



Panoramic Resources Limited
Interim report
for the half-year 31 December 2015

ABN: 47 095 792 288

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

Interim Financial Report

For the half-year ended 31 December 2015

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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 2015 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 2015

Results for announcement to the market

		% movement		2014 \$'000		2015 \$'000
Revenue from ordinary activities (note 1)	Down	52.4%	from	105,883	to	50,419
Net loss after tax from ordinary activities	Up	2,812.4%	from	(4,763)	to	(138,719)
Net loss after tax attributable to members	Up	2,812.4%	from	(4,763)	to	(138,719)

Note 1 - Revenue is after including interest income and after including losses on delivered/deferred commodity hedges/currency hedges of \$1,305,000. (2014: \$3,385,000).

Dividends

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

Net Tangible Assets Per Share

	31 December 2014 \$ per share	31 December 2015 \$ per share
Net tangible asset backing (per share)	0.83	0.30

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 2015 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 2015.

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
Peter R Sullivan (*Appointed 1 October 2015*)

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 2015 of \$138,719,000 (2014: loss after tax of \$4,763,000).

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

- a 52.4% decrease in total net revenue, due to the lower volume of product sold by the Nickel Division after production at the Lanfranchi Nickel Project was stopped in September 2015 and from the sharp fall in the net realised A\$ price of nickel sold during the period.

The spot nickel price, in Australian dollar terms, averaged A\$6.27 per pound during the financial period. In the previous corresponding half-year, the equivalent average spot Australian dollar nickel price was A\$8.74 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 and payment of approximately \$9,700,000 negative final quotational pricing (QP) adjustments in relation to product sold before and during the period.

- a 9.5% decrease in the cost of goods sold (COGS) (including depreciation and amortisation) over the period, which primarily reflected the reduction in production over the period, offset by higher depreciation and amortisation expenses and one-off termination and redundancy costs of approximately \$8,600,000 incurred across the Group after operational changes were made as a result of placing the Lanfranchi Nickel Project onto care and maintenance in the period;
- the expensing of \$2,205,000 of greenfield exploration and evaluation expenditure, being \$2,834,000 lower than the previous corresponding half-year.
- as a result of a review of the carrying values of the Nickel Division's projects at 31 December 2015 in response to the sharp fall in the US\$ nickel price since August 2015 to below US\$5.00 per pound, and uncertainty around the timing of a price recovery, impairment charges of \$32,029,000 and \$15,430,000 were made against the asset carrying values of the Savannah Nickel Project and Lanfranchi Nickel Project respectively. Of the total impairment loss of \$47,459,000, \$42,785,000 was recognised in the consolidated income statement;
- as a result of a review of the carrying value of the Gidgee Gold Project, an impairment charge of \$41,837,000 was made against the carrying values of the Project's assets;
- The provision for inventory obsolescence against the carrying value of warehouse spares was increased by \$4,685,000 and previously capitalised exploration expenditure of \$1,923,000 was written-off; and
- The consolidated entity's net deferred tax asset position of \$34,878,000 was de-recognised from the consolidated statement of financial position at 31 December 2015 due to the current weakness and uncertain outlook in the US\$ nickel price.

Review of operations

Nickel Division

During the period, the Savannah Nickel Project (including the contribution from the Copernicus Nickel Project) produced 71,308 dry metric tonnes of concentrate at an average nickel grade of 7.05% containing 5,026 tonnes of nickel in concentrate (2014: 56,428 dry metric tonnes of concentrate at an average grade of 7.30% containing 4,119 tonnes of nickel in concentrate). On 27 January 2016, the Company announced that the project is to be placed onto care and maintenance during the June 2016 quarter (*refer to Subsequent Events*).

