

**Panoramic Resources Limited**  
**Interim report**  
**for the half-year 31 December 2014**

# Interim Financial Report

## For the half-year ended 31 December 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Panoramic Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial report covers the consolidated entity consisting of Panoramic Resources Limited and its subsidiaries. The financial report is presented in Australian dollars.

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

Its registered office is:

Panoramic Resources Limited  
Level 9  
553 Hay Street  
Perth WA 6000

## Appendix 4D - Interim Financial Report for the half-year ended 31 December 2014

### Results for announcement to the market

		% movement		2013 \$'000		2014 \$'000
Revenue from ordinary activities (note 1)	Up	7.5%	from	98,463	to	<b>105,883</b>
Net loss after tax from ordinary activities	Down	79.6%	from	(23,281)	to	<b>(4,762)</b>
Net loss after tax attributable to members	Down	79.6%	from	(23,281)	to	<b>(4,762)</b>

Note 1 - Revenue is after including interest income and after including losses on delivered/deferred commodity hedges/currency hedges of \$3,385,000. (2013: no gains or losses on delivered/deferred commodity hedges/currency hedges).

### Dividends

On 26 February 2015, the Company declared a fully franked one cent per share interim dividend for the half-year ended 31 December 2014 (31 December 2013: No dividend paid during the period and no interim dividend declared).

The record date for the payment of the dividend is 26 March 2015 and the payment date is 2 April 2015. The total dividend payable on ordinary securities is \$3,214,240.

### Net Tangible Assets Per Share

	31 December 2013 \$ per share	31 December 2014 \$ per share
Net tangible asset backing (per share)	0.82	<b>0.83</b>

### Other information required by Listing Rule 4.2A

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

Except for the matters noted above and subject to the requirements being applicable to the Company, all the disclosure requirements pursuant to ASX Listing Rule 4.2A.3 are contained within Panoramic Resources Limited's Interim Report for the period ended 31 December 2014 which accompanies this Interim Report (Appendix 4D).

## Directors' report

The directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the half-year 31 December 2014.

### Directors

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

Brian M Philips  
Peter J Harold  
Christopher D J Langdon  
John Rowe

### Operating and Financial Review

#### *Operating Result for the Half-year*

The consolidated entity recorded a loss after tax for the financial period ended 31 December 2014 of \$4,762,000 (2013: loss after tax of \$23,281,000).

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

- a 7.5% increase in total net revenue, from an increase in the net realised A\$ price of nickel sold during the period offset by a lower volume of product sold.

The spot nickel price, in Australian dollar terms, averaged A\$8.74 per pound during the financial period. In the previous corresponding half-year, the equivalent average spot Australian dollar nickel price was A\$6.84 per pound. The realised A\$ price of nickel sold was lower than the average spot A\$ nickel price over the period due to the booking of \$4,860,000 negative final quotational pricing (QP) adjustments in relation to product sold in the September 2014 quarter and the \$3,471,000 fall in the estimated fair value of trade receivables at 31 December 2014 after the end of the period.

- a 4.4% increase in the cost of goods sold (COGS) (including depreciation and amortisation) over the period, which principally reflected the additional costs for maintenance on plant and fixed and mobile equipment in comparison to the previous corresponding half-year;
- The expensing of \$5,029,000 of greenfield exploration and evaluation expenditure, being \$3,873,000 higher than the previous corresponding half-year.
- a \$13,179,000 pre-tax reversal (\$9,225,300 after tax) on the previous impairment charge to the carrying-value of the Copernicus Nickel Project after the project had been put on indefinite care and maintenance in January 2009 as a result of the low nickel price at that time. The recovery of the nickel price in 2014 together with the Company obtaining full ownership of the project warranted the restarting of the project in November 2014; and
- an impairment charge reversal on the carrying-value of the Lanfranchi Nickel Project of \$1,200,000 on a pre-tax basis (\$840,000 after tax).

## Review of operations

### *Nickel Division*

During the period, the Savannah Nickel Project (including the contribution from the Copernicus Nickel Project) produced 56,428 dry metric tonnes of concentrate at an average nickel grade of 7.30% for 4,119 tonnes of nickel in concentrate (2013: 57,281 dry metric tonnes of concentrate at an average grade of 7.25% for 4,151 tonnes of nickel in concentrate).

The Lanfranchi Nickel Project produced 256,709 dry metric tonnes of ore at an average nickel grade of 2.29% for 5,884 tonnes of nickel in ore (2013: 238,243 dry metric tonnes of ore at an average nickel grade of 2.79% for 6,652 tonnes of nickel in ore).

