VISION | COMMITMENT | RESULTS

PANORAMIC
RESOURCES LTD

2016 ANNUAL REPORT

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COMPETENT PERSONS

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee and shareholder of Panoramic Resources Limited. Mr Hicks also holds performance rights to shares in relation to Panoramic Resources Limited.

The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of target/deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hicks consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

MISSION STATEMENT

We strive to achieve excellence in all aspects of our business to provide long term capital growth and dividend return to our shareholders, a safe and rewarding work environment for our employees, and opportunities and benefits to the people in the communities we operate in.

Vision - Building a multi-commodity company producing base metals, gold and PGMs

Commitment - Maximise margins to deliver capital growth and dividends to our shareholders

Results - A sustainable mining company targeting inclusion in the ASX/S&P100 Index

ABOUT US

Panoramic Resources Limited (ASX:PAN) is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2014, the Company produced a record 22,256t contained nickel and produced 19,301t contained nickel in FY2015. The Lanfranchi and Savannah Projects were placed on care and maintenance in November 2015 and May 2016 respectively awaiting a sustained recovery in the nickel price.

Following the successful development of the nickel projects, the Company diversified its resource base to include gold and platinum group metals (PGM). The Gold Division consists of the Gum Creek Gold Project located near Wiluna which the Company is in the process of partially divesting via an initial public offer. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada, in which Rio Tinto is earning 70% by spending up to C$20 million over five years. Panoramic has been a consistent dividend payer and has paid out a total of $114.3 million in fully franked dividends since 2008.

KEY POINTS FOR FY2016

Group production	10,864 tonnes nickel
Savannah record production	• 9,845 tonnes nickel • 6,011 tonnes copper • 476 tonnes cobalt
Sales revenue	$92.1 million
Year-end cash & receivables	$28.7 million
Safety	Lost Time Injury Frequency Rate reached zero in March 2016

EXPLORATION SUCCESSES IN FY2016

Savannah North	Major Resource upgrade
Lower Schmitz	Maiden high-grade Resource

OUR ACHIEVEMENTS TO-DATE

Production	• 184,708 tonnes nickel • 60,590 tonnes copper • 4,966 tonnes cobalt
Resources	• 321,800 tonnes nickel • 1.27 million ounces gold • 1.36 million ounces platinum • 1.44 million ounces palladium • 83,200 tonnes copper • 10,400 tonnes cobalt
Dividends paid	~$114 million
Cashflow generated from operations	$748 million (pre-tax)
EBITDA	$793 million (before impairment)

PANORAMIC RESOURCES LTD

CHAIRMAN'S REPORT

Dear Shareholder,

As we all know, it has been a difficult twelve months for us and other participants in the global nickel industry. Lower forecast economic growth rates in China, poor sentiment towards resources and a slow response by nickel producers to curtail production, created a perfect storm for Panoramic.

The nickel price fell to around US$3.50/lb in February 2016, a level not seen since 2003. This rapid fall confounded us, the rest of the global nickel industry and many leading commodity forecasters. At US$3.50/lb it was reported that approximately 60% of the world's nickel production was at/or below cash break-even.

While this situation was clearly not sustainable, we assessed the impact of a period of lower than anticipated nickel prices on our Lanfranchi and Savannah operations and made the separate decisions to place both assets onto care and maintenance to preserve shareholder value. The financial impact of these decisions was significant and resulted in a substantial loss due to a combination of lower net revenue and asset impairments. With the support of our major shareholder Zeta Resources and other loyal shareholders, we were able to undertake an Entitlement Offer to significantly improve our cash balance to provide the necessary funding to maintain the business while we are not producing.

The low metal price environment has resulted in continued restructuring across the mining industry. Panoramic has 350 fewer employees after placing Lanfranchi and Savannah on care and maintenance. We have retained key management with the necessary operating and support skills to sustain the core business, complete feasibility work and continue exploration, while holding our two mining centres on care and maintenance.

While we made the difficult and unforeseen decisions to suspend operations at both mines, we can record that many of the goals we set ourselves for the 2016 financial year were achieved.

FY2016 Goals	Performance
Safety – No Lost Time Injuries	✓ Lost Time Injury Frequency rate dropped to zero in the March 2016 quarter
Resources – add 150,000 tonnes of nickel	✓ Savannah North Resource now contains 175,100 tonnes nickel, 74,400 tonnes copper and 12,700 tonnes cobalt *(refer to ASX Announcement 24 August, 2016)* ✓ Maiden Resource Lower Schmitz of 6,700 tonnes nickel
Costs – continue to reduce costs across the business	✓ Payable cash costs of A$2.30/lb for the June quarter at Savannah ✓ Executive salaries reduced by 10%, Director's fees reduced by 35%
Gold – monetise our gold assets	✓ Mt Henry sold for 15.225 million shares in Metals X and realised net proceeds of $17.8 million on the sale of these shares ✓ Decision to IPO the Gum Creek Gold Project
PGM – advance our two projects	✓ Rio continued to explore at Thunder Bay North ✓ Improved metallurgical recoveries and concentrate grades from Panton testwork
Growth – increase our nickel reserves	✓ Positive Scoping Study on Savannah North indicates that the Project could have a +8 year mine life

Since June 2016, the nickel price has made a partial recovery, in part due to the change of government in the Philippines and a subsequent audit of their nickel laterite mining industry, which resulted in the suspension of production from approximately 10% of the mines. In addition, LME stockpiles which were at historic highs of 470,000 tonnes have fallen to around 370,000 tonnes. This is seen as a positive development by many nickel industry analysts who consider that a continued reduction in LME nickel stocks is one of the catalysts needed for a sustained nickel price recovery. Furthermore, with the global nickel demand improving, there seems to be light at the end of the tunnel.

Application of rigorous optimisation of capital and operating costs will define the nickel price that will support restarting the Savannah mine and development of Savannah North. Reducing the major cost inputs including energy, personnel and logistics are areas where potential savings in operating costs could be achieved. Panoramic has the foundation for creating a long term operating presence in the Kimberley, with the potential to develop our Panton PGM project utilising the Savannah infrastructure. Indeed, there are other mineral resources located close to Savannah which may be economic to develop using the existing Savannah facilities. As has been previously mentioned, the creation of a "Kimberley Hub" for the production of base metals and PGMs remains a development option.

I acknowledge the tough decisions that Peter Harold and his management group have had to make, and thank them for placing Panoramic in a sound position to benefit from the eventual rebound in the nickel price. I also thank all our employees for their dedication and hard work and send best wishes to those that have left us.

In closing, although we have experienced a tough 24 months, I believe that we can look forward to better times as commodity prices recover. This would be assisted by a return in business confidence if our government can elucidate and introduce consistent policies that give confidence in making long term investment decisions. In the meantime, we are working hard to add to and grow our resource and reserve base which is the foundation on which Panoramic's future is based.

Yours sincerely,

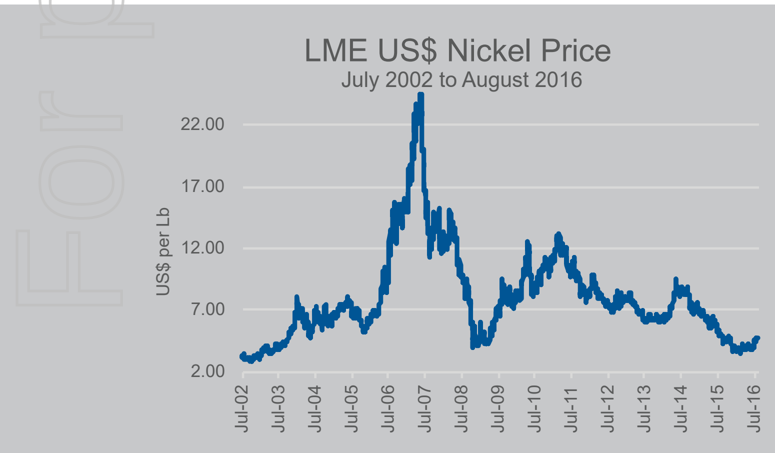
Brian Phillips
Chairman

MANAGING DIRECTOR'S REPORT

Dear Shareholder,

FY2016 was an unexpectedly tough year for the Company, due to the decade low US$ nickel price. We were compelled to make decisions to secure the assets for better times in the nickel price cycle.

At Lanfranchi, mining of the Deacon orebody was scheduled to be completed during the December 2015 quarter after which time the plan was to transition to mining the Jury-Metcalfe orebody. After a number of seismic events, it was decided to cease mining the remaining ore at Deacon, slightly ahead of schedule, in August 2015. At that time, the US$ nickel price had dropped to around US$4.00/lb making the extraction of the Jury-Metcalfe orebody sub-economic. As a consequence, most of the loyal Lanfranchi workforce was made redundant, while a small number were transferred to Savannah and the balance remained to complete the exploration drive down to Lower Schmitz.



Having placed Lanfranchi on care and maintenance and faced with a continually softening nickel price, we then reviewed the economics of operating at Savannah and made the decision in January 2016 to move that operation onto care and maintenance pending a sustainable recovery in the nickel price.

These decisions were the most difficult the Board has had to make in the fifteen year history of the Company. It was particularly tough on our loyal employees and shareholders, suppliers and other stakeholders. We would especially like to acknowledge and thank the 350 employees who were made redundant over the year for their dedication and hard work. Many of these employees were with the business for over ten years. We wish all of our former employees well in their future endeavours.

The financial impact of placing both operations onto care and maintenance in the same year was significant as it required substantial working capital to cover the one off costs associated with transitioning the business from operating to advanced development. These costs, together with the softening nickel price and the impact this had on revenue, including $11.8 million of negative quotational period nickel pricing adjustments, were the major contributors to the net cash outflow of $42.8 million for the financial year. Net cash from investing activities was $1.7 million after we received $17.8 million from the sale of 15.225 million Metals X Limited shares being the consideration for the sale of our 70% interest in the Mt Henry Gold Project. The change in operating status also required us to make a $42.3 million impairment charge against the carrying value of the nickel assets. Moreover, the carrying value of the Gum Creek Gold Project was impaired by $41.8 million at 31 December 2015 as it was our intention to sell that asset prior to the gold price staging a strong recovery in the second half of the financial year and our plans for that asset changing. The combination of these significant one-off termination and impairment charges and the lower revenue, led to a $144.4 million after tax loss.

While the financial performance of the past twelve months was the result of some unprecedented events, it is important to reflect on the contribution both nickel operations have made to the Company. Over a twelve year period, Savannah milled 8.5 million tonnes at an average grade of 1.29% nickel, 0.65% copper and 0.06% cobalt to produce 1.22 million tonnes of concentrate containing 94,600 tonnes nickel, 53,000 tonnes copper and 5,000 tonnes cobalt. In FY2016, Savannah achieved a record production year of 9,316 tonnes nickel, 6,011 tonnes copper and 476 tonnes cobalt and the Lost Time Injury Frequency Rate moved to zero during the March quarter. This is a great credit to the Savannah team, especially after being advised in January that the majority were to be made redundant. Lanfranchi produced 3.85 million tonnes of ore at an average grade of 2.44% nickel containing 94,079 tonnes nickel over a ten year period. The successful development and exploitation of these assets has allowed Panoramic to reward shareholders with significant capital gains during periods of higher nickel prices and cumulative franked dividend payments of $114 million. It should be noted that both operations significantly exceeded their respective initial mine life expectations due to major exploration success, which is a great credit to Panoramic's exploration team lead by John Hicks. John and his team have discovered in excess of 320,000 tonnes of nickel across both sites over the past ten years and these discoveries have not only provided the basis for the success of the operations to-date, but will underpin the business in the future.

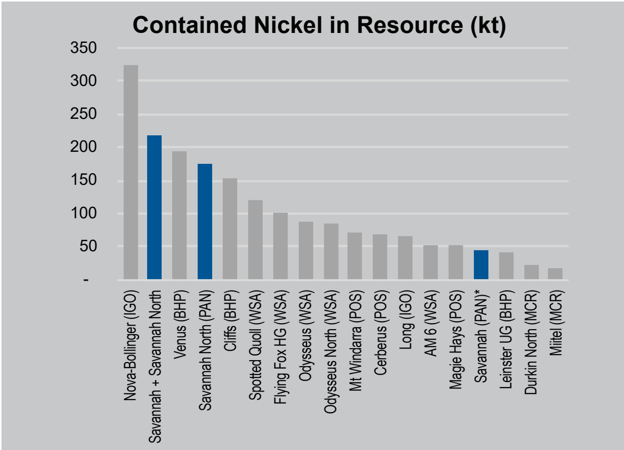
The Future

We now find ourselves in a new paradigm. In the space of twelve months, we have transitioned from two operating nickel mines with approximately 400 employees producing over 20,000 tonnes nickel per annum to a project development company with a growing resource base, two well established operational centres and enormous optionality on the nickel price. We also own 1.27 million ounces of gold Resources at Gum Creek and two PGM Projects with combined Resources of close to three million ounces of platinum/palladium. While our personnel numbers have been diminished, we have retained the core executive team and support staff necessary to hold the assets, continue exploration activities to grow our Resource base, complete the planned study work and plan and execute the restarts when the nickel price recovers to sustainable levels.

Nickel

The immediate priorities for both nickel assets are to complete feasibility studies on the new orebodies and continue exploration to grow the resource base.

At Savannah, exploration activities during 2016 resulted in a major upgrade of the Savannah North Resource to an estimated 10.27 million tonnes at 1.70% nickel for 175,100 tonnes nickel of which 73% is classified as Indicated Resource. The combined Savannah and Savanah North Resources now stand at 226,400 tonnes nickel, 104,700 tonnes copper and 15,300 tonnes cobalt. Based on production to date, the current Resources and the exploration potential, Savannah is a significant mineralised system when compared to other Australian nickel sulphide projects. By way of comparison, the current nickel in Resources at Savannah is approximately 3.5 times greater than the original 2003 Resource.



Australian higher grade nickel sulphide deposits

Following the positive Scoping Study delivered in March 2016, the priority now is to complete a feasibility study on mining the remaining Savannah Resources and then exploiting the Savannah North Resource with ore being processed through the existing Savannah mill. Based on plant trials conducted during the June 2016 quarter, the feasibility study will incorporate the addition of a Jamieson Cell and IsaMill into the existing process flowsheet to improve the bulk concentrate nickel grade (targeting +10%) while maintaining nickel recoveries at around 86%. The study is scheduled for completion in December 2016 and will determine the basis for restart planning and scheduling.

In addition to the feasibility study, surface drilling to test the east and west extensions of the Savannah North mineralisation and other potential targets in the vicinity of the Savannah mill, commenced in September 2016.

At Lanfranchi, the primary focus will be on preparing a mining schedule for the high-grade Lower Schmitz Resource of 131,000 tonnes at 5.1% nickel for 6,700 tonnes nickel contained. This Resource is located in the Schmitz channel which has seen historic production of approximately 53,000 tonnes of contained nickel by Panoramic and previous owners. There remain a significant number of exploration targets to be tested at Lanfranchi when funds become available.

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Gold

Following the sale of Mt Henry, the Company's gold portfolio now consists of the Gum Creek Project which has significant gold Resources of 17.3 million tonnes at an average grade of 2.3g/t gold for 1.3 million ounces over a $724km^2$ tenement package where there has been historical production of approximately one million ounces of gold. Gum Creek also hosts substantial infrastructure including an accommodation village, air strip, tailings dam and processing plant.

As a result of the positive March 2016 Free Milling Scoping Study, the identification of new exploration targets along the Wilsons Shear and the strong rally in the gold price and gold equities in early 2016, the Company reviewed the asset and determined it was significantly undervalued inside Panoramic compared to peer gold companies.

In order to enhance value for our shareholders and take advantage of the resurgence in the gold price, the Company has commenced a process to partially divest Gum Creek by way of an initial public offering on the ASX. The plan is to vend Gum Creek into a new listed entity for a consideration to Panoramic of $15.6 million before costs in shares and to concurrently raise $15 million of new equity via a priority entitlement to the Company's existing shareholders as part of the compliance listing of the new entity to be called Horizon Gold Limited. The funds will be used to fast-track exploration and development studies on both free milling and refractory ore. Our goal is to have the prospectus for Horizon Gold finalised in October 2016 with the listing completed during the December 2016 quarter, subject to a favourable equity market.

PGMs

PGM prices have been lower than expected, however there are positive signs in relation to improved demand for both platinum and palladium and prices should recover from here. We will continue to hold the Panton Project which provides a significant PGM option, with the potential to utilise the Savannah infrastructure to improve the Panton Project economics. At Thunder Bay North, we look forward to Rio Tinto Exploration Canada Inc. continuing to explore as it works towards earning a 70% interest in the project by spending C$20 million over five and half years.

Board and Senior Management Changes

During the year, there were was some Board changes with Chris Langdon retiring after twelve years of service. We thank Chris for his guidance and dedication during his tenure. In October 2015, we welcomed Peter Sullivan onto the Board as a Non-executive Director representing our major shareholder, Zeta Resources Limited (Zeta). Peter is an engineer with an MBA and has more than 20 years' experience in the management and strategic development of resource companies.

Peter's expertise provides complementary skills on the Panoramic Board.

With the change in operating status, we have streamlined the Executive Management Team with a number of senior members departing during the year. We thank those individuals for their service and wish them well in their future careers. To further reduce costs, Directors took a 35% reduction in directors' fees effective 1 March 2016 and senior executives accepted a 10% salary reduction effective 1 July 2016.

Funding

Post the decision to place Savannah onto care and maintenance, we felt it prudent to secure additional funds to allow us to maintain the nickel assets in a "ready to restart" status, undertake the planned study work on Savannah North and fund additional exploration programs over a period in which we potentially have no operating income. We completed a one for three underwritten Entitlement Offer in April 2016 raising $10.7 million and were delighted with the support from existing shareholders who took up 78% of the Entitlement Offer, including Zeta who co-underwrote the issue and procured the shortfall which resulted in Zeta moving to approximately 25% ownership of the Company.

Summary

Reflecting on the year, we have made the hard decisions to ensure the business can survive through a period of unanticipated nickel price weakness. The Board remains confident in the outlook for nickel as stainless steel demand growth improves and the world moves to a more balanced nickel supply/demand environment. We are optimistic the nickel price will recover to sustainable levels that will underpin the profitable extraction of our nickel resources. In the meantime, we will continue to grow our resource base, extract value from our gold and PGM assets and study ways to reduce capital and operating costs so that the restarted nickel operations deliver secure, improved returns to shareholders.

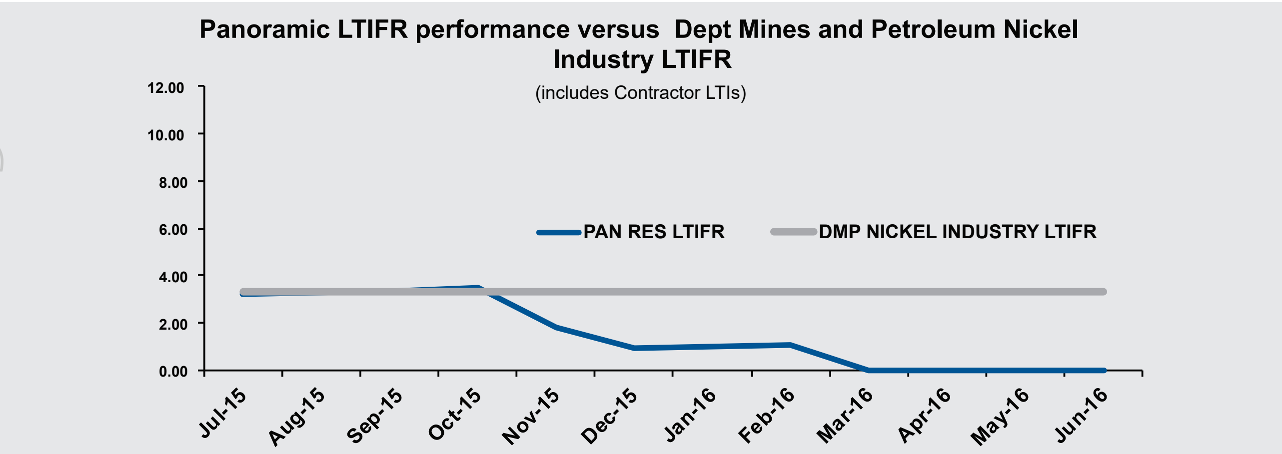
With a large resource base, production ready assets, significant exploration upside, dedicated staff and supportive shareholders, we look to the future with renewed enthusiasm.

Yours faithfully

Peter Harold
Managing Director

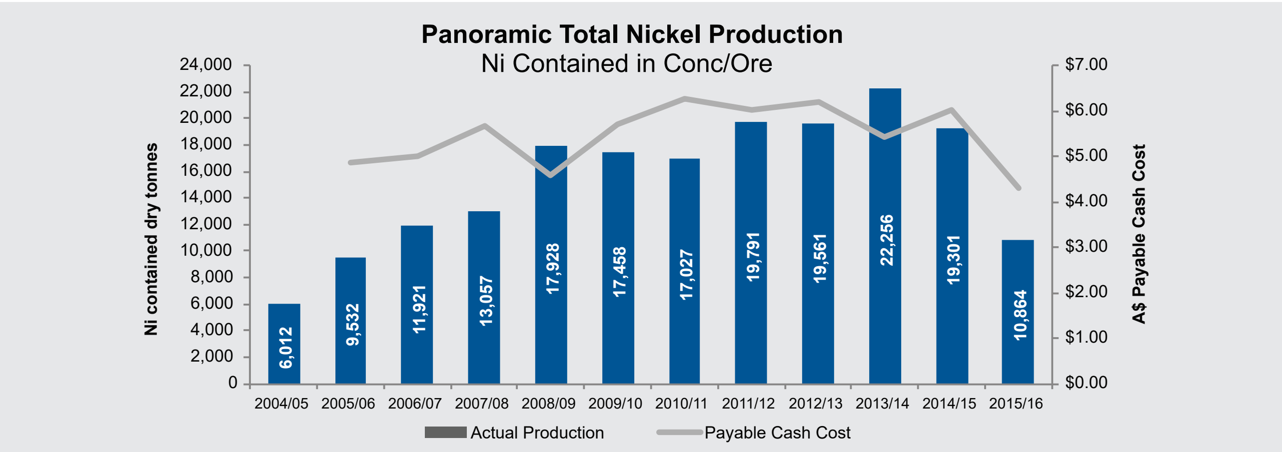
SAFETY

- Twelve month Lost Time Injury Frequency Rate down from 3.2 to zero at 30 June 2016



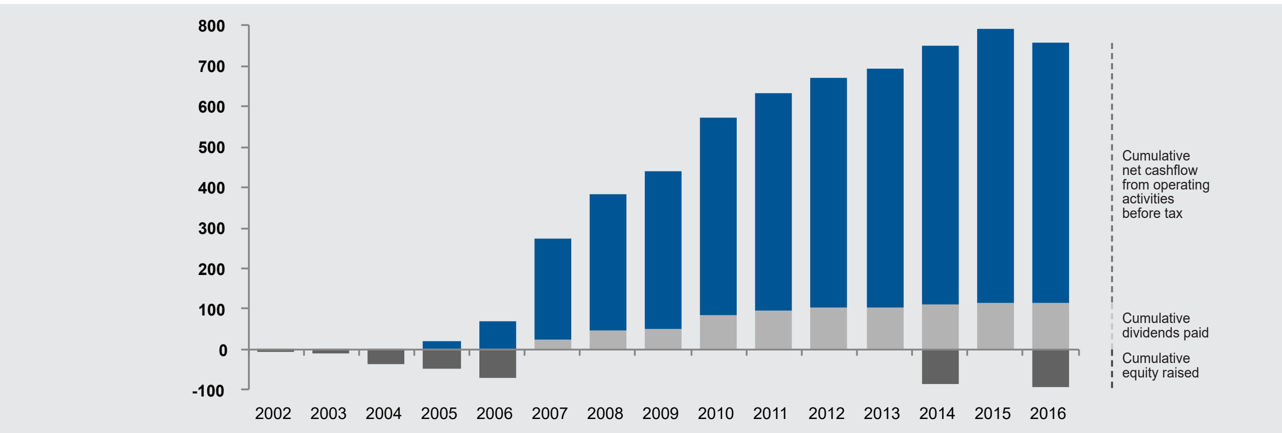
NICKEL PRODUCTION

- Lanfranchi produced 1,019t Ni before being placed onto care and maintenance in August 2015
- Record production at Savannah of 9,845t Ni before operations were placed onto care and maintenance in May 2016



CUMULATIVE CASHFLOW

- Cumulative cashflow of ~$750 million



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NICKEL DIVISION

SAVANNAH PROJECT

nickel, copper, cobalt in concentrate

The Savannah Project is located 240km south of Kununurra in the East Kimberley region of Western Australia, and consists of a nickel sulphide orebody, underground mine, process plant and associated infrastructure. Project currently on care and maintenance.

