | M15/681 | Live | 944 | HA | 944 | 100% Ni Rights only | Avoca | 100% Ni Rights - 20% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | M15/682 | Live | 877 | HA | 877 | 100% Ni Rights only | Avoca | 100% Ni Rights - 50% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | M15/820 | Live | 968 | HA | 968 | 100% Ni Rights only | Avoca | 100% Ni Rights - 50% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P15/5414 | Live | 200 | HA | 200 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P15/5416 | Live | 185 | HA | 185 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P15/5417 | Live | 191 | HA | 191 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P15/5425 | Live | 197 | HA | 197 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P15/5426 | Live | 199 | HA | 199 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P15/5445 | Live | 185 | HA | 185 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Mining Pty Ltd |
| Cowan JV | P63/1732 | Live | 200 | HA | 200 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Resources Ltd |
| Cowan JV | P63/1733 | Live | 193 | HA | 193 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Resources Ltd |
| Cowan JV | P63/1785 | Live | 194 | HA | 194 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Resources Ltd |
| Cowan JV | P63/1788 | Live | 182 | HA | 182 | 100% Ni Rights only | Avoca | 100% Ni Rights - 100% Rents & Rates | Avoca Resources Ltd |
| East Kimberley | E80/4482 | Live | 34 | BL | 10 | 100% | PanRes | 100% of Commit, Rents & Rates | Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100 |
| East Kimberley | E80/4484 | Live | 4 | BL | 6 | 100% | PanRes | 100% of Commit, Rents & Rates | Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100 |
| East Kimberley | E80/4880 | Pending | 10 | BL | 35 | 100% | PanRes | 100% of Commit, Rents & Rates | Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100 |
| East Kimberley - Keller Creek JV | E80/4834 | Pending | 6 | BL | 15 | 80% - THX has 200% free carried interest | PanRes | 100% of Commit, Rents & Rates | Pindan Exploration Company Pty Ltd 80/100 & Thundelarra Exploration Ltd 20/100 |
| Gidgee | E51/1144 | Live | 1 | BL | 23 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E51/1538 | Live | 28 | BL | 35 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E53/1215 | Live | 51 | BL | 34 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E53/1273 | Live | 34 | BL | 10 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E53/1725 | Live | 18 | BL | 30 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E57/633 | Live | 4 | BL | 30 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E57/676 | Live | 52 | BL | 22 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E57/678 | Live | 1 | BL | 13 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | E57/705 | Live | 54 | BL | 6 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L51/92 | Pending | 19 | BL | 7 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L51/93 | Live | 33 | BL | 6 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/46 | Live | 35 | BL | 60 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/47 | Live | 7 | BL | 24 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/95 | Live | 5 | BL | 71 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/96 | Live | 7 | HA | 237 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/116 | Live | 6 | HA | 9 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/188 | Pending | 9 | HA | 52 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L53/189 | Pending | 52 | HA | 69 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L57/20 | Live | 69 | HA | 7 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L57/44 | Live | 60 | HA | 32 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | L57/47 | Live | 24 | HA | 36 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/104 | Live | 71 | HA | 37 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/105 | Live | 237 | HA | 118 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/157 | Live | 7 | HA | 94 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/185 | Live | 32 | HA | 248 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/186 | Live | 36 | HA | 365 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/290 | Live | 37 | HA | 5 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/410 | Live | 120 | HA | 354 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M51/458 | Live | 94 | HA | 620 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/10 | Live | 239 | HA | 10 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/11 | Live | 365 | HA | 10 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/105 | Live | 5 | HA | 567 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/153 | Live | 346 | HA | 917 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/251 | Live | 620 | HA | 171 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/252 | Live | 10 | HA | 705 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/500 | Live | 554 | HA | 391 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/716 | Live | 10 | HA | 255 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project | Tenement | Status | Area | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Commitment | Current Registered Holders |