The Lanfranchi Nickel Project produced 43,692 dry metric tonnes of ore at an average nickel grade of 2.33% for 1,019 tonnes of nickel in ore (2014: 256,709 dry metric tonnes of ore at an average nickel grade of 2.29% for 5,884 tonnes of nickel in ore). As a result of underground seismic activity in the vicinity of the Deacon orebody and the continuing weakness in the nickel price, production from the Lanfranchi Nickel Project ceased in August 2015. In November 2015, the Lanfranchi Nickel Project was placed onto care and maintenance after the completion of an infill Resource drilling program on the Lower Schmitz orebody.

On a consolidated group basis, the nickel division produced 6,045 dry metric tonnes of nickel in concentrate/ore (2014: 10,003 dry metric tonnes of nickel in concentrate/ore).

Development Projects

Gold Division

On 3 August 2015, the directors resolved to commence a process to divest the Gidgee Gold Project. For reporting purposes at 31 December 2015, the assets and liabilities of the project were re-classified as being held for sale under AASB 5 *Non-current Assets Held For Sale and Discontinued Operations*.

On 31 July 2015, the Company announced that it had sold its 70% interest in the Mt Henry Gold Project to Metals X Limited ("Metals X") for 15,225,000 ordinary shares (after brokerage) in Metals X. A gain of \$651,000 was booked on the sale of 13,711,037 Metals X shares during the period.

Platinum Group Metals (PGM) Division

Following on from the January 2015 decision by Rio Exploration Canada Inc. ("RTEC") that it was exercising its right under the "Earn-In with Option to Joint Venture Agreement" to earn a 70% in the Thunder Bay North Project by spending C\$20 million over a five year period, RTEC completed a 2015 diamond drilling program on the Project in early November 2015, after drilling 11 holes. The results of the 2015 program were encouraging and a follow-up winter drill program commenced in mid-January 2016.

At the Panton PGM Project, the Company carried out ore sorting studies in conjunction with new metallurgical test work to improve the flotation performance of the Panton ore.

Exploration Activities

During the period, the consolidated entity continued work on the Savannah North Project and explored for extensions. The Company also completed an infill Resource drilling program on the Lower Schmitz Exploration Target.

Subsequent to the end of the period, on 27 January 2016, the Company released the Savannah North Scoping Study demonstrating there is potential to add significant mine life at the Savannah 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. The buyback trading period ended on 14 December 2015. Over the twelve month period, a total of 851,809 shares in the Company were bought back at an average share price of \$0.3909, with all the shares subsequently cancelled.

Subsequent Events

Savannah Nickel Project

On 27 January 2016, the Company announced that due to the weak US\$ nickel and uncertainty around the timing of a price recovery, the Savannah Nickel Project is to be placed onto care and maintenance over a staged process ending in the June 2016 quarter. The remaining resources will be preserved until the US\$ nickel price returns to a sustainable level where the Savannah orebody, most likely in conjunction with the development of the Savannah North Project, provides an acceptable economic return to shareholders.

Rehabilitation Performance Bond Facility

On 16 February 2016, the Company agreed to cash-back, from April 2016, the \$1.8 million drawn amount on the Rehabilitation Performance Bond Facility held with the National Australia Bank Limited. It is expected that the drawn amount will be progressively reduced over the June 2016 quarter.

Interim Dividend

No dividend was paid during the period and no interim dividend has been declared for the half year ended 31 December 2015 (31 December 2014: 1 cent per share fully-franked interim dividend).

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 the directors.



Peter J Harold
Managing Director

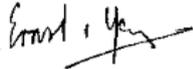
Perth, 26 February 2016

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

As lead auditor for the review of Panoramic Resources Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Robert A Kirkby
Partner
26 February 2016

Independent review report to the members of Panoramic Resources Limited

Report on the 31 December 2015 half-year financial report

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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 2015 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.