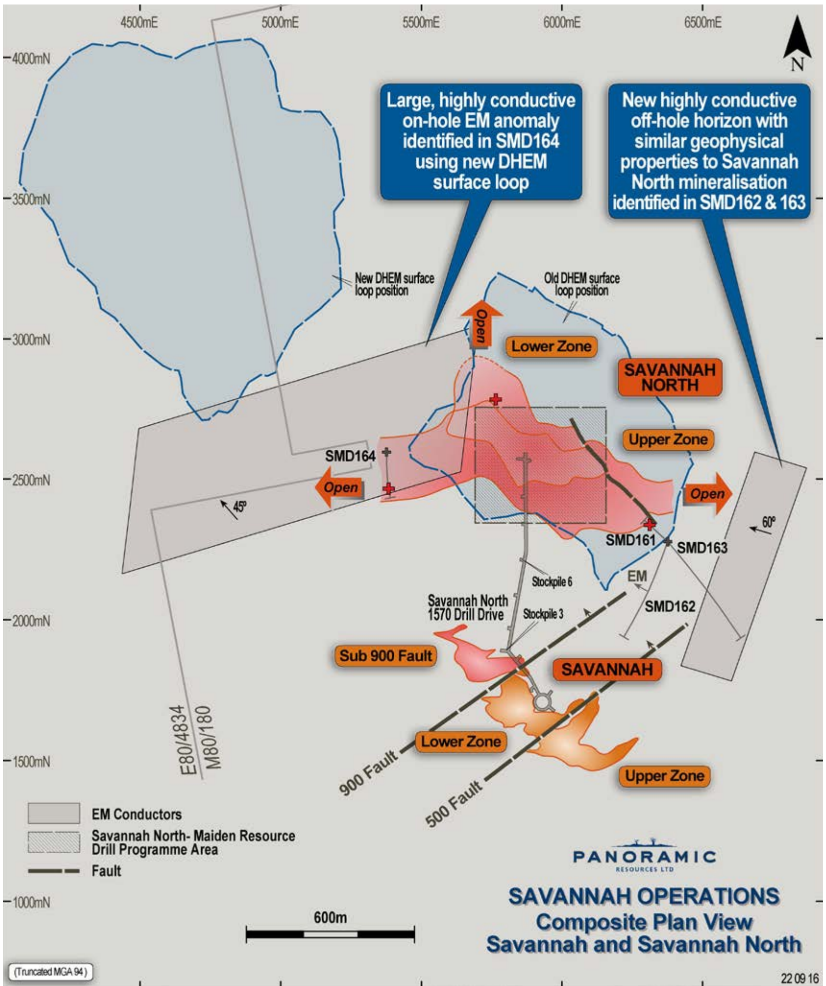
Mining Method	Open stoping with paste fill
Processing	1.0Mtpa capacity plant SAG mill, flotation and filtering to produce a bulk concentrate
Production History	8-10,000t Ni pa, 5-6,000t Cu pa, 350-500t Co pa
Offtake	The Jinchuan Group until March 2020

FY2016 Highlights

- Record production of 9,845 tonnes nickel, 6,011 tonnes copper and 476 tonnes cobalt
- Positive Scoping Study delivered on Savannah North
- Plant trials confirmed addition of Jamieson Cell and IsaMill can improve concentrate grade and metal recoveries
- Savannah North major Resource upgrade, 10.27 million tonnes at 1.70% nickel for 175,100t contained nickel (August 2016)
- Savannah combined Resources now three and a half times greater than when mining commenced in 2003, at:
  - 226,400t nickel
  - 104,700t copper
  - 15,300t cobalt

FY2017 Activities

- Feasibility study on mining the remaining Savannah orebody and Savannah North is underway and due for completion in December 2016
- Further surface drilling programs to test extensions of the Savannah North mineralisation



NICKEL DIVISION

LANFRANCHI PROJECT

nickel and copper in ore

The Lanfranchi Project is located 42km south of Kambalda, Western Australia. Project is currently on care and maintenance.

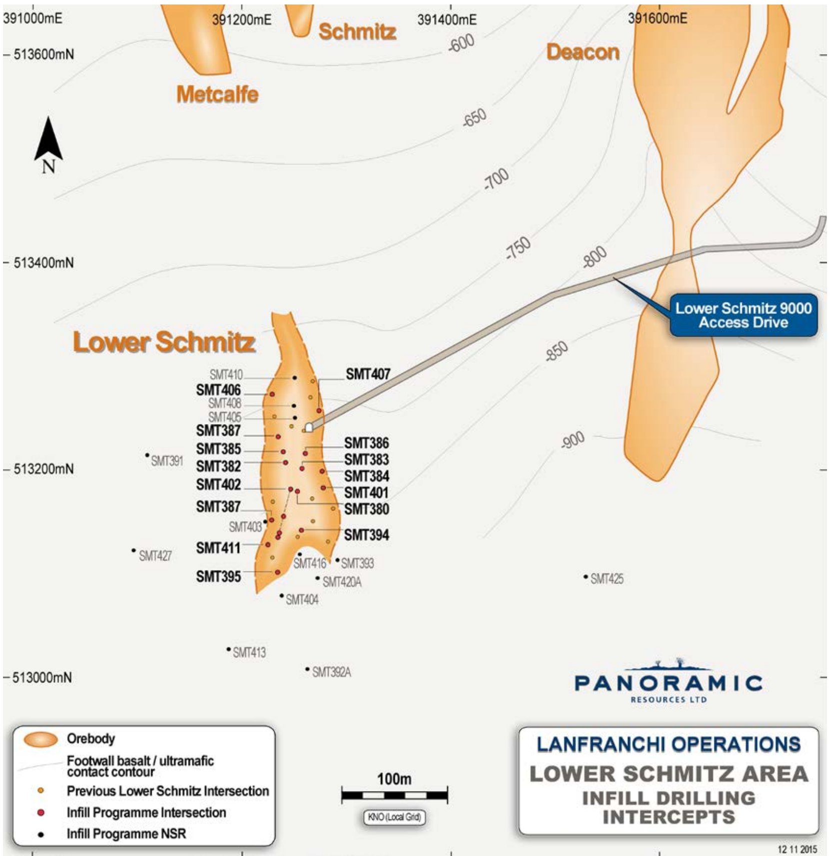
Mining Method	Open stoping with paste fill and airleg mining
Processing	BHP Billiton Nickel West Kambalda Concentrator
Historic Production	500-600,000tpa ore 10-12,000t Ni & 1,000t Cu pa
Offtake	BHP Billiton Nickel West until February 2019

FY2016 Highlights

- Release Lower Schmitz maiden Resource of 131,000 tonnes at 5.1% for 6,700 tonnes nickel contained

FY2017 Activities

- Undertake a mining study on Lower Schmitz
- Drill test down-plunge extensions of the existing ore channels and other high priority EM targets, if funds are available



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GOLD DIVISION

GUM CREEK GOLD PROJECT

gold

The Gum Creek Gold Project is located 640 kilometres north-east of Perth and approximately 120 kilometres south west of Wiluna, Western Australia.

The Project covers an approximately 724km² of the highly prospective Gum Creek Greenstone Belt located in the East Murchison Province of the Western Australian Archaean Yilgarn Craton.

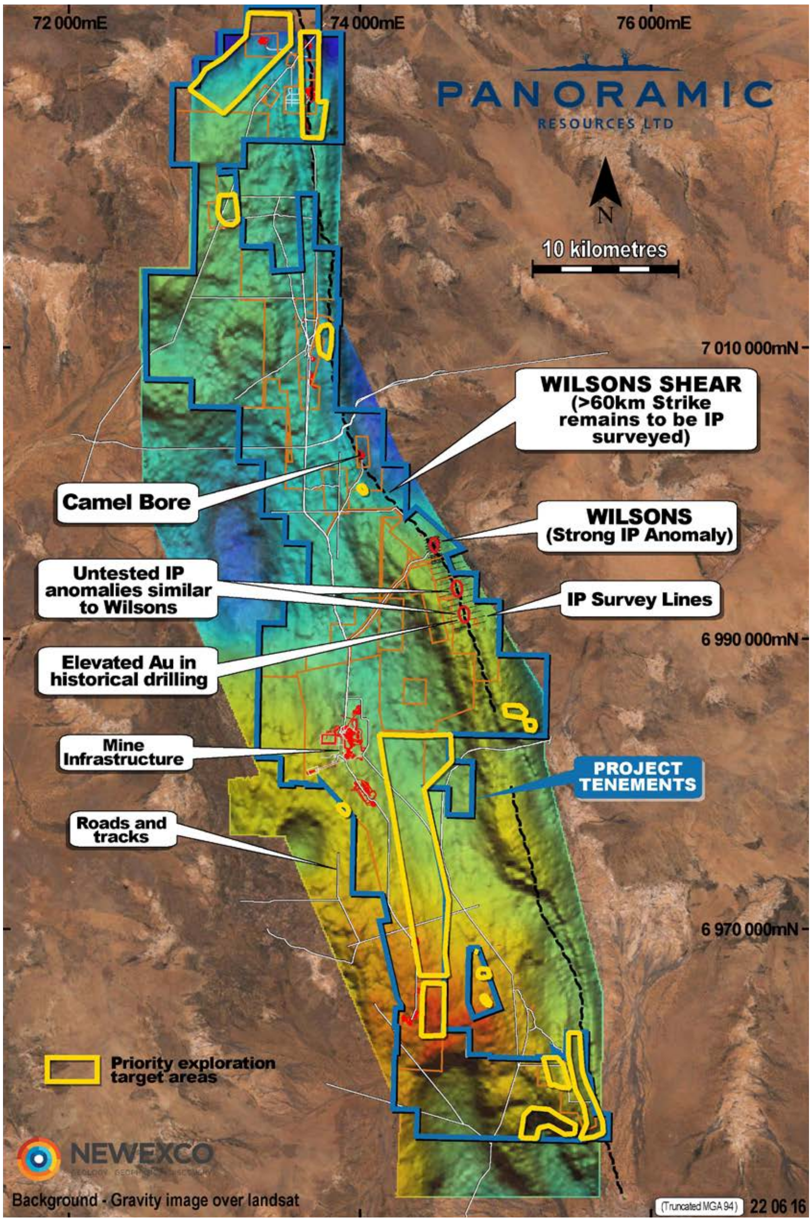
Mining	Open pit and underground
Resources	17.3Mt at an average grade of 2.3g/t Au containing 1.3M ounces gold

FY2016 Highlights

- Positive Scoping Study on Free Milling ore delivered
- Exciting new IP anomalies located along the Wilsons Shear
- Decision made to partially divest via an IPO of a new company called Horizon Gold Limited on the ASX

FY2017 Activities

- Complete IPO of Horizon Gold Limited to raise $15 million of new equity via a priority entitlement to the Company's existing shareholders
- Fast-track exploration and development studies at Gum Creek using funds from the IPO



PGM DIVISION

THE PANTON PROJECT

platinum, palladium

The project is located in the Kimberley region of Western Australia, 60km south of the Savannah Project. The Panton Project is one of the largest and highest grade PGM deposits in Australia.

Mining	Open cut and underground
Resources	14.3Mt at 5.2 g/t PGMs + Au containing 1.0Moz Pt and 1.1Moz Pd (2004 JORC)

FY2016 Highlights

- Metallurgical testwork confirmed improved recoveries and higher grade PGM concentrates can be produced from Panton material
- Confirmed Panton material is amenable to beneficiation via ore sorting
- Held preliminary discussions with a PGM industry player regarding potential partnering on the Project

FY2017 Activities

- Continue sponsoring Curtin University research project on alternative PGM leaching methods applicable to Panton material
- Continue discussions with PGM industry players on potential partnering

The close proximity of Panton to the Savannah Project offers a number of capital and operating synergies not available to previous owners, which could substantially improve the economics of the Project. Panoramic is continuing to investigate the use of alternative processing options to help unlock the inherent value of the Project.

THUNDER BAY NORTH PROJECT

platinum, palladium

The Thunder Bay North Project (TBN) is located 50km north-east of Thunder Bay in northwest Ontario, Canada. The Project is located within the Mid-continent Rift, an emerging North American nickel-copper-platinum group metal mining camp.

Mining	Open cut and underground
Resources	10.4Mt @ 1.13g/t Pt and 1.07g/t Pd containing 377koz Pt and 355koz Pd

FY2016 Highlights

- Rio Tinto Exploration Canada Inc. completed two drilling programs totalling ~10,000 metres
- Promising intersections were obtained from several of the Eastern Lake holes and one hole on the Beaver Lake portion of the Project

FY2017 Activities

- Rio to undertake a semi-airborne HeliSAM™ magnetics survey over the Escape Lake, Current Lake, Beaver Lake, SEA Intrusion, 025 Intrusion and Swamp Anomaly

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EXPLORATION

Panoramic is conducting exploration activities on its significant tenement package in a systematic and measured manner and continued to have good success in FY2016. Following on from the Savannah North discovery in early 2014 Panoramic focused its exploration effort on building upon the nickel resource base at both Lanfranchi and Savannah. Some of the highlights for FY2016 were the release of the maiden Lower Schmitz Mineral Resource estimate at Lanfranchi and for Gum Creek the recognition of several new and exciting geophysical targets. The major highlights for FY2016 were:

- The release of the maiden Savannah North Mineral Resource estimate
- The commencement of a new underground resource definition drill program, designed to infill the existing resource and build upon the resource both up dip to the east and down dip to the west and north resulting in a major resource upgrade for Savannah North
- The release of the maiden Lower Schmitz Mineral Resource estimate at Lanfranchi
- The recognition of several new and exciting geophysical targets at Gum Creek

Panoramic spent $7.9 million on exploration and project evaluation related activities in FY2016, down from $15.4 million in FY2015.

Savannah and Savannah North Projects

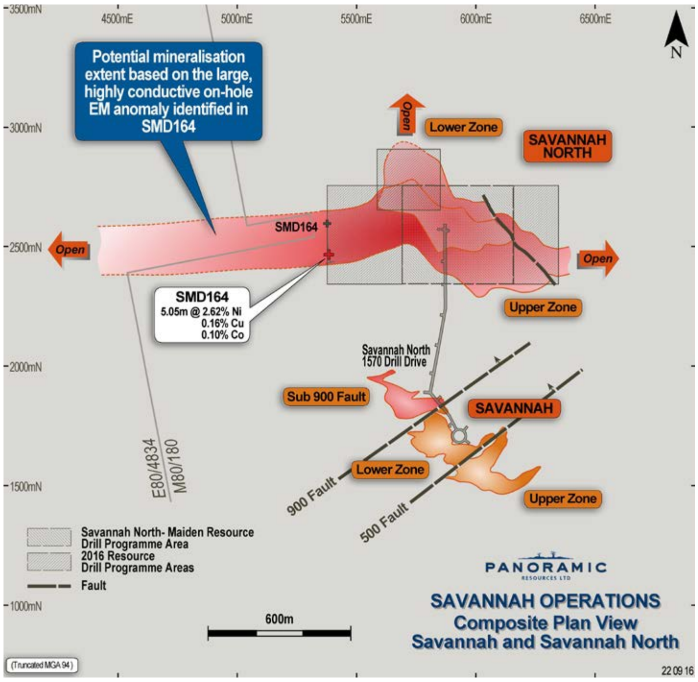
- The focus of exploration activities at Savannah in FY2016 was the ongoing evaluation of Savannah North and adding to the existing Mineral Resource inventory
- In October 2015 the Company released the maiden Savannah North Mineral Resource estimate of 6.88 million tonnes at 1.59% Ni for 109,600t Ni
- In February 2016, the Company resumed underground resource definition drilling at Savannah North. The purpose of the new drill program was to infill and convert Inferred areas of the maiden resource estimate to Indicated category while also testing for extension to the resource both up dip to the east and down dip to the west and north
- The program was completed in July 2016 and culminated in the release of an upgraded Savannah North Mineral Resource estimate of 10.27 million tonnes at 1.70% Ni for 175,100t Ni in August 2016
- The Company completed an initial, single deep drill test and DHEM survey of both the Dave Hill and Wilson intrusions located immediately to the south of Savannah. Thick sequences of olivine rich ultramafic lithologies similar to the Savannah and Savannah North intrusions were intersected in both drill holes. Several zones of weak, low-grade mineralisation were also intersected in both drill holes, highlighting the prospectivity of both areas and justifying further work

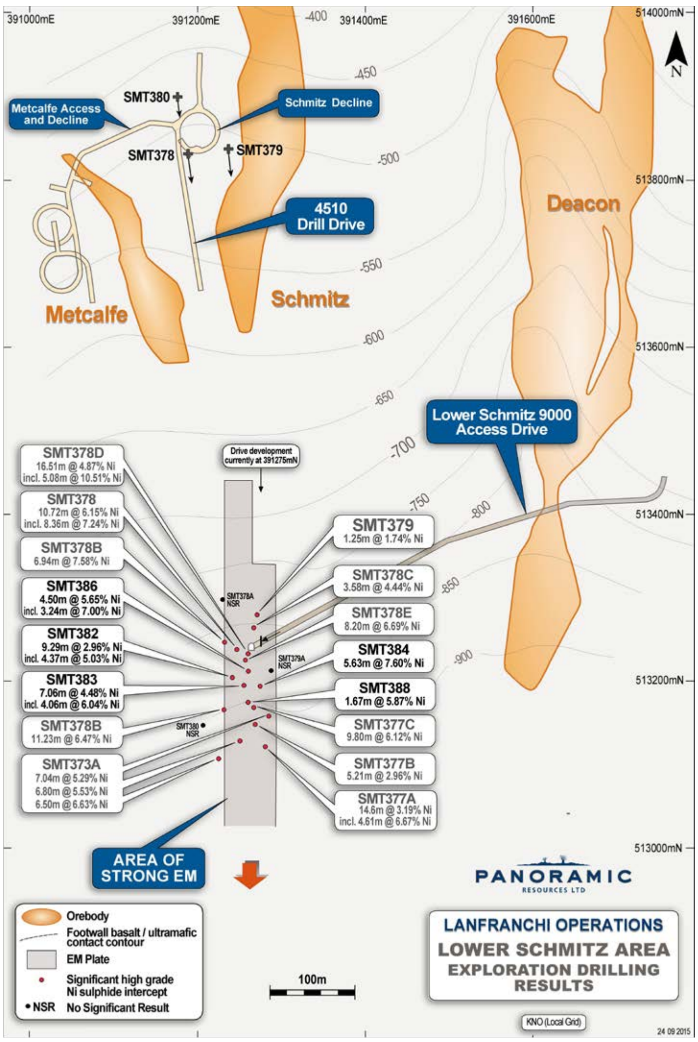
East Kimberley Regional Exploration (Panoramic 100%)

- No significant exploration was undertaken on the regional tenements during the year due to priorities at Savannah

Lanfranchi Project

- Following the discovery of the high-grade Lower Schmitz mineralisation in January 2015 the focus of exploration at Lanfranchi for FY2016 was the evaluation of the Lower Schmitz deposit
- A maiden Lower Schmitz Mineral Resource estimate of 131,000 tonnes at 5.1% Ni for 6,700t Ni was reported by the Company during the March 2016 Quarter. Since this time no further exploration has been undertaken at Lanfranchi



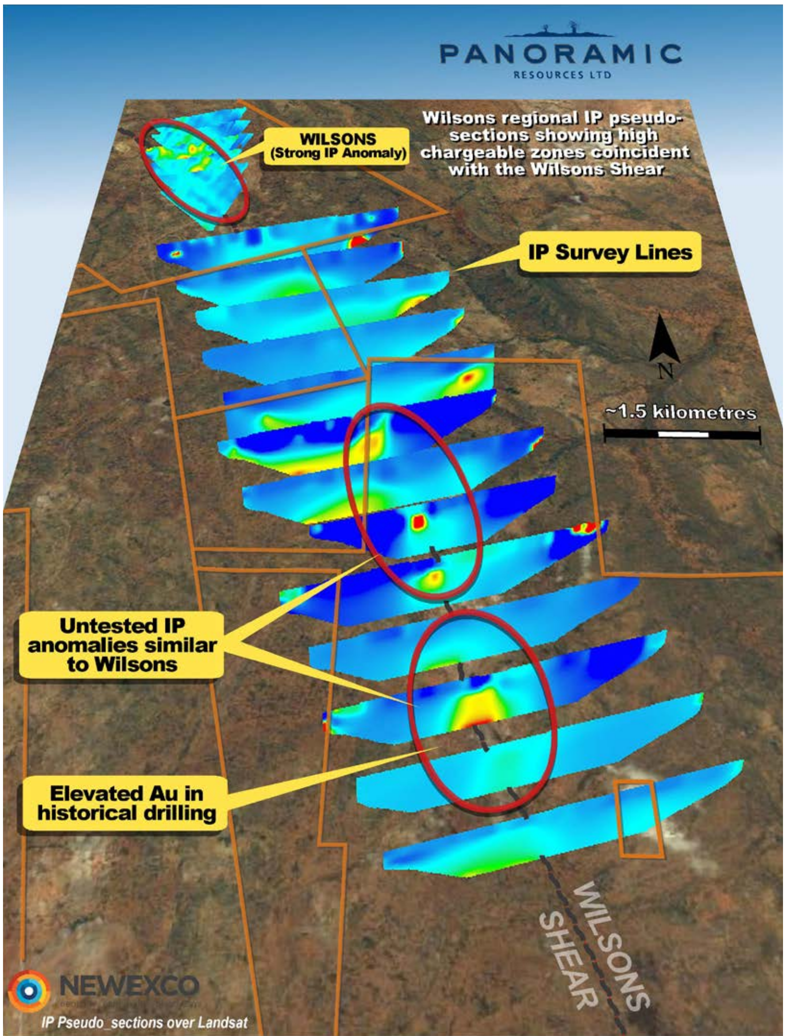


PANORAMIC RESOURCES LTD

EXPLORATION

Gum Creek Gold Project

- The Company finalised the acquisition of detail airborne EM (SkyTem) and ground gravity surveys across the Gum Creek Project, enabling for the first time in the Project's history the establishment of a fully integrated geophysical data set comprising of magnetics, gravity and electro-magnetics
- The Company's consultant geophysicists have used this data set in conjunction with the existing drill and geochemical data bases to identifiy 14 priority target areas. One of the 14 target zones was the Wilsons Shear (host to the high-grade Wilsons deposit) along which a further 14 additional targets were identified
- These target areas will form the basis of ongoing exploration in FY2017
- In addition to the above the Company completed an induced polarisation (IP) test survey at Wilsons. The survey identified a clear chargeable anomaly coincident with the known Wilsons mineralization. On the basis of the very positive test IP survey results the Company then completed a further 13 IP surveys lines across the Wilson Shear extending six kilometres to the south of Wilsons
- Two clear, chargeable anomalies similar to that at Wilsons were identified by this IP survey. Both anomalies are coincident with the Wilsons Shear and warrant immediate follow up testing



Cowan Nickel Project, WA (Panoramic holds 100% nickel rights)

Following a review of non-core exploration activities and the exploration results at Cowan during 2015, the Company formally withdrew from the Cowan Nickel Project in December 2015.

Drake Resources Exploration Alliance (Scandinavia)

Following a review of non-core exploration activities, the Panoramic and Drake Resources Limited alliance to identify, explore and develop base and precious metal opportunities across Scandinavia was formally terminated in December 2015.

FY2017 GOALS

SAFETY

No LTIs

GROWTH

Increase Nickel Reserves

RESOURCES

Continue to grow Savannah Resources

GOLD

Complete IPO of Gum Creek

Nickel Operations

Complete Savannah North feasibility and Lower Schmitz mining studies

PGMs

Advance both projects

DIRECTORS' REPORT

Directors' report

For the Financial Year ended 30 June 2016

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

Brian Phillips (Non-Executive Chairman)
AWASM-Mining, FAusIMM
Appointed 27 March 2007; Non-Executive Chairman from 17 November 2011

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

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

- Indophil Resources NL (Non-Executive Director from 1 April 2005 to 21 April 2005 and Non-Executive Chairman from 21 April 2005 to 23 January 2015)
- White Rock Minerals Ltd (Non-Executive Chairman from 26 March 2010)*

Peter Harold (Managing Director)
B.AppSc(Chem), AFAICD
Appointed 16 March 2001

Peter is a process engineer with over 28 years corporate experience in the minerals industry specialising in financing, marketing, business development and general corporate activities. Peter has extensive experience with the development and operation of both sulphide and laterite nickel projects having been responsible for metals marketing and various corporate functions relating to the Scuddles/Golden Grove copper lead zinc mine, Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects. Peter held various senior management positions with Shell Australia, Australian Consolidated Minerals Limited, Normandy Mining Limited, MPI Mines Limited and the Gutnick network of companies prior to founding Panoramic Resources Limited (formerly Sally Malay Mining Limited) in March 2001.

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

- Alloy Resources Limited (Non-Executive Chairman from 15 September 2005 to 30 June 2014)
- Spectrum Rare Earths Limited, formerly TUC Resources Limited (Non-Executive Chairman from 1 March 2007 to 1 May 2014 and Non-Executive Director from 1 May 2014 to 30 June 2014)
- Pacifico Minerals Limited (Non-Executive Director from 19 August 2013)*
- Peak Resources Limited (Non-Executive Chairman from 1 December 2015)*

Christopher Langdon (Non-Executive Director)
B.Com (Econ)
Appointed 4 August 2004, Resigned 30 June 2016

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

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

- Webster Limited (Non- Executive Director from 14 March 2013)*

John Rowe (Non-Executive Director)
BSc (Hons), ARSM, MAusIMM
Appointed 5 December 2006

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

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

- Evolution Mining Limited, formerly Catalpa Resources Limited, (Non-Executive Director from 12 October 2006 to 30 January 2008, Non-Executive Chairman from 30 January 2008 to 10 December 2009 and Non-Executive Director from 10 December 2009 to 31 March 2016)
- Southern Cross Goldfields Ltd (Non-Executive Director from 14 April 2010 to 23 September 2013)

Peter Sullivan (Non-Executive Director)
BE, MBA
Appointed 1 October 2015

Peter is an engineer with an MBA and has been involved in the management and strategic development of resource companies and projects for more than 20 years. His work experience includes periods in project engineering, corporate finance, investment banking, corporate and operational management and public company directorships.

