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# **Panoramic Resources Limited Interim report for the half-year 31 December 2018**

**ABN: 47 095 792 288**

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

# **Interim Financial Report**

## **For the half-year ended 31 December 2018**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Panoramic Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This financial report covers the consolidated entity consisting of Panoramic Resources Limited and its subsidiaries.

The financial report is presented in Australian dollars.

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

The Company's registered office is:

Panoramic Resources Limited  
Level 9  
553 Hay Street  
Perth WA 6000

## Appendix 4D - Interim Financial Report for the half-year ended 31 December 2018

### **Results for announcement to the market:**

		% movement		2017 \$'000		2018 \$'000
Other Revenue	Down	49.4%	from	466	to	236
Net profit/(loss) after tax from ordinary activities	Up	504.7%	from	(5,328)	to	21,565
Net profit/(loss) after tax attributable to members	Up	543.9%	from	(4,948)	to	21,965

### **Dividends**

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

### **Net tangible assets per share**

	31 December 2017 \$ per share	31 December 2018 \$ per share
Net tangible asset backing (per share)	0.25	0.25

### **Entities over which control has been gained or lost during the period:**

- (i) The Company did not gain any entity during the period (excluding newly incorporated and registered wholly-owned subsidiaries in Australia or overseas); and
- (ii) The Company lost control of Cherish Metals Pty Ltd on 6 December 2018 (excluding wholly-owned subsidiaries that were wound-up and deregistered in Australia).

### **Detail of controlled entity (associate)**

The Company has a 51% (2017: 51%) holding in the securities of listed entity, Horizon Gold Limited (ACN: 614 175 923). The contribution of Horizon Gold Limited reduces the consolidated entity's net profit after tax from ordinary activities during the period by \$828,000 (2017: net loss of \$866,000).

### **Emphasis of matter**

This Interim Financial Report is based on accounts which have been reviewed by the consolidated entity's Independent Auditor and which contain an Independent Review Report that is subject to an emphasis of matter about the consolidated entity's ability to continue as a going concern. Note 1(c) of the "Notes to the Consolidated Financial Statements" describes the conditions that indicate the existence of material uncertainty that may cast doubt on the consolidated entity's ability to realise its assets and discharge its liabilities in the normal course of business.

### **Other information required by Listing Rule 4.2A:**

Subject to the requirements being applicable to the Company, all the disclosure requirements pursuant to ASX Listing Rule 4.2A.3 are contained within Panoramic Resources Limited's Interim Report for the period ended 31 December 2018 which accompanies this Interim Report (Appendix 4D).

## Directors' report

The directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

### Directors

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

Brian M Phillips  
Peter J Harold  
John Rowe  
Peter R Sullivan  
Nicholas Cernotta  
Rebecca Hayward

### Operating and Financial Review

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

The consolidated entity recorded a profit after tax for the financial period ended 31 December 2018 of \$21,565,000 (2017: loss after tax of \$5,328,000).

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

- a 556.2% gain in other income due to the booking of a \$1,340,000 gain on the sale of the Lanfranchi Nickel Project;
- a 80.3% reduction in aggregate care and maintenance expenses during the half-year as a result of the sale of the Lanfranchi Nickel Project and the tapering off of care and maintenance activities at the Savannah Nickel Project following the decision to re-start the Project in July 2018;
- as a consequence of the re-commencement of operations at the Savannah Nickel Project, a \$19,156,000 impairment reversal was made to the carrying value of the Project; and
- booking an income tax benefit of \$5,924,000 resulting from the unrealised fair value movement of derivative financial instruments, to offset the deferred tax liability.

### Review of operations

#### **Nickel Division**

During the period, the Savannah Nickel Project remained on full care and maintenance while it completed refurbishment activities required to re-start operations in December 2018.

The Lanfranchi Nickel Project was sold during the period (*refer to "Corporate Activities" section below for details*).

#### **Development Projects**

##### **Savannah Nickel Project**

In July 2018, the Company announced that it had made the decision to restart operations at the Savannah Nickel Project. In the second half of 2018, refurbishment activities that had already commenced on the Savannah process plant were expanded to include the re-establishment of the existing underground mine and other surface infrastructure, including the accommodation camp and administration buildings. Underground operations recommenced in the December 2018 quarter and the re-commissioning of the process plant commenced in December 2018 following the completion of refurbishment activities.

Production ramp-up in December 2018 was slower than forecast from a number of factors, as described in the Company's December 2018 quarterly report.

On 20 September 2018, the consolidated entity executed the Savannah Facility Agreement (SFA) with Macquarie Bank Limited for an up to \$40 million project loan, including executing an ISDA Master Agreement to undertake mandatory and discretionary commodity and foreign exchange hedging. The mandatory hedge program required under the SFA was completed in July 2018, consisting of 7,000 tonnes of nickel and 3,000 tonnes of copper.

## Review of operations (continued)

### Development Projects

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

At the **Thunder Bay North (“TBN”)** PGM Project located in north-west Ontario, Canada, Rio Exploration Canada Inc. (“RTEC”) is earning a 70% interest in TBN by sole funding C\$20 million over five years from 1 January 2015. In January 2017, RTEC confirmed that it had achieved the minimum spend condition of C\$5 million on the Project. RTEC and the Company are continuing discussions on future plans and strategy for the Project.

At the **Panton PGM Project**, the Company continued its sponsorship of research by a post-graduate student of Curtin University into alternative leaching technologies for smaller chromite rich PGM deposits. This research has led the Company to study and review the viability of producing a high grade PGM concentrate with a chromite by-product stream. Preliminary laboratory test work has commenced and results to date have been encouraging.

### Exploration Activities

During the period, the consolidated entity undertook drill testing of three under-explored layered mafic-ultramafic intrusions at **Frog Hollow, Wilson/ Dave Hill** and **Sub-Chamber D**. All three areas are located on (Sub-Chamber D) or near the Savannah Nickel Project. The aim of these drill programs was to determine the broad 3D architecture of the intrusions and, if they existed, the location of the more prospective ultramafic (high MgO) phases within each intrusion. As part of these programs, a drill-hole was also completed at Three Nuns. Although no new significant nickel sulphide mineralisation was intersected, the broader aim of the programs was achieved by gaining valuable knowledge on the architecture and character of each intrusion. Of particular importance was the identification of the potential of the Frog Hollow intrusion to host a significant titaniferous magnetite deposit (TMD) with all three Frog Hollow holes intersecting broad thicknesses containing magmatic titanomagnetite accumulations. Follow-up activity on these findings at Frog Hollow will be considered for inclusion in the Group's 2019/20 exploration budget.