On a consolidated group basis, the nickel division produced 10,003 dry metric tonnes of nickel in concentrate/ore (2013: 10,803 dry metric tonnes of nickel in concentrate/ore).

## Development Projects

### *Gold Division*

Work continued on the Gidgee Gold Project Feasibility Study ("FS"). The scope of the project FS has been extended to include mining and processing of ore from the Swan Bitter and Swift open-pits.

At the 70% owned Mt Henry Gold Project, evaluation work continued on the project FS. Additional metallurgical studies on the flotation and recovery characteristics of the gold bearing sulphides using site water were undertaken in the period.

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

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 Exploration Canada Inc. ("RTEC") whereby RTEC, by undertaking, at their own cost, a review of all existing data on the Thunder Bay North PGM Project ("TBN") and by electing to spend up to C\$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 a 70% in TBN and thereby enabling PANP to earn a 30% interest in Escape Lake.

At the Panton PGM Project, the Company engaged an external party to review previous metallurgical test work. This desktop study has confirmed further opportunities to improve the flotation performance of the Panton ore.

## Exploration Activities

During the period, the consolidated entity continued work on the Savannah North exploration target and explored for extensions to existing orebodies at each of its nickel operations. Subsequent to the end of the period, high-grade nickel sulphide mineralisation was discovered in the Schmitz channel at the Lanfranchi Nickel Project.

## Corporate Activities

### *On-Market Share Buyback*

On 15 December 2014, the Company announced its intention to conduct an on-market share buyback of up to 15.96 million shares. At that time, the directors believed that the Company's shares were trading at a level which was significantly undervaluing the Company's assets. The merits of this capital management initiative will continually be monitored during 2015 as markets and the Company's state of affairs change. As at the date of this report, the Company had bought back on-market 851,809 shares at an average share price of \$0.3909, with all the shares having been subsequently cancelled.

### **Subsequent Event**

#### ***Thunder Bay North (TBN) PGM Project***

On 16 January 2015, the Company announced that RTEC, having completed its review of existing data on TBN, had exercised its right under the "Earn-In with Option to Joint Venture Agreement" by electing to proceed into the Earn-In Option Phase.

#### ***Interim Dividend***

On 26 February 2015, the Company's Board resolved to declare a one cent per share fully franked interim dividend to be paid out of retained earnings at 31 December 2015. The dividend payment date is set down for 2 April 2015.

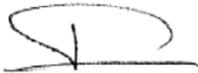
### **Rounding**

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

### **Auditor Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of directors.

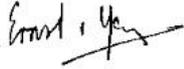


Peter J Harold  
Director

Perth  
26 February 2015

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

In relation to our review of the financial report of Panoramic Resources Limited for the half-year ended 31 December 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 A Kirkby  
Partner  
26 February 2015

Independent review report to members of Panoramic Resources Limited

## Report on the 31 December 2014 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Panoramic Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

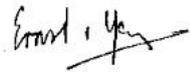
### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Robert A Kirkby  
Partner  
Perth  
26 February 2015

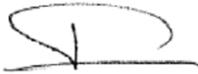
**Panoramic Resources Limited  
Directors' declaration  
31 December 2014**

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter J Harold  
Director

Perth  
26 February 2015

**Panoramic Resources Limited**  
**Consolidated income statement**  
**For the half-year 31 December 2014**

		<b>Consolidated</b>	
		<b>Half-year</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
	Revenue	<b>105,883</b>	98,463
	Cost of goods sold	<b>(114,587)</b>	(109,739)
	<b>Gross margin on sale of goods</b>	<b>(8,704)</b>	(11,276)
	Other income	<b>598</b>	773
	Fair value (loss) / gain on derivatives	<b>(1,723)</b>	685
	Exploration and evaluation expenditure	<b>(5,029)</b>	(1,156)
	Other expenses	<b>(4,813)</b>	(5,615)
	Share based payments	<b>(337)</b>	(436)
	Reversal of impairment loss	<b>14,379</b>	(13,119)
	Finance costs	<b>(491)</b>	(704)
	<b>Loss before income tax</b>	<b>(6,120)</b>	(30,848)
	Income tax benefit	<b>1,357</b>	7,567
	<b>Loss for the half-year</b>	<b>(4,763)</b>	(23,281)
	Loss for the half-year is attributable to:		
	Owners of Panoramic Resources Limited	<b>(4,763)</b>	(23,281)
		<b>Cents</b>	Cents
	<b>Loss per share attributable to the ordinary equity holders of the Company:</b>		
	Basic loss per share	<b>(1.5)</b>	(8.3)
	Diluted loss per share	<b>(1.5)</b>	(8.3)