During the past three years, Peter has also served as a director of the following listed companies:
- GME Resources Limited (Managing Director from 24 June 1996 to 1 October 2004 and Non-Executive Director from 1 October 2004)*
- Resolute Mining Limited (Managing Director from 14 February 2001 to 30 June 2015 and Non-Executive Director from 30 June 2015)*
- Zeta Resources Limited (Non-Executive Chairman from 7 June 2013)*
- Pan Pacific Petroleum NL (Non-Executive Director from 26 September 2014)*

** Denotes current directorship on other listed companies*

Company Secretary

Trevor Eton
B.A (Hons)(Econ), PostGradDip (Man), AFAIM
Appointed 12 March 2003

Trevor is an accountant with over 30 years of experience in corporate finance within the minerals industry. Prior to joining the Company in 2003, he was Company Secretary and Group Financial Controller of MPI Mines Limited for 10 years. Trevor also worked for North Kalgurli Mines Limited, Metals Exploration Limited and Australian Consolidated Minerals Limited in various corporate finance roles from the mid 1980's.

During the past three years, Trevor has not served as a director of any listed companies.

Meetings of Directors
The number of meetings of directors (including committee meetings of directors) held during the year ended 30 June 2016, and the number of meetings attended by each director are as follows:

	Meetings of Committees			
	Directors' Meetings	**Audit**	**Remuneration**	**Environment, Safety & Risk**
Number of meetings held	13	2	2	2
Number of meetings attended:				
Brian M Philips	13	2	2	2
Peter J Harold	13	-	-	2
Christopher D J Langdon	13	2	2	2
John Rowe	13	2	2	2
Peter R Sullivan*	9	1	1	1

**was present at all meetings that were available to be attended from 1 October 2015*

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

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

Audit	Remuneration	Environment, Safety & Risk
Christopher D Langdon *	Brian M Phillips *(c)*	Brian M Phillips *(c)*
Brian M Phillips	Christopher D Langdon *	Christopher D Langdon *
John Rowe *(c)*	John Rowe	John Rowe
Peter R Sullivan #	Peter R Sullivan #	Peter R Sullivan #
		Peter J Harold

(c) designates the Chairman of the Committee. The Company Secretary, Trevor Eton, acts as the Secretary on each of the committees of the Board.
** retired as member of the committees of directors on 30 June 2016*
 # appointed as a member of the committees of directors on 1 October 2015

Directors' report

For the Financial Year ended 30 June 2016

Directors' Interests

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

Name of Director	Ordinary Shares		Performance rights over ordinary shares
	Direct	Indirect	
Brian M Phillips	-	287,407	-
Peter J Harold	-	4,567,714	2,354,601
John Rowe	-	87,407	-
Peter R Sullivan	-	-	-

Principal Activities

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

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

Nickel Division - comprising the Lanfranchi Nickel Project and the Savannah Nickel Project (including the Copernicus Nickel Project);
Gold Division - comprising the Gum Creek Gold Project;
Platinum Group Metals (PGM) Division - comprising the Thunder Bay North PGM Project and the Panton PGM Project;
Australian and Overseas Exploration Division - comprising greenfield exploration activities within the two segments.

Operating and Financial Review

Operating Results for the Year
The Group recorded a loss after tax for the financial year ending 30 June 2016 of $144,359,000 (2015: $28,847,000).

Financial Performance
The Group's performance during the 2016 financial year and for the four previous financial years, are set out in the table below. The financial results shown below were all prepared under International Financial Reporting Standards (IFRS).

Year Ended 30 June	2016	2015	2014	2013	2012
Revenue and other income ($'000)	**93,441**	200,280	239,505	185,590	233,549
Cost of production ($'000)	**(97,933)**	(155,048)	(153,549)	(145,012)	(159,343)
Royalties ($'000)	**(4,920)**	(11,948)	(11,313)	(9,283)	(11,421)
Exploration and evaluation ($'000)	**(2,358)**	(12,912)	(3,186)	(2,682)	(6,704)
Other expenses ($'000)	**(9,520)**	(9,789)	(8,478)	(11,625)	(17,160)
EBITDA (before impairment) ($'000)	**(21,290)**	**10,583**	**62,979**	**16,988**	**38,921**
Depreciation and amortisation ($'000)	**(50,749)**	(62,124)	(59,656)	(54,386)	(51,438)
Impairments/write-back of assets ($'000)	**(81,377)**	11,864	(13,119)	(8,026)	(7,202)
Finance costs ($'000)	**(1,405)**	(998)	(1,334)	(1,563)	(1,590)
Profit /(loss) before tax ($'000)	**(154,821)**	**(40,675)**	**(11,130)**	**(46,987)**	**(21,309)**
Income tax benefit (expense) ($'000)	**10,462**	11,827	1,808	15,302	3,097
Net profit/(loss) after tax ($'000)	**(144,359)**	**(28,848)**	**(9,322)**	**(31,685)**	**(18,212)**
Basic earnings/(loss) per share (cents)	**(42.7)**	(9.0)	(3.1)	(12.5)	(8.6)
Dividends per share (cents)	**-**	1.0	2.0	1.0	2.0
Dividends pay out ratio (%)	**-**	-	-	-	-
Market capitalisation ($'000)	**57,857**	149,462	267,489	52,135	145,616
Closing share price ($ per share)	**0.135**	0.465	0.83	0.20	0.61
Return on equity (%)	**(88.0)**	(18.1)	(6.2)	(22.9)	(15.3)

Note: EBITDA (before impairment) is not shown in the Consolidated Income Statement or the accompanying notes and as such has not been reviewed by the Company's auditor. The table above shows how it is reconciled to the Consolidated Income Statement.

PANORAMIC RESOURCES LTD

Revenue and Other Income
The Company's Nickel Division generated $91,641,000 of revenue which was 54% down on the prior year. Sales revenue was lower from the 47% decrease in nickel contained in concentrate/ore sold (10,367 tonnes) over the previous reporting period (19,547 tonnes) following the cessation of production at the Lanfranchi Nickel Project in August 2015 and the significantly lower nickel, copper and cobalt prices received on the sales of contained metal in concentrate/ore over the course of the period. The LME spot nickel price averaged A$5.82 per pound during the financial year, down 30% on the previous year's equivalent LME average spot nickel price of A$8.34 per pound. The progressively weaker nickel price on a US$ basis until the June 2016 quarter, resulted in significant negative final invoice pricing (QP) adjustments being recognised during the financial year. Other revenue comprised interest income of $495,000 and other income of $1,305,000 was made up of a gain on the disposal of the Mt Henry Gold Mine ($651,000), a gain on the re-estimation of the Copernicus site decommissioning and rehabilitation provision ($433,000) and the sale of consumables and spare parts ($221,000).

Cost of Production
Total aggregate direct costs of the Nickel Division were 37% lower than the previous financial year, due primarily to the cessation of production at the Lanfranchi Nickel Project in August 2015. Included in direct costs was $16,496,000 in one-off redundancy and leave entitlement payments to employees who had their employment contracts terminated during the reporting period and $6,652,000 for a non-cash increase in the provision for inventory obsolescence against the carrying value of the Nickel Division's warehouse spares.

Other Expenses
The majority of costs in "Other expenses" are for corporate and marketing costs ($8,565,000), which were 8% higher than the previous reporting period as a result of the $755,000 in one-off redundancy and leave entitlement payments to employees who had their employment contracts terminated during the period.

Exploration and Evaluation Expenditure
Expenditure on greenfield exploration and evaluation ($2,358,000) was significantly lower than the previous financial year ($12,912,000), primarily as a result of the curtailment of exploration activities at the Lanfranchi Nickel Project and overseas. Exploration costs are expensed to the consolidated income statement until such time as a Resource under 2012 JORC (or oversea equivalent) has been determined on the area of interest.

Impairment of Assets
In response to the sharp fall in the US$ nickel price and the uncertainty around the timing of a price recovery, pre-tax impairment charges of $30,269,000 and $12,020,000 were made over the reporting period against the carrying values of the Savannah Nickel Project and Lanfranchi Nickel Project, respectively. Of the total pre-tax impairment charge of $42,289,000, $37,616,000 was recognised in the consolidated income statement.

As a result of a review of the carrying value of the Gum Creek Gold at 31 December 2015, a pre-tax impairment charge of $41,837,000 was made against the carrying values of the Project's assets.

Previously capitalised exploration expenditure of $1,924,000 was written-off during the financial year.

Income Tax Benefit
Tax benefit of $10,462,000 represented an effective tax benefit rate of 7%, down from the rate of 29% in the previous reporting period. There was no tax benefit booked on the impairment loss of $79,453,000 as the corresponding equivalent deferred tax asset was not recognised in the consolidated statement of financial position at 30 June 2016.

<u>**Review of Financial Condition**</u>

Balance Sheet

Net Working Capital - current assets less current liabilities
The net working capital position of $21,408,000 was 58% lower than at the previous period end. The consolidated entity's operating cash flows were materially impacted by (1) the costs incurred to place the Lanfranchi Nickel Project onto care and maintenance in the first half of the financial year, and (2) the reduction in concentrate sales revenue from the Savannah Nickel Project as a result of the significant falls in the A$ prices of nickel, copper and cobalt over the course of the fiscal year. Trade and other payables decreased by 87% over the reporting period as a direct result of the reduction in operational activity across the Nickel Division.

The operating activities of the consolidated group (including royalty payments, greenfield exploration and net of the costs of running the Perth and Thunder Bay offices) generated a net cash outflow after tax of $42,822,000. Cashflow from operating activities included a prior year income tax refund of $613,000.

Net cash inflow from investing activities of $1,737,000, included the $17,811,000 in net proceeds from the sale of the Mt Henry Gold Project. From 1 April 2016, $1,803,000 has been used to cash back the drawn amount on the Company's performance bond facility and is shown as a cash outflow in the consolidated statement of cash flows at 30 June 2016.

Net cash inflow from financing activities included $10,103,000 in net proceeds from the fully underwritten, pro-rata renounceable one for three rights issue at $0.10 per share undertaken by the Company in April 2016.

Net Tax Balances
At balance date, the consolidated entity had a net deferred tax asset value of $35,846,000. Due to the current weakness and uncertain outlook in the US$ nickel price, this asset was not recognised in the consolidated statement of financial position at 30 June 2016.

Provision for Inventory Obsolescence
The consolidated entity's provision for inventory obsolescence against the carrying value of warehouse spares was increased by $6,652,000 over the reporting period.

Net Assets/Equity
The net asset position of the consolidated entity decreased 57% to $102,156,000 as a result of the reduction in net working capital and the decrease in total non-current assets following the booking of significant impairment losses against the assets of the Nickel Division and the Gum Creek Gold Project.

Contributed equity increased by $10,103,000 after the Company successfully undertook a fully underwritten, pro-rata renounceable one for three rights issue at $0.10 per share in April 2016. As a result of the capital raising, total ordinary shares on issue increased by 107,143,256 shares to 428,567,271 ordinary shares.

Capital Structure
The debt to equity ratio (borrowings on contributed equity) at 30 June 2016 was 0.9% (2015: 1.8%).

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

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

- For nickel price risk of both the Savannah Project and the Lanfranchi Project, the policy is to hedge, when appropriate, no more than 80% (2015: 80%) of the payable nickel forecast to be produced in any month, over a rolling two year horizon. Any hedging is undertaken using a combination of nickel forward sales contracts and nickel put options, with nickel call options written and sold in order to offset the cost of bought nickel put options. Of the 80% maximum limit, the percentage of the combined nickel forward sales contracts and written nickel call options (but excluding purchased nickel put options) is to be no more than 40% (2015: 40%) of the payable nickel forecast to be produced in any month over the same rolling two year horizon; and
- For currency risk, although not mandatory in the policy, when appropriate, sufficient foreign currency hedging on a month to month basis, via a combination of currency forward contracts and currency put and call options, to match the net United States dollar proceeds from nickel hedging using nickel forward sales contracts.

As at 30 June 2016, the consolidated entity had no nickel forward sales contracts and no nickel put options in place.
As at 30 June 2016, the consolidated entity had no United States dollar denominated foreign exchange derivatives in place.

Other business risks can have an impact on the profitability of the consolidated entity. The recognition, management and control of these risks are key elements of the enterprise-wide risk management framework which has been progressively developed and rolled-out across the Group, as detailed in the Corporate Governance Statement on page 41.

Dividends

No final dividend has been declared for the financial year ended 30 June 2016.

Review of Operations

Nickel Division

On a Group basis, the operations produced an aggregate 10,864 (2015: 19,301) tonnes of contained nickel, down 44% on the previous financial year. The Group sold an aggregate 10,367 (2015: 19,547) tonnes of contained nickel, down 47% on the prior year.

Lanfranchi Nickel Project, South Kambalda, WA

Physicals	2016	2015
(i) Produced		
Ore Mined (t)	**43,692**	468,491
Nickel Grade (%)	**2.33**	2.26
Nickel in Ore (t)	**1,019**	10,575
(ii) Sold		
Nickel in Ore (t)	**1,051**	10,611

In addition the mine produced 82 (2015: 846) tonnes of copper. The nickel ore was trucked and treated at BHP Billiton Nickel West's Kambalda nickel concentrator under an Ore Tolling and Concentrate Purchase Agreement.

In response to the low US$ nickel price, the Project was put onto full care and maintenance in November 2015.

Savannah Nickel Project, (including the Copernicus Nickel Project), East Kimberley region, WA

Physicals	2016	2015
(i) Produced		
Ore Treated (t)	**870,542**	854,794
Nickel Grade (%)	**1.32**	1.18
Recovery (%)	**85.8**	86.4
Nickel in Concentrate (t)	**9,845**	8,726
(ii) Sold		
Nickel in Concentrate (t)	**9,316**	8,936

In addition, the mine produced 6,011 (2015: 5,314) tonnes of copper and 476 (2015: 443) tonnes of cobalt in concentrate. The concentrate was trucked to and shipped from the port of Wyndham to the Jinchuan Group in China under the March 2010 Extended Concentrate Sales Agreement.

In response to the low US$ nickel price, the Project was placed onto care and maintenance in May 2016.

Copernicus Nickel Project, East Kimberley region, WA

During the financial year, Copernicus ore was mined and transported to the Savannah Nickel Project concentrator for blending and processing with Savannah ore. Mining of ore at the Copernicus open-pit was completed in February 2016 and rehabilitation of the Copernicus site was carried out between March and July 2016.

Exploration and Development Projects

During the financial year, the Group continued exploring for extensions to existing Mineral Resources and Ore Reserves at each of its nickel projects together with exploration on the Company's advanced and greenfield exploration projects within and outside Australia.

Corporate

The Company is limited by shares and is domiciled and incorporated in Australia. Significant events of the consolidated entity during the financial period of a corporate nature were as follows:

Directors' report

For the Financial Year ended 30 June 2016

Nickel Division

At the Savannah Nickel Project, the Company continued exploration activities on the Savannah North Resource and on other exploration targets within the mineral tenements. On 1 October 2015, the Company released an upgraded Savannah North Mineral Resource estimate of 6.88 million tonnes at a nickel grade of 1.59% for 109,600 tonnes of contained nickel. The Resource estimate was based on less than 30% of the potential 2km mineralised footprint of Savannah North. Additional drill programs in 2016 were undertaken to test for extensions to the Resource.

In January 2016, the Company released the Savannah North Scoping Study based on the October 2015 Mineral Resource estimate. This study demonstrates there is potential to add significant mine life at the Savannah Project through the development of Savannah North.

On 28 April 2016, the Company released a maiden Mineral Resource estimate for the Lower Schmitz Project at Lanfranchi of 131,000 tonnes at a nickel grade of 5.1% for 6,700 tonnes of contained nickel. On 24 August 2016, the Company announced a material upgrade in the Savannah North Resource to 10.27 million tonnes at a nickel grade of 1.70% for 175,100 tonnes of contained nickel.

Gold Division

Mt Henry Gold Project, Norseman, WA

On 31 July 2015, the Company 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. The Company realised net proceeds of $17,811,000 on the sale of the 15,225,000 shares in Metals X during the financial year.

Gum Creek Gold Project, Murchison region, WA (previously known as the Gidgee Gold Project)

In the first half of the financial year, geophysical data from a detailed ground gravity and airborne electromagnetic (VTEM) survey was integrated with existing magnetic surveys, geological mapping and the drill hole database identifying 14 new exploration targets. Four of these targets are associated with the Wilsons Shear Zone, and this mineral area was the subject of Induced Polarisation ("IP") surveying in early 2016. Two discrete IP chargeable anomalies have been subsequently identified for further exploration.

In March 2016, an updated Scoping Study on the project was released based on the processing of free milling open-pit Resources only. The results of the Study were positive and demonstrate a project with potentially attractive economic outcomes.

In June 2016, metallurgical test work on the Wilsons refractory mineralisation identified a potential low cost processing route utilising mild conditions to oxidise floatation concentrate, achieving high gold recoveries. A number of areas for optimisation have been identified for future test work.

In June 2016, following the release of the updated March 2016 Scoping Study, exploration results, encouraging metallurgical test work and the buoyant gold sector, the directors approved a process to partially divest the Gum Creek Gold Project by way of an initial public offering ("IPO") on the Australian Stock Exchange ("ASX") in order to fast track additional exploration and development studies.

Platinum Group Metals (PGM) Division

Thunder Bay North PGM ("TBN") Project, North-West Ontario, Canada

On 30 July 2014, the Company signed an Agreement with Rio Tinto Exploration Canada Inc. ("RTEC") which allowed RTEC to review all existing data on the TBN Project on an exclusive basis until December 2014. On 16 January 2015, the Company announced that RTEC had exercised its right under the Agreement by electing to spend up to C$20 million (minimum spend of C$5 million before RTEC can withdraw) over the next five years to earn a 70% interest in the Project. During this period, RTEC is responsible for managing the Project and ensuring the TBN tenements are kept in good standing.

During the financial year, RTEC conducted various exploration activities on the TBN Project under the earn-in arrangement of the Agreement, which is continuing.

Panton PGM Project, East Kimberley, WA

Early in the financial year, a trial was undertaken on Panton mineral samples to determine whether mined material could be economically upgraded using ore sorting prior to processing. The results of the ore sorting test work were encouraging and demonstrate that the ore can be upgraded, subject to further test work. In addition, the Company continued its $45,000 annual sponsorship of research by a post-graduate student of Curtin University into alternative direct leaching technologies for smaller chromite rich PGM deposits. This research is due for completion in late 2018.

Directors' report

For the Financial Year ended 30 June 2016

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 period ended on 14 December 2015. Over the twelve month period, a total of 851,809 shares in the Company were brought back at an average share price of $0.3909, with all the shares subsequently cancelled.

Capital Raising
On 31 March 2016, the Company announced a fully underwritten, pro-rata renounceable one for three rights issue at $0.10 per share to raise $10.7 million before costs. The Entitlement Offer closed on 26 April 2016 with applications from the Company's existing shareholders totaling approximately 78% of the 107.1 million new shares offered. The shortfall was fully underwritten.

The capital raised is to be used primarily to fund further exploration, evaluation and development at Savannah North, evaluation studies on other projects and for working capital.

Gum Creek Initial Public Offer (IPO)
To fast track exploration and development studies at the Gum Creek Gold Project, the directors resolved in June 2016 to commence a process to partially divest the project by way of an IPO on the ASX. As at the date of this report, the indicative structure is to vend the Gum Creek Gold Project into a new listed entity for a consideration of $15,612,000 before costs in shares and to concurrently raise $15,000,000 of new equity via a priority entitlement to the Company's existing shareholders as part of the compliance listing of the new entity.

While it is the Company's intention to proceed with the IPO, there is no guarantee that this will occur and the success of the IPO is dependent on prevailing market conditions.

Employees

At the end of the financial year, the Group had 52 permanent, full time employees (2015: 413).

Key Developments (Incorporating Significant Changes in the State of Affairs)
Significant changes in the state of affairs of the Consolidated Entity during the financial period were as follows:

- On 6 July 2015, the Company released an Exploration Target for the Lower Schmitz zones of mineralisation, being in the range of 275,000 to 746,000 tonnes at a nickel grade range of 5.0 to 6.0%. The announcement included a "Cautionary Statement" that the Lower Schmitz Exploration Target was not a Mineral Resource classified under 2012 JORC.
- 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 15,400,000 ordinary shares in Metals X (before a 1.5% commission which was payable in Metals X ordinary shares by the Company).
- On 3 August 2015, the Company announced that as a result of a seismic event on 29 July 2015 in the vicinity of the Deacon orebody and the weakness in the nickel price, a curtailment in mining operations at the Lanfranchi Nickel Project, scheduled for later in 2015, had been brought forward. The Project was placed onto care and maintenance in November 2015 at the conclusion of Resource definition drilling on the Lower Schmitz orebody.
- At Savannah, a maiden 30 June 2015 Mineral Resource estimate of 55,200 tonnes of contained nickel for Savannah North was reported on 11 August 2015. The Savannah North Mineral Resource estimate was subsequently upgraded to 6.88 million tonnes at a nickel grade of 1.59% for 109,400 tonnes of contained nickel and reported on 1 October 2015.
- On 14 December 2015, the Company's On-Market Share Buyback scheme ended.
- On 27 January 2016, the Company announced and released the Savannah North Scoping Study which demonstrated the potential to add significant mine life at Savannah through the development of Savannah North. The announcement included a "Cautionary Statement" that the Savannah North Scoping Study was based on low-level technical and economic assessments and was insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case, or to provide certainty that the conclusions of the Scoping Study will be realised.
- On 27 January 2016, the Company announced that due to the weak US$ nickel price and uncertainty around the timing of a price recovery, the Savannah Nickel Project was to be placed onto care and maintenance by the end of the financial year.

- In March 2016, an updated Scoping Study on the Gum Creek Gold Project was released based on the processing of free milling open-pit Resources only. The announcement included a "Cautionary Statement" that the updated Gum Creek Scoping Study was based on low-level technical and economic assessments and was insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case, or to provide certainty that the conclusions of the Scoping Study will be realised.
- On 29 March 2016, the full Federal Court handed down its decision on the appeal to the 21 November 2014 Determination of native title in relation to the existence, enjoyment or exercise of native title rights held by the Ngadju People over certain tenements, including the Lanfranchi Nickel Project tenements. The Court overturned the initial decision and confirmed the validity of the relevant tenements. The Ngadju People subsequently filed applications for special leave to appeal to the High Court.
- On 31 March 2016, the Company announced a fully underwritten, pro-rata renounceable one for three rights issue at $0.10 per share to raise $10,714,000 before costs.
- On 28 June 2016, the directors resolved to commence a process to vend the Gum Creek Gold Project into a new listed entity for an indicative consideration of $15,612,000 before costs in shares and to concurrently raise $15,000,000 of new equity via a priority entitlement to the Company's existing shareholders as part of the compliance listing of the new listed entity on the ASX.

Matters subsequent to the end of the financial year

Savannah North Resource Upgrade

On 24 August 2016, the Company announced a material upgrade in the Savannah North Resource to 10.27 million tonnes at a nickel grade of 1.70% for 175,100 tonnes of contained nickel.

In the interval between the end of the financial year and the date of this report, apart from the matter mentioned above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

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

The Company's primary goal is to mine its Resources profitably and return value to shareholders through capital growth and dividends. The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house in the S&P/ASX 100 Index.

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

Nickel Division

Subject to funding, exploration activities will continue to find new areas of mineralisation, principally at and surrounding the Savannah Nickel Project where additional Resource definition and extensional drilling will be undertaken on the Savannah North Mineral Resource.

The consolidated entity is targeting to complete a Feasibility Study on the combined Savannah and Savannah North ore bodies during the next financial year so that when nickel prices have sufficiently recovered on a sustainable basis, the Savannah Nickel Project can re-start with a longer mine life and lower cost base.

The Company will continue to review existing Resources and Reserves at the Lanfranchi Nickel Project and consider options to unlock further value.

Gold Division

The process to partially divest the Gum Creek Gold Project via an IPO and compliance listing of a new entity on the ASX will continue.

Platinum Group Metals (PGM) Division

The consolidated entity will continue evaluation activities on the Panton PGM Project in the East Kimberley region of Western Australia and will monitor RTEC's activities at the Thunder Bay North PGM Project in north-west Ontario, Canada.

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

Shares Options

At the date of signing, there are no unissued ordinary shares of the Company under Option (2015: nil).

