PANORAMIC
RESOURCES LTD

VISION | COMMITMENT | RESULTS

ANNUAL REPORT 2011

SAVANNAH TEAM

LANFRANCHI TEAM

ANNUAL REPORT 2011

2011 HIGHLIGHTS

- Net profit of $22.3 million
- Total dividends of 6 cents per share (fully franked)
- Cash and receivables of $126.4 million
- Group Production of 17,027t Ni
- Acquisition of the Gidgee Gold Project
- 26% increase of the Cruickshank Resource to 33,560t Ni
- Initial Helmut South Extension Resource of 7,080t Ni
- New nickel mineralisation down plunge of Deacon
- Three new JV's in Norway with Drake Resources

PROFILE

Panoramic Resources Limited is a well established Perth based mining company. It owns and operates the Savannah (East Kimberley) and Lanfranchi (Kambalda) underground nickel mines and has recently acquired the Gidgee Gold Project (Murchison). Panoramic is an S&P/ASX Top 200 company with a growing nickel and gold resource base and a workforce of more than 500 people.

Panoramic is also engaged in exploration activities in Australia and Scandinavia, primarily focusing on nickel, copper, PGM's and gold, and in Canada and South America via equity investments in junior explorers. The Company is actively looking to add to this exploration portfolio with new projects.

The growth path is being led by an experienced exploration-to-production team that has already enabled Panoramic to develop a substantial and profitable revenue stream, providing it with the capital base to achieve its vision through advanced exploration programs, acquisitions and/or joint ventures.

COMMENTARY

Commentary on results and outlook is included in the Directors' Report on pages 9-12 in this document and in more detail in the 2011 Business Review document.

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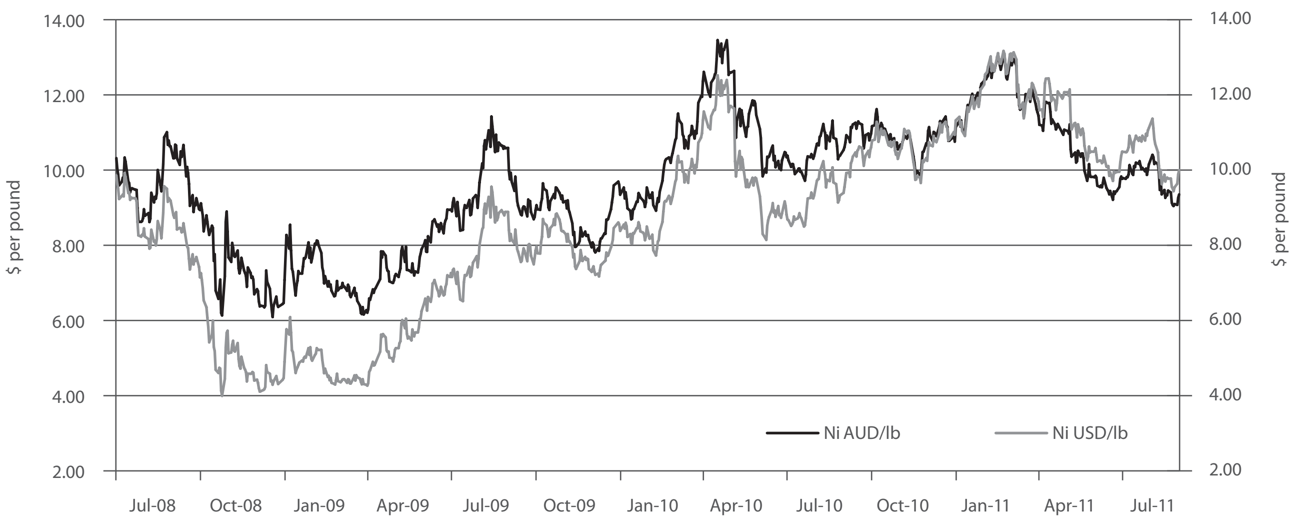
CHAIRMAN'S REPORT

Dear Shareholders,

The past year has been challenging for some companies involved in exporting products from Australia. Whilst the nickel price traded in a US$8-13/lb range over the year the Australian dollar continued to strengthen against the US dollar, adversely impacting our Australian dollar earnings. The impact of the strong Australian dollar can be clearly seen in the nickel price graph below, which shows nickel prices in US dollar and Australian dollar terms over the past three years.