|---|---|---|---|---|---|---|---|---|---|
| Gidgee | M53/904 | Live | 917 | HA | 9 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M53/988 | Live | 170 | HA | 512 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M57/236 | Live | 998 | HA | 660 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M57/633 | Live | 381 | HA | 651 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M57/634 | Live | 251 | HA | 13705 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | M57/635 | Pending | 9 | HA | 1443 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | P53/1577 | Live | 512 | HA | 6 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | P53/1581 | Live | 23 | HA | 72 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | P53/1582 | Live | 288 | HA | 61 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | P57/1304 | Live | 174 | HA | 48 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Gidgee | P57/1306 | Live | 756 | HA | 19 | 100% | PanRes | 100% of Commit, Rents & Rates | Panoramic Gold Pty Ltd |
| Higginsville | E15/1389 | Live | 775 | HA | 2 | 100% | PanRes | 100% of Commit, Rents & Rates | Pindan Exploration Company Pty Ltd |
| Lanfranchi | M15/473 | Live | 60 | HA | 982 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | M15/1295 | Pending | 274 | HA | 40 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/346 | Live | 637 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/347 | Live | 352 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/367 | Live | 286 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/368 | Live | 82 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/369 | Live | 146 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/370 | Live | 249 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/371 | Live | 278 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/372 | Live | 177 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/375 | Live | 651 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/376 | Live | 954 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/377 | Live | 971 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/378 | Live | 623 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/379 | Live | 734 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/380 | Live | 430 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/381 | Live | 857 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/382 | Live | 25 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/383 | Live | 17 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/384 | Live | 72 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/385 | Live | 61 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/386 | Live | 45 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/387 | Live | 166 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/388 | Live | 121 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/389 | Live | 72 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/482 | Live | 199 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/483 | Live | 194 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project | Tenement | Status | Area | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Commitment | Current Registered Holders |
|---|---|---|---|---|---|---|---|---|---|
| Lanfranchi | ML15/484 | Live | 48 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/485 | Live | 157 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/486 | Live | 19 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/487 | Live | 169 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/488 | Live | 125 | HA | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/489 | Live | 81 | HA | 73 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/490 | Live | 15 | HA | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/491 | Live | 8 | BL | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/492 | Live | 2 | BL | 120 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | ML15/493 | Live | 57 | BL | 121 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Lanfranchi | P15/3752 | Live | 2 | BL | 40 | 100% | PanRes | 100% of Commit, Rents & Rates | Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96 |
| Laverton - Poseidon JV | E38/1930 | Live | 33 | BL | 37 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | M38/372 | Live | 200 | BL | 109 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | M38/694 | Live | 200 | BL | 967 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | P38/3496 | Live | 200 | BL | 22 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | P38/3499 | Live | 200 | BL | 80 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | P38/3717 | Live | 198 | BL | 166 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | P38/3718 | Live | 200 | BL | 69 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Poseidon JV | P38/3719 | Live | 200 | BL | 36 | 100% | Poseidon | Nil - 100% of Commitments being met by Poseidon while farming in | Magma Metals Pty Ltd |