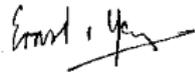
Conclusion

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 2015 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*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 (c) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



Robert A Kirkby
Partner
Perth
26 February 2016

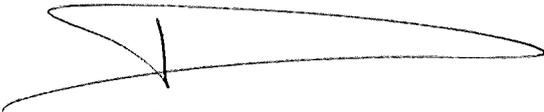
Panoramic Resources Limited
Directors' declaration
31 December 2015

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 2015 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) Subject to the achievement of matters set out in Note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter J Harold
Managing Director

Perth, 26 February 2016

Panoramic Resources Limited
Consolidated income statement
For the half-year 31 December 2015

	Consolidated	
	Half-year	
Notes	31 December	31 December
	2015	2014
	\$'000	\$'000
Revenue	50,419	105,883
Cost of goods sold	(104,141)	(115,110)
Gross margin on sale of goods	(53,722)	(9,227)
Other income	764	598
4		
Fair value (loss) / gain on derivatives	(329)	(1,723)
Exploration and evaluation expenditure	(2,205)	(5,039)
Exploration expenditure written-off	(1,923)	-
Other expenses	(5,796)	(4,280)
Share based payments	(378)	(337)
Impairment loss	(84,622)	-
9		
Reversal of impairment loss	-	14,379
Finance costs	(358)	(491)
5		
Loss before income tax	(148,569)	(6,120)
Income tax benefit	9,850	1,357
6		
Loss for the half-year	(138,719)	(4,763)
Loss for the half-year is attributable to:		
Owners of Panoramic Resources Limited	(138,719)	(4,763)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic loss per share	(43.2)	(1.5)
Diluted loss per share	(43.2)	(1.5)

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 2015

	Consolidated Half-year	
Notes	31 December 2015 \$'000	31 December 2014 \$'000
Loss for the half-year	(138,719)	(4,763)
Other comprehensive income		
<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	(210)	16
Changes in fair value of cash flow hedges, net of tax	-	(960)
Exchange differences on translation of foreign operations	(2,478)	1,671
Transfer from cash flow hedge reserve to net profit, net of tax	-	10
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Impairment of assets charged against revaluation reserve, net of tax	(3,272)	-
Other comprehensive (loss) / income for the half-year, net of tax	(5,960)	737
Total comprehensive loss for the half-year	(144,679)	(4,026)
Total comprehensive loss for the half-year is attributable to:		
Owners of Panoramic Resources Limited	(144,679)	(4,026)

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 2015

	Notes	Consolidated entity	
		31 December	30 June
		2015	2015
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	24,939	54,055
Trade and other receivables		3,036	11,235
Inventories		11,484	12,910
Derivative financial instruments		-	178
Prepayments		207	1,187
Asset classified as held for sale	8	16,023	18,000
Total current assets		<u>55,689</u>	<u>97,565</u>
Non-current assets			
Available-for-sale financial assets		2,102	858
Property, plant and equipment	9	5,991	51,806
Exploration and evaluation	9	63,078	113,794
Development properties	9	25,266	53,564
Mine properties	9	2,994	11,542
Other non-current assets		-	36
Total non-current assets		<u>99,431</u>	<u>231,600</u>
Total assets		<u>155,120</u>	<u>329,165</u>
LIABILITIES			
Current liabilities			
Trade and other payables		19,411	35,628
Borrowings		1,816	2,855
Provisions		5,404	8,438
Liabilities directly associated with the asset held for sale	8	10,743	-
Total current liabilities		<u>37,374</u>	<u>46,921</u>
Non-current liabilities			
Borrowings		1,262	68
Deferred tax liabilities		-	11,342
Provisions		20,906	30,955
Total non-current liabilities		<u>22,168</u>	<u>42,365</u>
Total liabilities		<u>59,542</u>	<u>89,286</u>
Net assets		<u>95,578</u>	<u>239,879</u>
EQUITY			
Contributed equity	10	158,941	158,941
Reserves		39,982	45,564
Accumulated loss / Retained earnings		<u>(103,345)</u>	<u>35,374</u>
Total equity		<u>95,578</u>	<u>239,879</u>

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

Panoramic Resources Limited
Consolidated statement of changes in equity
For the half-year 31 December 2015