LME CASH NICKEL PRICE 1 JULY 2008 TO 31 AUGUST 2011



Group contained nickel production for the year was just over 17,000 tonnes which was about 8% below budget primarily due to mobile equipment availability issues at both our mines. Savannah also suffered a series of vent fan failures which limited access to various parts of the mine and required some re-scheduling of stope sequencing to maintain production levels, albeit at lower head grades. The ventilation issues have been resolved, our equipment availability has improved and we are on track for production of 17,500-18,500 tonnes contained nickel this year.

The exploration efforts at Lanfranchi continue to produce positive results and during the year we added significant additional ore tonnes from the Helmut South Extension and at Cruickshank. We have also commenced a new program of exploration on some strong EM targets very close to the Savannah Orebody.

Our after tax profit of $22.3 million was a reasonable result, however it was impacted heavily by a combination of lower production, higher Australian dollar, a hedging loss and a write-down of our investment in Magma Metals Limited (Magma). After generating over $80 million in hedging gains in the previous two financial years, our hedging program reported a loss of $13.8 million for the year. This was largely caused by the strong and unexpected rally in the nickel price over the second half of the year, which meant that while we benefited from the higher prices on our unhedged production, our production was down on budget and consequently we had less unhedged tonnes to price at the higher levels. This hedging was put in place some years earlier to protect our revenues and enabled us to get through the *GFC* without serious difficulties. To ameliorate the risks of the adverse effect from our hedging activities in the future, we have increased our use of nickel and currency options. Options do incur some upfront costs but provide protection against major reductions in revenue from adverse nickel price and exchange rate movements, while giving us full exposure to any price rallies and currency weakness.

China continues to dominate demand for nickel. They are increasingly looking to Nickel Pig Iron (NPI) to provide their stainless mills with low cost nickel feed. The latest estimates suggest China accounts for close to 50% of world nickel demand with NPI providing over 400,000 tonnes of nickel per annum. China continues to access supplies of nickel ore from Indonesia and The Philippines. Indonesia has recently announced restrictions on the export of ore to apply from 2014. As a result, there are moves by Chinese groups to install NPI processing plants in Indonesia.

Chinese stainless steel producers are now exporting finished product to Europe and the United States. Whilst there can be quality issues with this material, the pricing is attractive as a result of lower cost NPI feedstock. Perhaps the most encouraging aspect of the Chinese market is the reported move away from low nickel grade 200 series stainless steel back to the higher nickel grade 300 series. In part, this change has been caused by the move to have improved standards applied to building codes in China. It is interesting to note that a lift of 1% in the nickel tenor of stainless steel from the current level of around 7% to the more traditional level of 8% would increase nickel demand by approximately 300,000 tonnes per annum worldwide. This would be sufficient to put nickel supply into deficit again despite the planned supply increases from new laterite projects.

Jinchuan continues to take all of the concentrate we produce at Savannah and our relationship with them remains on the friendliest of terms. When Jinchuan had its 50th anniversary celebrations last year, we presented them with a Boab tree from the Kimberley as a token of our relationship. It is now a major attraction in that part of China and is living happily in its new abode in the wonderful, purpose built, indoor garden established by Jinchuan in Jinchang City, Gansu Province.

The Company continues to seek opportunities to acquire new resource projects both here and overseas. During the year we acquired the Gidgee Gold Project which has a known resource base over 300,000 ounces and has historical production of over 1 million ounces. We are now working hard to increase the resource base and have an aggressive target of at least 500,000 ounces of reserves to enable us to re-commission the existing mill and return Gidgee to a 100,000oz per annum gold producer within the next two to three years. The Company places great store in diversifying its revenue base by moving into gold production.

We are also looking to increase our exposure to promising mineral assets overseas. We have recently invested into an advanced copper exploration project in Chile, via our 4% shareholding in Hot Chili Limited and hope to grow our involvement in that company. We also have maintained our equity position in Canadian PGM explorer, Magma, at 9% via participation in a placement during the year, and have increased our exposure to base metals exploration in Scandinavia through our exploration JVs with Drake Resources Limited. We have done considerable due diligence on these projects and believe they offer unique opportunities for the Company.