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

**Panoramic Resources Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year 31 December 2014**

	<b>Consolidated</b>	
	<b>Half-year</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Loss for the half-year</b>	<b>(4,762)</b>	(23,281)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in fair value of available-for-sale financial assets, net of tax	<b>16</b>	30
Transfer from cash flow hedge reserve to net profit, net of tax	<b>10</b>	-
Changes in fair value of cash flow hedges, net of tax	<b>(960)</b>	21
Exchange differences on translation of foreign operations	<b>1,671</b>	2,445
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Impairment of assets charged against revaluation reserve, net of tax	<b>-</b>	(3,598)
<b>Other comprehensive income/(loss) for the half-year, net of tax</b>	<b>737</b>	(1,102)
<b>Total comprehensive loss for the half-year</b>	<b>(4,025)</b>	(24,383)
Total comprehensive loss for the half-year is attributable to:		
Owners of Panoramic Resources Limited	<b>(4,025)</b>	(24,383)

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

**Panoramic Resources Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2014**

	<b>Consolidated entity</b>	
	<b>31 December</b>	30 June
	<b>2014</b>	2014
Notes	<b>\$'000</b>	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7 <b>61,760</b>	64,055
Trade and other receivables	8 <b>18,011</b>	32,670
Inventories	<b>16,677</b>	17,209
Derivative financial instruments	9 <b>1,250</b>	926
Prepayments	<b>382</b>	1,343
<b>Total current assets</b>	<b>98,080</b>	116,203
<b>Non-current assets</b>		
Available-for-sale financial assets	<b>551</b>	528
Property, plant and equipment	<b>63,990</b>	63,379
Exploration and evaluation	<b>130,346</b>	122,736
Development properties	<b>55,080</b>	57,820
Mine properties	<b>15,044</b>	12,431
Other non-current assets	<b>35</b>	529
<b>Total non-current assets</b>	<b>265,046</b>	257,423
<b>Total assets</b>	<b>363,126</b>	373,626
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	<b>31,028</b>	30,732
Borrowings	<b>1,814</b>	4,138
Derivative financial instruments	9 <b>3,401</b>	728
Provisions	<b>7,800</b>	7,373
<b>Total current liabilities</b>	<b>44,043</b>	42,971
<b>Non-current liabilities</b>		
Borrowings	<b>1,098</b>	4,007
Deferred tax liabilities	<b>21,314</b>	20,102
Provisions	<b>30,683</b>	30,425
<b>Total non-current liabilities</b>	<b>53,095</b>	54,534
<b>Total liabilities</b>	<b>97,138</b>	97,505
<b>Net assets</b>	<b>265,988</b>	276,121
<b>EQUITY</b>		
Contributed equity	11 <b>159,276</b>	159,276
Reserves	<b>44,040</b>	42,966
Retained earnings	<b>62,672</b>	73,879
<b>Total equity</b>	<b>265,988</b>	276,121

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

**Panoramic Resources Limited**  
**Consolidated statement of changes in equity**  
**For the half-year 31 December 2014**

<b>Consolidated entity</b>	<b>Contributed equity \$'000</b>	<b>Share- based payment reserve \$'000</b>	<b>Available-for-sale financial assets reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Cash flow hedge reserve \$'000</b>	<b>Mineral properties revaluation reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 July 2013</b>	143,309	19,334	-	83,201	-	26,715	(978)	271,581
Other comprehensive income	-	-	\$30	-	\$21	(\$3,598)	\$2,445	(\$1,102)
Loss for the year	-	-	-	(\$23,281)	-	-	-	(\$23,281)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>(23,281)</b>	<b>21</b>	<b>(3,598)</b>	<b>2,445</b>	<b>(24,383)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Contributions of equity, net of transaction costs and tax	\$15,771	-	-	-	-	-	-	\$15,771
Employee share options - value of employee services	-	\$436	-	-	-	-	-	\$436
<b>Balance at 31 December 2013</b>	<b>159,080</b>	<b>19,770</b>	<b>30</b>	<b>59,920</b>	<b>21</b>	<b>23,117</b>	<b>1,467</b>	<b>263,405</b>
<b>Consolidated entity</b>	<b>Contributed equity \$'000</b>	<b>Share- based payment reserve \$'000</b>	<b>Available-for-sale financial assets reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Cash flow hedge reserve \$'000</b>	<b>Mineral properties revaluation reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
	Notes							
<b>Balance at 1 July 2014</b>	159,276	19,770	183	73,879	(10)	23,117	(94)	276,121
Other comprehensive income	-	-	\$16	-	(\$950)	-	\$1,671	\$737
Loss for the year	-	-	-	(\$4,762)	-	-	-	(\$4,762)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>(4,762)</b>	<b>(950)</b>	<b>-</b>	<b>1,671</b>	<b>(4,025)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends provided for or paid	-	-	-	(\$6,445)	-	-	-	(\$6,445)
Employee share options - value of employee services	-	\$337	-	-	-	-	-	\$337
	-	337	-	(6,445)	-	-	-	(6,108)
<b>Balance at 31 December 2014</b>	<b>159,276</b>	<b>20,107</b>	<b>199</b>	<b>62,672</b>	<b>(960)</b>	<b>23,117</b>	<b>1,577</b>	<b>265,988</b>