Directors' report

For the Financial Year ended 30 June 2016

Indemnification of Auditors

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

Indemnification and Insurance of Directors and Officers

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

During the financial year, the Company has paid premiums of $53,151 (2015: $75,300) in respect of contracts insuring all the directors and officers against legal costs incurred in defending proceedings. The insurance premiums relate to:

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

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

2016 Remuneration Report (Audited)

This 2016 remuneration report outlines the remuneration arrangements in place for the directors and executives of the Company and the Group in accordance with the Corporations Act 2001 and its Regulations (the Act). The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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

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

(a) Directors and Key Management Personnel disclosed in this Report

(i) Directors

Brian Phillips	Chairman (Non-Executive)
Peter Harold	Managing Director
Christopher Langdon	Director (Non-Executive) *(to 30 June 2016)*
John Rowe	Director (Non-Executive)
Peter Sullivan	Director (Non-executive) *(appointed 1 October 2015)*

(ii) Named Executives

Trevor Eton	Chief Financial Officer & Company Secretary
Terry Strong	Chief Operating Officer
Christopher Williams	General Manager - Project Development & Technical Services *(to 7 December 2015)*
Angus Thomson	Executive GM - Business Development *(to 10 August 2015)*
John Hicks	General Manager - Exploration
Tim Mason	Manager – Special Projects
Mark Recklies	Operations Manager - Savannah
Tracey Ram	General Manager - Human Resources *(to 30 June 2016)*

(b) Remuneration Philosophy

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

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

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

(c) Remuneration Committee

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

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

(d) Remuneration Structure

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

(e) Use of remuneration consultants

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

(f) Non-executive director remuneration policy

(i) Fixed Remuneration

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

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

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. This fee is inclusive for each Board committee on which a director sits.

In recognition of the significant operational changes made across the consolidated entity during the financial year, the Board reviewed and the non-executive directors agreed to accept a reduction in fees paid to non-executive directors on two separate occasions, in August 2015 and February 2016. As a result of the two changes, the Non-Executive Chairman's annual remuneration has been reduced from approximately $162,000 to $90,000 per annum (a 44% net reduction) and other non-executive director's annual remuneration has been reduced from approximately $113,000 to $65,000 per annum (a 42% net reduction).

The fees paid to non-executive directors for the period ending 30 June 2016 are detailed in Table 1 on pages 36 and 37 of this report. Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of $600,000, which was last approved by shareholders on 20 November 2007.

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

(g) Executive Remuneration

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

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

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

It is the Remuneration Committee's policy that employment contracts are entered into with the Managing Director and other key management personnel. Details of these KMP contracts are provided on pages 35 to37.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each senior executive by the Remuneration Committee. Table 1 on page 36 and 37 details the variable component (%) of the Group's KMP. Where necessary, when the payment of superannuation on an individual's STI Bonus would cause the amount of superannuation in any financial year to exceed the applicable statutory concessional maximum superannuation contribution limit, at the individual's discretion, an equivalent amount of employer superannuation is added to the executive's base cash salary.

(i) Fixed Remuneration

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

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

In recognition of the significant operational changes made across the consolidated entity during the financial year, the Remuneration Committee reviewed and senior executives, with a base salary over $200,000 per annum, have agreed to accept a 10% reduction in base salary, effective 1 July 2016.

The fixed remuneration component of the Group's key management personnel is detailed in Table 1 on page 36 and 37.
(ii) Variable Remuneration - Short-term Incentive Bonus (STIB)

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

(a) maximise the financial performance of the Company on a regular and consistent basis that is also consistent with the Company's Core Values; and
(b) create and maintain a culture within all levels of the Company and Group such that the Company's Core Values are accepted, supported and actively promoted by all the employees of the Company and Group.

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

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

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

STIB First Part - Cash Bonus based on Financial Performance

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

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

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

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

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

STIB Second Part - Discretionary Cash Bonus based on Core Values

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

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

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

Maximum STIB

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

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

Cmax = P x 5%, where

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

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

Accrued and actual executive STIB payments

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

Directors' report

For the Financial Year ended 30 June 2016

2016 Financial Year

Based on the CEXEC calculation formula and forecast consolidated financial results, no aggregate executive STIB Cash bonus (First Part) was accrued in the 2016 consolidated financial statements. In addition, no Discretionary Cash bonus (Second Part) has been approved for payment in relation to the 2016 financial year.

2015 Financial Year

Based on the CEXEC calculation formula and forecast consolidated financial results, no aggregate executive STIB Cash bonus (First Part) was accrued in the 2015 consolidated financial statements. In addition, no Discretionary Cash bonus (Second Part) has been approved for payment in relation to the 2015 financial year. The short term incentive variable remuneration component of the Group's KMP is detailed in Table 1 on pages 36 and 37.

(iii) Variable Remuneration - Long Term Incentive (LTI)

Objective

The objective of the LTI program is to reward and incentivise executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The Company's performance during the 2016 financial year and for the previous four financial years, and its impact on shareholder wealth, is summarised in the table below.

Year Ended 30 June	**2016**	2015	2014	2013	2012
Revenue and other income ($'000)	**93,441**	200,280	239,505	185,590	233,549
Cost of production ($'000)	**(97,933)**	(155,048)	(153,549)	(145,012)	(159,343)
Royalties ($'000)	**(4,920)**	(11,948)	(11,313)	(9,283)	(11,421)
Exploration and evaluation ($'000)	**(2,358)**	(12,912)	(3,186)	(2,682)	(6,704)
Other expenses ($'000)	**(9,520)**	(9,789)	(8,478)	(11,625)	(17,160)
Depreciation and amortisation ($'000)	**(50,749)**	(62,124)	(59,656)	(54,386)	(51,438)
Impairment/write-back of assets ($'000)	**(81,377)**	11,864	(13,119)	(8,026)	(7,202)
Finance costs ($'000)	**(1,405)**	(998)	(1,334)	(1,563)	(1,590)
Profit /(loss) before tax ($'000)	**(154,821)**	**(40,675)**	**(11,130)**	**(46,987)**	**(21,309)**
Income tax benefit (expense)	**10,462**	11,827	1,808	15,302	3,097
Net profit/(loss) after tax ($'000)	**(144,359)**	**(28,848)**	**(9,322)**	**(31,685)**	**(18,212)**
Basic earnings/(loss) per share (cents)	**(42.7)**	(9.0)	(3.1)	(12.5)	(8.6)
Dividends per share (cents)	**-**	1.0	2.0	1.0	2.0
Dividends pay out ratio (%)	**-**	-	-	-	-
Market capitalisation ($'000)	**57,857**	149,462	267,489	52,135	145,616
Closing share price ($ per share)	**0.135**	0.465	0.83	0.20	0.61
Return on equity (%)	**(88.0)**	(18.1)	(6.2)	(22.9)	(15.3)

From 1 July 2014, LTI grants to executives are delivered in the form of performance rights to shares issued under the 2010 Panoramic Resources Limited Employee Share Plan ("2010 ES Plan"), which was re-approved by the Company's shareholders on 30 July 2014 for ASX Listing Rule purposes.

Under the structure, executives and senior employees will be invited each year to receive a new grant of performance rights to shares every year under the 2010 ES Plan, such that the LTI grant will now form a key component of their remuneration package. The LTI dollar value that senior executives and other senior employees will be entitled to receive is set at a fixed percentage of their annual Fixed Remuneration (base salary plus statutory superannuation) and will range from 17% to 100% of Fixed Remuneration depending on level and seniority and market conditions. The number of performance rights to shares to be granted is determined by dividing the LTI dollar value by the fair value ("FV") of one performance right (as determined by an independent valuer). For the FY2016 grant of performance rights, the FV at 1 July 2015 was externally determined at $0.208.

Performance Conditions

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

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

The performance conditions above that were endorsed by the Board and subsequently approved by shareholders on 30 July 2014, were chosen as they matched similar split performance conditions used in LTI Plans of other ASX listed resource companies.

The Company's TSR will be measured at the end of each financial year against a customised peer group, which for the FY2016 grant of performance rights for the 3 year period commencing 1 July 2015, comprised the following companies:

- Altona Mining Limited
- Aurelia Metals Limited
- CuDeco Limited
- Heron Resources Limited
- Hillgrove Resources Limited
- Hot Chili Ltd
- Independence Group NL
- Mincor Resources NL
- Rex Minerals Limited
- Sandfire Resources NL
- Poseidon Nickel Limited
- Western Areas Ltd

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

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

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

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

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

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

No Hedging Contracts on LTI Grants

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance rights to shares granted as part of their remuneration package. This policy is strictly enforced by the Managing Director under the Company's Share Trading Policy detailed in the Corporate Governance Statement on page 41.

Table 3 on page 38 provides details of performance rights to shares granted as compensation to the Managing Director and the named executives.

(h) Employment contracts

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

- Brian Phillips may resign from his position and thus terminate his directorship on written notice.
- The Company must provide 6 months written notice or provide payment in lieu of the notice period ($45,000), based on the fixed component of Brian Phillips' remuneration if termination is initiated by the Company, except where termination is from serious misconduct.
- The Company may terminate his directorship at any time without notice if serious misconduct has occurred. In this situation, the Non-Executive Chairman is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

(ii) Non-Executive Directors
All other non-executive directors conduct their duties under the following terms:

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

Non-Executive Director	Amount payable on termination
John Rowe	\$32,500
Peter Sullivan	\$32,500

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

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

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

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

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

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

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

- Peter Harold may resign from his position and thus terminate the Contract by giving 6 months written notice. Any vested unlisted options not exercised, if applicable, will be forfeited 4 weeks after notice of resignation. Peter Harold will not receive any accrued benefits of the executive STIB scheme in the event that he gives notice.
- Peter Harold accrues 5 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements for every 10 years of service.
- If the Company terminates Peter Harold's Contract, other than lawfully in accordance with its terms, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) executive STIB at the time notice of the termination is given based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Remuneration Committee. If Peter Harold works out the whole or any part of his notice period, he will be entitled to his accrued First Part (Financial Performance) executive STIB during the period after the notice is given until such time as he stops working.
- If there is a Change of Control Event, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) executive STIB at the time of the Change of Control based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Board of Directors. If the Board of Directors is unable to determine for any reason the accrued and discretionary benefits to Peter Harold under the executive STIB scheme, Peter Harold will be entitled to be paid an accrued STIB based on 100% of Peter Harold's fixed remuneration per annum.

- From 1 July 2014 for the granting of performance rights to shares at zero cost under the 2010 ES Plan, subject to shareholder approval each year, Peter Harold will be entitled to receive up to 100% of his annual Fixed Remuneration in performance rights to shares. On 20 November 2015 at a General Meeting of shareholders, Peter Harold was granted 1,450,000 FY2016 performance rights at zero cost under the 2010 ES Plan. The FV of each performance right on 20 November 2015 was externally determined at $0.2080. On 30 July 2014 at a General Meeting of shareholders, Peter Harold was granted 904,601 FY2015 performance rights at zero cost under the 2010 ES Plan. The FV of each performance right on 30 July 2014 was externally determined at $0.71.
- If Peter Harold's employment contract is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing Peter Harold to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse and be cancelled.
- The principal terms and conditions of the performance rights granted under the 2010 ES Plan are provided from page 32.

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

Named Executive	Date of Current Employment Contract	Position
Trevor Eton	8 January 2013	Chief Financial Officer & Company Secretary
Terry Strong	6 February 2013	Chief Operating Officer
Angus Thomson #	8 January 2013	Executive GM - Business Development
Christopher Williams #	6 February 2013	General Manager - Project Dev' & Tech Services
John Hicks	14 March 2014	General Manager - Exploration
Tracey Ram #	1 January 2013	General Manager - Human Resources
Tim Mason	1 December 2015	Manager – Special Projects
Mark Recklies	23 January 2013	Operations Manager - Savannah Project

 # the named executive's employment contract was terminated during the financial year

Employment Contracts
The common key features of the above named executives' employment contracts are:
- Each named executive may resign from their position and thus terminate their contract by giving 3 months written notice. Any vested unlisted options not exercised will be forfeited 4 weeks from the date of resignation.
- The Company may terminate a named executive's employment contract by providing 4 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of the notice period. In the event of a termination in employment through a Change in Control of the Company, the Company will provide 6 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of notice.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. When termination with such cause occurs, the named executive is only entitled to that portion of remuneration which is fixed, and only up to the date that notice of termination is given. On termination with such cause, any unvested options or LTI grants in the form of performance rights will immediately be forfeited. Any vested unlisted options not exercised within 4 weeks of such notice of termination will be forfeited.
- If a named executive's employment contract is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, the Company may determine in its sole and absolute discretion, the manner in which granted performance rights will be dealt with, including (but not limited to) allowing the named executive to exercise all or a proportion of their performance rights within such time as determined, after which the performance rights will lapse and be cancelled.
- Each named executive accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements for every 10 years of service.
- From 1 July 2014 for the granting of performance rights to shares at zero cost under the 2010 ES Plan, each named executive, depending on level and seniority, will be entitled to receive 17% to 75% of their annual Fixed Remuneration in performance rights. Each of the named executives were granted FY2015 performance rights and/or FY2016 performance rights at zero cost under the 2010 ES Plan, as shown in Table 3 on page 38. The main terms and conditions of performance rights granted under the 2010 ES Plan are provided from page 32.

(i) Details of Remuneration

Table 1: Remuneration of Directors and Executive Officers

The remuneration in Table 1 of each named person is the total of fixed remuneration (base salary, superannuation and non-monetary benefits) and variable remuneration (short term and long term incentives).

Excluding the cash component of remuneration, the total remuneration shown is the amount expensed by the Company and does not, in every case, represent what each named individual ultimately received in cash.

2016	**Short-term benefits**			**Post employment benefits**		**Share based payments**			
Name	**Cash salary and fees**	**Bonus**	**Other**	**Super-annuation**	**Retirement Benefits**	**Rights to shares *(a)/(b)***	**Termination/ Resignation payments**	**Total**	**Performance related**
	$	$	$	$	$	$	$	$	%
Non-executive directors									
C D J Langdon *(c)*	91,491	-	4,085	-	-	-	-	95,576	-
J Rowe	91,491	-	4,085	-	-	-	-	95,576	-
P R Sullivan *(d)*	63,333	-	3,055	-	-	-	-	66,388	-
B M Phillips	128,733	-	4,085	-	-	-	-	132,818	-
Executive directors									
P J Harold	553,500	-	12,035	52,583	-	270,635	-	888,753	30
Executives									
T R Eton	300,600	-	12,035	28,557	-	108,347	-	449,539	24
C J Williams *(e)*	131,031	-	1,779	12,448	-	(42,623)	302,405	405,040	-
T J Strong	306,000	-	4,085	29,070	-	108,853	-	448,008	24
J D Hicks	230,000	-	12,035	21,850	-	55,267	-	319,152	17
M A Recklies	261,250	-	4,085	24,819	-	62,776	-	352,930	18
T S Mason	229,872	-	4,085	21,838	-	52,864	-	308,659	17
A S Thomson *(f)*	24,474	-	1,319	2,325	-	(48,919)	167,857	147,056	-
T M Ram *(g)*	179,808	-	12,035	19,898	-	(16,874)	114,988	309,855	-
	2,591,583	**-**	**78,803**	**213,388**	**-**	**550,326**	**585,250**	**4,019,350**	**14**

(a) Includes the non-cash amortisation expense of the FY2015 and/or FY2016 LTI performance rights to shares over the period
(b) For individuals who left the Company during the period, the total accumulated amortisation expense up to the date of departure has been reversed
(c) Mr. C D J Langdon retired as a director on 30 June 2016
(d) Mr. P R Sullivan was appointed a director on 1 October 2015
(e) Mr. C J Williams left the Company on 7 December 2015
(f) Mr. A S Thomson left the Company on 10 August 2015
(g) Ms. T M Ram left the Company on 30 June 2016

Directors' report

For the Financial Year ended 30 June 2016

2015	Short-term benefits			Post employment benefits		Share based payments			
Name	Cash salary and fees	Bonus *(a)*	Other	Super-annuation	Retirement Benefits	Rights to shares *(b)*	Termination/ Resignation payments	Total	Performance related
	$	$	$	$	$	$	$	$	%
Non-executive directors									
C D J Langdon	112,630	-	4,555	-	-	-	-	117,185	-
J Rowe	112,630	-	4,555	-	-	-	-	117,185	-
B M Phillips	161,597	-	4,555	-	-	-	-	166,152	-
Executive directors									
P J Harold	553,500	151,217	11,210	66,948	-	201,290	-	984,165	36
Executives									
T R Eton	300,600	30,000	11,210	31,407	-	63,935	-	437,152	21
T J Strong	302,250	43,125	4,555	32,811	-	63,935	-	446,675	24
C J Williams	300,600	-	4,555	28,557	-	42,623	-	376,335	11
J D Hicks	230,000	30,000	11,210	24,700	-	32,613	-	328,523	19
M A Recklies	261,250	30,000	4,555	27,669	-	37,044	-	360,518	19
T S Mason	220,000	30,000	4,555	23,750	-	31,195	-	309,500	20
A S Thomson	230,000	30,000	10,985	24,700	-	48,919	-	344,604	23
T M Ram	172,321	22,500	10,985	18,508	-	16,874	-	241,188	16
	2,957,377	**366,842**	**87,487**	**279,050**	**-**	**538.426**	**-**	**4,229,182**	**21**

(a) Cash bonuses paid are in relation to the 2014 financial year
(b) Includes the non-cash amortisation expense of the FY2015 LTI performance rights to shares over the period

(j) Details of share based compensation and bonuses

Securities granted as part of remuneration during the year

Table 2: Securities granted as part of remuneration during the year
Options - 2015/16
No options were granted during 2015/16.

Performance Rights to Shares - 2015/16
Performance rights to shares granted as compensation to key management personnel are shown in Table 3 on page 38.

Options - 2014/15
No options were granted during 2014/15.

Performance Rights to Shares - 2014/15
Performance rights to shares granted as compensation to key management personnel are shown in Table 3 on page 38. The FV of one performance right is determined using a Binomial valuation model (for non-market vesting conditions) and a Monte Carlo simulation model (for market vesting conditions), that takes into account the share price at grant date and expected price volatility of the underlying Share, the expected dividend yield and the risk-free rate for the term of the right at the date of grant.

There were no ordinary shares issued to key management personnel on the exercise of securities during the financial year and there have been no ordinary shares issued to key management personnel on the exercise of securities since 30 June 2016.

(a) Equity instrument disclosures relating to key management personnel

Securities provided as remuneration
Details of securities provided as remuneration are shown in Table 3. The terms and conditions of the securities are provided from page 32.

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

Table 3: Securities holdings of managing director and specified executives

2016 Performance Rights	Balance at start of the year	Granted as compen-sation	Exercised	Other changes#	Balance at end of the year	Vested and exercisable	Unvested
Managing director of Panoramic Resources Limited							
P J Harold	904,601	1,450,000	-	-	2,354,601	-	2,354,601
Other key management personnel of the Group							
T R Eton	368,459	593,432	-	-	961,891	-	961,891
T J Strong	368,459	604,093	-	-	972,552	-	972,552
C J Williams	245,640	-	-	(245,640)	-	-	-
J D Hicks	187,948	302,704	-	-	490,652	-	490,652
M A Recklies	213,484	343,833	-	-	557,317	-	557,317
T S Mason	179,776	289,543	-	-	469,319	-	469,319
A S Thomson	281,922	-	-	(281,922)	-	-	-
T M Ram	97,243	156,617	-	(253,860)	-	-	-
	2,847,532	**3,740,222**	**-**	**(781,422)**	**5,806,332**	**-**	**5,806,332**

2015 Performance Rights	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Managing director of Panoramic Resources Limited							
P J Harold	-	904,601	-	-	904,601	-	904,601
Other key management personnel of the Group							
T R Eton	-	368,459	-	-	368,459	-	368,459
T J Strong	-	368,459	-	-	368,459	-	368,459
C J Williams	-	245,640	-	-	245,640	-	245,640
J D Hicks	-	187,948	-	-	187,948	-	187,948
M A Recklies	-	213,484	-	-	213,484	-	213,484
T S Mason	-	179,776	-	-	179,776	-	179,776
A S Thomson	-	281,922	-	-	281,922	-	281,922
T M Ram	-	97,243	-	-	97,243	-	97,243
	-	**2,847,532**	**-**	**-**	**2,847,532**	**-**	**2,847,532**

 # Other changes relate to performance rights cancelled due to termination of employment

Share holdings

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

2016 Name	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
Directors of Panoramic Resources Limited					
Ordinary shares					
P J Harold	3,490,785	-	-	1,076,929	4,567,714
C D J Langdon	43,518	-	-	14,506	58,024
J Rowe	65,555	-	-	21,852	87,407
P R Sullivan	-	-	-	-	-
B M Philips	65,555	-	-	221,852	287,407
Other key management personnel of the Group					
Ordinary shares					
T R Eton	50,000	-	-	20,000	70,000
T J Strong	188,000	-	-	94,001	282,001
A S Thomson	-	-	-	-	-
C J Williams	155,000	-	-	(155,000)	-
J D Hicks	204,500	-	-	102,251	306,751
T M Ram	-	-	-	-	-
M A Recklies	100,000	-	-	-	100,000
T S Mason	1,560	-	-	780	2,340
	4,364,473	**-**	**-**	**1,397,171**	**5,761,644**

2015 Name	Balance at the start of the year	Received during the year on the exercise of options	Received on vesting of rights to deferred shares	Other changes during the year	Balance at end of the year
Directors of Panoramic Resources Limited					
Ordinary shares					
P J Harold	3,490,785	-	-	-	3,490,785
C D J Langdon	43,518	-	-	-	43,518
J Rowe	65,555	-	-	-	65,555
B M Philips	65,555	-	-	-	65,555
Other key management personnel of the Group					
Ordinary shares					
T R Eton	100,000	-	-	(50,000)	50,000
T J Strong	188,000	-	-	-	188,000
A S Thomson	-	-	-	-	-
C J Williams	155,000	-	-	-	155,000
J D Hicks	204,500	-	-	-	204,500
T M Ram	-	-	-	-	-
M A Recklies	100,000	-	-	-	100,000
T S Mason	1,560	-	-	-	1,560
	4,414,473	**-**	**-**	**(50,000)**	**4,364,473**

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

Securities granted and exercised as part of remuneration for the year ended 30 June 2016 and 30 June 2015

2016	**Value of securities granted during the year** $	**Value of securities exercised during the year** $	**Value of securities cancelled during the year #** $
(i) Performance Rights			
P J Harold	301,600	-	-
T R Eton	123,434	-	-
T J Strong	125,651	-	-
C J Williams	-	-	149,840
J D Hicks	62,963	-	-
M A Recklies	71,517	-	-
A S Thomson	-	-	171,972
T S Mason	60,225	-	-
T M Ram	32,576	-	91,894

Note: the value for each performance right to a share granted in 2015/16 to P J. Harold and the other named executives is $0.208 (the fair value (FV) determined on 20 November 2015).
 # Refer to Table 3 on page 24 for the number of performance rights to shares cancelled

2015	**Value of securities granted during the year** $	**Value of securities exercised during the year** $	**Value of securities cancelled during the year** $
(i) Performance Rights			
P J Harold	606,083	-	-
T R Eton	224,760	-	-
T J Strong	224,760	-	-
C J Williams	149,840	-	-
J D Hicks	114,648	-	-
M A Recklies	130,225	-	-
A S Thomson	171,972	-	-
T S Mason	109,663	-	-
T M Ram	59,318	-	-

Note: the value for each performance right to a share granted in 2014/15 to P J. Harold is $0.71 (the fair value (FV) determined on 30 July 2014). The value for each performance right to a share granted in 2014/15 to the other named executives is $0.67 (the fair value (FV) determined on 1 July 2014)

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

There were performance rights to shares that were cancelled during the period on the date of the named executive's termination, as detailed in Table 3 of the remuneration report. There were no loans to directors or other key management personnel at any time during the year ended 30 June 2016. There were no transactions involving key management personnel other than compensation and transaction concerning shares and performance rights to shares as discussed in the remuneration report.

This marks the end of the 2016 Remuneration Report.

Environmental regulation

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

Rounding of Amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young (EY), to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2016. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

Legal Matters

On 29 March 2016, the full Federal Court handed down its decision on the appeal to the 21 November 2014 Determination of native title in relation to the existence, enjoyment or exercise of native title rights held by the Ngadju People over certain tenements, including the Lanfranchi Nickel Project tenements. The Court overturned the initial decision and confirmed the validity of the relevant tenements. The Ngadju People subsequently filed applications for special leave to appeal to the High Court, which applications are yet to be determined as at the date of this report.

Non-audit Services

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

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

- Tax Compliance and other services of $103,750 (including $81,750 in relation to a review on prior period income tax returns)

Signed in accordance with a resolution of the directors.

Peter Harold
Managing Director

Perth, 30 August 2016

Corporate Governance Statement

The Board of Directors of Panoramic Resources Limited ("the Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Panoramic Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's Corporate Governance Statement ("Statement") outlines the main corporate governance practices in place throughout the financial year, which comply with the Australian Stock Exchange ("ASX") Corporate Governance Council's ("CGC") Third Edition (March 2014) of the "Corporate Governance Principles and Recommendations ("the Recommendations"), unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Company makes the following Board approved disclosures in relation to each of the Recommendations as at 30 June 2016.

Principle 1: Lay Foundations for Management and Oversight

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

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

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

The Company Secretary of the Company is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Roles of Management and the Evaluation of Management Performance
The Managing Director and the senior executives are ultimately responsible and accountable for the day to day running of the Company and for implementing the strategic objectives and operating within the risk appetite set by the Board. The Board regularly reviews the division of functions between the Board and the senior executives. The Board has in place a performance appraisal and remuneration system for the Managing Director and senior executives designed to enhance performance and Management performance is reviewed on an annual basis at the end of each calendar year and as appropriate. The last performance appraisal of the Managing Director and senior executives was undertaken by the Remuneration Committee in June 2016. The criterion for the evaluation of the Managing Director and of each executive is their performance against key performance indicators, behavior and effectiveness in role. In addition, the Board monitors and evaluates the performance of the Managing Director and senior executives as appropriate.