| Laverton - Focus JV | M38/37 | Live | 200 | BL | 650 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/38 | Live | 200 | BL | 281 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/49 | Live | 200 | BL | 946 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/101 | Live | 200 | BL | 584 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/159 | Live | 200 | BL | 598 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/342 | Live | 159 | BL | 317 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/363 | Live | 137 | BL | 6 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/364 | Live | 182 | BL | 19 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/535 | Live | 170 | BL | 465 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | M38/693 | Live | 170 | BL | 992 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | P38/3500 | Live | 142 | BL | 186 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Laverton - Focus JV | P38/3501 | Live | 130 | BL | 186 | 100% Ni-Cu-PGM | Focus | Nil | Focus Minerals (Laverton) Limited |
| Mt Henry JV | L63/58 | Live | 122 | BL | 32 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | L63/64 | Live | 40 | HA | 7 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | L63/65 | Pending | 982 | HA | 11 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | M63/165 | Live | 120 | HA | 202 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | M63/236 | Live | 120 | HA | 10 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | M63/366 | Live | 120 | HA | 55 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | M63/515 | Live | 120 | HA | 709 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | M63/516 | Live | 120 | HA | 711 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project | Tenement | Status | Area | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Commitment | Current Registered Holders |
|---|---|---|---|---|---|---|---|---|---|
| Mt Henry JV | P63/1426 | Live | 121 | HA | 180 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1427 | Live | 121 | HA | 122 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1428 | Live | 121 | HA | 105 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1454 | Live | 121 | HA | 200 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1455 | Live | 120 | HA | 200 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1456 | Live | 120 | HA | 200 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1457 | Live | 121 | HA | 200 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1458 | Live | 120 | HA | 198 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1562 | Live | 121 | HA | 144 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1563 | Live | 120 | HA | 194 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1564 | Live | 121 | HA | 167 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1565 | Live | 121 | HA | 196 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1566 | Live | 120 | HA | 191 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1567 | Live | 120 | HA | 189 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1568 | Live | 121 | HA | 188 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1569 | Live | 121 | HA | 76 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1581 | Live | 121 | HA | 196 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry JV | P63/1852 | Live | 121 | HA | 164 | 70% | PanRes | 100% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry Regional JV | P63/1412 | Live | 120 | HA | 114 | 70% | PanRes | 70% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry Regional JV | P63/1413 | Live | 120 | HA | 186 | 70% | PanRes | 70% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Mt Henry Regional JV | P63/1416 | Live | 120 | HA | 117 | 70% | PanRes | 70% of Commit, Rents & Rates | Australian Strategic and Precious Metals Investment Pty Ltd |
| Panton | M80/103 | Live | 120 | HA | 860 | 100% | PanRes | 100% of Commit, Rents & Rates | Panton Sill Pty Ltd |
| Panton | M80/104 | Live | 121 | HA | 571 | 100% | PanRes | 100% of Commit, Rents & Rates | Panton Sill Pty Ltd |
| Panton | M80/105 | Live | 121 | HA | 829 | 100% | PanRes | 100% of Commit, Rents & Rates | Panton Sill Pty Ltd |
| Pioneer | E63/1669 | Pending | 120 | HA | 24 | 80% | PanRes | 100% of Commit, Rents & Rates | Pindan Exploration Company Pty Ltd 80/100 Pioneer Resources Limited 20/100 |
| Savannah | L80/64 | Live | 73 | HA | 311 | 100% | PanRes | 100% of Commit, Rents & Rates | Savannah Nickel Mines Pty Ltd |
| Savannah | M80/179 | Live | 121 | HA | 242 | 100% | PanRes | 100% of Commit, Rents & Rates | Savannah Nickel Mines Pty Ltd |
| Savannah | M80/180 | Live | 120 | HA | 961 | 100% | PanRes | 100% of Commit, Rents & Rates | Savannah Nickel Mines Pty Ltd |
| Savannah | M80/181 | Live | 120 | HA | 960 | 100% | PanRes | 100% of Commit, Rents & Rates | Savannah Nickel Mines Pty Ltd |
| Savannah | M80/182 | Live | 121 | HA | 590 | 100% | PanRes | 100% of Commit, Rents & Rates | Savannah Nickel Mines Pty Ltd |
| Savannah | M80/183 | Live | 40 | HA | 968 | 100% | PanRes | 100% of Commit, Rents & Rates | Savannah Nickel Mines Pty Ltd |