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

**Panoramic Resources Limited**  
**Consolidated statement of cash flows**  
**For the half-year 31 December 2014**

		<b>Consolidated</b>	
		<b>Half-year</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Receipts from customers (inclusive of goods and services tax)	<b>118,837</b>	98,184
	Payments to suppliers and employees (inclusive of goods and services tax)	<b>(86,538)</b>	(84,061)
	Interest paid	<b>(179)</b>	(353)
	Income tax refund	<b>2,970</b>	-
	Payments for exploration and evaluation expense	<b>(5,039)</b>	(1,215)
	<b>Net cash inflow from operating activities</b>	<b>30,051</b>	12,555
<b>Cash flows from investing activities</b>			
	Payments for property, plant and equipment	<b>(8,308)</b>	(3,007)
	Payment of development costs	<b>(8,709)</b>	(8,428)
	Proceeds from sale of property, plant and equipment	-	47
	Proceeds from sale of available-for-sale financial assets	<b>384</b>	-
	Interest received	<b>1,157</b>	252
	Payments for exploration	<b>(5,691)</b>	(2,458)
	Proceeds from cash backed bonds	<b>500</b>	-
	<b>Net cash (outflow) from investing activities</b>	<b>(20,667)</b>	(13,594)
<b>Cash flows from financing activities</b>			
	Proceeds from issues of shares and other equity securities	-	14,364
	Repayment of borrowings	<b>(5,234)</b>	(2,209)
	Dividends paid to company's shareholders	<b>(6,445)</b>	-
12	<b>Net cash (outflow) inflow from financing activities</b>	<b>(11,679)</b>	12,155
<b>Net (decrease) / Increase in cash and cash equivalents</b>		<b>(2,295)</b>	11,116
	Cash and cash equivalents at the beginning of the financial year	<b>64,055</b>	23,261
7	<b>Cash and cash equivalents at end of half-year</b>	<b>61,760</b>	34,377

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

## **1 Basis of Preparation of half-year report**

The financial report of Panoramic Resources Limited (the Company) for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 26 February 2015.

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

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

The half-year financial report should be read in conjunction with the annual financial report of Panoramic Resources Limited as at 30 June 2014.

It is also recommended that the half-year financial report be considered together with any public announcements made by Panoramic Resources Limited and its controlled entities during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under ASX listing rules.

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

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

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

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2014, except for the adoption of new standards and interpretations as of 1 July 2014, noted below:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

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.

The adoption of AASB 2012-3 had no effect on the financial position or performance of the Group.

- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

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.

The adoption of AASB 2013-3 had no effect on the financial position or performance of the Group.

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

- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]

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.

The adoption of AASB 2013-4 had no effect on the financial position or performance of the Group.

- AASB 1031 Materiality

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.

The adoption of AASB 1031 had no effect on the financial position or performance of the Group.

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

The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Part B makes amendments to particular Australian Accounting Standards 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.

The adoption of AASB 2013-9 had no effect on the financial position or performance of the Group.

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

## **2 Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Disclosure of fair value measurements is by level of the following fair value measurement hierarchy:

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

At 31 December 2014, the Group does not have any level 3 instruments.

## 2 Fair value measurements (continued)

The following table presents the fair value measurement hierarchy of the Group's financial assets and liabilities carried at fair value at 31 December 2014 and 30 June 2014. The carrying value of these financial assets and liabilities approximate their fair value.

<b>Consolidated entity - at 31 December 2014</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Derivative instruments	-	1,250	-	1,250
Receivables	-	13,959	-	13,959
Equity securities	551	-	-	551
<b>Total assets</b>	<b>551</b>	<b>15,209</b>	<b>-</b>	<b>15,760</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Derivative instruments	-	3,401	-	3,401
<b>Total liabilities</b>	<b>-</b>	<b>3,401</b>	<b>-</b>	<b>3,401</b>
<b>Consolidated entity - at 30 June 2014</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Derivative instruments	-	926	-	926
Receivables	-	28,726	-	28,726
Available-for-sale financial assets				
Equity securities	528	-	-	528
<b>Total assets</b>	<b>528</b>	<b>29,652</b>	<b>-</b>	<b>30,180</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Derivative instruments	-	728	-	728
<b>Total liabilities</b>	<b>-</b>	<b>728</b>	<b>-</b>	<b>728</b>

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.