Appointment of Directors and Management
The Company has in place an appropriate organisational and management structure to ensure the day to day running of the Company is undertaken in an effective and efficient manner and to ensure the Company has the right mix of skills and resources to implement and achieve the Board's corporate and strategic objectives. The Board and the Managing Director regularly reviews this structure to determine that it is appropriate and "fit for purpose" and if necessary make changes in the number of roles and personnel.

The directors and senior executives have a clear understanding of their duties, roles and responsibilities and of the expectations of them, as contained within a written agreement agreed and signed by the Company and each director and senior executive.

Corporate Governance Statement

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial, financial and mining skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) for which the Board is looking to achieve in its membership. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Under the direction and supervision of the Chair, appropriate background checks are undertaken of each candidate as to the person's character, experience, education, criminal record and bankruptcy history. Each incumbent director is encouraged, and given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. For the meeting, shareholders are given sufficient information of the new director, including but not limited to biographical details, other listed directorships currently held and in the case of a director standing for election for the first time, advice that appropriate background checks have been undertaken.

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

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

Pursuant to *Recommendation 1.5* of the Recommendations, the Company discloses the following information as at the date of this report:
- Percentage of women and men employed within the Group - women: 10%; men: 90%;
- Percentage of women and men employed as a senior executive - women: nil; men: 100%;
- Percentage of women and men employed at the Board level - women: nil; men: 100%; and
- Percentage of indigenous employees at the Savannah Nickel Project - 7% (objective since November 2015: 30%)

The Company has defined an employee who is a senior executive as a person who is a "senior manager" as defined in Section 9 (Definitions) of the Corporations Act 2001, namely a person who is at the highest management level of the Company who "makes, or participates in making decisions that affect the whole, or a substantial part, of the business of the corporation; or has the capacity to affect significantly the corporation's financial standing". The performance appraisal of a senior executive is performed by the Managing Director and the Remuneration Committee.

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

Performance Assessment of the Board, its Committees and Individual Directors
Currently, there is no formal annual performance appraisal system in place for Board performance on a director by director basis. The last performance appraisal was conducted at a meeting of directors in May 2015, where time was set aside in which each director gave a performance appraisal on the Board as a whole and on themselves. The Board has agreed to conduct these performance appraisals on a regular basis while the search for a suitable formal performance appraisal system is undertaken. Membership of the Audit Committee by non-executive directors is initially for a three year period, with an annual renewal review thereafter with performance being one criteria in order to retain office.

Principle 2: Structure the Board to Add Value
Board Composition
The composition of the Board is determined using the following principles:

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

Corporate Governance Statement

The name, position, independence classification, qualification, skills and length of service of each director of the Company in office at the date of the Statement is:

Name	Position	Independence Classification	Qualification/Skills	Service (yrs)
Brian M Phillips	Chairman	Independent	Mining Engineer, general mining	9
Peter J Harold	Managing Director	not rated	Process Engineer, project development	15
John Rowe	Non-Executive Director	Independent	Geologist, general mining	10
Peter R Sullivan #	Non-Executive Director	Non Independent	Engineer, corporate and project development	-

 # Peter R Sullivan is a non-executive director of a substantial shareholder holding more than 5% of the ordinary shares in the Company and as a consequence has been assessed as not being independent under the independence criteria detailed in Recommendation 2.3 of the Recommendations.

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

Directors' Independence
The composition of the Board is considered to be appropriate for a Company that had and subject to a recovery in base metal prices, will, in all likelihood, again have a sustainable producing business. In addition, the Company remains active in reviewing, acquiring and developing new projects. As at the date of this Statement, the majority of non-executive directors, including the Chairman, are considered independent of management, have no interest, position, association or relationship that would compromise their independence and directly or indirectly, individually hold less than 5% of the issued ordinary shares of the Company. A review of the independence criteria detailed in Recommendation 2.3 of the Recommendations in relation to each non-executive director is made on a regular basis and when appropriate.

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

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

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

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

- ***Audit Committee***

The Audit Committee consists of all non-executive directors and is chaired by an independent director who is not the Chairman of the Board. The Audit Committee is to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee is also to review: the effectiveness of internal controls, recommendation and the appointment and assessing the performance of the external auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. The Audit Committee operates under an Audit Committee Charter that is reviewed by the Committee and is re-approved or changed by the full Board on a bi-annual basis.

Corporate Governance Statement

- ***Remuneration Committee***

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

There is increased transparency and accountability in remuneration matters as required in the Improving Accountability on Director and Executive Remuneration Bill 2011. There are now rules for engaging remuneration consultants and on reporting specific information about remuneration consultants in the audited Remuneration Report in the Directors' Report. The Company's audited 2016 Remuneration Report includes these reporting obligations. Further details on the Committee and of remuneration arrangements in place for the directors and executives are set out in the Directors' Report.

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

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

Principle 3: Act Ethically and Responsibly

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

Code of Conduct

The Company has established a written Code of Conduct which outlines the culture, practices, expected conduct, values and behaviour to be displayed by all employees in upholding the integrity, reputation and accountability of the Company and its controlled entities in the work environment and in the interactions with the Company's various stakeholders. Certain practices are necessary to comply with Federal and Western Australian State industrial legislation and the Corporations Law. The Code of Conduct has a clear responsibility and accountability of employees for reporting and investigating reports of unethical practices by reference to specific rules and policies such as the rules for trading in the Company securities, and the policy on discrimination, harassment and bullying. This code can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

Trading in Company securities by directors, officers and employees

The Company has in place a fit-for-purpose Share Trading Policy for the trading in Company securities by directors, key management personnel, officers and employees as required under ASX Listing Rule 12.12. The Policy is worded to ensure compliance with Section 1043A of the Corporations Law (on insider trading), Part 2D.1 of the Corporations Act 2001 (on the proper duties in relation to the use of inside information), and ASX Listing Rules 3.19A, 12.9, 12.10, and 12.11 and updated Guidance Note 27 (January 2015). The Managing Director and the Company Secretary have been appointed to ensure that the following rules for the trading in Company's securities are strictly adhered to:

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

Corporate Governance Statement

On an annual basis in December, the Company Secretary circulates to all employees via email, the start and finish dates for the next calendar year's black-out periods. To monitor compliance with the policy and to give assurance to the Board on compliance with the rules of the Share Trading Policy, the Company Secretary keeps records of the confirmations permitting a trade in the Company's securities in strict adherence with the rules. This Share Trading Policy can be accessed on the Company's website at *www.panoramicresources.com* under the Corporate Governance section.

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

Privacy Policy
The Company has in place a Privacy Policy which deals with the collection, use, storage and disclosure of information of personal information about an individual who can be identified or who may be reasonably identified by the information. Where sensitive information is collected and stored, the information must not be collected unless the individual consents to collection and the Company is authorised to collect the information by law. The Policy sets out the obligations surrounding the integrity of personal information, security measures, how an individual can access their information and seek correction to it, and make complaint to if necessary.

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

<u>Principle 4: Safeguard Integrity in Corporate Reporting</u>
The Managing Director and Chief Financial Officer are required to state in writing to the Audit Committee and the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. Pursuant to Section 295A of the Corporations Act 2001, the Managing Director and the Chief Financial Officer are required to provide written certification to the Board, at both the end of the Half-Year and the Full-Year reporting periods, that the Company's financial reports are based on a sound system of risk management and internal control and that the system is operating effectively.

The Audit Committee reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy to the Board prior to their release to shareholders, investors and other public forums. There is regular communication between the Audit Committee, management and external auditor. In accordance with Section 324DA of the Corporations Act 2001, the audit partner of the external auditor is required to be rotated after five successive financial years. It is the role of the Audit Committee to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

In addition, in the absence of an internal audit function, the Audit Committee reviews, assists and assesses the adequacy of the Company's internal control and financial risk management systems, accounting and business policies.
<u>Principles 5 : Make Timely and Balanced Disclosure</u>
Continuous Disclosure and Shareholder Communication
The Company is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Law.

The Company has a Continuous Disclosure Policy that all shareholders and investors have equal access to the Company's information. This policy has been updated and approved by the full Board to comply with the May 2013 amendments to ASX Listing Rule 3.1 and updated Guidance Note 8 (August 2015) of the Recommendations. This document and all material announcements provided to the ASX can be accessed on the Company's website at *www.panoramicresources.com.*

Corporate Governance Statement

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

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

Principles 6: Respect the Rights of Security Holders

Continuous Disclosure and Shareholder Communication

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

Principle 7: Recognise and Manage Risk

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

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

The 2011/12 review also examined the effectiveness of internal controls, systems and response procedures that were in place in previous years. This comprehensive review on each element and function across the Group, including the setting of various risk appetite tolerance thresholds by senior management was completed in mid-2012, followed by approval by the full Board of the Risk Management Guideline (August 2012) which detailed on the enterprise wide risk management framework and the process, roles and responsibilities for conducting each new comprehensive review.

In 2014/15, the Company conducted a new comprehensive review using the procedures set down in the Risk Management Guideline, including the re-setting of various risk appetite tolerance thresholds by senior management, which resulted in the production of new Risk Appetite Statements (May 2015), Risk Management Policy (May 2015) and an updated Risk Management Guideline ("Guideline") that was approved by the full Board in June 2015. A condensed version of the updated Guideline is available on the Company's website at *www.panoramicresources.com.*

The Board has established a committee of the Board, the Environment, Safety and Risk Committee, which is chaired by an independent director. All directors of the Board are also members of the Committee. The number of times the Committee met during the financial year is contained in the Directors' Report. The Committee's Charter (November 2015) states that the Committee will oversee the Company's management of financial and non-financial risks at the operations in accordance with the established risk management framework while always taking into account the Company's legal obligations set by the Federal and State statutory law makers on, but not limited to, environment, employment and occupational health and safety.

Corporate Governance Statement

There are strict Company-wide compliance reporting requirements under the Guideline that require each department head/function manager on an annual basis to review their risk registers to determine the level of compliance (from zero to 100%) using a risk matrix score for impact, tolerance and opportunity, thereby ensuring that either a risk(s) has not developed a higher risk profile, or outlining monitoring and corrective measures to reduce the risk(s) to an acceptable level. Using this information, each operations manager is required to complete and provide a Project Risk Summary and Compliance Report during the Full-Year audit process.

In 2015/16, the compliance reporting requirements detailed above were undertaken on a more limited basis at each mine site as a consequence of the nickel operations being currently on care and maintenance.

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

Principle 8: Remunerate Fairly and Responsibly

Board Remuneration

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

Executive Remuneration

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

Further details in relation to director and executive remuneration are set out in the 2016 Remuneration Report on pages 28 to 39.

Directors' Declaration

30 June 2016

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

1. In the directors' opinion:

(a) the financial statements and notes set out on pages 41 to 117 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) subject to the achievement of the matters set out in Note 1(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2016.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 31, subject to the achievement of the matters set out in Note 1(b), will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Peter Harold
Managing Director

Perth, 30 August 2016

Independent Auditors Report

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

Report on the financial report

We have audited the accompanying financial report of Panoramic Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

RK:JH:PAN:010

Independent Auditors Report

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

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

Report on the remuneration report

We have audited the Remuneration Report included contained in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Panoramic Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Robert A Kirkby
Partner
Perth
30 August 2016

Auditor's Independence Declaration

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

As lead auditor for the audit of Panoramic Resources Limited for the financial year ended 30 June 2016, 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 audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Panoramic Resources Limited and the entities it controlled during the financial year ended 30 June 2016.

Ernst & Young

Robert A Kirkby
Partner
30 August 2016

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RK:JH:PAN:011

FINANCIAL REPORT

Consolidated income statement

For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue	3	**92,136**	199,669
Cost of sales of goods	5	**(153,252)**	(228,794)
Gross margin on sale of goods		**(61,116)**	(29,125)
Other income	4	**1,305**	611
Exploration and evaluation expenditure		**(2,358)**	(12,911)
Exploration expenditure written-off		**(1,924)**	-
Mark to market of derivatives	5	**(623)**	(1,739)
Impairment loss		**(79,453)**	-
Reversal of impairment loss	14, 16	**-**	11,863
Share based payments		**(624)**	(689)
Other expenses	5	**(8,623)**	(7,686)
Finance costs	5	**(1,405)**	(998)
Loss before income tax		**(154,821)**	(40,674)
Income tax benefit	6	**10,462**	11,827
Loss for the year		**(144,359)**	(28,847)
Loss for the year is attributable to:			
Owners of Panoramic Resources Limited		**(144,359)**	(28,847)

	Notes	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share	35	**(42.7)**	(9.0)
Diluted loss per share	35	**(42.7)**	(9.0)

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

PANORAMIC RESOURCES LTD

Consolidated statement of comprehensive income

For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Loss for the year		**(144,359)**	(28,847)
Other comprehensive income			
Items that may reclassified to profit or loss			
Changes in fair value of available-for-sale financial assets, net of tax	25(a)	**(90)**	231
Changes in fair value of cash flow hedges, net of tax	25(a)	**-**	10
Exchange differences on translation of foreign operations	25(a)	**(489)**	1,668
Items that will not be reclassified to profit or loss			
Impairment of assets charged against revaluation reserve, net of tax	25(a)	**(3,272)**	-
Other comprehensive loss for the year, net of tax		**(3,851)**	1,909
Total comprehensive loss for the year		**(148,210)**	(26,938)
Total comprehensive loss for the year is attributable to:			
Owners of Panoramic Resources Limited		**(148,210)**	(26,938)

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

Consolidated balance sheet

As at 30 June 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**19,437**	54,055
Trade and other receivables	8	**797**	11,235
Inventories	9	**8,480**	12,910
Derivative financial instruments	12	**-**	178
Prepayments	11	**302**	1,187
Asset classified as held for sale	10	**-**	18,000
Total current assets		**29,016**	97,565
Non-current assets			
Available-for-sale financial assets	13	**677**	858
Exploration and evaluation	16	**80,201**	113,794
Development properties	16	**18,019**	53,564
Mine properties	16	**1,403**	11,542
Property, plant and equipment	14	**9,523**	51,806
Other non-current assets	17	**1,803**	36
Total non-current assets		**111,626**	231,600
Total assets		**140,642**	329,165
LIABILITIES			
Current liabilities			
Trade and other payables	18	**4,638**	35,629
Borrowings	19	**728**	2,855
Provisions	20	**2,242**	8,438
Total current liabilities		**7,608**	46,922
Non-current liabilities			
Borrowings	21	**876**	68
Deferred tax liabilities	22	**-**	11,341
Provisions	23	**30,002**	30,955
Total non-current liabilities		**30,878**	42,364
Total liabilities		**38,486**	89,286
Net assets		**102,156**	239,879
EQUITY			
Contributed equity	24	**169,044**	158,941
Reserves	25(a)	**42,337**	45,564
Accumulated losses / retained earnings		**(109,225)**	35,374
Total equity		**102,156**	239,879

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

Consolidated statement of changes in equity

For the year ended 30 June 2016

	Notes	Contributed equity $'000	Mineral properties revaluation reserve $'000	Available-for-sale financial assets reserve $'000	Cash flow hedge reserve $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014		159,276	23,117	183	(10)	19,770	(94)	73,879	276,121
Loss for the year		-	-	-	-	-	-	(28,847)	(28,847)
Other comprehensive income		-	-	231	10	-	1,668	-	1,909
Total comprehensive loss for the year		**-**	**-**	**231**	**10**	**-**	**1,668**	**(28,847)**	**(26,938)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	24	(335)	-	-	-	-	-	-	(335)
Dividends provided for or paid	26	-	-	-	-	-	-	(9,658)	(9,658)
Employee share options - value of employee services		-	-	-	-	689	-	-	689
		(335)	-	-	-	689	-	(9,658)	(9,304)
Balance at 30 June 2015		**158,941**	**23,117**	**414**	**-**	**20,459**	**1,574**	**35,374**	**239,879**
Balance at 1 July 2015		158,941	23,117	414	-	20,459	1,574	35,374	239,879
Loss for the year		-	-	-	-	-	-	(144,359)	(144,359)
Other comprehensive income		-	(3,272)	(90)	-	-	(489)	-	(3,851)
Total comprehensive loss for the year		**-**	**(3,272)**	**(90)**	**-**	**-**	**(489)**	**(144,359)**	**(148,210)**
Transactions with owners in their capacity as owners:									
Contributions of equity, net of transaction costs and tax	24	10,103	-	-	-	-	-	-	10,103
Employee share options - value of employee services		-	-	-	-	624	-	-	624
Equity transfer on disposal of subsidiary		-	-	-	-	-	-	(240)	(240)
		10,103	-	-	-	624	-	(240)	10,487
Balance at 30 June 2016		**169,044**	**19,845**	**324**	**-**	**21,083**	**1,085**	**(109,225)**	**102,156**

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

Consolidated statement of cash flows

For the year ended 30 June 2016

	Notes	**2016 $'000**	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**102,470**	218,330
Payments to suppliers and employees (inclusive of goods and services tax)		**(143,400)**	(164,118)
Interest paid		**(160)**	(378)
Income tax refund		**613**	2,970
Payments for exploration and evaluation expense		**(2,345)**	(10,322)
Net cash (outflow) inflow from operating activities	33	**(42,822)**	46,482
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,867)**	(7,195)
Payments for available-for-sale financial assets		**-**	(500)
Payment of development costs		**(7,526)**	(19,836)
Payments for exploration		**(5,553)**	(15,122)
Proceeds from cash backed bonds		**-**	500
Payments for cash backed bonds		**(1,803)**	-
Proceeds from sale of property, plant and equipment		**180**	-
Proceeds from sale of available-for-sale financial assets		**17,811**	709
Interest received		**495**	1,764
Net cash inflow (outflow) from investing activities		**1,737**	(39,680)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**10,103**	-
Payments for shares bought back		**-**	(336)
Repayment of borrowings		**(3,636)**	(6,808)
Dividends paid to company's shareholders	26	**-**	(9,658)
Net cash inflow (outflow) from financing activities		**6,467**	(16,802)
Net increase (decrease) in cash and cash equivalents		**(34,618)**	(10,000)
Cash and cash equivalents at the beginning of the financial year		**54,055**	64,055
Cash and cash equivalents at end of year	7	**19,437**	54,055

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

Notes to the consolidated financial statements

30 June 2016

1 Summary of significant accounting policies

The financial report of Panoramic Resources Limited (the Parent or the Company) and its subsidiaries (the Group) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30 August 2016.

Panoramic Resources Limited (the Parent) is a for profit Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The Group's principal place of business is Level 9, 553 Hay Street, Perth WA 6000.

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

(a) Basis of preparation

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

(b) 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 both the Savannah and Lanfranchi nickel mine being placed onto care and maintenance during the year, the Group experienced net cash outflows from operating activities of $42.8 million for the year ended 30 June 2016. In addition, the Group incurred a net loss of $144.4 million for the year ended 30 June 2016, including impairment charges of $79.4 million. At 30 June 2016, the Group had cash and cash equivalents of $19.4 million and held approximately $8.4 million in unsold nickel concentrate ready for shipment in July 2016.

On the basis of the high probability that global nickel prices remain weak for a sustained period, the directors are cognisant that there may 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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

(d) New accounting standards and interpretations

Refer to Appendix A on page 107.

(e) Significant accounting judgements, estimates and assumptions

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

(i) Determination of mineral resources and ore reserves

The Group estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined either under the 2012 or 2004 editions of the JORC code.

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

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

(ii) Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

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

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

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

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

(iv) Impairment of property, plant and equipment

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

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

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

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

Property, plant and equipment that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. Refer to *Note14 : Non-current assets - Property, plant and equipment* for further information.

Notes to the consolidated financial statements

30 June 2016

(v) Provision for decommissioning and rehabilitation

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

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

The carrying amount of the provision as at 30 June 2016 was $29.883 million (2015: $30.184 million). The Group estimates that the costs would be realised towards the end of the respective mine lives and calculates the provision using the DCF method based on expected costs to be incurred to rehabilitate the disturbed area. These costs are discounted at 3.5%.

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

(vi) Share-based payment transactions

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

(f) Revenue recognition

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

(i) Sale of concentrates/ore

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

(ii) Interest income

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

(iii) Dividends

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

(g) Borrowing costs

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

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

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

(h) Leases

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

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

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

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

(i) Cash and cash equivalents

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

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

(j) Term deposits

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

(k) Trade receivables

(i) Nickel concentrate

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

(ii) Nickel ore

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

(iii) Other receivables

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

(l) Inventories

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

Inventories are valued at the lower of cost (determined based on weighted average cost) and net realisable value.

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost of parts and consumables is accounted for using average cost.

(ii) Spares for production

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

(m) Derivative financial instruments and hedging

The Group uses derivatives such as United States dollar nickel and copper forward sales contracts, United States dollar nickel options, United States denominated currency options and United States denominated forward currency sales contracts to manage its risks associated with foreign currencies and commodity prices fluctuations. These derivative financial instruments are stated at fair value. Derivatives are not held for speculative purposes.

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

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

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

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

(i) Cash flow hedges

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

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

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

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

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

(ii) Derivatives that do not qualify for hedge accounting

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

(n) Foreign currency translation

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

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

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

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

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

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

(o) Investments and other financial assets

(i) Available-for-sale financial assets

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

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Investments which are not classified as held for trading or held to maturity are treated as available-for-sale financial assets.

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:
• except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

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

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

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

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

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

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

(q) Other taxes

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

• where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

• receivables and payables are stated with the amount of GST included.

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

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

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

(r) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

(i) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation in the area of interest that have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are expensed as incurred.

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

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

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

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

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

(ii) Mine development expenditure

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

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

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

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

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

(iii) Mine properties

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

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

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

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.
Mine property expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(iv) Provision for decommissioning and rehabilitation

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

(t) Impairment of non-financial assets

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

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

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

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

(u) Trade and other payables

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

(v) Interest-bearing loans and borrowings

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

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

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

(w) Provisions

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

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

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

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

Notes to the consolidated financial statements
30 June 2016

(x) Employee benefits

(i) Short term benefits

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

(ii) Long service leave

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

(iii) Share-based payments

Equity-settled transactions

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

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

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

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

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

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

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

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

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

(iv) Bonus plans

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

(y) Contributed equity

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

(z) Dividends

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

(aa) Earnings per share

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

Diluted earnings per share is calculated as net profit attributable to members of the Parent, adjusted for:
• costs of servicing equity (other than dividends) and preference share dividends;
• other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

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

(ab) Business combinations

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

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

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

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

Business combinations prior to 1 July 2009 were accounted for using the purchase method.

(ac) Government grants

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

(ad) Joint Operations

The Group’s recognises its interest in joint operations:
- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

2 Segment information

(a) Business segments

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

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

The Group has identified five operating segments being: (1) Nickel, the aggregation of the Savannah Nickel Project, Lanfranchi Nickel Project and Copernicus Nickel Project; (2) Gold, the Gum Creek Gold Project; (3) Platinum Group Metals, the Thunder Bay North PGM Project and Panton PGM Project; (4) Australian Exploration; and (5) Overseas Exploration.

Nickel
The Savannah Nickel Project, the Copernicus Nickel Project and the Lanfranchi Nickel Project all 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 mentioned in Note 1(b), the Lanfranchi Nickel Project was placed onto care and maintenance in November 2015 and the Savannah Nickel Project was placed onto care and maintenance in May 2016..

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

In August 2012, the Company finalised an agreement with Matsa Resources Limited to acquire a 70% equity interest in the Mt Henry Gold Project. The Mt Henry Gold Project comprises of three deposits being Mt Henry, North Scotia and Selene. The Project is located on the southern end of the Norseman - Wiluna Greenstone belt. As detailed in note 10, Mt Henry Gold Project was sold during the period and accordingly the Mt Henry Gold Project has not been included in the segment results for 2016.

Platinum Group Metals (PGM)
In July 2012, the Company finalised the acquisition of Magma Metals Limited by way of an off market takeover bid. Magma's principal project, the Thunder Bay North PGM Project, is located in northwest Ontario, Canada. Since acquisition, the Company has commenced evaluation studies to re-optimise the mining method and mineral processing route contained in the previous 2011 Preliminary Economic Assessment (PEA). In 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 agreements to conduct overseas exploration and evaluation activities in Scandanavia.

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.

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

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

(b) Operating business segments

2016	Nickel $'000	Gold $'000	Platinum Group Metals $'000	Australian Exploration $'000	Overseas Exploration $'000	Total $'000
Sales to external customers	91,641	-	-	-	-	91,641
Other revenue	269	2	12	-	-	283
Total segment revenue	**91,910**	**2**	**12**	**-**	**-**	**91,924**
Total segment results	**(101,271)**	**(43,998)**	**(142)**	**(1,885)**	**280**	**(147,016)**
Total segment assets	**43,810**	**15,452**	**42,898**	**24,294**	**2**	**126,456**
Total segment liabilities	**27,342**	**9,638**	**83**	**(1)**	**(11)**	**37,051**
Impairment of assets (Note 10, 14, 16)	37,616	41,837	-	-	-	79,453
Depreciation and amortisation	50,399	-	-	-	-	50,399
Mark to market of derivatives	623	-	-	-	-	623
Exploration and evaluation written off	-	128	-	1,796	-	1,924
Interest expense	643	753	-	-	-	1,396
Interest income	(268)	(2)	(12)	-	-	(282)

2015	Nickel $'000	Gold $'000	Platinum Group Metals $'000	Australian Exploration $'000	Overseas Exploration $'000	Total $'000
Sales to external customers	197,897	-	-	-	-	197,897
Other revenue	1,310	2	1	-	-	1,313
Total segment revenue	**199,207**	**2**	**1**	**-**	**-**	**199,210**
Total segment results	**(26,268)**	**(3,387)**	**(494)**	**(634)**	**(743)**	**(31,526)**
Total segment assets	**186,635**	**75,186**	**42,706**	**26,587**	**17**	**331,131**
Total segment liabilities	**74,379**	**28,880**	**1,291**	**46**	**(10)**	**104,586**
(Reversal of)/ impairment of assets (Note 10,14,16)	(14,378)	2,515	-	-	-	(11,863)
Depreciation and amortisation	61,799	34	-	-	-	61,833
Mark to market of derivatives	1,739	-	-	-	-	1,739
Interest expense	977	-	-	-	-	977
Interest income	(1,276)	(2)	(1)	-	-	(1,279)

(c) Other segment information

(i) Segment revenue

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

	2016 $'000	2015 $'000
Total segment revenue	**91,924**	199,210
Unallocated revenue	**212**	459
Consolidated revenue (note 3)	**92,136**	199,669

The amount of its revenue from external customers in Australia is $86.799 million (2015: $77.452 million), and the total revenue from external customers in China is $4.842 million (2015: $120.445 million).