Consolidated entity	Contributed equity \$'000	Share-based payment reserve \$'000	Available-for-sale financial assets reserve \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Mineral properties revaluation reserve \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
Balance at 1 July 2014	159,276	19,770	183	73,880	(10)	23,117	(94)	276,122
Loss for the year	-	-	-	(4,763)	-	-	-	(4,763)
Other comprehensive income	-	-	16	-	(950)	-	1,671	737
Total comprehensive income for the half-year	-	-	16	(4,763)	(950)	-	1,671	(4,026)
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	-	-	-	(6,445)	-	-	-	(6,445)
Employee share options - value of employee services	-	337	-	-	-	-	-	337
Balance at 31 December 2014	159,276	20,107	199	62,672	(960)	23,117	1,577	265,988

Consolidated entity	Contributed equity \$'000	Share-based payment reserve \$'000	Available-for-sale financial assets \$'000	Retained earnings \$'000	Cash flow hedge reserve \$'000	Mineral properties revaluation reserve \$'000	Foreign currency translation \$'000	Total equity \$'000
Balance at 1 July 2015	158,941	20,459	414	35,374	-	23,117	1,574	239,879
Loss for the year	-	-	-	(138,719)	-	-	-	(138,719)
Other comprehensive income	-	-	(210)	-	-	(3,272)	(2,478)	(5,960)
Total comprehensive income for the half-year	-	-	(210)	(138,719)	-	(3,272)	(2,478)	(144,679)
Transactions with owners in their capacity as owners:								
Employee share options - value of employee services	-	378	-	-	-	-	-	378
Balance at 31 December 2015	158,941	20,837	204	(103,345)	-	19,845	(904)	95,578

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 2015

	Consolidated Half-year	
Notes	31 December 2015 \$'000	31 December 2014 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	59,063	118,837
Payments to suppliers and employees (inclusive of goods and services tax)	(88,939)	(86,538)
Interest paid	(106)	(179)
Income tax refund	-	2,970
Payments for exploration and evaluation expense	(2,206)	(5,039)
Net cash (outflow) / inflow from operating activities	(32,188)	30,051
Cash flows from investing activities		
Payments for property, plant and equipment	(1,823)	(8,308)
Payment of development costs	(5,765)	(8,709)
Proceeds from sale of property, plant and equipment	100	-
Proceeds from sale of available-for-sale financial assets	15,711	384
Interest received	278	1,157
Payments for exploration	(3,267)	(5,691)
Proceeds from cash backed bonds	-	500
Net cash inflow / (outflow) from investing activities	5,234	(20,667)
Cash flows from financing activities		
Repayment of borrowings	(2,162)	(5,234)
Dividends paid to company's shareholders	-	(6,445)
Net cash (outflow) / inflow from financing activities	(2,162)	(11,679)
Net (decrease) / Increase in cash and cash equivalents	(29,116)	(2,295)
Cash and cash equivalents at the beginning of the financial year	54,055	64,055
Cash and cash equivalents at end of half-year	24,939	61,760

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 2015 was authorised for issue in accordance with a resolution of the directors on 26 February 2016.

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 2015.

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 2015 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 2015, except for the adoption of new standards and interpretations as of 1 July 2015.

The adoption of any new and revised standards and interpretation effective 1 July 2015 has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported to the current or prior period.

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

(c) Going concern basis

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

As a result of the weakening nickel price and the Lanfranchi nickel mine being placed onto care and maintenance in November 2015, the Group experienced net cash outflows from operating activities of \$32.1 million for the half year ended 31 December 2015. In addition, the Group incurred a net loss of \$138.7 million for the half-year ended 31 December 2015, primarily due to impairment charges of \$84.6 million. At 31 December 2015, the Group had cash and cash equivalents of \$24.9 million and held approximately \$7 million in unsold nickel concentrate ready for shipment.

As announced on 27 January 2016, the Board resolved to place the Savannah project onto care and maintenance in a staged process with the immediate suspension of all capital development. It is envisaged that full care and maintenance will be achieved in the June 2016 quarter with the last shipment of nickel concentrate to be made towards the end of the quarter.