## **2 Fair value measurements (continued)**

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. The change in fair value is recognised as revenue.

## **3 Segment information**

### **(a) Description of segments**

#### **Business segments**

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

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

The Group has identified five operating segments being : (1) Nickel - the aggregation of the Savannah Nickel Project, Lanfranchi Nickel Project and Copernicus Nickel Project; (2) Gold - the Gidgee Gold Project and Mt 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, the Copernicus Nickel Project and the Lanfranchi Nickel Project mine nickel ore. At the Savannah Nickel Project and the Copernicus 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.

#### *Gold*

The 100% owned and operated Gidgee Gold Project is located 640kms northeast of Perth in Western Australia, and was purchased by the Company in January 2011. The Company refurbished the site's village and administration areas and commenced exploration and evaluation activities from July 2011.

In May 2012, the Company acquired the Wilsons Gold Project from Apex Minerals Limited. The Wilsons Gold Project is within trucking distance of the existing Gidgee processing facility which is under care and maintenance. The Wilsons Gold Project acquisition forms part of the Gidgee Gold Project. The combined mineral Resource of Gidgee, following the acquisition of Wilsons and upgrade of the Howards and Heron South Resources in October 2012, has increased to over one million ounces.

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

### 3 Segment information (continued)

#### (a) Description of segments (continued)

##### Business segments (continued)

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

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

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

###### *Australian and Overseas Exploration*

The Group's primary exploration and evaluation activities cover the regional areas of Western Australia. The Group is also party to joint venture agreements to conduct overseas exploration and evaluation activities in Scandinavia.

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 .

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

#### (b) Operating business segments

Six Months Ended 31 December 2014	Nickel \$'000	Gold \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
Sales to external customers	104,753	-	-	-	-	104,753
Other revenue	765	-	1	-	-	766
<b>Total segment revenue</b>	<b>105,518</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>105,519</b>
<b>Segment result</b>	<b>640</b>	<b>(387)</b>	<b>(196)</b>	<b>(505)</b>	<b>(589)</b>	<b>(1,037)</b>

### 3 Segment information (continued)

#### (b) Operating business segments (continued)

Six Months Ended 31 December 2014	Nickel \$'000	Gold \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
<b>Total segment assets</b>	219,770	76,377	42,197	24,596	23	362,963
<b>Total segment liabilities</b>	75,690	29,431	1,305	53	81	106,560
Reversal of impairment of assets (Note 10)	(\$14,379)	-	-	-	-	(\$14,379)
Depreciation and amortisation	\$30,452	-	\$3	-	-	\$30,455
Fair value gain/(loss) on derivatives	\$1,723	-	-	-	-	\$1,723
<b>Six Months Ended 31 December 2013</b>	<b>Nickel \$'000</b>	<b>Gold \$'000</b>	<b>Platinum Group Metals \$'000</b>	<b>Australian Exploration \$'000</b>	<b>Overseas Exploration \$'000</b>	<b>Total \$'000</b>
<b>Segment revenue</b>						
Sales to external customers	98,206	-	-	-	-	98,206
Other revenue	195	9	13	-	-	217
<b>Total segment revenue</b>	<b>98,401</b>	<b>9</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>98,423</b>
<b>Segment result</b>	<b>(24,618)</b>	<b>(726)</b>	<b>(342)</b>	<b>(450)</b>	<b>160</b>	<b>(25,976)</b>
<b>At 30 June 2014</b>						
<b>Total segment assets</b>	<b>240,083</b>	<b>75,390</b>	<b>39,533</b>	<b>20,826</b>	<b>2</b>	<b>375,834</b>
<b>Total segment liabilities</b>	<b>74,669</b>	<b>29,441</b>	<b>1,321</b>	<b>80</b>	<b>(10)</b>	<b>105,501</b>
Depreciation and amortisation	\$29,150	-	\$102	-	-	\$29,252
Impairment of assets (Note 10)	\$18,259	-	-	-	-	\$18,259
Fair value gain/(loss) on derivatives	(\$685)	-	-	-	-	(\$685)

### 3 Segment information (continued)

#### (c) Other segment information

##### (i) Segment revenue

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

	<b>Consolidated Half-year</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Total segment revenue	105,519	98,423
Unallocated revenue	364	40
<b>Consolidated revenue</b>	<b>105,883</b>	<b>98,463</b>