### Corporate Activities

#### *Sale of the Lanfranchi Nickel Project*

On 13 September 2018, the Company announced that it had agreed to sell its shareholding in wholly owned subsidiary, Cherish Metals Pty Ltd, the 100% owner of the Lanfranchi Nickel Project, to a wholly owned subsidiary of Texas-based Black Mountain Metals LLC (“Black Mountain”) for a total consideration of \$15.1 million, with an effective sale date of 30 June 2018. On 6 December 2018, all the conditions precedent to the sale had been satisfied or waived and final settlement was concluded with a second payment of \$11.99 million by Black Mountain in addition to the \$1.51 million deposit paid in September 2018. The Company will receive a deferred cash consideration of \$1.6 million to be paid in 12 equal monthly instalments, commencing from the date that is 14 days from the first supply or ore from Lanfranchi under the current contract with BHP Nickel West Pty Ltd, the processing of ore from Lanfranchi in another commercial capacity or 1 January 2021, whichever is earlier.

### Consolidation of Controlled Entity (Horizon Gold Limited)

#### *Accounting Treatment*

In recognition of the Company's majority 51% shareholding in Horizon Gold Limited (“Horizon Gold”) and under AASB 10 *Consolidated Financial Statements*, the assets, liabilities, equity, income, expenses and cash flows of Horizon Gold are consolidated in the financial statements of the consolidated entity after attributing the profit or loss and each component of other comprehensive income to the equity owners of the Company and to the non-controlling interests (as described in note 18 of the “Notes to the Consolidated Financial Statements”).

For clarity, the Company has shown in Table 1 below, a non-AIFRS pro-forma consolidated balance sheet in which the Company's 51% shareholding in Horizon Gold has been re-classified as an “investment in subsidiary”. In this presentation, the Company's equity investment of 39,030,617 shares in Horizon Gold is shown at fair value through profit and loss measured using the quoted share price of Horizon Gold at the end of the period, instead of the assets, liabilities, equity and results of Horizon Gold being separately consolidated as required under AASB10. The table also includes the adjustments to reconcile the pro-forma balance sheet back to the consolidated balance sheet.

Except for the five shares issued to the Company on the incorporation of Horizon Gold (10 August 2016), the Company's retained 51% equity interest in Horizon Gold (of 39,030,617 shares) were escrowed from trading on the ASX until 21 December 2018.

**Table 1: Pro-forma Consolidated Balance Sheet (51% equity interest in Horizon Gold re-classified as "Investment in Subsidiary")**

	31 Dec 2018 (Pro-forma) <sup>1</sup> \$'000	Adjustments \$'000	31 Dec 2018 (AIFRS) <sup>2</sup> \$'000
<b>Current Assets</b>			
Cash and cash equivalents	17,942	4,127	22,069
Trade and other receivables	18,435	84	18,519
Inventories	728	-	728
Derivative financial instruments	6,774	-	6,774
Prepayments	1,860	47	1,907
<b>Total Current Assets</b>	<b>45,739</b>	<b>4,258</b>	<b>49,997</b>
<b>Non-Current assets</b>			
Financial assets at fair value	1,468	-	1,468
Investment in subsidiary	8,587	(8,587)	-
Property, plant and equipment	46,052	4,296	50,348
Exploration and evaluation	15,789	15,332	31,121
Development properties	61,182	-	61,182
Mine properties	30	-	30
Derivative financial instrument	21,202	-	21,202
Other non-current assets	1,303	-	1,303
Receivables	1,600	-	1,600
<b>Total Non-Current Assets</b>	<b>157,213</b>	<b>11,041</b>	<b>168,254</b>
<b>Total Assets</b>	<b>202,952</b>	<b>15,299</b>	<b>218,251</b>
<b>Current Liabilities</b>			
Trade and other payables	16,452	959	17,411
Borrowings	2,137	-	2,137
Derivative financial instruments	1,836	-	1,836
Provisions	1,370	-	1,370
<b>Total Current Liabilities</b>	<b>21,795</b>	<b>959</b>	<b>22,754</b>
<b>Non-Current Liabilities</b>			
Borrowings	40,559	-	40,559
Derivative financial instruments	6,351	-	6,351
Provisions	17,295	9,985	27,280
<b>Total Non-Current Liabilities</b>	<b>64,205</b>	<b>9,985</b>	<b>74,190</b>
<b>Total Liabilities</b>	<b>86,000</b>	<b>10,944</b>	<b>96,944</b>
<b>Net Assets</b>	<b>116,952</b>	<b>4,355</b>	<b>121,307</b>
<b>Equity</b>			
Contributed equity	188,860	-	188,860
Reserves	29,713	6,579	36,292
Accumulated losses	(101,621)	(8,564)	(110,185)
Non-controlling interests	-	6,340	6,340
<b>Total Equity</b>	<b>116,952</b>	<b>4,355</b>	<b>121,307</b>

<sup>1</sup> The pro-forma balance sheet presentation of the de-consolidated 51% equity interest in Horizon Gold is a non-AIFRS treatment of this investment. The adjustments to the Pro-forma balance sheet are to comply with AIFRS.

<sup>2</sup> AIFRS means "Australian International Financial Reporting Standards".

<sup>3</sup> The financial information presented above in Table 1 has not been reviewed by the Company's Auditor, Ernst & Young (EY).

## Subsequent Events

### ***Amendment to the Savannah Facility Agreement***

As at the date of this report, the consolidated entity and Macquarie Bank Limited are in discussions in relation to the \$40 million Savannah Facility Agreement ("SFA") to account for the slower than forecast ramp-up at the Savannah Nickel Project (refer to note 1(c) of the "Notes to the Consolidated Financial Statements").

### ***Nickel Hedging***

During February 2019, the consolidated entity undertook the following hedging to protect against adverse movements in the A\$ nickel price:

- purchased for a premium cost of \$2.1 million, 2,437 tonnes of nickel put options at A\$16,500 per tonne (A\$7.48 per pound) for delivery April 2019 to September 2019; and
- sold forward 1,560 tonnes of nickel at an average weighted forward price of A\$17,847 per tonne (A\$8.10 per pound) for delivery October 2020 to September 2021.

### ***First Shipment of Savannah Concentrate***

On 13 February 2019, the first shipment of bulk Savannah nickel/copper/cobalt concentrate, following the re-commencement of operations at the Savannah Nickel Project, departed Wyndham for Lianyungang, China with 7,735 wet metric tonnes (wmt) on board with a provisional value of A\$8.6 million.

In the interval between the end of the financial period and the date of this report, apart from the matters noted 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.

### **Interim Dividend**

No dividend was paid during the period and no interim dividend has been declared for the half year ended 31 December 2018 (2017: nil).