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

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

2 Financial Instruments

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

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

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

At 31 December 2015, the Group does not have any level 3 financial instruments.

The following table presents the fair value measurement hierarchy of the Group's financial assets and liabilities carried at fair value at 31 December 2015 and 30 June 2015.

2 Financial Instruments (continued)

Consolidated entity - at 31 December 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss:				
- Receivables	-	416	-	416
Available-for-sale financial assets:				
- Equity securities	2,102	-	-	2,102
Total assets	2,102	416	-	2,518
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	-	3,078	-	3,078
Total liabilities	-	3,078	-	3,078

Consolidated entity - at 30 June 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss:				
- Derivative instruments	-	178	-	178
- Receivables	-	8,119	-	8,119
Available-for-sale financial assets:				
- Equity securities	858	-	-	858
Total assets	858	8,297	-	9,155
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	-	2,131	-	2,131
Total liabilities	-	2,131	-	2,131

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.

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. As detailed in Note 1 (c), the Lanfranchi Nickel Project was placed on care and maintenance in November 2015.

Gold

The Gidgee Gold Project is located 640kms northeast of Perth in Western Australia, and was purchased by the Company in January 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. As detailed in note 9(a), Gidgee Gold Project has been classified as held for sale and accordingly does not form part of the segment results for 2015.

In addition, as detailed in note 8(b), Mt Henry Gold Project was sold during the period and accordingly the results of Mt Henry Gold Project have not been included in the segment results for 2015.

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.

3 Segment information (continued)

(a) Description of segments (continued)

Business segments (continued)

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 2015	Nickel \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
Sales to external customers	50,141	-	-	-	50,141
Other revenue	165	12	-	-	177
Total segment revenue	50,306	12	-	-	50,318
Segment result	(98,828)	(135)	(1,848)	267	(100,544)
Total segment assets	63,530	40,974	22,443	10	126,957
Total segment liabilities	47,036	100	-	(11)	47,125
Depreciation and amortisation	36,520	-	-	-	36,520
Impairment of assets (Note 9)	42,785	-	-	-	42,785
Fair value gain/(loss) on derivatives	208	-	-	-	208
Exploration expenditure written-off	-	-	1,796	-	1,796
Interest expense	106	-	-	-	106
Interest income	(165)	(12)	-	-	(177)

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
Segment revenue						
Sales to external customers	104,753	-	-	-	-	104,753
Other revenue	765	-	1	-	-	766
Total segment revenue	<u>105,518</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>105,519</u>
Segment result	<u>640</u>	<u>(387)</u>	<u>(196)</u>	<u>(505)</u>	<u>(589)</u>	<u>(1,037)</u>
At 30 June 2015						
Total segment assets	<u>186,635</u>	<u>75,186</u>	<u>42,706</u>	<u>26,587</u>	<u>17</u>	<u>331,131</u>
Total segment liabilities	<u>74,379</u>	<u>28,880</u>	<u>1,291</u>	<u>46</u>	<u>(10)</u>	<u>104,586</u>
Impairment of assets (Note 9)	(14,379)	-	-	-	-	(14,379)
Fair value gain/(loss) on derivatives	1,723	-	-	-	-	1,723
Depreciation and amortisation	30,452	-	3	-	-	30,455

3 Segment information (continued)

(c) Other segment information

(i) Segment revenue

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

	Consolidated Half-year	
	31 December 2015 \$'000	31 December 2014 \$'000
Total segment revenue	50,318	105,519
Unallocated revenue	101	364
Consolidated revenue	50,419	105,883

(ii) Segment results

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

	Consolidated Half-year	
	31 December 2015 \$'000	31 December 2014 \$'000
Segment results	(100,544)	(1,037)
Impairment of asset held for sale (Note 9(b))	(41,837)	-
Unallocated expenses	(1,751)	-
Corporate charges	(4,437)	(5,083)
Income tax benefit	9,850	1,357
Loss for the half-year	(138,719)	(4,763)