##### (ii) Segment results

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

	<b>Consolidated Half-year</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Segment results	(1,037)	(25,976)
Corporate charges	(5,082)	(4,872)
Income tax benefit	1,357	7,567
<b>Loss for the half-year</b>	<b>(4,762)</b>	<b>(23,281)</b>

##### (iii) Segment assets

Reportable segments assets are reconciled to total assets as follows:

	<b>Consolidated entity</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Segment assets	362,963	375,834
Intersegment eliminations	(21,760)	(20,528)
Unallocated assets	21,923	18,320
<b>Total assets as per the consolidated statement of financial position</b>	<b>363,126</b>	<b>373,626</b>

### 3 Segment information (continued)

#### (c) Other segment information (continued)

##### (iv) Segment liabilities

Reportable segments liabilities are reconciled to total liabilities as follows:

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2014</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Segment liabilities	<b>106,560</b>	105,501
Intersegment eliminations	<b>(10,772)</b>	(9,529)
Unallocated liabilities	<b>1,349</b>	1,533
<b>Total liabilities as per the consolidated statement of financial position</b>	<b>97,137</b>	<b>97,505</b>

### 4 Other income

	<b>Consolidated</b>	
	<b>Half-year</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Net gain on sale of available-for-sale financial assets	<b>209</b>	-
Government grants	<b>363</b>	743
Sundry income	<b>26</b>	30
	<b>598</b>	<b>773</b>

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

## 5 Loss for the half-year

	<b>31 December 2014 \$'000</b>	<b>31 December 2013 \$'000</b>
<b>Loss before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Plant and equipment	10,425	9,912
Plant and equipment under finance leases	29	151
	<b>10,454</b>	<b>10,063</b>
<i>Amortisation</i>		
Deferred development costs	17,124	14,913
Mine properties	2,877	4,276
	<b>20,001</b>	<b>19,189</b>
<i>Finance costs</i>		
Interest and finance charges paid/payable	191	370
Unwinding of discount - rehabilitation	300	334
	<b>491</b>	<b>704</b>
<i>Others</i>		
Net loss on disposal of property, plant and equipment	32	(9)
Net foreign exchange loss	(142)	503
Writedown on inventory	467	(504)
	<b>357</b>	<b>(10)</b>

## 6 Income tax benefit

### (a) Income tax benefit

	<b>Consolidated Half-year</b>	
	<b>31 December 2014 \$'000</b>	<b>31 December 2013 \$'000</b>
Adjustment for deferred tax of prior periods	509	1,580
Relating to origination and reversal of temporary differences in current year	(2,207)	(9,129)
Adjustments for current tax of prior periods	341	847
Adjustments in relation to research and development	-	(865)
	<b>(1,357)</b>	<b>(7,567)</b>

## 6 Income tax benefit (continued)

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

	<b>Consolidated Half-year</b>	
	<b>31 December 2014 \$'000</b>	<b>31 December 2013 \$'000</b>
Loss from continuing operations before income tax benefit	(6,120)	(30,848)
Tax benefit at the Australian tax rate of 30.0% (2013 - 30.0%)	(1,836)	(9,254)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	7	2
Acquisition costs	-	71
Foreign losses not recognised	-	102
Share based payments	102	131
Business related costs (s40-880)	(84)	(171)
Foreign exploration	-	3
Tax expense not booked relating to foreign subsidiary	(396)	-
Deferred tax on investment not recognised	-	(13)
Deferred tax arising from R&D offset	-	(865)
Adjustments for current tax of prior periods	341	847
Adjustments recognised in the current year in relation to deferred tax of prior years	509	1,580
Income tax benefit	(1,357)	(7,567)

### (c) Amounts recognised directly in equity

	<b>Consolidated Half-year</b>	
	<b>31 December 2014 \$'000</b>	<b>31 December 2013 \$'000</b>
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Relating to financial instruments	407	(9)
Relating to asset revaluation reserve	(7)	1,529
Relating to capital raising	-	227
	400	1,747

## 7 Current assets - Cash and cash equivalents

	<b>Consolidated entity</b>	
	<b>31 December 2014 \$'000</b>	<b>30 June 2014 \$'000</b>
Cash at bank and in hand	<b>23,438</b>	30,725
Deposits at call	<b>38,322</b>	33,330
	<b>61,760</b>	<b>64,055</b>

### Cash equivalents

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

## 8 Current assets - Trade and other receivables

	<b>Consolidated entity</b>	
	<b>31 December 2014 \$'000</b>	<b>30 June 2014 \$'000</b>
Trade receivables	<b>13,959</b>	28,726
Other receivables	<b>4,052</b>	3,944
	<b>18,011</b>	<b>32,670</b>

### (a) Trade and other receivables

#### (i) Nickel Concentrate

Mining revenue from nickel concentrate sales exported from the Savannah Nickel Project is recognised at its provisional price on the day the product has been shipped from port. 100% of the provisional value is payable in approximately 7 working days from the issue of a provisional invoice. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period stipulated in the contract (30 days after month of shipment) until the quotational period expires and the change in fair value is recognised as revenue. Increments and decrements in final measured contained in nickel concentrate delivered to the customer are brought to account upon presentation of the final invoice.