## CANADA

| Project (Sub-project | Tenement (Claim No.) | Status | Area (No. of Claim Units) | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Resources Commitment | Current Registered Holder(s) |
|---|---|---|---|---|---|---|---|---|---|
| TBN (Current Lake) | 842186 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 842189 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 1248239 | Active | 11 | ha | 176 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 1248240 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 1248241 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project (Sub-project | Tenement (Claim No.) | Status | Area (No. of Claim Units) | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Resources Commitment | Current Registered Holder(s) |
|---|---|---|---|---|---|---|---|---|---|
| TBN (Current Lake) | 1248244 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 3005105 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4205378 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4205432 | Active | 3 | ha | 48 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4208971 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4208979 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4208980 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4208981 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4208984 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4210157 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4222631 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4222632 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4222633 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4222634 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4222635 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4222636 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current Lake) | 4240541 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Casron Option) | 1246796 | Active | 12 | ha | 192 | Earning 100% | PanCan | 100% | C. Zimowski, R. Pizzolato |
| TBN (Casron Option) | 4211637 | Active | 3 | ha | 48 | Earning 100% | PanCan | 100% | C. Zimowski, R. Pizzolato |
| TBN (Casron Option) | 4211638 | Active | 3 | ha | 48 | Earning 100% | PanCan | 100% | C. Zimowski, R. Pizzolato |
| TBN (Current North) | 4221369 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4221370 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4242141 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4242142 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4242143 | Active | 7 | ha | 112 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4242144 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4242145 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4242146 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208965 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208966 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208967 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208968 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208969 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208970 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208972 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208973 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208974 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208975 | Active | 1 | ha | 16 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208976 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208977 | Active | 13 | ha | 208 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Current North) | 4208978 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4214075 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4214076 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4214077 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4242808 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4242809 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4242811 | Active | 14 | ha | 224 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4242812 | Active | 14 | ha | 224 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243631 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243632 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243635 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243637 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project (Sub-project | Tenement (Claim No.) | Status | Area (No. of Claim Units) | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Resources Commitment | Current Registered Holder(s) |
|---|---|---|---|---|---|---|---|---|---|
| TBN (Escape Lake) | 4243638 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243639 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243640 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243641 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243642 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243643 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243644 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243645 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243646 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243647 | Active | 14 | ha | 224 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243648 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243649 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Escape Lake) | 4243652 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4211163 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4216374 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4218927 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4222637 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4222638 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4222639 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4222640 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4222650 | Active | 3 | ha | 48 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4229972 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4229975 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4242149 | Active | 1 | ha | 16 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4242773 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4242774 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4242775 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4243650 | Active | 1 | ha | 16 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Greenwich Lake) | 4243651 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018014 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018015 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018016 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018017 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018018 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018019 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018028 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018055 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018056 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018057 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018058 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 3018059 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4240095 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4240097 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241533 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241534 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241535 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241536 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241537 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241716 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241717 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241718 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241719 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project (Sub-project | Tenement (Claim No.) | Status | Area (No. of Claim Units) | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Resources Commitment | Current Registered Holder(s) |
|---|---|---|---|---|---|---|---|---|---|
| TBN (Hicks Lake) | 4241720 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4241727 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4245129 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Hicks Lake) | 4242150 | Active | 1 | ha | 16 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4214273 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221361 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221362 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221363 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221364 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221365 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221366 | Active | 5 | ha | 80 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221367 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4221368 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4225211 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4225212 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4225213 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4242147 | Active | 11 | ha | 176 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4242148 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4242801 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4242803 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4242805 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Lone Island Lake) | 4242806 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 3005106 | Active | 3 | ha | 48 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225214 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225215 | Active | 5 | ha | 80 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225216 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225972 | Active | 10 | ha | 160 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225973 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225974 | Active | 9 | ha | 144 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4225975 | Active | 6 | ha | 96 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4240536 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4240537 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4240538 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4240539 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Steepledge Lake) | 4240540 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Tartan Lake) | 4208485 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Tartan Lake) | 4215436 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Tartan Lake) | 4228025 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Tartan Lake) | 4243653 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Tartan Lake) | 4243654 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBN (Tartan Lake) | 4243776 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| Greenwich JV | 3014745 | Active | 4 | ha | 64 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 3014754 | Active | 8 | ha | 128 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4207834 | Active | 2 | ha | 32 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4211690 | Active | 10 | ha | 160 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4211691 | Active | 4 | ha | 64 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4211692 | Active | 16 | ha | 256 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4211693 | Active | 8 | ha | 128 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4211694 | Active | 2 | ha | 32 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4211695 | Active | 1 | ha | 16 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4244231 | Active | 16 | ha | 256 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4244232 | Active | 16 | ha | 256 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project (Sub-project | Tenement (Claim No.) | Status | Area (No. of Claim Units) | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Resources Commitment | Current Registered Holder(s) |
|---|---|---|---|---|---|---|---|---|---|
| Greenwich JV | 4244233 | Active | 16 | ha | 256 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4244234 | Active | 16 | ha | 256 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4244235 | Active | 3 | ha | 48 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4244236 | Active | 16 | ha | 256 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| Greenwich JV | 4244237 | Active | 3 | ha | 48 | Earning 60% | PanCan | Earning 60% | Mega Uranium Ltd. |
| TBR (Disreali) | 4249101 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249102 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249103 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249104 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249105 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249106 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249107 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249108 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249109 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249110 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249111 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249112 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249113 | Active | 10 | ha | 160 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249114 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249115 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249119 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249120 | Active | 4 | ha | 64 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Disreali) | 4249121 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Roaring River) | 4276880 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Roaring River) | 4276881 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Roaring River) | 4276882 | Active | 12 | ha | 192 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Roaring River) | 4276883 | Active | 15 | ha | 240 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268390 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268391 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268392 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268393 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268394 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268395 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268396 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268397 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull North) | 4268398 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull South) | 4259689 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull South) | 4259693 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull South) | 4259694 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Seagull South) | 4259699 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Spike Lake) | 4245226 | Active | 8 | ha | 128 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Spike Lake) | 4245227 | Active | 1 | ha | 16 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Spike Lake) | 4245228 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| TBR (Spike Lake) | 4262951 | Active | 14 | ha | 224 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4262958 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268360 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268361 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268362 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268363 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268364 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268365 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268366 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |