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

The Group has two major customers, one to which it delivers nickel concentrate and the other, nickel ore. The Group's most significant client accounts for $86.799 million (2015: $120.445 million) of external revenue. The next most significant client accounts for $4.842 million (2015: $77.452 million) of revenue.

(ii) Segment results

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

	2016	2015
	$'000	$'000
Segment results	**(147,016)**	(31,526)
Corporate charges	**(7,805)**	(9,148)
Income tax benefit	**10,462**	11,827
Loss for the year	**(144,359)**	(28,847)

(iii) Segment assets

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

	2016	2015
	$'000	$'000
Segment assets	**126,456**	331,131
Intersegment eliminations	**113**	(27,675)
Unallocated assets	**14,073**	25,709
Total assets as per the consolidated balance sheet	**140,642**	329,165

The total of non-current assets located in Australia is $103.955 million (2015: $205.040 million), and the total of these non-current assets located in Canada is $36.687 million (2015: $36.171 million). Non-current assets for this purpose consist of property, plant and equipment, exploration and evaluation, development and mine properties.

(iv) Segment liabilities

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

	2016	2015
	$'000	$'000
Segment liabilities	**37,051**	104,586
Intersegment eliminations	**117**	(16,689)
Unallocated liabilities	**1,318**	1,389
Total liabilities as per the consolidated balance sheet	**38,486**	89,286

3 Revenue

	2016 $'000	2015 $'000
Sales revenue		
Sale of goods	**91,641**	197,897
Other revenue		
Interest income	**495**	1,772
	92,136	199,669

4 Other income

	2016 $'000	2015 $'000
Gain on disposal of exploration and evaluation asset (Mt. Henry)	**651**	-
Net gain on sale of available-for-sale financial assets	**-**	209
Government grants	**-**	363
Gain on measurement of rehabilitation liability	**433**	-
Sundry income	**221**	39
	1,305	611

5 Expenses

	2016 $'000	2015 $'000
Loss before income tax includes the following specific expenses:		
Cost of sales of goods		
Cost of production	**97,933**	155,047
Royalties	**4,920**	11,948
Depreciation - property, plant and equipment	**13,255**	21,615
Amortisation - deferred development costs	**31,804**	33,798
Amortisation - mine properties	**5,340**	6,386
	153,252	228,794
Finance costs		
Interest and finance charges paid/payable	**169**	398
Unwinding of discount - rehabilitation	**1,236**	600
	1,405	998
Rental expense relating to operating leases		
Minimum lease payments	**1,517**	1,452
	1,517	1,452
Other		
Corporate and marketing costs	**7,726**	7,964
Net (gain)/loss on disposal of property, plant and equipment	**(1)**	32
Depreciation - property, plant and equipment not used in production	**317**	278
Depreciation - finance lease and hire purchase assets not used in production	**33**	47
Net foreign currency exchange gain	**(292)**	(635)
Net loss on sale of investment	**840**	-
	8,623	7,686

	2016 $'000	2015 $'000
Breakdown of employee benefits expenses		
Salaries and wages	**27,436**	42,232
Payroll tax	**2,128**	2,814
Superannuation	**2,696**	4,494
Redundancies	**10,814**	244
Others	**907**	6,069
Share based payments expense	**624**	689
	44,605	56,542

6 Income tax benefit

(a) Income tax benefit

	2016 $'000	2015 $'000
Adjustment of current tax for current year	**-**	491
Relating to origination and reversal of temporary differences in current year	**(46,409)**	(11,927)
Adjustments in relation to prior years	**57**	(391)
Deferred tax asset not recognised	**35,890**	-
	(10,462)	(11,827)

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

	2016 $'000	2015 $'000
Loss from continuing operations before income tax benefit	**(154,821)**	(40,674)
Tax benefit at the Australian tax rate of 30.0% (2015 - 30.0%)	**(46,446)**	(12,202)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment expense	**3**	4
Share based payments	**156**	207
Inherited deductions on consolidation	**-**	(84)
Capital gain	**-**	63
Deferred tax on investment not recognised	**-**	448
Rehab Provision - additional acquisition amount	**-**	(31)
Adjustments for current tax of prior years	**-**	491
Adjustments in relation to research and development	**57**	(391)
Tax (profit)/ losses relating to foreign subsidiary not booked	**39**	(331)
Other	**(161)**	(1)
Deferred tax asset not recognised	**35,890**	-
Income tax benefit	**(10,462)**	(11,827)

(c) Amounts recognised through other comprehensive income

	2016 $'000	2015 $'000
Relating to financial instruments	**-**	4
Relating to equity securities available for sale	**39**	99
Relating to asset revaluation reserve	**(918)**	-
	(879)	103

(d) Amounts recognised directly in equity

	2016 $'000	2015 $'000
Relating to capital raising	**(1)**	(1)

(e) Tax losses

	2016 $'000	2015 $'000
Unused tax losses for which no deferred tax asset has been recognised		
Capital losses	**1,789**	1,789
Income tax losses transferred to Panoramic Resources Limited from Magma Metals Limited on tax consolidation	**23,695**	23,695
Foreign tax losses	**877**	826
Income tax losses of Panoramic Resources Limited	**80,767**	-
Potential tax benefit @ 30%	**32,138**	7,893

7 Current assets - Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and in hand	**7,254**	25,421
Deposits at call	**12,183**	28,634
	19,437	54,055

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

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

	2016 $'000	2015 $'000
Cash at bank and in hand and deposits at call	**19,437**	54,055

(b) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 1.4% (2015: 1.5%).

(c) Deposits at call

Short term deposits are made of varying maturities not exceeding three months and earn interest at the respective short term deposit rates. If short term deposits have original maturity greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts. The weighted average interest rate achieved for the year was 2.6% (2015: 3.5%).

(d) Fair value

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

8 Current assets - Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	**-**	8,119
Other receivables	**797**	3,116
	797	11,235

(a) Trade receivables

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

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

The amount of derivative embedded within provisionally priced sales at 30 June 2016 was nil (2015: $2.744 million) and the amount of fair value changes recognised in the income statement during the year ended 30 June 2016 was $11.220 million (2015: $10.021 million)

All receivables are current and not past due.

(b) Other receivables

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

(c) Foreign currency exchange rate and interest rate risk

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

All trade receivables are non interest bearing in 2015 and 2016.

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

(d) Fair value and credit risk

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

Information on credit risk is provided in note 38.

9 Current assets - Inventories

	2016 $'000	2015 $'000
Spares for production		
- at cost	**-**	10,126
Nickel ore stocks on hand		
- at net realisable value	**-**	1,516
Concentrate stocks on hand		
- at net realiseable value	**8,480**	1,268
	8,480	12,910

10 Current assets - Asset classified as held for sale

Asset held for sale	**2016**	2015
	$ '000	$ '000
Opening balance	**18,000**	-
Transfer into held for sale category	**16,023**	18,000
Transfer out of held for sale category	**(16,023)**	-
Disposal	**(18,000)**	-
Closing balance	**-**	**18,000**

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(a) Gum Creek Gold Project

On 3 August 2015, the Company announced the decision by the directors to divest the Company's Gum Creek Gold Project. Accordingly, the project was classified as an asset held for sale under AASB 5.

In accordance with Australian Accounting Standards, immediately before the classification of Gum Creek Gold Project as assets held for sale, the carrying value of the Gum Creek 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 Gum Creek Gold Project to its fair value less cost to dispose.

On 30 May 2016, the Company announced that the directors were considering a partial divestment of the Gum Creek Gold Project by way of an initial public offering (IPO) on the Australian Securities Exchange (ASX). Therefore, at 30 June 2016, the Gum Creek Gold Project (which was previously classified as asset held for sale) has been re-classified into the respective asset category.

Prior to reclassification out of the held for sale category, the carrying value of the Gum Creek Gold Project was assessed to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and fair value. It was determined that the fair value of the project approximate its carrying value.

The fair value of the Gum Creek Gold Project at 30 June 2016 has been determined based on comparable market transactions. The fair value methodology adopted at 30 June 2016 is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

(b) Mt Henry Gold Project

On 14 May 2015, the Company announced the decision by the directors to divest 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 $18.650 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 30 June 2016. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

11 Current assets - Prepayments

	2016	2015
	$'000	$'000
Prepayments	**302**	1,187

12 Derivative financial instruments

	2016	2015
	$'000	$'000
Current assets		
Diesel Call Options	**-**	178
Total current derivative financial instrument assets	**-**	178

(a) Instruments used by the group

The Group used derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in commodity prices and foreign currency exchange rates in accordance with the Group financial risk management policies (refer to note 38).

The Group used a number of methodologies to determine the fair value of derivatives. These techniques included comparing contracted rates to market rates with the same length of maturity to determine the value of forward contracts and used 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 were determined by reference to published / observable prices.

(b) Risk exposures

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

(c) Offsetting of financial instruments

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

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

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

	2016	2015
	$'000	$'000
Listed securities		
Equity securities	**677**	858

	2016	2015
	$'000	$'000
At beginning of year	**858**	528
Additions	**18,650**	500
Disposal proceeds	**(17,811)**	(709)
Net loss on sale	**(840)**	209
Fair value gain/(loss) recognised in other comprehensive income	**(180)**	330
At end of year	**677**	858

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

14 Non-current assets - Property, plant and equipment

	2016 $'000	2015 $'000
Plant and equipment		
Deemed cost	**206,491**	204,629
Accumulated depreciation and impairment	**(197,236)**	(168,633)
	9,255	35,996
Leased plant & equipment		
Cost	**7,316**	8,626
Accumulated depreciation	**(7,193)**	(7,026)
	123	1,600
Construction in progress		
Cost	**123**	14,210
Accumulated impairment	**22**	-
	145	14,210
	9,523	51,806

	Plant and equipment $'000	Leased plant and equipment $'000	Construction in progress $'000	Total $'000
Year ended 30 June 2016				
Opening net book amount	35,996	1,600	14,210	51,806
Additions	78	-	4,645	4,723
Transfer (to) from other asset class	7,483	-	(7,777)	(294)
Disposals	(371)	-	-	(371)
Depreciation charge	(12,690)	(916)	-	(13,606)
Impairment loss	(21,211)	(561)	(10,933)	(32,705)
Foreign currency exchange adjustments	(30)	-	-	(30)
Closing net book amount	**9,255**	**123**	**145**	**9,523**
At 30 June 2016				
Deemed cost	206,491	7,316	123	213,930
Accumulated depreciation and impairment	(197,236)	(7,193)	22	(204,407)
Net book amount	**9,255**	**123**	**145**	**9,523**
Year ended 30 June 2015				
Opening net book amount	45,949	6,002	11,428	63,379
Additions	2,000	-	5,343	7,343
Transfer (to) from other asset class	5,050	(1,929)	(3,121)	-
Disposals	(32)	-	(9)	(41)
Write off to profit and loss	(154)	-	-	(154)
Depreciation charge	(19,468)	(2,473)	-	(21,941)
Impairment reversal	2,673	-	569	3,242
Foreign currency exchange adjustments	(22)	-	-	(22)
Closing net book amount	**35,996**	**1,600**	**14,210**	**51,806**
At 30 June 2015				
Deemed cost	204,629	8,626	14,210	227,465
Accumulated depreciation and impairment	(168,633)	(7,026)	-	(175,659)
Net book amount	**35,996**	**1,600**	**14,210**	**51,806**

(a) Impairment of assets

Nickel Division

The weakening of commodity prices during the first half 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. A further review was undertaken at 30 June 2016. In each review, 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 $42.290 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, $37.616 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. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

Gum Creek Gold Project

On 3 August 2015, the Company announced the decision by the directors to divest the Company's Gum Creek Gold Project. Accordingly, the project was classified as an asset held for sale under AASB 5.

In accordance with Australian Accounting Standards, immediately before the classification of Gum Creek Gold Project as assets held for sale, the carrying value of the Gum Creek 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 Gum Creek Gold Project to its fair value less cost to dispose.

On 30 May 2016, the Company announced that the directors were considering a partial divestment of the Gum Creek Gold Project by way of an inital public offering (IPO) on the Australian Securities Exchange (ASX). Therefore, at 30 June 2016, the Gum Creek Gold Project (which was previously classified as asset held for sale) has been re-classified into the respective asset category. Prior to reclassification out of the held for sale category, the carrying value of the Gum Creek Gold Project was assessed to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and fair value. It was determined that the fair value of the project approximate its carrying value. The fair value of the Gum Creek Gold Project at 30 June 2016 has been determined based on comparable market transactions. The fair value methodology adopted at 30 June 2016 is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

As at 30 June 2016, a total Group impairment loss of $32.705 million was recognised to decrease the carrying amount of plant and equipment to their recoverable amount. This has been recognised in the income statement.

(b) Non-current assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The carrying amounts of assets pledged as security for current and non-current borrowings are $1.885 million (2015: $1.600 million).

15 Non-current assets - Deferred tax assets

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**24,230**	16,561
Employee benefits	**1,506**	2,765
Provisions	**9,459**	9,395
Trading stock	**492**	492
Sundry temporary differences	**501**	-
Research and development tax offset	**4,091**	4,091
Business related costs	**213**	431
Deferred tax asset not recognised	**(35,890)**	-
	4,602	33,735
Set-off of deferred tax liabilities pursuant to set-off provisions (note 22)	**(4,602)**	(33,735)
Net deferred tax assets	**-**	-
Movements:		
Opening balance	**33,735**	28,212
Charged/credited:		
- to profit or loss	**(29,133)**	5,523
	4,602	33,735

16 Non-current assets - Exploration and evaluation, development and mine properties

	2016 $'000	2015 $'000
Mine development expenditure		
Deemed cost	**350,509**	353,720
Accumulated amortisation and impairment	**(332,490)**	(300,156)
	18,019	53,564
Exploration and evaluation		
Deemed cost	**117,282**	113,794
Accumulated impairment	**(37,081)**	-
	80,201	113,794
Mine (mineral) properties		
Deemed cost	**89,703**	95,415
Accumulated amortisation and impairment	**(88,300)**	(83,873)
	1,403	11,542
	99,623	178,900

	Mine Development Expenditure $'000	Exploration and Evaluation $'000	Mine (Mineral) Properties $'000	Total $'000
Year ended 30 June 2016				
Opening net book amount	53,564	113,794	11,542	178,900
Expenditure incurred	5,801	5,638	-	11,439
Transfer to /(from) other asset class	-	294	-	294
Amortisation charge	(31,806)	-	(5,338)	(37,144)
Impairment	(9,540)	(37,081)	(4,801)	(51,422)
Exchange differences	-	(520)	-	(520)
Written off to profit and loss	-	(1,924)	-	(1,924)
Closing net book amount	**18,019**	**80,201**	**1,403**	**99,623**
At 30 June 2016				
Deemed cost	350,509	117,282	89,703	557,494
Accumulated amortisation and impairment	(332,490)	(37,081)	(88,300)	(457,871)
Net book amount	**18,019**	**80,201**	**1,403**	**99,623**
Year ended 30 June 2015				
Opening net book amount	57,820	122,736	12,431	192,987
Expenditure incurred	19,887	15,587	-	35,474
Reclass to assets held for sale	-	(18,000)	-	(18,000)
Transfer to /(from) other asset class	4,014	(4,014)	-	-
Amortisation charge	(33,800)	-	(6,384)	(40,184)
Impairment	5,643	(2,515)	5,495	8,623
Closing net book amount	**53,564**	**113,794**	**11,542**	**178,900**
At 30 June 2015				
Deemed cost	353,720	113,794	95,415	562,929
Accumulated amortisation and impairment	(300,156)	-	(83,873)	(384,029)
Net book amount	**53,564**	**113,794**	**11,542**	**178,900**

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

(a) Impairment of assets

Nickel Division

The weakening of commodity prices during the first half 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. A further review was undertaken at 30 June 2016. In each review, 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 $42.290 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, $37.616 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.

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On 30 May 2016, the Company announced that the directors were considering a partial divestment of the Gum Creek Gold Project by way of an initial public offering (IPO) on the Australian Securities Exchange (ASX). Therefore, at 30 June 2016, the Gum Creek Gold Project (which was previously classified as asset held for sale) has been re-classified into the respective asset category. Prior to reclassification out of the held for sale category, the carrying value of the Gum Creek Gold Project was assessed to ensure that it was being carried at the lower of its carrying value (adjusted for depreciation and amortisation) and fair value. It was determined that the fair value of the project approximate its carrying value. The fair value of the Gum Creek Gold Project at 30 June 2016 has been determined based on comparable market transactions. The fair value methodology adopted at 30 June 2016 is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates are made in relation to the underlying resources/reserves and the valuation multiple. Any change in these estimates could impact the FVLCD of the underlying CGU.

Mt Henry Gold Project
On 14 May 2015, the Company announced the decision by the directors to divest 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 30 June 2016.

As at 30 June 2016, a total Group impairment loss of $51.422 million was recognised to decrease the carrying amount of exploration and evaluation properties, mine development and mine properties to their recoverable amount. Of this amount, $46.748 million has been recognised in the income statement and $4.674 million has been recognised in the mineral properties revaluation reserve.

17 Non-current assets - Other non-current assets

	2016	2015
	$'000	$'000
Others	**1,803**	36
	1,803	36

At 30 June 2016, $1.803 million is cash backed against the drawn amount on the Company's performance bond facility.

At 30 June 2015, cash backed bonds of $0.036 million was placed with a financial institution in respect to Copernicus Nickel Mines' miscellaneous mining licenses.

18 Current liabilities - Trade and other payables

	2016	2015
	$'000	$'000
Trade payables	**2,243**	18,877
Accrued expenses	**2,092**	14,080
Amounts owing on estimated final customer invoices	**303**	2,672
	4,638	35,629

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

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

19 Current liabilities - Borrowings

	2016 $'000	2015 $'000
Secured		
Lease liabilities (note 29)	**728**	2,063
Other loans	**-**	792
Total secured current borrowings	**728**	2,855

(a) Risk exposures

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

(b) Fair value disclosures

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

(c) Security and fair value disclosures

Details of the Group's security relating to non-current borrowings are set out in note 21.

20 Current liabilities - Provisions

	2016 $'000	2015 $'000
Employee benefits - long service leave	**957**	3,170
Employee benefits - annual leave	**1,285**	5,268
	2,242	8,438

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

21 Non-current liabilities - Borrowings

	2016 $'000	2015 $'000
Secured		
Lease liabilities (note 29)	**876**	68

(a) Assets pledged as security

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

The carrying amounts of assets pledged as security for current and non-current borrowings are $1.885 million (2015: $1.600 million).

(b) Other loans

Finance lease liabilities
Finance lease liabilities have an average term of 3 years (2015: 4 years). The average interest rate implicit in the hire purchase liability is 4.59% (2015: 7.23%). Secured finance lease liabilities are secured by a charge over the asset.

Financing facilities available
At reporting date, there is a performance bond facility available. The performance bond facility is $2.0 million (2015: $2.0 million) with a drawdown amount at reporting date of $1.8 million (2015: $1.8 million) and $0.2 million (2015: $0.2 million) available to be used. The $1.8 million drawn amount is cash-backed with a financial institution (note 17).

(c) Interest rate risk exposures

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

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2016		Fixed interest rate					
	Floating interest rate $'000	**1 year or less $'000**	**Over 1 to 2 years $'000**	**Over 2 to 3 years $'000**	**Over 3 to 4 years $'000**	**Non interest bearing $'000**	**Total $'000**
Trade and other payables (note 18)	-	-	-	-	-	4,639	4,639
Lease liabilities (notes 19 and 21)	-	728	803	73	-	-	1,604
	-	**728**	**803**	**73**	**-**	**4,639**	**6,243**
Weighted average interest rate	-	4.59%	4.60%	4.60%	-	N/A	

2015		Fixed interest rate					
	Floating interest rate $'000	**1 year or less $'000**	**Over 1 to 2 years $'000**	**Over 2 to 3 years $'000**	**Over 3 to 4 years $'000**	**Non interest bearing $'000**	**Total $'000**
Trade and other payables (note 18)	-	-	-	-	-	35,628	35,628
Lease liabilities (notes 19 and 21)	-	1,885	68	-	-	178	2,131
Other loans	-	792	-	-	-	-	792
	-	**2,677**	**68**	**-**	**-**	**35,806**	**38,551**
Weighted average interest rate	-	5.53%	-	-	-	N/A	

(d) Fair value

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

	2016		2015	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet (i)				
Non-traded financial liabilities				
Lease liabilities	**1,604**	**1,604**	2,131	2,131
	1,604	**1,604**	2,131	2,131

(i) On-balance sheet

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

22 Non-current liabilities - Deferred tax liabilities

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Financial instruments at fair value	**1,078**	1,078
Inventories	**2,490**	3,530
Borrowing costs capitalised	**3**	3
Accrued income	**2**	180
Exploration and evaluation, development expenditure and mine properties	**747**	39,965
QP adjustment	**120**	120
Foreign exchange	**162**	200
	4,602	45,076
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	**(4,602)**	(33,735)
Net deferred tax liabilities	**-**	11,341
Movements:		
Opening balance	**45,076**	48,314
Charged/credited:		
- profit or loss	**(39,595)**	(3,340)
- directly to statement of comprehensive income	**(879)**	102
	4,602	45,076

23 Non-current liabilities - Provisions

	2016 $'000	2015 $'000
Employee benefits - long service leave	**119**	771
Rehabilitation	**29,883**	30,184
	30,002	30,955

A provision for rehabilitation is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the rehabilitation are based on the anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislations in relation to rehabilitation of such mines in the future. Refer to note1(e)(v) for inputs used in determining the provision for rehabilitation.

(a) Movements in provisions

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

2016	**Rehabilitation $'000**
Carrying amount at start of year	30,184
- unwinding of discount	1,236
Additional provision charged to plant and equipment	(1,537)
Carrying amount at end of year	**29,883**

2015	**Rehabilitation $'000**
Carrying amount at start of year	29,584
- unwinding of discount	600
Carrying amount at end of year	**30,184**

24 Contributed equity

(a) Share capital

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares				
Ordinary shares - fully paid	**428,567,271**	321,424,015	**169,044**	158,941

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue / Redemption 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	Balance	321,424,015		158,941
1 July 2015	Opening balance	321,424,015		158,941
3 May 2016	Share Issue	107,143,256	$0.10	10,714
	Transaction costs, net of tax	-		(611)
30 June 2016	Balance	428,567,271		169,044

(c) Ordinary shares

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

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

(d) Capital management

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

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

Management monitor capital through the gearing ratio (total borrowings / contributed equity). The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2016 was 0.95% (2015: 1.84%).

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2015: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. (Refer to note 38 Financial risk management)

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

Management consider that the total equity of the Group (contributed equity, reserves and retained earnings) plus borrowings (current and non-current) is what it manages as capital. At 30 June 2016 this was $103,760,000 (2015: $242,802,000).

25 Reserves

(a) Reserves

	2016 $'000	2015 $'000
Mineral properties revaluation reserve	**19,845**	23,117
Available-for-sale financial assets	**324**	414
Share-based payments	**21,083**	20,459
Foreign currency translation	**1,085**	1,574
	42,337	45,564

	2016 $'000	2015 $'000
Movements:		
Mineral properties revaluation reserve		
Opening balance	**23,117**	23,117
Impairment	**(4,190)**	-
Deferred tax	**918**	-
Balance 30 June	**19,845**	23,117
Available-for-sale financial assets		
Opening balance	**414**	183
Revaluation - gross	**(129)**	329
Deferred tax	**39**	(98)
Balance 30 June	**324**	414
Cash flow hedge reserve		
Opening balance	**-**	(10)
Reclassification to profit or loss, net of tax	**-**	10
Balance 30 June	**-**	-
Share-based payments		
Opening balance	**20,459**	19,770
Employee share plan expense - charged to the consolidated entity	**624**	689
Balance 30 June	**21,083**	20,459
Foreign currency translation		
Opening balance	**1,574**	(94)
Currency translation differences arising during the year	**(489)**	1,668
Balance 30 June	**1,085**	1,574

(b) Nature and purpose of reserves

(i) Asset revaluation reserve

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

(ii) Share-based payments reserve

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

(iii) Available-for-sale investments revaluation reserve

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

(iv) Foreign currency translation

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

26 Dividends

(a) Ordinary shares

	2016 $'000	2015 $'000
No final dividend was paid 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%.	**-**	6,445
No interim dividend was paid for the half year ended 31 December 2015. Interim dividend for the half year ended 31 December 2014 of 1 cent per fully paid ordinary share paid on 2 April 2015, fully franked based on tax paid @ 30%.	**-**	3,213
Total dividends provided for or paid	**-**	9,658

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

No dividend has been declared since the end of the reporting period.