The business environment in this country continues to be challenging. We believe that our job is to develop the resources we discover in an ethical manner for the benefit of shareholders, employees, and the country in general. It seems that the government sometimes loses sight of these objectives and seeks to put hurdles in the way of our success by imposing more and more bureaucratic and taxation imposts on the industry. Further regulation and policy uncertainty continues to impose additional cost on our operations, impacts on how we reward our people, who we employ and how we operate. These imposts will continue to erode our margins and in order that there be more debate and balanced discussion before policies are implemented, we continue to support the Minerals Council of Australia, the Association of Mining and Exploration Companies, the Chamber of Minerals and Energy of WA, and other organisations that support and promote our industry.

This is the last year that I will be reporting to you as Chairman. I have had the honour of serving you and working with a most co-operative and like-minded board and an extremely competent management team under Peter. It has been an exciting six years. When I joined the Company the share price was less than $1, since then it has been as high as $6.21 and as low as 70 cents post the *GFC*. This year we have seen unbelievable gyrations in the equity markets as the world markets went through convulsions because of the debt problems in Europe and the USA. While all of this happened, Peter and the team have worked hard to increase the resource base, maintain production rates, hold costs in check and manage the mines in a safe and efficient manner. Peter is probably the best team builder and motivator with whom I have ever had the pleasure of working with. He has built a team of willing and co-operative management who are creative and hard-working and able to extract the best out of our assets. The Company is well placed with over $100 million in cash and no debt to continue to grow.

I wish the Company well in its future endeavours and absolute success in both its exploration and acquisition ventures.

Christopher J G de Guingand
Chairman
20 September 2011

PANORAMIC
RESOURCES LTD

MANAGING DIRECTOR'S REPORT

Dear Shareholder,

I am pleased to report we had our 7th straight profitable year at Panoramic in our 10th year since incorporation.

Key milestones achieved during the year were as follows:

- Focus on safety maintained;
- Acquisition of the Gidgee Gold Project;
- Discovery of the Helmut South Extension Orebody containing 7,080t Ni;
- Total nickel contained production of 17,027 tonnes;
- Increase of the Cruickshank Resource to 33,560t Ni;
- Net cash flow of $61.5 million from operations before tax;
- Net profit after tax and write-downs of $22.3 million;
- Total fully franked dividends of 6 cents per share, a 56% pay-out ratio over the year; and
- Strong cash and current receivables of $126.4 million and no debt.

The number one value in our business is **Safety** and we continue to work hard on improving our safety culture and performance. Unfortunately we continue to have the occasional Lost Time Injury (LTI) at our operations, which is concerning and unacceptable. Our goal is to eliminate all LTIs. Our Group LTIFR was at 8.21 at the end of June. On a positive note we have seen a reduction in the number of "all injuries" reported and a reduction in the number of "all reported significant incidents". Importantly, the percentage of significant reported incidents compared to all other incidents was at, or below the Group target of 15% at year end.

We remain focused on all facets of safety in our business to ensure we improve our performance in accordance with our safety mission statement:

- **Vision** **safety is a value not just a priority**
- **Commitment** **safety improvement through leadership**
- **Results** **safely home every day**

On the production front, both operations missed their internal budgets, which was disappointing. Savannah mined and milled 595,944 tonnes of ore at an average grade of 1.35% nickel and produced 6,921 tonnes of nickel contained. Lanfranchi mined 412,403 tonnes of ore at an average grade of 2.45% nickel for 10,106 tonnes of nickel contained. Both operations suffered from poor equipment availability, however on a positive note the head grade at Savannah was up 8% year on year and Lanfranchi mined 3% more ore tonnes. Group production was still a respectable 17,027 tonnes of nickel for the year.

A significant highlight was the acquisition of the Gidgee Gold Project for $15.5 million. We have been looking for a quality gold asset for some time and believe we have found one in Gidgee. The project has produced over one million oz gold, mostly between 1987 and 2005, when the gold price ranged between US$250-450/oz and has known resources of 310,000oz calculated at a US$500/oz gold price. The project has a 600,000tpa mill and associate infrastructure (150 person camp, airstrip, roads, tailings dam) and it is possible that the mill could be re-furbished for approximately $20 million. We have set a target of 500,000oz gold in reserve which would enable us to re-commence operations and believe this could be achieved within two to three years, subject to statutory approvals, a favorable gold price and identifying the reserves.