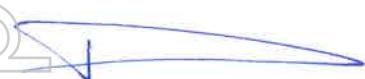
### **Rounding**

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 Investment Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

### **Auditor Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of directors.



Peter J Harold  
Managing Director

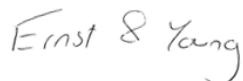
Perth, 28 February 2019

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

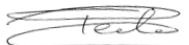
As lead auditor for the review of the half year financial report of Panoramic Resources Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Philip Teale  
Partner  
28 February 2019

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

### Report on the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1(c) Going concern basis in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### Directors' responsibility for the half-year financials report

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

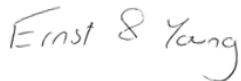
#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

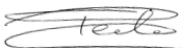
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Philip Teale  
Partner  
Perth  
28 February 2019

**Panoramic Resources Limited  
Interim Financial Report  
For the Half-Year ended  
31 December 2018**

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Panoramic Resources Limited  
Directors' declaration  
31 December 2018

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) subject to the achievement of matters set out in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter J Harold  
*Managing Director*

Perth, 28 February 2019

**Panoramic Resources Limited**  
**Consolidated income statement**  
**For the half-year 31 December 2018**

Notes	<b>Consolidated Half-year</b>	
	31 December 2018 \$'000	31 December 2017 \$'000
Other revenue	236	466
Other income	1,811	276
Mark to market of derivatives	(120)	-
Exploration and evaluation expenditure	(512)	(282)
Other expenses	(21)	(105)
Change in fair value of financial assets at fair value through profit or loss	(1,235)	-
Care and maintenance expenses	(692)	(3,506)
Corporate and marketing costs	(2,656)	(2,068)
Share based payments	-	181
Reversal of impairment loss	11, 12 19,156	-
Finance costs	5 (326)	(290)
<b>Profit/(loss) before income tax</b>	<b>15,641</b>	<b>(5,328)</b>
Income tax benefit	6 5,924	-
<b>Profit/(loss) for the half-year</b>	<b>21,565</b>	<b>(5,328)</b>
Profit/(loss) for the half-year is attributable to:		
Owners of Panoramic Resources Limited	21,965	(4,948)
Non-controlling interests	(400)	(380)
	<b>21,565</b>	<b>(5,328)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings/(loss) per share attributable to the ordinary equity holders of the Company:</b>		
Basic earnings/(loss) per share	4.4	(1.2)
Diluted earning/(loss) per share	4.4	(1.2)

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

**Panoramic Resources Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year 31 December 2018**

	Notes	<b>Consolidated Half-year</b>	
		<b>31 December 2018</b>	<b>31 December 2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Profit/(loss) for the half-year</b>		<b>21,565</b>	(5,328)
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in fair value of available-for-sale financial assets, net of tax		-	1,523
Changes in fair value of cash flow hedges, net of tax		<b>13,822</b>	-
Exchange differences on translation of foreign operations		-	439
<b>Other comprehensive income/(loss) for the half-year, net of tax</b>		<b>13,822</b>	<b>1,962</b>
<b>Total comprehensive income/(loss) for the half-year</b>		<b>35,387</b>	(3,366)
Total comprehensive income/(loss) for the half-year is attributable to:			
Owners of Panoramic Resources Limited		<b>35,787</b>	(2,986)
Non-controlling interests		<b>(400)</b>	(380)
<b>35,387</b>		<b>(3,366)</b>	

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

**Panoramic Resources Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2018**

	Notes	<b>Consolidated entity</b>	
		<b>31 December 2018</b>	<b>30 June 2018</b>
			<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	<b>22,069</b>	25,430
Trade and other receivables	8	<b>18,519</b>	421
Inventories		<b>728</b>	184
Derivative financial instruments	9	<b>6,774</b>	-
Prepayments		<b>1,907</b>	246
Assets classified as held for sale	4	-	17,002
Total current assets		<b>49,997</b>	43,283
<b>Non-current assets</b>			
Available-for-sale financial assets		-	2,703
Property, plant and equipment	11	<b>50,348</b>	10,630
Exploration and evaluation	12	<b>31,121</b>	45,763
Development properties	12	<b>61,182</b>	17,222
Mine properties	12	<b>30</b>	27
Derivative financial instruments	9	<b>21,202</b>	-
Other non-current assets		<b>1,303</b>	1,303
Receivables	10	<b>1,600</b>	-
Financial assets at fair value through profit or loss		<b>1,468</b>	-
Total non-current assets		<b>168,254</b>	77,648
<b>Total assets</b>		<b>218,251</b>	120,931
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	<b>17,411</b>	3,764
Borrowings	14	<b>2,137</b>	-
Derivative financial instruments	9	<b>1,836</b>	-
Provisions		<b>1,370</b>	923
Liabilities directly associated with assets classified as held for sale	4	-	3,502
Total current liabilities		<b>22,754</b>	8,189
<b>Non-current liabilities</b>			
Borrowings	14	<b>40,559</b>	-
Derivative financial instruments	9	<b>6,351</b>	-
Provisions		<b>27,280</b>	26,822
Total non-current liabilities		<b>74,190</b>	26,822
<b>Total liabilities</b>		<b>96,944</b>	35,011
<b>Net assets</b>		<b>121,307</b>	85,920
<b>EQUITY</b>			
Contributed equity	15	<b>188,860</b>	188,860
Reserves		<b>36,292</b>	44,589
Accumulated losses		<b>(110,185)</b>	(154,269)
Non-controlling interests		<b>6,340</b>	6,740
<b>Total equity</b>		<b>121,307</b>	85,920

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

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**Panoramic Resources Limited**  
**Consolidated statement of changes in equity**  
**For the half-year 31 December 2018**