(c) Franking credits

	Consolidated entity	
	2016 $'000	2015 $'000
Franking credits available for subsequent reporting periods	**10,503**	11,116

The tax rate at which paid dividends have been franked is 30% (2015: 30%).

27 Remuneration of auditors

	2016 $	2015 $
Amounts received or due and receivable by Ernst & Young for:		
Audit and review of financial statements	**155,000**	198,095
Other services in relation to the Company and other entities of the consolidated entity		
Tax compliance and other services	**103,750**	221,890
	258,750	419,985

28 Guarantees and contingencies

(a) Guarantees

At 30 June 2016, the Company had bank guarantees with a financial institution with a face value of $0.709 million (2015: $0.709 million) in respect to the leasing of the office space in the Perth CBD.

Controlled entities

Under the terms of Deeds of Cross Guarantee with several finance institutions, the Company has agreed to become a covenantor with Savannah Nickel Mines Pty, Cherish Metals Pty Ltd and Donegal Resource Pty Ltd in regards to indebtedness and liabilities resulting from the lease and hire purchase of mobile equipment and mine buildings. As at reporting date, the Closed Group has lease liabilities amounting to $1.604 million (2015: $2.131 million).

The Company has guaranteed the bank facilities of controlled entities.

(b) Contingent assets

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

(c) 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.

29 Commitments

(a) Capital commitments

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

	2016 $'000	2015 $'000
Property, plant and equipment		
Not later than one year - acquisition of new plant and equipment	**-**	2,469
	-	2,469
Mineral tenements expenditure commitments		
Not later than one year	**4,078**	4,049
Later than one year but not later than five years	**13,563**	14,165
Later than five years	**35,311**	38,640
	52,952	56,854

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(b) Lease commitments: group as lessee

(i) Finance leases

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

	2016 $'000	2015 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**825**	2,039
Later than one year but not later than five years	**859**	178
	1,684	**2,217**
Less future finance lease charges	**(80)**	(86)
Present value of minimum lease payments	**1,604**	2,131
Representing lease liabilities:		
Current (note 19)	**728**	2,063
Non-current (note 21)	**876**	68
	1,604	2,131

(c) Operating lease commitments as lessee

(i) Corporate office

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

Future minimum rentals payable under the non-cancellable operating leases at 30 June 2016 are as follows:

	2016 $'000	2015 $'000
Within one year	**1,628**	1,500
Later than one year and not later than five years	**2,869**	3,607
	4,497	5,107

(ii) Drill rig

The Group has a drill rig on hire under a non-cancellable lease expiring on 13 December 2016.

Future minimum rentals payable under the non-cancellable operating leases at 30 June 2016 are as follows:

	2016 $'000	2015 $'000
Within one year	**330**	-

(d) Operating lease commitments as lessor

(i) Corporate office

The Group sub-leases its excess corporate office space to third parties under non-cancellable operating leases expiring within two to five years.
Future minimum rentals receivable under the non-cancellable operating leases at 30 June 2016 are as follows:

	2016 $'000	2015 $'000
Commitments for minimum lease receipts in relation to non-cancellable operating leases are as follows:		
Within one year	**330**	-

(e) Remuneration commitments

	2016 $'000	2015 $'000
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**824**	1,233

Notes to the consolidated financial statements

30 Subsidiaries and transactions with non-controlling interests

(a) Significant investments in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding 2016 %	2015 %
Cherish Metals Pty Ltd *	Australia	Ordinary	**100**	100
Pindan Exploration Company Pty Ltd	Australia	Ordinary	**100**	100
SMY Copernicus Pty Ltd**	Australia	Ordinary	**100**	100
Copernicus Nickel Mine Pty Ltd	Australia	Ordinary	**100**	100
Donegal Resources Pty Ltd	Australia	Ordinary	**100**	100
Donegal Lanfranchi Pty Ltd	Australia	Ordinary	**100**	100
Lanfranchi Nickel Mine Pty Ltd	Australia	Ordinary	**100**	100
Panoramic Gold Pty Ltd	Australia	Ordinary	**100**	100
Pindan (USA) Inc.	USA	Ordinary	**100**	100
Pindan (Finland) Exploration Ltd	Finland	Ordinary	**100**	100
Panoramic Copper Pty Ltd	Australia	Ordinary	**100**	100
Panton Sill Pty Ltd (formerly Panoramic Precious Metals Pty Ltd)	Australia	Ordinary	**100**	100
Mt Henry Gold Pty Ltd	Australia	Ordinary	**100**	100
Mt Henry Mines Pty Ltd	Australia	Ordinary	**100**	100
Magma Metals Pty Limited	Australia	Ordinary	**100**	100
Greenstone Metals Ltd	Australia	Ordinary	**100**	100
Panoramic PGM's (Canada) Ltd (formerly Magma Metals (Canada) Ltd)	Canada	Ordinary	**100**	100
Panoramic Nickel Pty Ltd	Australia	Ordinary	**100**	100
Panoramic PGMs Pty Ltd	Australia	Ordinary	**100**	100

* Cherish Metals Pty Ltd is the holder of 100 shares (of 100 shares) in Lanfranchi Nickel Mines Pty Ltd (LNM) at a cost of $0.10 per share. LNM is incorporated in Australia and acts as the Operator of the Lanfranchi Nickel Project (formerly known as the Lanfranchi Joint Venture). For further information refer to note 31.

** SMY Copernicus Pty Ltd is the holder of 10 shares in Copernicus Nickel Mines Pty Ltd (CNM) at a cost of $0.10 per share. CNM is incorporated in Australia.

Refer to note 31 for details on deed of cross guarantee signed between certain subsidiaries and Panoramic Resources Limited.

31 Deed of cross guarantee

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

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

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

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

Set out below is a consolidated income statement and a summary of movements in consolidated retained earnings for the year ended 30 June 2016 of the closed group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

	2016 $'000	2015 $'000
Consolidated income statement		
Loss before income tax	**(111,480)**	(45,095)
Income tax (expense) / benefit	**(8,657)**	13,878
Loss for the year	**(120,137)**	(31,217)

	2016 $'000	2015 $'000
Retained earnings at the beginning of the financial year	**66,140**	107,015
Loss for the year	**(120,137)**	(31,217)
Dividends provided for or paid	**-**	(9,658)
(Accumulated losses) / retained earnings at the end of the financial year	**(53,997)**	66,140

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(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2016 of the closed group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

	2016 $'000	2015 $'000
Current assets		
Cash and cash equivalents	**19,356**	53,787
Trade and other receivables	**800**	12,325
Inventories	**8,480**	12,887
Derivatives	**178**	178
Total current assets	**28,814**	79,177
Non-current assets		
Receivables	**68,034**	95,006
Available-for-sale investments	**627**	831
Property, plant and equipment	**8,236**	44,851
Deferred exploration and evaluation expenditure	**24,245**	24,734
Development properties	**18,389**	44,405
Deferred tax asset	**-**	12,361
Other non-current asset	**1,803**	-
Total non-current assets	**121,334**	222,188
Total assets	**150,148**	301,365
Current liabilities		
Trade and other payables	**4,309**	35,364
Interest-bearing loans and borrowings	**728**	2,855
Derivatives	**178**	-
Provisions	**2,143**	8,337
Total current liabilities	**7,358**	46,556
Non-current liabilities		
Interest-bearing loans and borrowings	**876**	68
Provisions	**20,423**	20,463
Total non-current liabilities	**21,299**	20,531
Total liabilities	**28,657**	67,087
Net assets	**121,491**	234,278
Equity		
Contributed equity	**134,257**	124,154
Reserves	**41,231**	43,984
Retained earnings	**(53,997)**	66,140
Total equity	**121,491**	234,278

32 Events occurring after the reporting period

Savannah North Resource Upgrade

On 24 August 2016, the Company announced a material upgrade in the Savannah North Resource to 10.27 million tonnes at a nickel grade of 1.70% for 175,100 tonnes of contained nickel.

In the interval between the end of the financial year and the date of this report, apart from the matter mentioned above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

33 Reconciliation of loss for the year to net cash inflow (outflow) from operating activities

	2016 $'000	2015 $'000
Loss for the year	**(144,359)**	(28,847)
Depreciation and amortisation of property, plant and equipment	**13,606**	21,941
Amortisation of development costs	**31,806**	33,800
Amortisation of mine properties	**5,338**	6,384
Impairment of assets	**79,453**	(11,864)
Net gain on sale on investment	**840**	(209)
Net gain on sale of non-current assets	**(651)**	32
Share based payments	**624**	689
Interest income	**(500)**	(1,772)
Exploration and evaluation written off	**1,924**	-
Gain on remeasurement of liability	**(433)**	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors and others	**10,764**	21,434
Decrease in prepayments	**885**	1,741
Increase in trade creditors	**(35,267)**	6,651
Decrease/(increase) in inventories	**4,413**	4,298
(Increase) decrease in other assets	**36**	-
(Increase)/decrease in derivative financial instruments	**178**	34
Increase in provisions	**(1,629)**	1,026
Decrease in deferred tax assets	**1,493**	(102)
(Decrease) in deferred tax liabilities	**(11,343)**	(8,754)
Net cash (outflow) / inflow from operating activities	**(42,822)**	46,482

34 Non-cash investing and financing activities

	2016 $'000	2015 $'000
Acquisition of plant and equipment by means of finance leases	**2,317**	-

35 Loss per share

(a) Basic loss per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(42.7)	(9.0)
Total basic loss per share attributable to the ordinary equity holders of the Company	**(42.7)**	(9.0)

(b) Diluted loss per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(42.7)	(9.0)
Total diluted loss per share attributable to the ordinary equity holders of the Company	**(42.7)**	(9.0)

(c) Reconciliation of loss used in calculating loss per share

	2016 $'000	2015 $'000
Basic loss per share		
Loss from continuing operations	(144,359)	(28,847)
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share	**(144,359)**	(28,847)
Diluted loss per share		
Loss from continuing operations	(144,359)	(28,847)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	**(144,359)**	(28,847)

(d) Weighted average number of shares used as denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	338,449,518	321,882,993

Performance rights on issue are not considered in the calculation of diluted loss per share as they are considered to be contingently issuable.

36 Share-based payments

(a) Performance Shares

Employee Share Plan (ESP)

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.

For FY2016, a total of 4,624,513 performance rights were calculated to be granted to executives and senior employees. To determine the number of FY2016 performance grants at 27 November 2015, a weighted average FV of $0.2080 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 FY2016 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 27 November 2015:

Grant date	Vesting date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number	Number
Consolidated 2016									
27/11/15	30/06/18	01/07/18	-	4,624,513	-	-	(156,617)	4,467,896	-
12/09/14	30/06/17	01/07/17	2,402,176	-	-	-	(624,805)	1,777,371	-
01/07/14	30/06/17	01/07/17	904,601	-	-	-	-	904,601	-
Total			**3,306,777**	**4,624,513**	**-**	**-**	**(781,422)**	**7,149,868**	**-**
Weighted average exercise price			$-	$-	$-	$-	$-	$-	$-

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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:

Grant date	Vesting date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number	Number
Consolidated 2015									
12/09/14	30/06/17	01/07/17	-	2,402,176	-	-	-	2,402,176	-
01/07/14	30/06/17	01/07/17	-	904,601	-	-	-	904,601	-
Total			**-**	**3,306,777**	**-**	**-**	**-**	**3,306,777**	**-**
Weighted average exercise price			$-	$-	$-	$-	$-	$-	$-

The weighted average remaining contractual life of performance shares outstanding at the end of the period was 1.63 years (2015: 2 years).

Fair value of Performance Shares

The fair value of each performance share was estimated on the grant date utilising the assumptions underlying the Black Scholes methodology to produce a Monte Carlo simulation model which allowed for the incorporation of the Total Shareholder Return (TSR) hurdles that was to be met before the Share Based Payment vest in the holder.

	FY2016 Performance Grants	**FY2015 Performance Grants**	**FY2015 Performance Grants**
Shares issued under the plan	4,624,513	2,402,176	904,601
Grant date	27/11/2015	12/09/2014	01/07/2014
Vesting date	30/06/2018	30/06/2017	30/06/2017
Share price at grant date	$0.275	$0.83	$0.83
Risk free rate	2.11%	2.83%	2.71%
Dividend yield	2% pa in year 1 and 4% pa thereafter	2% pa in year 1 and 4% pa thereafter	2% pa in year 1 and 4% pa thereafter
Volatility	75%	71%	71%
Fair value - TRS	$0.191	$0.56	$0.63
Fair value - Reserve/Resource Growth	$0.259	$0.76	$0.79

(b) Expenses arising from share-based payment transactions

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

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The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the number of options that, in opinion of the directors of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

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

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

(i) Performance shares under employee share plan amount to $0.624 million (2015: $0.689 million).

37 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2016 $'000	2015 $'000
Balance sheet		
Current assets	**13,008**	6,545
Non-current assets	**11,098**	97,660
Total assets	**24,106**	104,205
Current liabilities	**1,257**	1,335
Non-current liabilities	**65**	55
Total liabilities	**1,322**	1,390
Shareholders' equity		
Contributed equity	**171,174**	161,071
Reserves	**21,386**	20,867
Retained earnings	**(169,776)**	(79,123)
Capital and reserves attributable to owners of Panoramic Resources Limited	**22,784**	102,815
Loss for the year	**90,653**	(3,389)
Total comprehensive income	**90,653**	(3,389)

(b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:
(i) leases of subsidiaries amounting to $1.604 million (2015: $2.131 million);
(ii) the bank facilities of a subsidiary amounting to $0.250 million (2015: $0.250 million); and
(iii) a rehabilitation bank guarantee of a subsidiary amounting to $2 million (2015: $2 million).

No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees, as the fair value of the guarantees is immaterial.There are cross guarantees given by Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd as described in note 31. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent entity or the Group in relation to the cross guarantees.

(c) Contingent liabilities of the parent entity

The parent entity and Group had contingent liabilities at 30 June 2016 in respect of a bank guarantee put in place with a financial institution with a face value of $0.709 million (2015: $0.709 million) in respect to the leasing of the office space in Perth CBD.

38 Financial risk management

The Group's principal financial instruments comprise receivables, payables, finance leases, hire purchase contracts, cash and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

To manage exposure to commodity prices and exchange rates the Group uses derivative instruments, principally forward sales contracts and put and call options. The purpose is to manage the commodity price and currency rate risks arising from the Group's operations. These derivatives provide economic hedges and qualify for hedge accounting and are based on limits set by the Board. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rate and foreign currency exchange risk and assessments of market forecasts for commodity prices and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for the identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for hedging cover of commodity prices, foreign currency and interest rate risk, credit allowances and future cash flow forecast projections.

(a) Foreign currency exchange rate risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases in a currency other than the entity's functional currency. Approximately 100% of the Group's sales are denominated in United States Dollars, whilst most of the costs are denominated in Australian Dollars. The Group's functional currency is Australian Dollars.

The Group's profit and loss and balance sheet can be affected significantly by movements in the USD/AUD exchange rate. The Group seeks to mitigate the effect of its net foreign currency exposure by using derivative instruments, principally forward foreign currency exchange rate contracts and put and call options.

It is the Group's policy to enter into derivative instruments to hedge foreign currency exposure once the likelihood of such exposure is highly probable and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness. The Group will follow its current policy of matching and hedging up to 80% of sales revenues in USD.

Information about the Group's foreign currency exchange rate contracts is provided in note 12.

As 30 June 2016, the Group had the following exposure to USD foreign currency that is not designated in cashflow hedges.

	2016 $'000	2015 $'000
Cash at bank	**591**	20,150
Trade receivables	**-**	8,442
Trade payables	**(302)**	(2,674)
Net exposure	**289**	25,918

Sensitivity

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The +/- 5% (2015: +/- 10%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar, for the preceding 5 years and management's expectation of future movements.

At 30 June 2016, had the US dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	**Impact on post-tax profit**		**Impact on other equity**	
	2016	2015	**2016**	2015
	'000	'000	**'000**	'000
AUD to USD +5% (2015: +10%)	**15**	1,253	**-**	-
AUD to USD -5% (2015: -10%)	**(14)**	(1,025)	**-**	-

Management believes the balance sheet date risk exposures are representative of the risk inherent in the financial instruments.

(b) Interest rate risk

The Group has put in place a Cash Management Policy to ensure that up to 180 days (2015: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investments. The Group policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non-scheduled debt repayments when excess cash is available.

	2016		2015	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash at bank and in hand	**2.6%**	**7,254**	1.9%	25,421

The following sensitivity is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity used is +/- 25 basis points (2015: +/- 75) which is based on reasonably, possible changes, over a financial year, using the observed range of actual historical Australian short term deposit rate movements over the last 3 years and management's expectation of future movements.

Sensitivity

		Interest rate risk			
		-0.25%		+0.25%	
At 30 June 2016	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	**7,254**	**(4)**	**-**	**4**	**-**
Total increase/ (decrease)		**(4)**	**-**	**4**	**-**

		Interest rate risk			
		-0.75%		+0.75%	
At 30 June 2015	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	25,421	(6)	-	6	-
Total increase/ (decrease)		(6)	-	6	-

(c) Fair value measurements

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

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
(c) valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At 30 June 2016 the Group does not have any level 3 instruments.

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities at 30 June 2016 and 30 June 2015:

At 30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity securities	**677**	**-**	**-**	**677**
Total assets	**677**	**-**	**-**	**677**
Liabilities				
Financial liabilities for which fair values are disclosed:				
- Lease liabilities	**-**	**1,604**	**-**	**1,604**
Total liabilities	**-**	**1,604**	**-**	**1,604**

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
Equity securities	858	-	-	858
- Receivables	-	8,119	-	8,119
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.

The fair value of finance lease is estimated by discounting future cashflows using rates currently available to debt on similar terms, credit risk and remaining maturities.

(d) Commodity Price Risk

The Group's exposure to nickel prices is very high as approximately 80-85% of total revenue comes from sale of nickel. Nickel is sold on the basis of nickel prices quoted on the London Metal Exchange (LME).

The Group's profit and loss account and balance sheet can be affected significantly by movements in nickel prices on the LME. The Group seeks to mitigate the effect of its nickel prices exposure by using derivative instruments, principally forward sales contracts and put and call options. The limits of hedging are set by the Board.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk.

In 2016, the Group has no financial assets and financial liabilities that have exposure to commodity risk.

In 2015, the +/- 30% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceeding 5 year period and management's expectation of future movements.

At 30 June 2015		Commodity price risk			
		-30%		+30%	
	Gross exposure $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Accounts receivable	8,442	(4,151)	-	4,151	-
Total increase/ (decrease)		(4,151)	-	4,151	-

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of these assets as indicated in the balance sheet.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in relation to net settled derivatives is the total mark to market gain, should counterparts not honour their obligations. In case of gross-settled derivatives, the maximum exposure is the notional value. Gross-settled derivatives are held with financial institutions with sound credit rating.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

The Group has a concentration of credit risk in that it depends on two major customers for a significant volume of revenue.

Under the Group's risk management framework, each customer is analysed individually for creditworthiness on an ongoing basis in order to minimise the risk of default. The Group believes that both its customers are of sound creditworthiness as evidenced by the compliance with the off-take agreement's payment terms over the life of each project.

(f) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. The fair value of these investments are based on quoted market prices.

The Group holds investments of shares in several listed entities who are joint venture partners or potential joint venture partners. The Board has not reacted to short-term price fluctuations as it has a medium to long term view on these investments. These investments represent less than 1% (2015: 1%) of total assets and have yet to generate any revenue.

The following sensitivity is based on the equity price risk exposures in existence at the balance sheet date. The sensitivity used is +/- 30% which is based on reasonably, possible changes, over a financial year, based on the share price fluctuations of the last 12 months and management's expectation of future movements.

Sensitivity

	Impact on post-tax profit		Impact on equity	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Available-for-sale financial investment +30% (2015: +30%)	**-**	-	**139**	180
Available-for-sale financial investment -30% (2015: -30%)	**-**	-	**(139)**	(180)

(g) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding when necessary and the ability to close-out market positions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans (when required), finance leases and committed available credit lines.

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2015: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. This policy is reviewed and approved by the Board on an annual basis. When bank loans are used the Group's policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non scheduled debt repayments when excess cash is available.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 1 year**	**Between 1 and 5 years**	**Total contrac-tual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2016	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives				
Trade payables	**4,638**	**-**	**4,638**	**4,638**
Finance lease liabilities	**825**	**859**	**1,684**	**1,604**
Total non-derivatives	**5,463**	**859**	**6,322**	**6,242**

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 5 years	Total contrac-tual cash flows	Carrying amount (assets)/ liabilities
At 30 June 2015	$'000	$'000	$'000	$'000
Non-derivatives				
Trade payables	35,628	-	35,628	35,628
Borrowings	806	-	806	792
Finance lease liabilities	2,039	178	2,217	2,131
Total non-derivatives	38,473	178	38,651	38,551
Derivatives				
Commodity put options - outflow	-	-	-	178

Appendix A

New accounting standards and interpretations

(i) Changes in accounting policies and disclosures

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

The Company has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2015:

• 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 of 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.

• AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of AASB 2015-3 had no effect on the financial position or performance of the Group.

• AASB 2015-4 Amendments to Australian Accounting Standards - Financial Reporting Requirements for Australian Groups with a Foreign Parent

The amendment aligns the relief available in AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures in respect of the financial reporting requirements for Australian groups with a foreign parent.

The adoption of AASB 2015-4 had no effect on the financial position or performance of the Group.

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

• AASB 9 Financial Instruments, effective 1 July 2018

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

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

Classification and measurement
AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

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

Financial liabilities
Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:
- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

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

Hedge accounting
Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.
Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 - Part E.
AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.
AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

• AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11], effective 1 July 2016

AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:
(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.
This Standard also makes an editorial correction to AASB 11

• AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138), effective 1 July 2016

AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

• AASB 15 Revenue from Contracts with Customers, effective 1 July 2018
AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue-Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.
AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

AASB 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.

• AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements, effective 1 July 2016

AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.

AASB 2014-9 also makes editorial corrections to AASB 127.

AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.

• AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective 1 July 2018

AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

(a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)
(b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
AASB 2014-10 also makes an editorial correction to AASB 10.

AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.

Notes to the consolidated financial statements

30 June 2016

• AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle, effective 1 July 2016

The subjects of the principal amendments to the Standards are set out below:

AASB 5 Non-current Assets Held for Sale and Discontinued Operations:

- Changes in methods of disposal - where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27-29 to account for this change.

AASB 7 Financial Instruments: Disclosures:
- Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E-42H of AASB 7.
- Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure-Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.

AASB 119 Employee Benefits:
- Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 Interim Financial Reporting:
- Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

• AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101, effective 1 July 2016

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

• AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057], effective 1 July 2016

This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.

• AASB 2016 Leases, effective 1 July 2019

Lessee accounting
- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

Notes to the consolidated financial statements
30 June 2016

The key features of AASB 16 are as follows:

Lessor accounting
- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

AASB 16 supersedes:
(a) AASB 117 Leases
(b) Interpretation 4 Determining whether an Arrangement contains a Lease
(c) SIC-15 Operating Leases-Incentives
(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a

Lease
The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

• AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112], effective 1 July 2017

This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

• 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107, effective 1 July 2017

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

• IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2], effective 1 July 2018

This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:
- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

The Company has decided not to early adopt any of the new and amended pronouncements. The Company is in the process of evaluating the impact of the above standards.

Additional Shareholder Information

As at 30 September 2016

Stock Exchange Listing

Panoramic Resources Limited shares are listed on the Australian Stock Exchange Limited. The Company's ASX code is PAN.

Substantial Shareholders (Holding Not Less Than 5%) in accordance with notices provided to the Company

As at 30 September 2016

Name of Shareholder	Total Number of Voting Shares in Panoramic Resources Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Zeta Resources Limited (UIL Limited, General Provincial Life Pension Fund (L) Limited, Bermuda Commercial Bank Limited and ICM Limited)	105,782,966	24.68

Class of Shares and Voting Rights

At 30 September 2016, there were 5,006 holders of 428,567,271 fully-paid Ordinary shares of the Company. The voting rights attaching to the Ordinary shares are in accordance with the Company's Constitution being that:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

c. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully-paid share held by him, or in respect of which he is appointed a proxy, attorney or Representative have one vote for the share, but in respect of partly-paid shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to options or performance share rights in the Company. Voting rights will be attached to the issued Ordinary shares when options and/or performance rights have been exercised.

Unmarketable Shares

At 30 September 2016, the number of parcels of shares with a value of less than $500 was 1,151.