2011/12 promises to be another good year for Panoramic. On the production side we are forecasting to produce 17,500-18,500 tonnes nickel, significantly advance Gidgee and aggressively explore our own tenements and our JV ground. We have budgeted to spend a minimum of $12.5 million on exploration focused on the following projects:

- Undertaking significant AC and RC drill programs at Gidgee;
- Drill testing strong EM conductors around the Savannah Orebody;
- Drilling the strong EM response below the 900m level at Savannah;
- Continuing to drill test EM targets on the East Kimberley JV tenements;
- Down plunge drilling of the Deacon, Helmut South, Schmitz, Cruickshank and Lanfranchi orebodies; and
- Continuing to support Drake Resources in our strategic alliance for base and precious metals in Scandinavia.

On the acquisition front we remain well placed to make acquisitions with over $100 million in cash on the balance sheet. We will continue to assess opportunities to grow the business through quality acquisitions of projects and/or companies that would be complementary to the existing business, and to utilise management's experience and expertise. The primary focus is nickel, copper, PGMs and gold, and the preference is to buy assets at pre-feasibility stage through to operating mines. The Company is also interested in opportunities in other base metals and selected bulk commodities. While Australia remains the preferred location, the Company is actively pursuing opportunities in selected overseas countries which have mining friendly regulatory regimes and established infrastructure. We have taken a 4% equity interest in Hot Chili Limited which has an exciting copper project in Chile and hope to become more involved with that company.

The Board remains cautious about the short term outlook for the world economy and therefore commodity prices, however we expect a slow improvement in future business conditions. The Company will continue to actively manage its exposure to commodity prices, diesel and the US$/A$ exchange rate through its hedging program and will take opportunities when they present to protect margins and optimise revenue. The Board and management are committed to growing the Company in accordance with our 10 Year Plan which is to:

- **Improve our safety culture** so every employee believes that safety is our most important value in line with our safety mantra: **Vision, Commitment, Results;**
- **Optimise our metal production** to maximise our margins;
- **Grow the existing resource and reserve base** to extend the mine life of our operations;
- **Maintain dividend payments**; and
- **Acquire additional assets** to become a diversified mining house and an S&P/ASX Top 100 Company.

The success of our Company is mainly due to our dedicated workforce and I would like to personally thank the Board, all employees and contractors for their hard work and dedication again this year. I would also like to thank all our shareholders, other stakeholders and our two customers, the Jinchuan Group and BHP Billiton Nickel West for their ongoing support.

Our Chairman, Chris de Guingand, will be retiring in November after six years of distinguished service and I would like to personally thank Chris for his dedication. He has been a significant contributor to the success of Panoramic and we are all indebted to Chris. His enthusiasm, industry knowledge and contacts, approach to problem solving, leadership, mentoring skills and sense of humour are great qualities and he will be missed both in the Panoramic board room and at our operations. Chris will remain available as a consultant and we will continue to call on him as and when required.

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

Yours faithfully,

PETER HAROLD
Managing Director
20 September 2011

DIRECTORS' REPORT

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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 financial year ended 30 June 2011.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows (directors were in office for the entire period unless otherwise stated):

Christopher J G de Guingand (Non-Executive Chairman)

78 years

FCPA

Appointed 8 July 2005

Christopher de Guingand has had a long and distinguished career in the mining industry, predominately in financial and marketing roles with a number of mining companies as an executive, trader, director or consultant. Chris started his career with CRA where he held senior management positions in marketing non-ferrous metals and iron ore over a 13 year period. He then joined Metals Exploration Limited as Commercial Manager in charge of financing and marketing for the Greenvale Nickel Project. In 1982 he established his own marketing and logistics consultancy, Mineral Commerce Services, which provides marketing and shipping services to a number of base metals projects in Australia and overseas.

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

- Albidon Limited (Non-Executive Director from 1 January 2004 to 17 April 2009)

Peter J Harold (Managing Director)

48 years

B.AppSc(Chem), AFAICD

Appointed 16 March 2001

Peter Harold is a process engineer with over 23 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 Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects prior to founding Panoramic Resources Limited in April 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)*
- Territory Uranium Company Limited (Non-Executive Chairman from 1 March 2007)*

**Denotes current directorship*

Christopher D J Langdon (Non-Executive Director)

48 years

B.Com (Econ)

Appointed 4 August 2004

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

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

- F.F.I. Holdings Limited (Non-Executive Director from 10 November 2006)*

**Denotes current directorship*

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

John Rowe (Non-Executive Director)