## 8 Current assets - Trade and other receivables (continued)

### (a) Trade and other receivables (continued)

#### (ii) Nickel Ore

Mining revenue from Lanfranchi nickel ore delivered to the Kambalda concentrator is recognised at its provisional price net of the amount goods and services tax (GST) payable to the taxation authority. 70% of the provisional invoice is payable one month after issue. Revenue is recognised based on the estimated fair value of the consideration receivable and the embedded derivative is included within trade receivables. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period stipulated in the contract (90 days after month of delivery) until the quotational period expires and the change in fair value is recognised as revenue.

#### (b) Other receivables

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

#### (c) Foreign exchange and interest rate risk

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

All trade receivables are non-interest bearing at 31 December 2014 and 30 June 2014.

#### (d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value, at 31 December 2014 and 30 June 2014.

The amount of provisionally priced sales at 31 December 2014 was \$6.242 million (30 June 2014: \$12.765 million)

## 9 Derivative financial instruments

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2014</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Commodity put options	1,248	385
Forward exchange put options	2	541
Total current derivative financial instrument assets	<u>1,250</u>	<u>926</u>
<b>Current liabilities</b>		
Foreign exchange call options	2,724	173
Commodity call options	677	555
Total current derivative financial instrument liabilities	<u>3,401</u>	<u>728</u>
	<u>(2,151)</u>	<u>198</u>

## 9 Derivative financial instruments (continued)

### Instruments used by the group

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

The Group uses a number of methodologies to determine the fair value of derivatives. These techniques include comparing contracted rates to market rates with the same length of maturity to determine the value of forward contracts and use of option pricing models to value put options. The principal inputs to valuation techniques are listed below:

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

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

### Commodity Hedges

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

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

<b>Consolidated entity</b>	<b>Tonnes Hedged</b>	<b>Average US\$ price per tonne</b>	<b>Tonnes Hedged</b>	<b>Average US\$ price per tonne</b>
	<b>31 December 2014</b>	<b>31 December 2014</b>	<b>30 June 2014</b>	<b>30 June 2014</b>
<b>Nickel Sell Call Options</b>				
Not later than one year	<b>350</b>	<b>22,000</b>	700	20,929
<b>Nickel Buy Put Options</b>				
Not later than one year	<b>350</b>	<b>18,000</b>	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.

**9 Derivative financial instruments (continued)**

Consolidated entity	Kilolitres	Average US\$ price per litre	Kilolitres	Average US\$ price per litre
	31 December 2014	31 December 2014	30 June 2014	30 June 2014
<b>Diesel Buy Call Options</b>				
Not later than one year	2,400,000	0.82	-	-
<b>Diesel Sell Put Options</b>				
Not later than one year	2,400,000	0.69	-	-

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

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

Consolidated entity	US\$ Hedged	Average Rate	US\$ Hedged	Average Rate
	31 December 2014	31 December 2014 \$	30 June 2014	30 June 2014 \$
<b>Foreign Exchange US\$ Calls (Sold)</b>				
Not later than one year	30,000,000	0.88	57,000,000	0.88
<b>Foreign Exchange US\$ Calls (Purchased)</b>				
Not later than one year	10,750,000	0.82	-	-
<b>Foreign Exchange US\$ Puts (Purchased)</b>				
Not later than one year	30,000,000	0.95	77,000,000	0.95

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

**(a) Risk exposures**

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

## **10 Reversal of impairment of assets**

The recovery of commodity prices and the recommencement of mining activities in Copernicus Project during the half-year had led to the Group to make an assessment of the recoverability of its assets. The recoverable amount of each mine operation at the cash generating unit level has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the life of each project incorporating current market assumptions approved by the Company's 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. Market assumptions on the nickel price and Australian Dollar (A\$) to US Dollar (US\$) exchange rate were also used in the calculation. The nickel price per pound used ranged from US\$7.65 to US\$9.20 and A\$:US\$ exchange rate used ranged from US\$0.79 to US\$0.80 over the life of each project. A recoverable amount was estimated for the plant and equipment, mine development and mine properties. As a result, an impairment reversal of \$14.379 million was recognised to increase the carrying amount of the plant and equipment, mine development and the mine properties to recoverable amount. The value in use of the Group's other CGU's was assessed by the Group and they exceed their carrying values.