Distribution of Shareholders

As at 30 September 2016

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1-1,000	700	385,504
1,001-5,000	1,794	5,032,138
5,001-10,000	814	6,540,854
10,001-100,000	1,417	47,902,090
100,001- and over	281	368,706,685
Total	5,006	428,567,271

Additional Shareholder Information

As at 30 September 2016

Listing of 20 Largest Shareholders

As at 30 September 2016

	Name of Ordinary Registered Shareholder	Number of Shares Held	Percentage of Shares Held %
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	129,459,244	30.21
2.	CITICORP NOMINEES PTY LIMITED	46,797,868	10.92
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,157,510	7.04
4.	ZETA RESOURCES LIMITED	19,984,431	4.66
5.	UBS NOMINEES PTY LTD	18,979,129	4.43
6.	NATIONAL NOMINEES LIMITED	13,317,996	3.11
7.	MATSA RESOURCES LIMITED	6,589,367	1.54
8.	MR DAVID NORMAN DEITCH	4,500,000	1.05
9.	MR KWOK LEUNG FUNG + MS YUEN MAN MOK	3,500,000	0.82
10.	DDH 1 DRILLING PTY LTD	3,397,984	0.79
11.	3RD WAVE INVESTORS LTD	3,350,014	0.78
12.	ANGLO AMERICAN INVESTMENTS <AUSTRALIA>	2,781,429	0.65
13.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,614,986	0.61
14.	MATSA RESOURCES LIMITED	2,410,635	0.56
15.	SPRINGWAY INVESTMENTS PTY LTD <ALLNUTT VENTURES FAMILY A/C>	1,945,636	0.45
16.	MRS SUE-ELLEN STUART	1,910,780	0.45
17.	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	1,826,343	0.43
18.	BNP PARIBAS NOMS PTY LTD <DRP>	1,581,261	0.37
19.	MRS ELIZABETH ANNE FOGARTY + MISS CAITLYN ELIZABETH FOGARTY <FOGARTY FOUNDATION A/C>	1,500,001	0.35
20.	COLENEW PTY LIMITED <PAUL XIRADIS ACCOUNT>	1,483,722	0.35

Unquoted Equity Securities

As at 30 September 2016

Securities	Number of Securities	Exercise Price $	Expiry Date	Number of Holders
FY2015 Rights	2,681,974	NIL	30 June 2017	8
FY2016 Rights	4,475,266	NIL	30 June 2018	9

Schedule of Mining Tenements

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Copernicus	L80/52	Live	141	HA	100%	PanRes	100% of Commit, Rent & Rates	SMY Copernicus Pty Ltd
Copernicus	L80/86	Live	1	HA	100%	PanRes	100% of Commit, Rent & Rates	SMY Copernicus Pty Ltd
Copernicus	M80/540	Live	129	HA	100%	PanRes	100% of Commit, Rent & Rates	SMY Copernicus Pty Ltd
East Kimberley	E80/4880	Live	35	BL	100%	PanRes	100% of Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley JV - Keller Creek	E80/4834	Live	15	BL	80% - THX has 20% free carried interest	PanRes	100% of Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 80/100 & Thundelarra Exploration Ltd 20/100
Gum Creek	E51/1144	Live	23	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E51/1538	Live	35	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E53/1215	Live	34	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E53/1273	Live	10	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E53/1725	Live	30	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E57/633	Live	22	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E57/676	Live	15	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E57/678	Live	13	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	E57/705	Live	6	BL	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L51/93	Live	6	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L53/116	Live	9	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L53/199	Live	24	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L53/46	Live	60	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L53/47	Live	24	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L53/95	Live	71	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L53/96	Live	237	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L57/20	Live	7	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L57/44	Live	32	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	L57/47	Live	36	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd

Schedule of Mining Tenements

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Gum Creek	M51/104	Live	37	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/105	Live	118	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/157	Live	94	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/185	Live	248	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/186	Live	365	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/290	Live	5	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/410	Live	354	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M51/458	Live	620	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/10	Live	10	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/105	Live	567	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/11	Live	10	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/153	Live	917	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/251	Live	171	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/252	Live	705	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/500	Live	391	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/716	Live	255	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/904	Live	9	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M53/988	Live	512	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M57/633	Live	651	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M57/634	Live	13705	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	M57/635	Live	1443	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	P53/1577	Live	6	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	P53/1581	Live	72	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	P53/1582	Live	61	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	P53/1640	Pending	159	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd

PANORAMIC RESOURCES LTD

Schedule of Mining Tenements

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Gum Creek	P53/1641	Pending	31	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gum Creek	P57/1304	Live	48	HA	100%	PanRes	100% of Commit, Rents & Rates	Panoramic Gold Pty Ltd
Lanfranchi	M15/1295	Pending	40	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	M15/473	Live	982	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/346	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/347	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/367	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/368	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/369	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/370	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/371	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/372	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/375	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/376	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/377	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/378	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/379	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/380	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/381	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/382	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/383	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/384	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/385	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/386	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96

Schedule of Mining Tenements

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Lanfranchi	ML15/387	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/388	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/389	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/482	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/483	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/484	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/485	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/486	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/487	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/488	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/489	Live	73	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/490	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/491	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/492	Live	120	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/493	Live	121	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	P15/3752	Live	40	HA	All rights except Au	PanRes	100% of Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 &Donegal Lanfranchi Pty Ltd 24/96
Laverton	M38/372	Live	109	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd
Laverton	M38/694	Live	967	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd
Laverton	P38/3496	Live	22	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd
Laverton	P38/3499	Live	80	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd

Schedule of Mining Tenements

Project	Tenement	Status	Area		Equity	Tenement Manager	Panoramic Commitment	Current Registered Holders
Laverton	P38/3717	Live	166	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd
Laverton	P38/3718	Live	69	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd
Laverton	P38/3719	Live	36	HA	100%	PanRes	100% of Commit, Rents & Rates	Magma Metals Pty Ltd
Laverton - Focus JV	M38/101	Live	584	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/159	Live	598	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/342	Live	317	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/363	Live	6	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/364	Live	19	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/37	Live	650	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/38	Live	281	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/49	Live	946	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/535	Live	465	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	M38/693	Live	49	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	P38/3500	Live	186	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Laverton - Focus JV	P38/3501	Live	186	HA	100% Ni-Cu-PGM	Focus	Nil	Focus Minerals (Laverton) Pty Limited
Panton	M80/103	Live	860	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Panton	M80/104	Live	571	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Panton	M80/105	Live	829	HA	100%	PanRes	100% of Commit, Rents & Rates	Panton Sill Pty Ltd
Savannah	L80/64	Live	311	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/179	Live	242	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/180	Live	961	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/181	Live	960	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/182	Live	590	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd
Savannah	M80/183	Live	968	HA	100%	PanRes	100% of Commit, Rents & Rates	Savannah Nickel Mines Pty Ltd

Resources and Reserves

NICKEL - MINERAL RESOURCES AS AT 30 JUNE 2016

Resource	Equity	Metal	Date of Resource	JORC Compliance	Measured		Indicated		Inferred		Total		Metal Tonnes
					Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project													
Savannah (above 900)	100%	Nickel	Jun-16	2012	1,275,000	1.51	759,000	1.20			2,034,000	1.39	28,300
		Copper				0.87		0.90				0.88	17,900
		Cobalt				0.07		0.07				0.07	1,400
Savannah (below 900)	100%	Nickel	Jun-16	2012	780,000	1.64	125,000	1.72			905,000	1.65	14,900
		Copper				0.76		0.75				0.76	6,900
		Cobalt				0.10		0.09				0.10	900
Savannah North	100%	Nickel	Jun-16	2012			4,780,000	1.51	2,103,000	1.77	6,883,000	1.59	109,600
		Copper						0.72		0.88		0.77	52,900
		Cobalt						0.11		0.12		0.11	7,800
Copernicus (O/P)	100%	Nickel	Jun-15	2012	132,000	0.97					132,000	0.97	1,300
		Copper				0.52						0.52	700
		Cobalt				0.03						0.03	0
Copernicus (U/G)	100%	Nickel	Jul-10	2004			508,000	1.30	25,000	0.98	532,000	1.29	6,800
		Copper						0.91		0.69		0.90	4,800
		Cobalt						0.05		0.02		0.05	300
Lanfranchi Project	100%	Nickel											
Cruikshank			Apr-11	2004			2,018,000	1.42	611,000	0.79	2,629,000	1.28	33,600
Deacon			Mar-14	2012	89,000	2.99			134,000	1.70	224,000	2.22	5,000
Gigantus			Jul-07	2004					652,000	1.63	652,000	1.63	10,600
Helmut South			May-14	2012									
Helmut South Ext			Apr-14	2012	21,000	4.54	29,000	2.87			50,000	3.59	1,800
John			Jul-07	2004					291,000	1.42	291,000	1.42	4,100
Lanfranchi			Apr-14	2012	40,000	4.12	55,000	4.40	63,000	3.49	158,000	3.97	6,300
Martin			Feb-12	2012			47,000	3.58	7,000	4.16	54,000	3.66	2,000
McComish			Jul-07	2004					992,000	1.49	992,000	1.49	14,800
Metcalfe			Jan-14	2012			280,000	1.99	111,000	1.35	391,000	1.81	7,100
Schmitz			Jul-13	2012	30,000	4.92	23,000	3.93	16,000	2.95	69,000	4.14	2,900
Lower Schmitz			Mar-16	2012			51,000	5.60	79,000	4.80	131,000	5.11	6,700
Winner			Jul-11	2004			14,000	4.40			14,000	4.40	600
Total (Equity)		Nickel											**256,300**
		Copper											**83,200**
		Cobalt											**10,400**

Notes:
- *Figures have been rounded and therefore may not add up exactly to the reported totals*
- *All resources are inclusive of reserves*
- *Savannah Project Resource cutoff grade is 0.50% Ni*
- *Copernicus Project Resource cutoff grade is 0.50% Ni*
- *Lanfranchi Project Resource cutoff grade is 1.00% Ni*

Competent Person Statement

The information in this report that relates to Mineral Resources is based on information compiled by or reviewed by Paul Hetherington (MAusIMM) for the Savannah Project Resource and Copernicus Project Resource and Bradley Robinson (MAusIMM) for the Lanfranchi Project Resources. The aforementioned were formerly full-time employees of Panoramic Resources Limited. The aforementioned have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The aforementioned consent to the inclusion in the release of the matters based on their information in the form and context in which it appears.

The information in this report that relates Mineral Resources at Lower Schmitz is based on information compiled by Mr Paul Payne. Mr Payne is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and consultant working for Payne Geological Services Pty Ltd (PayneGeo). Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of target/deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Payne consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Resources and Reserves

NICKEL - ORE RESERVE AS AT 30 JUNE 2016

Reserve	Equity	Metal	Date of Reserve	JORC Compliance	Proven		Probable		Total		Metal Tonnes
					Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project											
Above 900 Fault	100%	Nickel	Jun-16	2012	1,365,000	1.15	194,000	1.24	1,558,000	1.16	18,100
		Copper				0.66		1.28		0.74	11,500
		Cobalt				0.06		0.07		0.06	900
Below 900 Fault	100%	Nickel	Jun-16	2012							
		Copper									
		Cobalt									
Copernicus Open Pit	100%	Nickel	Jun-16	2004							
		Copper									
		Cobalt									
Lanfranchi Project	100%	Nickel									
Deacon			Jun-16	2012			42,000	2.67	42,000	2.67	1,100
Metcalfe			Jun-16	2012			113,000	1.57	113,000	1.57	1,800
Lanfranchi			Jun-16	2012			11,000	2.56	11,000	2.56	300
Schmitz			Jun-16	2012			15,000	2.96	15,000	2.96	500
Helmut Sth Ext			Jun-16	2012			27,000	2.19	27,000	2.19	600
Total (Equity)		**Nickel**									**22,300**
		Copper									**11,500**
		Cobalt									**900**

Notes:
- *Figures have been rounded and therefore may not add up exactly to the reported totals*
- *All reserves are inclusive of resources*
- *Savannah Project Reserve cutoff grade is 0.80% Ni*
- *Lanfranchi Project Reserve cutoff grade is 1.00% Ni except for airleg mining which is 2.00% Ni*

Competent Person Statement

Information in this report relating to Ore Reserves has been compiled by or reviewed by Lilong Chen (MAusIMM). The aforementioned is a full-time employee of Panoramic Resources Limited. The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The aforementioned consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Resources and Reserves

GOLD - MINERAL RESOURCES AS AT 30 JUNE 2016

Resource	Equity	Metal	Date of Resource	JORC Compliance	Measured		Indicated		Inferred		Total		Metal (Au oz)
					Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	
Gum Creek Project	100%	Gold											
Swan OC			Jun-15	2012			2,250,000	2.57	990,000	2.36	3,240,000	2.51	261,100
Heron South			Oct-12	2004			1,000,000	2.31	136,000	1.41	1,136,000	2.20	80,300
Howards			Jul-13	2012			5,255,000	1.07	716,000	1.01	5,971,000	1.06	204,000
Specimen Well			Mar-06	2004			289,000	2.06	72,000	1.79	361,000	2.00	23,200
Toedter			Mar-06	2004					661,000	1.62	661,000	1.62	34,400
Eagles Peak			Mar-06	2004			13,000	3.46			13,000	3.46	1,400
Orion			Mar-06	2004			22,000	3.04			22,000	3.04	2,200
Deep South			Mar-06	2004			20,000	3.02			20,000	3.02	1,900
Shiraz			Jul-13	2012			2,476,000	0.84	440,000	0.76	2,916,000	0.83	77,600
Swan UG			Jun-15	2012			207,000	8.71	77,000	11.25	284,000	9.40	85,800
Swift UG			Jun-15	2012					46,000	10.25	46,000	10.25	15,200
Omega UG			Mar-06	2004			31,000	9.20			31,000	9.20	9,200
Kingfisher UG			Mar-04	2004			390,000	6.80			390,000	6.80	85,300
Wilsons UG			Jul-13	2012			2,131,000	5.33	136,000	5.97	2,267,000	5.37	391,500
Total (Equity)		**Gold**			**-**	**-**	**14,084,000**	**2.32**	**3,274,000**	**2.12**	**17,358,000**	**2.28**	**1,273,100**

Notes:
- *Swan OC resource cutoff grade is 0.7 g/t. The resources have been partially diluted over a minimum mining width of 2.5m and confined to a A$2,000 Whittle pit shell*
- *Eagles Peak Resource cutoff grade is 1.2 g/t*
- *Orion Resource cutoff grade is 1.3 g/t*
- *Deep South Resource cutoff grade is 1.2 g/t*
- *Swan UG Resource cutoff grade is 4.0 g/t for resource wireframes near historic workings and 6.0 g/t for resource wireframes away from historic workings. The resource is based on an approximate 2.5m minimum vertical mining width.*
- *Swift UG Resource cutoff grade is 6.0 g/t.*
- *Omega UG Resource cutoff grade is 3.0 g/t*
- *Kingfisher UG Resource cutoff grade is 3.0 g/t*
- *Heron South resource cutoff grade is 0.5 g/t*
- *Howards resource cutoff grade is 0.4g/t*
- *Specimen Well resource cutoff grade is 0.5 g/t*
- *Toedter resource cutoff grade is 0.5 g/t*
- *Wilsons resource cutoff grade is 1.0 g/t for lower grade domains and 2.0g/t for high grade domains*

Cross references to previous market announcements:
- *Swan, Swift, Howards, Shiraz, Wilsons – refer ASX announcement dated 30 September 2015 titled "Mineral Resources and Ore Reserves at 30 June 2015"*
- *Heron South – refer ASX announcement dated 17 October 2012 titled "Gidgee Resource Upgrade – Howards and Heron South"*
- *Specimen Well, Toedter – refer ASX announcement dated 21 June 2012 titled "Significant Upgrade in Gold Resource at Gidgee"*
- *Eagles Peak, Orion, Deep South, Omega UG, Kingfisher UG – refer Legend Mining Limited (ASX:LEG) announcement dated 19 March 2007 titled "Legend Mining Limited Annual Report 31st December 2006"*

No New Information or Data

The Gold Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Resources and Reserves

PLATINUM GROUP METALS (PGM) - MINERAL RESOURCES AS AT 30 JUNE 2016

Thunder Bay North

Resource	Equity	Date of Resource	JORC Compliance	Tonnage	Grade									Metal (oz)	
					Pt (g/t)	Pd (g/t)	Rh (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Co %	Pt-Eq (g/t)	Pt (oz ,000)	Pd (oz ,000)
Open Pit	**100%**	**Jan-11**	**2004**												
Indicated				8,460,000	1.04	0.98	0.04	0.07	1.50	0.25	0.18	0.014	2.13	283	267
Inferred				53,000	0.96	0.89	0.04	0.07	1.60	0.22	0.18	0.014	2.00	2	2
Underground	**100%**	**Feb-12**	**2004**												
Indicated				1,369,000	1.65	1.54	0.08	0.11	2.60	0.43	0.24	0.016	3.67	73	68
Inferred				472,000	1.32	1.25	0.06	0.09	2.10	0.36	0.19	0.011	2.97	20	19
Total (Equity)				**10,354,000**										**377**	**355**

Notes - Open Pit Resource:
The open pit Mineral Resource is reported at a cut-off grade of 0.59 g/t Pt-Eq within a Lerchs-Grossman resource pit shell optimized on Pt-Eq. The strip ratio (waste:ore) of this pit is 9.5:1. The platinum-equivalency formula is based on assumed metal prices and overall recoveries. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.3204 + Au g/t x 0.6379 + Ag g/t x 0.0062 + Cu g/t x 0.00011 + Total Ni g/t x 0.000195 + Total Co g/t x 0.000124 + Rh g/t x 2.1816. The conversion factor shown in the formula for each metal represents the conversion from each metal to platinum on a recovered value basis. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,595/oz, Pd US$512/oz, Au US$1,015/oz, Ag US$15.74/oz, Cu US$2.20/lb, Ni US$7.71/lb, Co US$7.71/lb and Rh US$3,479/oz. The assumed combined flotation and PlatsolTM process recoveries used in the Pt-Eq formula are: Pt 76%, Pd 75%, Au 76%, Ag 55%, Cu 86%, Ni 44%, Co 28% and Rh 76%. The assumed refinery payables are: Pt 98%, Pd 98%, Au 97%, Ag 85%, Cu 100%, Ni 100%, Co 100% and Rh 98%.

Notes - Underground Resources:
The underground mineral resource is reported at a cut-off grade of 1.94g/t Pt-Eq. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.2721 + Au g/t x 0.3968 + Ag g/t x 0.0084 + Cu g/t x 0.000118 + Sulphide Ni g/t x 0.000433 + Sulphide Co g/t x 0.000428 + Rh g/t x 2.7211. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,470/oz, Pd US$400/oz, Rh US$4,000/oz, Au US$875/oz, Ag US$14.30/oz, Cu US$2.10/lb, Ni US$7.30/lb and Co US$13.00/lb. The assumed process recoveries used in the Pt-Eq formula are: Pt 75%, Pd 75%, Rh 75%, Au 50%, Ag 50%, Cu 90%, and Ni and Co in sulphide 90%. The assumed smelter recoveries used in the Pt-Eq formula are Pt 85%, Pd 85%, Rh 85%, Au 85%, Ag 85%, Cu 85%, Ni 90% and Co 50%. Ni and Co in sulphide were estimated by linear regression of MgO to total Ni and total Co respectively. The regression formula for Ni in sulphide (NiSx) is: NiSx = Ni - (MgO% x 60.35 - 551.43). The regression formula for Co in sulphide (CoSx) is: CoSx = Co - (MgO% x 4.45 - 9.25).

Cross references to previous market announcements:
- *Open pit Resources – refer Magma Metals Limited (ASX:MMW) announcement dated 7 February 2011 titled "Positive Scoping Study for Thunder Bay North Project"*
- *Underground Resources – refer Magma Metals Limited (ASX:MMW) announcement dated 23 February 2012 titled "Magma Metals Increases Mineral Resources at TBN to 790,000 Platinum-Equivalent Ounces"*

No New Information or Data
The Thunder Bay North Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Resources and Reserves

PLATINUM GROUP METALS (PGM) - MINERAL RESOURCES AS AT 30 JUNE 2016

Panton

Resource	Equity	Date of Resource	JORC Compliance	Tonnage	Grade					Metal (oz)	
					Pt (g/t)	Pd (g/t)	Au (g/t)	Ni (%)	Cu (%)	Pt (oz ,000)	Pd (oz ,000)
Top Reef	**100%**	**Mar-12**	**2012**								
Measured				4,400,000	2.46	2.83	0.42	0.28	0.08	348	400
Indicated				4,130,000	2.73	3.21	0.38	0.31	0.09	363	426
Inferred				1,560,000	2.10	2.35	0.38	0.36	0.13	105	118
Middle Reef	**100%**	**Mar-12**	**2012**								
Measured				2,130,000	1.36	1.09	0.10	0.18	0.03	93	75
Indicated				1,500,000	1.56	1.28	0.10	0.19	0.04	75	62
Inferred				600,000	1.22	1.07	0.10	0.19	0.05	24	21
Total (Equity)				**14,320,000**	**2.19**	**2.39**	**0.31**	**0.27**	**0.08**	**984**	**1,081**

Cross references to previous market announcements:
- *refer ASX announcement dated 30 September 2015 titled "Mineral Resources and Ore Reserves at 30 June 2015"*

No New Information or Data
The Panton Mineral Resource estimates tabled above have been previously reported, and the relevant market announcements cross referenced. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Corporate Directory

BOARD OF DIRECTORS

Brian Phillips
Non Executive Chairman

Peter Harold
Managing Director

John Rowe
Non-Executive Director

Peter Sullivan
Non-Executive Director

MANAGEMENT

Trevor Eton
Chief Financial Officer and Company Secretary

Terry Strong
Chief Operating Officer

John Hicks
General Manager Exploration

Tim Mason
General Manager - Special Projects

Tim Shervington
Commercial Manager

Andrew Math
Group Financial Controller

Jeremy Smith
IT Manager

Evy Litopoulos
Investor Relations Manager

Geoff Rogers
Legal Counsel

SAVANNAH PROJECT

Mark Recklies
General Manager

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SHARE REGISTRY

Computershare Investor Services
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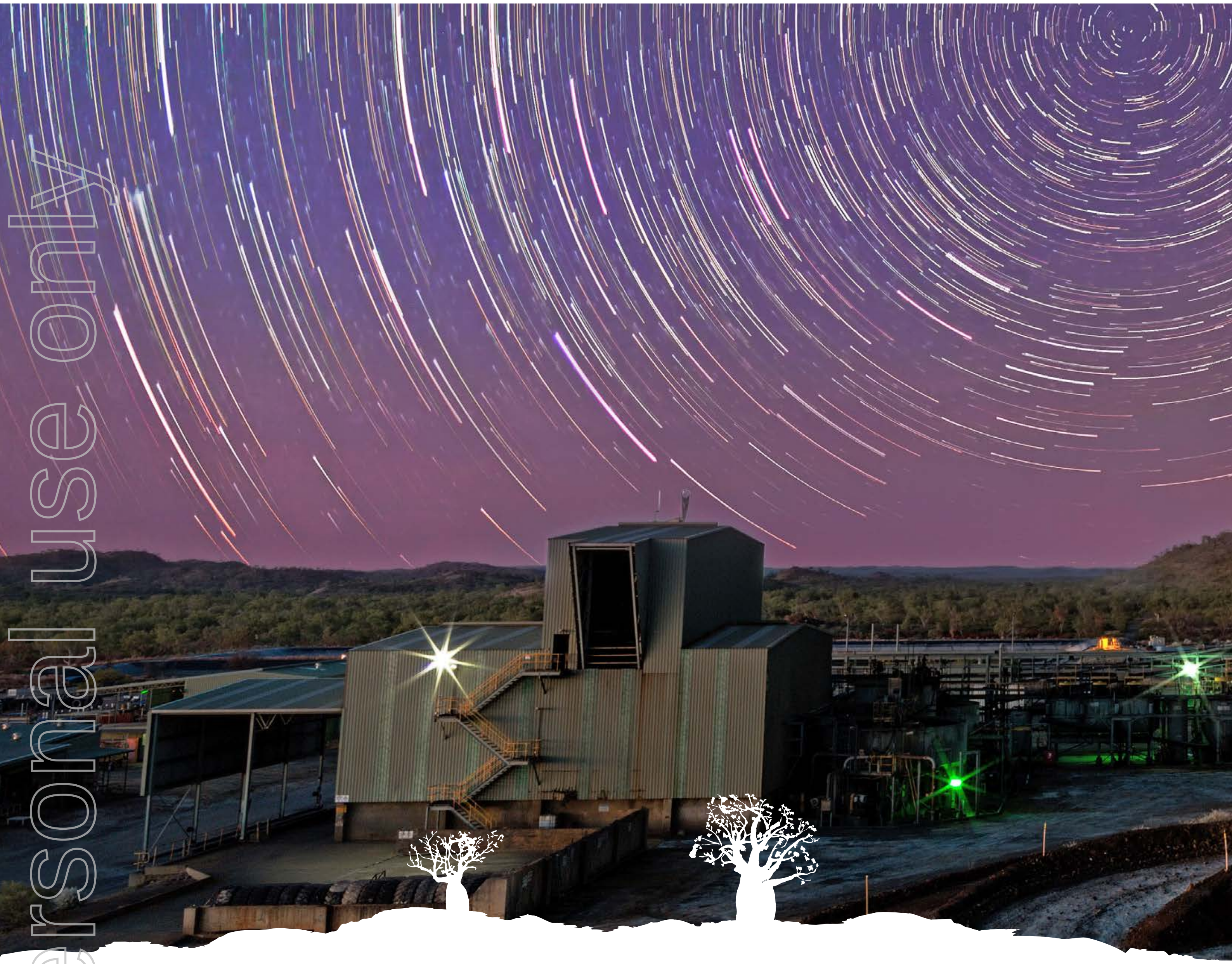

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