(iii) Segment assets

Reportable segments assets are reconciled to total assets as follows:

	Consolidated entity	
	31 December 2015 \$'000	30 June 2015 \$'000
Segment assets	126,957	331,131
Intersegment eliminations	(2,051)	(27,675)
Unallocated assets	14,191	8,146
Deferred tax asset	-	17,563
Assets held for sale	16,023	-
Total assets as per the consolidated statement of financial position	155,120	329,165

3 Segment information (continued)

(c) Other segment information (continued)

(iv) Segment liabilities

Reportable segments liabilities are reconciled to total liabilities as follows:

	Consolidated entity	
	31 December 2015 \$'000	30 June 2015 \$'000
Segment liabilities	47,125	104,586
Intersegment eliminations	-	(16,689)
Unallocated liabilities	1,674	1,389
Liabilities directly associated with assets held for sale	10,743	-
Total liabilities as per the consolidated statement of financial position	59,542	89,286

4 Other income

	Consolidated Half-year	
	31 December 2015 \$'000	31 December 2014 \$'000
Gain on disposal of exploration and evaluation asset (Mt. Henry) (Note 8(b))	651	-
Gain on sale of available-for-sale financial assets	-	209
Government grants	-	363
Sundry income	113	26
	764	598

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

5 Loss for the half-year

	31 December	31 December
	2015	2014
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	12,608	10,714
Plant and equipment under finance leases	18	29
	12,626	10,743
<i>Amortisation</i>		
Deferred development costs	20,321	17,124
Mine properties	3,747	2,877
	24,068	20,001
<i>Finance costs</i>		
Interest and finance charges paid/payable	115	191
Unwinding of discount - rehabilitation	243	300
	358	491
<i>Others</i>		
Net loss on disposal of property, plant and equipment	60	32
Loss on sale of available-for-sale financial assets	546	-
Net foreign exchange gain	(220)	(285)
Write down on inventory	4,685	133
	5,071	(120)

6 Income tax benefit

(a) Income tax benefit

	Consolidated	
	Half-year	
	31 December	31 December
	2015	2014
	\$'000	\$'000
Adjustment of deferred tax for prior periods	(85)	509
Adjustment of current tax for prior periods	(101)	341
Relating to origination and reversal of temporary differences in current year	(44,542)	(2,207)
Deferred tax asset not recognised	34,878	-
	(9,850)	(1,357)

6 Income tax benefit (continued)

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

	Consolidated Half-year	
	31 December 2015 \$'000	31 December 2014 \$'000
Loss from continuing operations before income tax benefit	(148,569)	(6,120)
Tax benefit at the Australian tax rate of 30.0% (2014 - 30.0%)	(44,571)	(1,836)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	3	7
Share based payments	114	102
Business related costs (s40-880)	(17)	(84)
Other income non assessable	(8)	-
Tax expense not booked relating to foreign subsidiary	(63)	(396)
Adjustments for current tax of prior periods	(101)	341
Adjustments recognised in the current year in relation to deferred tax of prior years	(85)	509
Deferred tax asset not recognised	34,878	-
Income tax benefit	(9,850)	(1,357)

The benefit of deferred tax assets not brought to account and will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(c) Amounts recognised directly in equity

	Consolidated Half-year	
	31 December 2015 \$'000	31 December 2014 \$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Relating to financial instruments	-	407
Relating to asset revaluation reserve	(1,492)	(7)
	(1,492)	400

7 Current assets - Cash and cash equivalents

	Consolidated entity	
	31 December 2015 \$'000	30 June 2015 \$'000
Cash at bank and in hand	16,416	25,421
Deposits at call	8,523	28,634
	24,939	54,055

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 - Assets classified as held for sale

(a) Gidgee Gold Project

On 3 August 2015, the Company announced the decision by the directors to divest the Company's Gidgee Gold Project. At the balance date, the project was classified as an asset held for sale under AASB 5. The fair value of the Gidgee Gold Project at 31 December 2015 has been determined based on comparable market transactions. The fair value methodology adopted at 31 December 2015 is categorised as Level 3 in the fair value hierarchy.