62 years

BSc (Hons), ARSM, MAusIMM

Appointed 5 December 2006

John Rowe is a geologist who has had extensive mining industry experience over a 40 year period. Until August 2006, John was General Manager, Business Development with LionOre Australia responsible for assessing new business, divesting assets and negotiating nickel ore and concentrate sales contracts. Prior to joining LionOre, he 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. John started his career with Metals Exploration Limited as a mine geologist at the Nepean Nickel Mine in the early 1970's before taking on senior executive roles with Consolidated Goldfields, Agnew Mining, and North Kalgurli Mines. Following a short stint with R&I Gold Bank in their technical division, Mr Rowe set up his own geological consultancy in the early 1990's and then joined MPI Mines Limited in mid 1993. Mr Rowe is also the Principal of John Rowe and Associates which provides geological and business development advice to the mining industry.

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

- Catalpa Resources Limited (Non-Executive Director from 12 October 2006 to 30 January 2008, Non-Executive Chairman from 30 January 2008 to 10 December 2009, and Non-Executive director from 10 December 2009.)*
- Southern Cross Goldfields Ltd (Non-Executive Director from 14 April 2010)*

**Denotes current directorship*

Brian M Phillips (Non-Executive Director)

68 years

AWASM-Mining, FAusIMM, MIMMM,

Appointed 27 March 2007

Brian Phillips is a mining engineer who has had extensive mining industry experience in operational and management roles over a 46 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 former non-executive director of the Australian Gold Council and 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:

- Tawana Resources NL (Non-Executive Chairman from 4 April 2005 to 20 June 2008. Non-Executive Director from 20 June 2008 to 24 July 2009)
- Indophil Resources NL (Non-Executive Director from 1 April 2005 and Non-Executive Chairman from 21 April 2005)*
- Rex Minerals Limited (Non-Executive Director from 12 February 2010 to 15 June 2010)
- White Rock Minerals Ltd (Non-Executive Chairman from 26 March 2010)*

**Denotes current directorship*

COMPANY SECRETARY

Trevor R Eton

51 years

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

Appointed 12 March 2003

Trevor Eton is an accountant with over 25 years of experience in corporate finance within the minerals industry. Prior to joining the Company in 2003, he was Company Secretary and Group Financial Controller of MPI Mines Limited for 10 years.

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year 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:	**11**	**2**	**2**	**1**
Number of meetings attended:				
Christopher J G de Guingand	11	1	2	1
Peter J Harold	11	-	2	1
Christopher D J Langdon	11	2	2	1
John Rowe	11	2	2	1
Brian M Phillips	11	2	2	1

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 and Risk
Christopher D J Langdon (c)	Christopher J G de Guingand (c)	Christopher J G de Guingand (c)
Christopher J G de Guingand	Christopher D J Langdon	Christopher D J Langdon
John Rowe	John Rowe	John Rowe
Brian M Phillips	Brian M Phillips	Brian M Phillips
-	Peter J Harold*	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.

** From 1 July 2011, the Managing Director, Peter Harold, is no longer a member of the Remuneration Committee.*

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 this report is as follows:

Name of Director	Ordinary Direct	Shares Indirect	Performance rights over ordinary shares
Christopher J G de Guingand	-	150,366	-
Peter J Harold	-	3,490,785	1,040,000
Christopher D J Langdon	-	25,000	-
John Rowe	-	10,000	-
Brian M Phillips	-	10,000	-

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.

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 15 July 2010, a wholly owned subsidiary of the Company, Pindan Exploration Company Pty Ltd ("PEC"), executed the "Deed: Grant of Right to be Offered Participation in Projects" with Drake Resources Limited ("Drake") in regard to an alliance with Drake to identify, explore, and develop base and metal opportunities in Scandinavia. PEC will have the first right of refusal on any projects proposed by Drake during an initial period of three years. If, on any project PEC agrees to participate with Drake, a joint venture will be formed and PEC has the right to sole fund exploration to earn an initial 70% interest in that project. Drake has the right to participate in each proposed project at 30% or 10%, or by way of a 2% Net Smelter Return (NSR) royalty. The minimum expenditure commitment on any project is to be agreed at the time a joint venture on that project is formed.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