Consolidated entity	Contributed equity \$'000	Share-based payment reserve \$'000	Available-for-sale financial assets reserve \$'000	Accumulated losses \$'000	Cash flow hedge reserve \$'000	Mineral properties revaluation reserve \$'000	Foreign currency translation reserve \$'000	Equity Reserve \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance 1 July 2017</b>	169,044	21,556	852	(113,466)	-	19,845	761	(446)	13,976	112,122
Loss for the year	-	-	-	(4,948)	-	-	-	-	(380)	(5,328)
Other comprehensive income	-	-	1,523	-	-	-	439	-	-	1,962
<b>Total comprehensive income for the half-year</b>	-	-	1,523	(4,948)	-	-	439	-	(380)	(3,366)
<b>Transactions with owners in their capacity as owners:</b>										
Contributions of equity, net of transaction costs and tax	(18)	-	-	-	-	-	-	-	-	(18)
Employee share options - value of employee services	-	(181)	-	-	-	-	-	-	-	(181)
<b>Balance at 31 December 2017</b>	<b>169,026</b>	<b>21,375</b>	<b>2,375</b>	<b>(118,414)</b>	<b>-</b>	<b>19,845</b>	<b>1,200</b>	<b>(446)</b>	<b>13,596</b>	<b>108,557</b>
 <b>Consolidated entity</b>	 Contributed equity \$'000	 Share-based payment reserve \$'000	 Available-for-sale financial assets reserve \$'000	 Accumulated losses \$'000	 Cash flow hedge reserve \$'000	 Mineral properties revaluation reserve \$'000	 Foreign currency translation reserve \$'000	 Equity Reserve \$'000	 Non-controlling interests \$'000	 Total equity \$'000
Balance at 1 July 2018	188,860	21,716	2,274	(154,269)	-	19,845	1,200	(446)	6,740	85,920
Impact on adoption of AASB 9	-	-	(2,274)	2,274	-	-	-	-	-	-
<b>Restated total equity at the beginning of the financial period</b>	<b>188,860</b>	<b>21,716</b>	<b>-</b>	<b>(151,995)</b>	<b>-</b>	<b>19,845</b>	<b>1,200</b>	<b>(446)</b>	<b>6,740</b>	<b>85,920</b>
 Profit for the year	 -	 -	 -	 21,965	 -	 -	 -	 -	 (400)	 21,565
Other comprehensive income	-	-	-	-	13,822	-	-	-	-	13,822
<b>Total comprehensive income for the half-year</b>	-	-	-	<b>21,965</b>	<b>13,822</b>	-	-	-	<b>(400)</b>	<b>35,387</b>
Transfer of revaluation reserves to retained earnings on disposal of asset	-	-	-	19,845	-	(19,845)	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>188,860</b>	<b>21,716</b>	<b>-</b>	<b>(110,185)</b>	<b>13,822</b>	<b>-</b>	<b>1,200</b>	<b>(446)</b>	<b>6,340</b>	<b>121,307</b>

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

**Panoramic Resources Limited**  
**Consolidated statement of cash flows**  
**For the half-year 31 December 2018**

	Notes	<b>Consolidated Half-year</b>	
		<b>31 December 2018</b>	<b>31 December 2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		415	464
Payments to suppliers and employees (inclusive of goods and services tax)		(3,110)	(5,509)
Interest paid		(64)	(19)
Payments for exploration and evaluation expense		(512)	(282)
<b>Net cash outflow from operating activities</b>		<b>(3,271)</b>	<b>(5,346)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(15,546)	(15)
Payment of development costs		(16,163)	(380)
Interest received		221	185
Exploration and evaluation expenditure		(4,119)	(2,392)
Proceeds from sale of Lanfranchi Nickel Project	4	13,240	-
<b>Net cash outflow from investing activities</b>		<b>(22,367)</b>	<b>(2,602)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		23,291	-
Repayment of borrowings		(46)	(397)
Capitalised borrowing costs		(968)	-
<b>Net cash inflow / (outflow) from financing activities</b>		<b>22,277</b>	<b>(397)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the financial year		(3,361)	(8,345)
<b>Cash and cash equivalents at end of half-year</b>	7	<b>25,430</b>	<b>20,650</b>
		<b>22,069</b>	<b>12,305</b>

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

Panoramic Resources Limited  
Notes to the consolidated financial statements  
31 December 2018

## 1 Basis of Preparation of half-year report

The financial report of Panoramic Resources Limited ("Panoramic" or the "Company") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 28 February 2019.

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

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

The half-year financial report should be read in conjunction with the annual financial report of Panoramic Resources Limited as at 30 June 2018.

It is also recommended that the half-year financial report be considered together with any public announcements made by Panoramic Resources Limited and its controlled entities (the "Group") during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under ASX listing rules.

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

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

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

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2018, except for the adoption of new standards and interpretations as of 1 July 2018.

The Company had to change its accounting policies as a result of adopting the following standards:

- AASB 15 Revenue from Contracts with Customers, and
- AASB 9 Financial Instruments.

#### AASB 15: *Revenue from Contracts with Customers*

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied).

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 an entity expects to be entitled in exchange for those goods or services.

The adoption of AASB 15 did not give rise to any transitional adjustments because the Company has not had sales revenue for the current or prior reporting period with the first concentrate shipment from the Savannah project expected in the March quarter of 2019.

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
(continued)

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

### AASB 9: Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Company had to change its accounting policy in relation to recognition and measurement of financial instruments as a result of adopting AASB 9 as detailed below:

#### *Equity Investments*

Panoramic has investments in listed entities which are not subsidiaries, associates or jointly controlled entities. For these investments, Panoramic has classified these investments at fair value through profit or loss. These investments are carried in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement. The fair value of quoted securities is based on published market prices.

#### *Transition adjustments*

The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the accounting for equity investments recognised in the financial statements. In accordance with the transitional provisions in AASB 9 (7.2.15), comparative figures have not been restated.

On 1 July 2018, the date of initial application of AASB 9, the Company's management has classified equity instruments at fair value through profit or loss ("FVTPL"). Previously, on application of AASB 139, these investments were classified as available for sale investments ("AFS") with all fair value movements being recognised within equity in the available for sale reserve. The effects of the reclassification are as follows:

<b>Listed equity investments</b>	<b>FVPTL \$'000</b>	<b>Available for sale financial assets \$'000</b>	<b>AFS Reserve \$'000</b>	<b>Accumulated losses \$'000</b>
Opening balance - AASB 139	-	2,703	2,274	(154,269)
Reclassify listed equity investments from AFS to FVTPL	2,703	(2,703)	(2,274)	2,274
Opening balance - AASB 9	2,703	-	-	(151,995)

Investments in equity securities were reclassified from available for sale to financial assets at FVTPL (\$2,703,000) as at 1 July 2018. Related fair value gains of \$2,274,000 (net of tax) were transferred from the available for sale financial assets reserve to retained earnings on 1 July 2018. In the six months to 31 December 2018, a net fair value loss of \$1,235,000 was recognised in the profit and loss account.

Whilst cash and other receivables are subject to the expected credit loss requirements of AASB 9, the identified impairment loss was immaterial and accordingly adoption of AASB 9 did not result in any impairment allowances of the Group's cash or other receivables to be recognised.

#### *Classification and measurement*

Except for certain receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's financial assets are, as follows:

Panoramic Resources Limited  
Notes to the consolidated financial statements  
31 December 2018  
(continued)

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

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's other receivables, and Loans included under Other non-current financial assets.
- Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCL. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under AASB 139, the Group's quoted equity securities were classified as AFS financial assets. Upon transition the AFS reserve relating to quoted equity securities, which had been previously recognised under accumulated OCI, was reclassified to Retained earnings.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest is made based on the facts and circumstances as at the initial recognition of the assets.