In accordance with Australian Accounting Standards, immediately before the classification of Gidgee Gold Project as assets held for sale, the carrying value of the Gidgee Gold Project was assessed to ensure that it was being carried at the lower of its carrying value and fair value less cost to dispose (FVLCD). Accordingly, an impairment loss of \$41.837 million has been recognised in the consolidated income statement to reduce the carrying values of the Gidgee Gold Project to its fair value less cost to dispose. Refer note 9: *Impairment of Assets* for further details.

The carrying value of assets held for sale and liabilities directly associated with assets held for sale in the statement of financial position is detailed below:

Asset held for sale:

Exploration expenditure	\$12.625 million
Property, plant and equipment	\$1.179 million
Mineral Properties	\$2.196 million
Inventory	\$0.023 million
Total:	<u>\$16.023 million</u>

Liabilities directly associated with asset held for sale:

Rehabilitation provision	\$10.743 million
Total:	<u>\$10.743 million</u>

8 Current assets - Assets classified as held for sale (continued)

(b) Mt Henry Gold Project

On 14 May 2015, the Company announced the decision by the directors to divest of the Company's 70% interest in the Mt Henry Gold Project. The Mt Henry Gold Project was classified as held for sale at 30 June 2015 and consisted of exploration and evaluation properties amounting to \$18 million. The fair value at 30 June 2015 was determined based on comparable market transactions. The fair value methodology adopted at 30 June 2015 was categorised as Level 3 in the fair value hierarchy.

On 31 July 2015, the Company sold its 70% interest in the Mt Henry Gold Project to Metals X Limited. The project was settled for 15,225 million of Metals X Limited shares (after brokerage) valued at \$18.65 million at the date of settlement. A gain on the sale of the Mt Henry Gold Project of \$0.651 million has been recognised in the consolidated income statement for the period ended 31 December 2015 (Note 4).

9 Impairment of assets

(a) Nickel Division

The weakening of commodity prices during the half year and the deficiency in market capitalisation compared to net assets led to the Group to make an assessment of the recoverability of the carrying value of its assets at 31 December 2015 under *AASB 136 Impairment of Assets*. An external party was engaged to determine the fair value less costs to dispose (FVLCD) of the Nickel Division assets. The FVLCD were then compared against the carrying value and as a result of the impairment test, an impairment loss of \$47.459 million was recognised to reduce the carrying amount of the exploration and evaluation properties, plant and equipment, mine development and the mine properties to their recoverable amount. Of this amount, \$42.785 million has been recognised in the income statement and \$4.674 million has been recognised in the mineral properties revaluation reserve (\$3.272 million net of tax). The mineral property revaluation reserve account was created when the Group increased its holding in Lanfranchi from 75% to 100% in 2009 which required a revaluation of the original asset in accordance with the purchase method of accounting to business combination applied at the time.

The fair value less cost to dispose of the Savannah Nickel Project and Lanfranchi Nickel Project determined by the external party was based on comparable market transactions. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

(b) Gidgee Gold Project

As detailed in note 8 (a), in accordance with Australian Accounting Standards, immediately before the classification of Gidgee Gold Project as assets held for sale, the carrying value of the Gidgee Gold Project was assessed to ensure that it was being carried at lower of its carrying value and fair value less cost to dispose (FVLCD). Accordingly, an impairment loss of \$41.837 million has been recognised in the consolidated income statement to reduce the carrying values of the Gidgee Gold Project to its fair value less cost to dispose.

The fair value of the Gidgee Gold Project at 31 December 2015 has been determined based on comparable market transactions. The fair value methodology adopted at 31 December 2015 is categorised as Level 3 in the fair value hierarchy.