- At Lanfranchi, a new high grade extension to the Helmut South nickel orebody was discovered in November 2010. An initial Resource of 181,700 tonnes at 3.90% nickel for 7,080 tonnes contained nickel was reported in June 2011.
- On 8 October 2010, a wholly owned subsidiary of the Company, PEC, executed the "Halls Creek Project – Farm-In and Joint Venture Agreement" with Lodestar Minerals Limited ("Lodestar") whereby PEC, by spending $1 million over three years, is able to earn an 80% interest in various tenements held by Lodestar between Halls Creek and the Savannah nickel project.
- On 28 January 2011, a wholly owned subsidiary of the Company, Panoramic Gold Pty Ltd, executed the "Gidgee Project – Sale and Purchase Agreement" with Apex Gold Pty Ltd for the purchase, subject to certain conditions precedent, of the Gidgee gold project for $15.5 million. On 18 February 2011, all conditions precedent were satisfied and the purchase of the Gidgee gold project was finalised.
- On 31 January 2011, a wholly owned subsidiary of the Company, PEC, executed a Sale Agreement with Breakaway Resources Limited ("Breakaway"), whereby PEC purchased all of Breakaway's tenement interests in the East Kimberley region of Western Australia for $0.36 million.
- In April 2011, the Cruickshank Mineral Resource at Lanfranchi, was upgraded by 26% to 33,560 tonnes of contained nickel, using a resource block nickel grade cut-off of 0.5%.
- As part of the Company's strategy to take equity positions in exploration companies with quality assets in Australia and overseas, over the financial year, the Company made additional investments in the following ASX listed company:
    - Magma Metals Limited – 18,659,596 shares at an average cost of $0.42 per share.

  The Company will review this, and other existing/future equity investments on a regular basis, and will look to develop long term relationships with those companies seeking additional funding and/or technical and management expertise, and to assist in bringing financially robust and long life projects into production. If this investment strategy is not available on a particular investment or circumstances change, the Company will look to exit this investment at the appropriate time.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The Group's profit after tax for the financial year ending 30 June 2011 was $22,292,000 (2010: $56,195,000).

Financial Performance

The Group's performance during the 2011 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	2011	2010	2009	2008	2007
Net profit after tax ($'000)	22,292	56,195	5,610	53,332	88,109
Earnings per share (cents)	10.8	27.5	2.9	28.4	47.6
Dividends per share (cents)	6.0	16.5	3.0	12.0	12.0
Dividends pay out ratio (%)	55.5	59.9	103.3	42.2	25.2
Market capitalisation ($'000)	362,339	447,473	463,052	775,108	777,379
Closing share price	1.75	2.18	2.27	4.04	4.14
Return on equity (%)	21.6	55.3	6.2	70.7	125.0

DIVIDENDS

On 26 August 2010, the Directors declared a fully franked final dividend of 6.5 cents per share, which was paid on 24 September 2010 in relation to the year ended 30 June 2010.

On 24 February 2011, the Directors declared an interim fully franked dividend of 4.0 cents per share, which was paid on 25 March 2011.

The Directors have resolved to declare a fully franked final dividend of 2.0 cents per share in respect of the year ended 30 June 2011. The financial effect of this dividend has not been bought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent financial reports.

REVIEW OF OPERATIONS

Located 42kms south of Kambalda in Western Australia, the Company's 100% owned and operated Lanfranchi nickel project produced 412,403 (2010: 398,920) tonnes of ore grading 2.45% (2010: 2.54%) nickel containing 10,106 (2010: 10,122) tonnes of nickel. The nickel ore is treated at BHP Billiton Nickel West's Kambalda nickel concentrator under an Ore Tolling and Concentrate Purchase Agreement.

In the East Kimberley region of Western Australia, the Company owns and operates the Savannah nickel project and is the 60% owner and operator of the Copernicus nickel project. This year the Savannah project treated 600,837 (2010: 673,894) tonnes of ore grading 1.34% (2010: 1.25%) and produced 6,921 (2010: 7,273) tonnes of nickel in concentrate together with 3,689 (2010: 4,019) tonnes of copper and 379 (2010: 387) tonnes of cobalt. The nickel concentrate is shipped from the port of Wyndham to the Jinchuan Group in China under the March 2010 Extended Concentrate Sales Agreement.

At the Copernicus nickel project, mining of nickel sulphide ore from the open pit commenced in July 2008. In January 2009, due to the weakness of the nickel price, mining

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

activities at the Copernicus project ceased. As at the date of this report, the Copernicus project remains under indefinite care and maintenance.