### *Impairment*

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For other receivables, the Group has applied the standard's general approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., cash on deposit at bank), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Panoramic has restricted cash on deposit at bank which is considered to be low credit risk investments. It is the Group's policy to measure such instruments on a 12-month ECL basis. While cash and cash equivalents are subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

### *Hedge accounting*

The Group continues to apply hedge accounting under AASB 139. All of the Group's existing hedging relationships is treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract in the Group's cash flow hedge relationships.

Other than the new accounting standards outlined above, the adoption of any new and revised standards and interpretation effective 1 July 2018 has not resulted in any changes to the Group's accounting policies and has no material effect on the amounts reported to the current or prior period.

Panoramic Resources Limited  
Notes to the consolidated financial statements  
31 December 2018  
(continued)

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

### (c) Going concern basis

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

On 16 July 2018, the Company announced that production would re-commence at the Savannah Nickel Project later in 2018 after the refurbishment of the process plant and other site infrastructure had been completed. The announcement was timed around the Company and Savannah Nickel Mines Pty Ltd (a wholly owned subsidiary of Panoramic) ("Savannah") having agreed a credit approved term sheet with Macquarie Bank Limited ("Macquarie") for up to \$40 million in project financing to help fund the development, working capital and other costs of the project. On 20 September 2018, the Company and Savannah, having agreed the terms and conditions of the \$40 million project loan with Macquarie, executed the Savannah Facility Agreement (SFA). Savannah also executed an ISDA Master Agreement with Macquarie in order to undertake mandatory and discretionary commodity and foreign exchange hedging over the life of the project.

On 31 December 2018, the Group had cash on hand (including restricted cash and excluding the cash held by Horizon Gold Limited) of \$19.2 million. Of the consolidated entity's trade and other receivables of \$18.5 million, \$16.7 million was available to be drawn down against the SFA. This outstanding balance has subsequently been drawn down. Since February 2019, the Group has started to generate income from the Savannah Nickel Project.

As at the date of this report, the consolidated entity and Macquarie are in discussions in relation to the \$40 million Savannah Facility Agreement ("SFA") to account for the slower than forecast ramp-up at the Savannah Nickel Project. In the event that these discussions do not lead to a mutually agreed outcome, under the terms of the SFA, there may no longer be the unconditional right to defer the repayment of the outstanding project loan.

In addition, as a result of the volatility in commodity prices and the Australian dollar, the financial constraints under the SFA, the cost of development to access the Savannah North ore deposit in 2019, there is some 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. The Board is satisfied that the Company (1) will reach a mutually agreed outcome with Macquarie in relation to the SFA, and (2) be able to raise additional capital (via equity, debt or a combination) as and if required. As a result, it is appropriate to prepare the financial statements on a going concern basis. 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.

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 2 Financial Instruments

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

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

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

At 31 December 2018, the Group does not have any level 3 financial instruments.

The following table presents the fair value measurement hierarchy of the Group's financial assets and liabilities carried at fair value at 31 December 2018 and 30 June 2018.

<b>Consolidated entity - at 31 December 2018</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Financial assets for which fair values are disclosed:				
Derivative instruments	-	<b>27,976</b>	-	<b>27,976</b>
Financial assets at fair value through profit or loss:				
- Equity securities	<b>1,468</b>	-	-	<b>1,468</b>
<b>Total assets</b>	<b>1,468</b>	<b>27,976</b>	-	<b>29,444</b>
<b>Liabilities</b>				
Financial liabilities for which fair values are disclosed:				
- Derivative instruments	-	<b>8,187</b>	-	<b>8,187</b>
<b>Total liabilities</b>	<b>-</b>	<b>8,187</b>	-	<b>8,187</b>
Consolidated entity - at 30 June 2018				
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Available-for-sale financial assets:				
- Equity securities	<b>2,703</b>	-	-	<b>2,703</b>
<b>Total assets</b>	<b>2,703</b>	-	-	<b>2,703</b>

### 3 Segment information

#### (a) Description of segments

##### Business segments

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

The Group has identified five operating segments being: (1) Nickel, the Savannah 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 mines nickel ore and produces nickel concentrate. The Savannah Nickel Project was placed onto care and maintenance in May 2016. In July 2018, the Company commenced pre-production activities on site with a target to export the first shipment of Savannah nickel concentrate to China early in the March quarter of 2019.

##### *Gold*

The Gum Creek Gold Project (formerly the Gidgee Gold Project) is located 640kms northeast of Perth in Western Australia, and was purchased by a subsidiary of the Company, Panoramic Gold Pty Ltd, 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, a subsidiary of the Company, Panoramic Gold Pty Ltd, 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.

In October 2016, the Gum Creek Gold Project was sold to the Company's wholly owned subsidiary, Horizon Gold Limited. In December 2016, Horizon Gold Limited was listed on the Australian Stock Exchange (ASX) and raised \$15 million in new capital. The Company has retained a 51% controlling equity in Horizon Gold Limited.

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

In July 2012, the Company finalised the acquisition of Magma Metals Limited ("Magma") by way of an off market takeover bid. Magma's principal project, the Thunder Bay North PGM Project ("TBN"), is located in northwest Ontario, Canada. Since acquisition, the Company has commenced evaluation studies to re-optimize the mining method and mineral processing route contained in the previous 2011 Preliminary Economic Assessment (PEA). In January 2015, Rio Exploration Canada Inc. (RTEC), having completed its review of all existing data on TBN, exercised a right under the "Earn In with Option to Joint Venture Agreement (July 2014)" by electing to proceed into the Earn-In option phase. RTEC is able to earn a 70% interest in the TBN by spending C\$20 million over a five year period to January 2020.

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 greenfield exploration and evaluation activities currently cover the regional areas of Western Australia.

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
(continued)

### 3 Segment information (continued)

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

##### Business segments (continued)

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

##### Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1(b).