As at 31 December 2015, the total Group impairment charge of \$89.296 million was applied to statement of financial position in the following manner:

Statement of financial position

- Exploration and evaluation properties \$37.080 million
- Plant and equipment \$35.862 million
- Development and mine properties \$16.354 million

10 Contributed equity

(a) Share capital

	Notes	31 December 2015 Shares	30 June 2015 Shares	31 December 2015 \$'000	30 June 2015 \$'000
Ordinary shares					
Ordinary shares - fully paid	10(b)	321,424,015	321,424,015	158,941	158,941
Total contributed equity		321,424,015	321,424,015	158,941	158,941

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	\$'000
1 July 2014	Opening balance		322,275,824		159,276
12 January 2015	Share Buy-back		(113,594)	\$0.39	(44)
13 January 2015	Share Buy-back		(308,200)	\$0.39	(121)
14 January 2015	Share Buy-back		(301,967)	\$0.39	(118)
16 January 2015	Share Buy-back		(128,048)	\$0.38	(49)
	Transaction costs, net of tax		-		(3)
30 June 2015	Closing Balance		<u>321,424,015</u>		<u>158,941</u>
1 July 2015	Opening balance		<u>321,424,015</u>		<u>158,941</u>
31 December 2015	Closing Balance		<u>321,424,015</u>		<u>158,941</u>

11 Dividends

(a) Ordinary shares

Consolidated Half-year	
31 December 2015 \$'000	31 December 2014 \$'000

No final dividend was declared for the year ended 30 June 2015.

Final dividend for the year ended 30 June 2014 of 2 cents per fully paid ordinary share paid on 26 September 2014.

Fully franked based on tax paid @ 30%

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

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

Consolidated	
Half-year	
31 December	31 December
2015	2014
\$'000	\$'000

No interim dividend was declared for the half-year ended 31 December 2015.

On 26 February 2015, the directors' declared an interim dividend of one cent per fully paid share to be paid on 2 April 2015.

	-
	3,214

12 Contingencies

(a) Contingent Liabilities

Power Purchase Agreement

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

In addition, the same supplier has claimed that due to its administrative error, the Company has been undercharged \$376,000 in energy charges for 2014/2015. It is the Company's opinion that the back-charges cannot be claimed on a retrospective basis in accordance with the Power Purchase Agreement. The relevant invoice has been withdrawn pending further investigation by the supplier.

13 Commitments

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

14 Events occurring after the reporting period

(a) Savannah Nickel Project

On 27 January 2016, the Company announced that due to the weak US\$ nickel and uncertainty around the timing of a price recovery, the Savannah Nickel Project is to be placed onto care and maintenance over staged process ending in the June 2016 quarter. The remaining resources will be preserved until the \$US nickel price returns to a sustainable level where the Savannah orebody, most likely in conjunction with the development of the Savannah North project, provides an acceptable economic return to shareholders.

(b) Rehabilitation Performance Bond Facility

On 16 February 2016, the Company agreed to cash-back, from April 2016, the \$1.8 million drawn amount on the Rehabilitation Performance Bond Facility held with the National Australia Bank Limited. It is expected that the drawn amount will be progressively reduced over the June 2016 quarter.

15 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).

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.

During the six months to 31 December 2015, a total of 4,624,513 (2015: 3,306,777) performance rights were calculated to be granted to executives and senior employees. To determine the number of FY2016 performance grants at 1 July 2015, a weighted average FV of \$0.21 (2015: \$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 FV of the FY2016 performance rights was externally determined using the same pricing methodology described above on the grant date to calculate the fair value to be expensed over a 3 year performance period from 1 July 2015:

Grant date	No of performance rights	FV on Grant Date	Payment to be expensed over vesting period
30 July 2014	904,601	\$0.82	\$741,773
12 Sept 2014	2,402,176	\$0.67	\$1,609,458
20 Nov 2015	4,624,513	\$0.21	\$971,147