### **Lanfranchi Nickel Project**

An impairment reversal of \$1.200 million was recognised to increase the carrying amount of plant and equipment, mine development and mine properties to their recoverable amount. An amount of \$1.200 million has been recognised in the income statement. In 2013, an impairment loss of \$13.119 million was recognised in the income statement and \$5.140 million was recognised in the mineral properties revaluation reserve. The asset revaluation reserve account was created when the Group increased its holding in Lanfranchi from 75% to 100% in 2009 and this required a revaluation of the original interest.

### **Copernicus Nickel Project**

An impairment reversal of \$13.179 million was recognised to increase the carrying amount of plant and equipment, mine development and mine properties to their recoverable amount. An amount of \$13.179 million has been recognised in the income statement.

As at 31 December 2014, the impairment reversal was applied to the statement of financial position in the following manner:

Property, plant and equipment - \$3.242 million  
Development properties - \$5.643 million  
Mine properties - \$5.494 million

As at 30 June 2014, the impairment loss was applied to the statement of financial position in the following manner:

Property, plant and equipment - \$2.816 million  
Development properties - \$7.515 million  
Mine properties - \$7.928 million

## 11 Contributed equity

### (a) Share capital

	Notes	31 December 2014 Shares	30 June 2014 Shares	31 December 2014 \$'000	30 June 2014 \$'000
Ordinary shares					
Ordinary shares - fully paid	11(b)	<b>322,275,824</b>	322,275,824	<b>159,276</b>	159,276
<b>Total contributed equity</b>		<b>322,275,824</b>	322,275,824	<b>159,276</b>	159,276

### (b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	\$'000
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	Closing Balance		<u>322,275,824</u>		<u>159,276</u>
1 July 2014	Opening balance		<u>322,275,824</u>		<u>159,276</u>
31 December 2014	Closing Balance		<u>322,275,824</u>		<u>159,276</u>

## 12 Dividends

### (a) Ordinary shares

<b>Consolidated Half-year</b>	
<b>31 December 2014 \$'000</b>	<b>31 December 2013 \$'000</b>
<b>6,445</b>	-

Final dividend for the year ended 30 June 2014 of 2 cents per fully paid ordinary share paid on 26 September 2014. No final dividend was declared for the year ended 30 June 2013.

Fully franked based on tax paid @ 30%

<u>6,445</u>	-
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## 12 Dividends (continued)

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

<b>Consolidated Half-year</b>	
<b>31 December 2014 \$'000</b>	<b>31 December 2013 \$'000</b>

On 26 February 2015, the directors' declared an interim dividend of one cent per fully paid share to be paid on 2 April 2015.  
No interim dividend was declared for the half-year ended 31 December 2013.

	<b>3,214</b>	-
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## 13 Contingencies

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

## 14 Commitments

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

## 15 Events occurring after the reporting period

### *Interim Dividend*

On 26 February 2015, the Company's Board resolved to declare a one cent per share fully franked interim dividend to be paid out of retained earnings at 31 December 2015. The dividend payment date is set down for 2 April 2015.

### *Thunder Bay North PGM Project*

On 16 January 2015, the Company announced that Rio Exploration Canada Inc. having completed its review of existing data on Thunder Bay North, and had exercised its right under the "Earn-In with Option to Joint Venture Agreement" by electing to proceed into the Earn-In Option Phase.

## 16 Share-based payments

### (a) Employee share scheme

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

## 16 Share-based payments (continued)

Each annual grant of performance rights will vest subject to meeting service and performance conditions as defined below:

- 75% of the performance rights will be performance tested against the relative total shareholder return (TSR) of a customised peer group over a 3 year period; and
- 25% of the performance rights will be performance tested against the reserve/resource growth over a 3 year period, net of depletion.

For FY2015, a total of 3,306,777 performance rights were calculated to be granted to executives and senior employees. To determine the number of FY2015 performance grants at 1 July 2014, a weighted average FV of \$0.67 was externally determined using a Monte-Carlo simulation pricing model for the first TSR performance condition and a binomial pricing model was used for the second reserve/resource growth test. The FY2015 performance rights were subsequently granted on two different dates and a new FV was externally determined using the same pricing methodology described above on each date to calculate the fair value to be expensed over a 3 year performance period from 1 July 2014:

<u>Grant date</u>	<u>No of performance rights</u>	<u>FV on Grant Date</u>	<u>Payment to be expensed over vesting period</u>
30 July 2014	904,601	\$0.82	\$741,773
12 Sept 2014	2,402,176	\$0.67	\$1,609,458