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

#### (b) Operating business segments

Six Months Ended 31 December 2018	Nickel \$'000	Gold \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
<b>Segment Revenue</b>						
Other revenue	62	66	-	-	-	128
<b>Total segment revenue</b>	<b>62</b>	<b>66</b>	-	-	-	<b>128</b>
<b>Segment result</b>	<b>24,737</b>	<b>(828)</b>	<b>(5)</b>	<b>(351)</b>	-	<b>23,553</b>
<b>Total segment assets</b>	<b>158,545</b>	<b>23,886</b>	<b>10,965</b>	<b>5,153</b>	-	<b>198,549</b>
<b>Total segment liabilities</b>	<b>84,663</b>	<b>10,866</b>	<b>87</b>	<b>7</b>	-	<b>95,623</b>
Depreciation and amortisation	476	-	-	-	-	476
Reversal of impairment of assets	(19,156)	-	-	-	-	(19,156)
Mark to market of derivatives	120	-	-	-	-	120
Interest expense	187	94	-	-	-	281
Interest income	(62)	(66)	-	-	-	(128)
Six Months Ended 31 December 2017						
	Nickel \$'000	Gold \$'000	Platinum Group Metals \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
Segment revenue	308	98	-	-	-	406
Other revenue	308	98	-	-	-	406
<b>Total segment revenue</b>	<b>308</b>	<b>98</b>	-	-	-	<b>406</b>
<b>Segment result</b>	<b>(2,708)</b>	<b>(866)</b>	<b>(125)</b>	<b>(4)</b>	-	<b>(3,703)</b>
Depreciation and amortisation	168	-	-	-	-	168
Interest expense	203	90	-	-	-	293
Interest income	(27)	(98)	-	-	-	(125)
At 30 June 2018						
Total segment assets	24,654	24,234	10,647	22,583	-	82,118
Total segment liabilities	19,602	10,437	93	7	-	30,139

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

### 3 Segment information (continued)

#### (c) Other segment information

##### (i) Segment revenue

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

	<b>Consolidated Half-year</b>	
	31 December 2018 \$'000	31 December 2017 \$'000
Total segment revenue	128	406
Unallocated revenue	108	60
<b>Consolidated other revenue</b>	<b>236</b>	<b>466</b>

##### (ii) Segment results

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

	<b>Consolidated Half-year</b>	
	31 December 2018 \$'000	31 December 2017 \$'000
Segment results	23,553	(3,703)
Corporate charges	(1,988)	(1,625)
<b>Profit/(loss) for the half-year</b>	<b>21,565</b>	<b>(5,328)</b>

##### (iii) Segment assets

Reportable segments assets are reconciled to total assets as follows:

	<b>Consolidated entity</b>	
	31 December 2018 \$'000	30 June 2018 \$'000
Segment assets	198,548	82,118
Intersegment eliminations	118	117
Unallocated assets	19,585	21,694
Assets held for sale	-	17,002
<b>Total assets as per the consolidated statement of financial position</b>	<b>218,251</b>	<b>120,931</b>

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

### 3 Segment information (continued)

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

##### (iv) Segment liabilities

Reportable segments liabilities are reconciled to total liabilities as follows:

	<b>Consolidated entity</b>	
	<b>31 December</b>	30 June
	<b>2018</b>	2018
	\$'000	\$'000
Segment liabilities	95,622	30,139
Intersegment eliminations	118	117
Unallocated liabilities	1,204	1,253
Liabilities directly associated with assets held for sale	-	3,502
<b>Total liabilities as per the consolidated statement of financial position</b>	<b>96,944</b>	<b>35,011</b>

### 4 Other income

	<b>Consolidated Half-year</b>	
	<b>31 December</b>	31 December
	<b>2018</b>	2017
	\$'000	\$'000
Gain on sale of subsidiary	1,340	-
Foreign exchange gains (net)	56	-
Gain on measurement of rehabilitation liability	-	176
Sundry income	415	100
<b>Total</b>	<b>1,811</b>	<b>276</b>

In April 2018, the Company appointed Hartley Limited to assist with the divestment of the Lanfranchi Nickel Project (Project). The Project was classified as follows in the consolidated financial position at 30 June 2018:

- Assets classified as held for sale (\$17.002 million)
- Liabilities directly associated with assets classified as held for sale (\$3.502 million)

On 13 September 2018, the Company announced that it had agreed to sell its shareholding in 100% owned Cherish Metals Pty Ltd, the 100% owner of the Lanfranchi Nickel Project, to a wholly owned subsidiary of Texas-based Black Mountain Metals LLC ("Black Mountain") for a total consideration of \$15.1 million, with an effective sale date of 30 June 2018. On 6 December 2018, all the conditions precedent to the sale had been satisfied or waived and final settlement was concluded with a second payment of \$11.99 million by Black Mountain in addition to the \$1.51 million deposit paid in September 2018. The Company will receive a deferred cash consideration of \$1.6 million to be paid in 12 equal monthly instalments, commencing from the date that is 14 days from the first supply of ore under a contract with BHP Nickel West Pty Ltd, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier. The deferred cash consideration has been recognised in the consolidated statement of financial position at 31 December 2018. See note 10.

A gain on the sale of the Project of \$1.340 million has been recognised in the consolidated income statement for the half year ended 31 December 2018.

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 5 Profit/(loss) for the half-year

	31 December 2018 \$'000	31 December 2017 \$'000
<b>Profit/(loss) before income tax includes the following specific expenses:</b>		
<i>Depreciation</i>		
Plant and equipment	466	252
Plant and equipment under finance leases	32	-
	<hr/> <b>498</b>	<hr/> <b>252</b>
<i>Finance costs</i>		
Interest and finance charges paid/payable	64	16
Unwinding of discount - rehabilitation	262	274
	<hr/> <b>326</b>	<hr/> <b>290</b>
<i>Others</i>		
Write down on inventory	-	128
	<hr/> -	<hr/> <b>128</b>

## 6 Income tax benefit

At 31 December 2018, the Group has recognised a deferred tax liability of \$5,924,000 resulting from the unrealised fair value movements on its hedging instruments. As a result, the Group brought to account previously unrecognised deferred tax assets of \$5,924,000, through the profit and loss, to offset the deferred tax liability.

## 7 Current assets - Cash and cash equivalents

	<b>Consolidated entity</b>	
	31 December 2018 \$'000	30 June 2018 \$'000
Cash at bank and in hand	17,605	2,605
Deposits at call	4,464	22,825
	<hr/> <b>22,069</b>	<hr/> <b>25,430</b>

### Cash equivalents

Cash and cash equivalents as at 31 December 2018 include \$4.127 million held by Horizon Gold Limited.

Deposits at call comprises of short-term deposits of between 30 days and 90 days and other deposits for periods exceeding 90 days that can be immediately converted into cash at market cash rates, depending on the Group's immediate cash requirements, without incurring any significant penalties from the financial institutions.

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 8 Current assets - Trade and other receivables

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables	1,788	421
Cash restricted or pledged	<b>16,731</b>	-
	<b>18,519</b>	421

At 31 December 2018, the Group had restricted cash of \$16,731,000 in cash at bank in relation to the \$40 million project financing under the Savannah Facility Agreement (SFA) with Macquarie Bank Limited. These funds can only be used by the Company for expenditure associated with the Savannah Nickel Project in accordance with the SFA and the drawing of the funds is subject to the Macquarie Bank Limited's approval.