# SCHEDULE OF TENEMENTS

## AS AT 15 SEPTEMBER 2014

| Project (Sub-project | Tenement (Claim No.) | Status | Area (No. of Claim Units) | Area Type | Area (ha) | Equity | Tenement Manager | Panoramic Resources Commitment | Current Registered Holder(s) |
|---|---|---|---|---|---|---|---|---|---|
| QTE (Devork Lake) | 4268367 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268368 | Active | 11 | ha | 176 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Devork Lake) | 4268369 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268370 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268371 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268372 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268373 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268374 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268375 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268376 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268377 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268378 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |
| QTE (Long Lake) | 4268379 | Active | 16 | ha | 256 | 100% | PanCan | 100% | Panoramic PGMs (Canada) Limited |

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# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

**Brian Phillips**
Non-Executive Chairman

**Peter Harold**
Managing Director

**Christopher Langdon**
Non-Executive Director

**John Rowe**
Non-Executive Director

## MANAGEMENT

**Trevor Eton**
Chief Financial Officer & Company Secretary

**Terry Strong**
Chief Operating Officer

**Angus Thomson**
Executive General Manager Business Development Manager

**Christopher Williams**
General Manager Project Development & Technical Services

**John Hicks**
General Manager Exploration

**Tracey Ram**
General Manager Human Resources

**Andrew Math**
Group Financial Controller

**Tim Shervington**
Commercial Manager

**Stewart Clark**
IT Manager

**Evy Litopoulos**
Investor Relations Manager

**Geoff Rogers**
Legal Counsel

## SAVANNAH PROJECT

**Mark Recklies**
General Manager

## LANFRANCHI PROJECT

**Tim Mason**
General Manager

## REGISTERED OFFICE

Level 9, 553 Hay Street PERTH WA 6000
**Telephone**: +61 8 6266 8600
**Facsimile**: + 61 8 9421 1008
**Email**: info@panres.com
**Website**: www.panoramicresources.com

**Australian Business Number**
47 095 792 288

## AUDITOR

**Ernst & Young**
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

## BANKER

**Commonwealth Bank**
150 St George's Terrace
Perth WA 6000

## SHARE REGISTRY

**Computershare Investor Services**
Level 2/45 St George's Terrace
Perth WA 6000

## SOLICITOR

**King & Wood Mallesons**
Level 10 Central Park
152 St George's Terrace
Perth WA 6000

## TAX ADVISORS

**Ernst & Young**
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

PANORAMIC
RESOURCES LTD

**Panoramic Resources Limited**

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PO Box Z5487, Perth WA 6831

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**Facsimile**: + 61 8 9421 1008

**Email**: info@panres.com

**ABN**: 47 095 792 288

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