## 9 Derivative financial instruments

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Commodity call options	42	-
Forward commodity contracts	<b>6,732</b>	-
Total current derivative financial instrument assets	<b>6,774</b>	-
<b>Non-current assets</b>		
Forward commodity contracts	<b>21,202</b>	-
Total non-current derivative financial instruments	<b>21,202</b>	-
<b>Current liabilities</b>		
Forward foreign exchange contracts	1,836	-
Total current derivative financial instrument liabilities	<b>1,836</b>	-
<b>Non-current liabilities</b>		
Forward foreign exchange contracts	6,351	-
Total non-current derivative financial instrument liabilities	<b>6,351</b>	-
	<b>19,789</b>	-

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 9 Derivative financial instruments (continued)

### Instruments used by the group

During the period, the Company executed the Savannah Facility Agreement (SFA) with Macquarie Bank Limited securing up to \$40 million in project financing. See note 14 for further details. The Company entered into a mandatory hedge program under the SFA to hedge exposure to fluctuations in commodity prices and foreign currency exchange rates.

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

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

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

### Commodity Hedges

#### (i) Nickel and copper

The Group has entered into nickel and copper forward contracts as part of a mandatory hedge program under the SFA.

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

Consolidated entity	Tonnes Hedged	Average US\$ price per tonne		Tonnes Hedged	Average US\$ price per tonne
		31 December 2018	31 December 2018		
<b>Nickel Fixed Forward</b>					
Not later than one year	1,494	\$13,902		-	-
Later than one year	5,506	\$13,919		-	-
<b>Copper Fixed Forward</b>					
Not later than one year	1,031	\$6,073		-	-
Later than one year	1,969	\$6,108		-	-

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

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 9 Derivative financial instruments (continued)

### (ii) Diesel

Diesel consumption is one of the major cost inputs of the Savannah Nickel Project. During the period, the Company entered into diesel call options in order to protect against diesel price movements.

Consolidated entity	Kilolitres	Average US\$ price per litre		Kilolitres	Average US\$ price per litre
		31 December 2018	31 December 2018		
<b>Diesel Buy Call Options</b>		<b>4,498</b>	<b>\$0.69</b>	-	-

The fair value gain and loss on the Diesel Buy Call Options are recognised in the income statement.

### Foreign exchange contracts - cash flow hedges

The Group has entered into foreign currency forward contracts as part of a mandatory hedge program under the SFA.

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

Consolidated entity	US\$ Hedged	Average Rate		US\$ Hedged	Average Rate
		31 December 2018	31 December 2018		
		\$'000	US\$	\$'000	\$

<b>Foreign Exchange US\$ Forward</b>					
Not later than one year	27,030		\$0.74	-	-
Later than one year	88,667		\$0.75	-	-

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

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 10 Non-current assets - Receivables

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables	1,600	-

In April 2018, the Company appointed Hartley Limited to assist with the divestment of the Lanfranchi Nickel Project (Project). The Project was classified as an asset held for sale at 30 June 2018.

On 13 September 2018, the Company announced that it had agreed to sell its shareholding in 100% owned Cherish Metals Pty Ltd, the 100% owner of the Lanfranchi Nickel Project, to a wholly owned subsidiary of Texas-based Black Mountain Metals LLC (“Black Mountain”) for a total consideration of \$15.1 million, with an effective sale date of 30 June 2018. On 6 December 2018, all the conditions precedent to the sale had been satisfied or waived and final settlement was concluded with a second payment of \$11.99 million by Black Mountain in addition to the \$1.51 million deposit paid in September 2018. The Company will receive a deferred cash consideration of \$1.6 million to be paid in 12 equal monthly instalments, commencing from the date that is 14 days from the first supply or ore under a contract with BHP Nickel West Pty Ltd, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier. The deferred cash consideration has been recognised in the consolidated statement of financial position at 31 December 2018.

A gain on the sale of the Project of \$1.340 million has been recognised in the consolidated income statement for the half year ended 31 December 2018. See note 4.

## 11 Non-current assets - Property, plant and equipment

<b>Consolidated entity</b>	<b>Plant and equipment \$'000</b>	<b>Leased plant and equipment \$'000</b>	<b>Construction in progress \$'000</b>	<b>Total \$'000</b>
Net book amount at 1 July 2018	10,367	-	263	10,630
Additions	2,826	1,967	16,540	21,333
Depreciation charge	(465)	(32)	-	(497)
Reversal of impairment	18,862	42	(22)	18,882
Transfer (to) from other asset class	-	-	-	-
<b>Net book amount at 31 December 2018</b>	<b>31,590</b>	<b>1,977</b>	<b>16,781</b>	<b>50,348</b>

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 11 Non-current assets - Property, plant and equipment (continued)

### (a) Savannah Nickel Project

On 16 July 2018, the Company's Board made the formal decision to restart operations at the Savannah Nickel Project. As a result of this decision, the consolidated entity commenced Phase Two of the pre-production activities at the Project and made its first shipment of Savannah bulk concentrate to China in February 2019.

The formal decision to restart operations at the Savannah Nickel Project is considered to be an indicator of reversal of impairment loss recognised in prior periods and accordingly, management determined the recoverable amount of the Savannah Nickel Project cash generating unit ("CGU").

The recoverable amount of the Savannah Nickel Project CGU was determined based on a combination of discounted cash flow (DCF) calculation at 31 December 2018 using cash flow projections based on financial budgets covering the life of the project incorporating current market assumptions approved by the Company's Directors and independent valuations from external valuers. The recoverable amount of the Savannah Nickel Project CGU was in excess of the carrying value and accordingly, the entire impairment loss recognised in prior periods, adjusted for depreciation and amortisation, was reversed. This impairment loss reversal has been recognised in the consolidated income statement.

The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources/reserve and the valuation multiples.

## 12 Non-current assets - Exploration and evaluation, development and mine properties

Consolidated entity	Mine			Total \$'000
	Development Expenditure \$'000	Exploration and Evaluation \$'000	Mine (Mineral) Properties \$'000	
Net book amount at 1 July 2018	17,222	45,763	27	63,012
Additions	24,729	4,119	-	28,848
Amortisation charge	-	-	-	-
Reversal of impairment	271	-	3	274
Re-measurement of rehab provision	199	-	-	199
Transfer (to) from other asset class	18,761	(18,761)	-	-
<b>Net book amount at 31 December 2018</b>	<b>61,182</b>	<b>31,121</b>	<b>30</b>	<b>92,333</b>

Panoramic Resources Limited  
Notes to the consolidated financial statements  
31 December 2018  
(continued)

**12 Non-current assets - Exploration and evaluation, development and mine properties  
(continued)**

**(a) Savannah Nickel Project**

On 16 July 2018, the Company's Board made the formal decision to restart operations at the Savannah Nickel Project. As a result of this decision, the consolidated entity commenced Phase Two of the pre-production activities at the Project and made its first shipment of Savannah bulk concentrate to China in February 2019.

The formal decision to restart operations at the Savannah Nickel Project is considered to be an indicator of reversal of impairment loss recognised in prior periods and accordingly, management determined the recoverable amount of the Savannah Nickel Project cash generating unit ("CGU").

The recoverable amount of the Savannah Nickel Project CGU was determined based on a combination of discounted cash flow (DCF) calculation at 31 December 2018 using cash flow projections based on financial budgets covering the life of the project incorporating current market assumptions approved by the Company's Directors and independent valuations from external valuers. The recoverable amount of the Savannah Nickel Project CGU was in excess of the carrying value and accordingly, the entire impairment loss recognised in prior periods, adjusted for depreciation and amortisation, was reversed. This impairment loss reversal has been recognised in the consolidated income statement.

The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources/reserve and the valuation multiples.

**13 Current liabilities - Trade and other payables**

	<b>Consolidated entity</b>	
	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	11,016	2,154
Accrued expenses	6,395	1,610
	<hr/>	<hr/>
	<b>17,411</b>	<b>3,764</b>

Trade and other payables at 31 December 2018 has increased from 30 June 2018 in line with the ramp up of the Savannah Nickel Project pre-production activities.

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 14 Borrowings

	Consolidated entity					
	31 December 2018			30 June 2018		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
<b>Secured</b>						
Bank loans	272	39,032	39,304	-	-	-
Lease liabilities	334	1,527	1,861	441	-	441
Other loans	1,531	-	1,531	-	-	-
Total secured borrowings	2,137	40,559	42,696	441	-	441

During the period, the Company executed a Savannah Facility Agreement with Macquarie Bank Limited for the project loan of up to \$40 million to restart the Savannah Nickel Project (Project). The loan facility is secured over the Project's assets and undertakings.

## 15 Contributed equity

### (a) Share capital

Notes	31 December 2018 Shares	30 June 2018 Shares	31 December	30 June
			2018 \$'000	2018 \$'000
Ordinary shares				
Ordinary shares - fully paid	15(b)	491,592,889	491,592,889	188,860
<b>Total contributed equity</b>		<b>491,592,889</b>	<b>491,592,889</b>	<b>188,860</b>

### (b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
1 July 2017	Opening balance	428,567,271	-	169,044
1 August 2017	Performance rights issue	1,575,012	-	-
1 March 2018	Share Issue	61,450,606	\$0.34	20,893
30 June 2018	Transaction costs, net of tax	-	-	(1,077)
	Closing balance	491,592,889	-	188,860
1 July 2018	Opening balance	491,592,889	-	188,860
<b>31 December 2018</b>	<b>Closing balance</b>	<b>491,592,889</b>	<b>-</b>	<b>188,860</b>

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 16 Dividends

No dividend was declared or paid for the half year ended 31 December 2018 and 2017.

## 17 Non-controlling interests

### Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	31 December 2018	30 June 2018
Horizon Gold Limited	Australia	49%	49%
		<b>31 December 2018</b>	<b>30 June 2018</b>
		<b>\$000</b>	<b>\$000</b>

Accumulated balances of non-controlling interest	6,340	6,740
	<b>31 December 2018</b>	<b>31 December 2017</b>

The summarised financial information of Horizon Gold Limited is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for the period:	31 December 2018	31 December 2017
	<b>\$000</b>	<b>\$000</b>
Interest revenue	66	98
Other income	-	126
Care and maintenance expenses	(503)	(717)
Corporate and administration	(297)	(286)
Finance costs	(94)	(87)
<b>Loss before tax</b>	<b>(828)</b>	<b>(866)</b>
Income tax benefit	-	-
<b>Loss for the period from continuing operations</b>	<b>(828)</b>	<b>(866)</b>
<b>Total comprehensive loss</b>	<b>(828)</b>	<b>(866)</b>
Attributable to non-controlling interest	(400)	(380)

**Panoramic Resources Limited**  
**Notes to the consolidated financial statements**  
**31 December 2018**  
 (continued)

## 17 Non-controlling interests (continued)

Summarised statement of financial position at the end of the period:	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$000</b>	<b>\$000</b>
Cash and bank balances (current)	4,127	7,160
Trade and other receivables (current)	84	21
Prepayments (current)	47	15
Property, plant and equipment (non-current)	4,296	4,296
Exploration and evaluation (non-current)	15,332	12,741
Intercompany payables (current)	(78)	(27)
Trade and other payables (current)	(837)	(546)
Provisions (current)	(44)	(50)
Provisions (non-current)	<u>(9,985)</u>	<u>(9,842)</u>
<b>Total equity</b>	<b>12,942</b>	<b>13,768</b>
Attributable to:		
Equity holders of parent	6,602	7,028
Non-controlling interest	6,340	6,740
<b>Summarised cashflow information for the period:</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
	<b>\$000</b>	<b>\$000</b>
Operating	(559)	(1,201)
Investing	(2,525)	(1,977)
Financing	51	(127)
<b>Net decrease in cash and cash equivalents</b>	<b><u>(3,033)</u></b>	<b><u>(3,305)</u></b>

## 18 Contingencies

The Group had no contingent liabilities at 31 December 2018 (2017: nil).

## 19 Commitments

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

Panoramic Resources Limited  
Notes to the consolidated financial statements  
31 December 2018  
(continued)

## 20 Events occurring after the reporting period

### *Amendments to the Savannah Facility Agreement*

As at the date of this report, the consolidated entity and Macquarie Bank Limited are in discussions in relation to the \$40 million Savannah Facility Agreement ("SFA") to account for the slower than forecast ramp-up at the Savannah Nickel Project (refer to note 1(c) of the "Notes to the Consolidated Financial Statements").

### *Nickel Hedging*

During February 2019, the consolidated entity undertook the following hedging to protect against adverse movements in the A\$ nickel price:

- purchased for a premium cost of \$2.1 million, 2,437 tonnes of nickel put options at A\$16,500 per tonne (A\$7.48 per pound) for delivery April 2019 to September 2019; and
- sold forward 1,560 tonnes of nickel at an average weighted forward price of A\$17,847 per tonne (A\$8.10 per pound) for delivery October 2020 to September 2021.

### *First Shipment of Savannah Concentrate*

On 13 February 2019, the first shipment of bulk Savannah nickel/copper/cobalt concentrate, following the re-commencement of operations at the Savannah Nickel Project, departed Wyndham for Lianyungang, China with 7,735 wet metric tonnes (wmt) on board with a provisional value of A\$8.6 million.

In the interval between the end of the financial period and the date of this report, apart from the matters noted 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.