The 100% owned and operated Gidgee gold project, located 640kms northeast of Perth in Western Australia, was under indefinite care and maintenance when purchased by the Company in February 2011. For the reminder of the reporting period, the Company refurbished the site's village and administration areas ahead of the commencement of exploration and evaluation activities in July 2011.

REVIEW OF FINANCIAL CONDITION

Capital Structure

The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2011 was 1.4% (2010: 4.6%).

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, by hedging no more than 80% (2010: 80%) of the payable nickel forecast to be produced in any month, over a rolling two year horizon. Any hedging is via a combination of nickel forward sales contracts and nickel put and call options, with the percentage of the combined nickel forward sales contracts and written nickel call options to be no more than 40% (2010: 40%) of the payable nickel forecast to be produced in any month over the same rolling two year horizon;
- For currency risk, sufficient foreign exchange 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.

None of the existing nickel forward sale contracts that have been entered into by the consolidated entity are subject to margin calls. As at 30 June 2011, the consolidated entity had sold forward:

- 2,700 tonnes of nickel at an average weighted nickel price of US$11.69 per pound for delivery between July 2011 and June 2012, which represents approximately 23% of forecast payable nickel production; and
- 675 tonnes of nickel at an average weighted nickel price of US$12.00 per pound for delivery between July 2012 and June 2013, which represents approximately 6% of forecast payable nickel production.

As at 30 June 2011, except for a net favourable "in the money" position on open United States dollar denominated foreign exchange bought put and sold call options that expire between July 2011 and June 2012 (as detailed further in Note 13 of the Notes to the Financial Statements), the consolidated entity had no outstanding committed United States dollar denominated forward currency hedging contracts.

CORPORATE

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

EMPLOYEES

At the end of the financial year, the Group had 389 permanent, full time employees (2010: 328).

EVENTS SUBSEQUENT TO BALANCE DATE

Purchase of Shares

On 22 July 2011, the Company purchased 6,666,667 shares in Hot Chili Limited at a cost of $0.60 per share.

Withdrawal from the Tushtena gold project

On 29 July 2011, after completing the minimum expenditure commitment, the Company gave written notification to Tushtena Resources Inc. and Triton Gold Limited, that its wholly owned subsidiary, Pindan (USA) Inc. was withdrawing from the Tushtena gold project.

Final Dividend

On 26 August 2011, the Directors resolved to declare a fully franked final dividend of 2.0 cents per share in respect of the year ended 30 June 2011.

In the interval between the end of the financial year and the date of this report, apart from the events 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity will continue with the mining and treating of nickel sulphide ores to produce nickel concentrate at the Savannah project, while at the same time continue with the mining of nickel sulphide ores from the Lanfranchi project.

Work will continue on extending and adding to economic reserves of the Savannah project and the Lanfranchi project from known resources and identifying new resources through exploration.

In addition, at the Gidgee gold project, the consolidated entity will increase its efforts to find new gold orebodies and to evaluate the economic opportunity from favourable gold prices to recommence mining on previous production areas.

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.

SHARE OPTIONS

At the date of this report, total unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price ($)	Number of Shares
31 December 2012	1.50	3,000,000

During the financial year, option holders have exercised the option to acquire 1,237,500 (2010: 275,000) fully paid shares in Panoramic Resources Limited at a weighted average exercise price of $2.20 (2010: $2.20). In addition, the Company cancelled 175,000 options at a weighted average exercise price of $2.20 through forfeiture (2010: nil).

In the interval between the end of the financial year and the date of this report, the remaining option holder has not exercised the option to acquire fully paid shares in Panoramic Resources Limited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current 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 or since the financial year, the Company has paid premiums of $14,724 (2010: $29,312) 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.

2011 REMUNERATION REPORT (AUDITED)

This 2011 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 the remuneration report has been audited as required by section 308 (3C) of the Act.

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, and includes the five executives in the Company and the Group receiving the highest remuneration.

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

Details of Key Management Personnel (including the five highest remunerated executives of the Company and the Group)

(i) Directors

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

(ii) Named Executives

Trevor Eton	Chief Financial Officer and Company Secretary
Christopher Williams	General Manager – Operations
Terry Strong	Operations Manager – Savannah Project
Simon Jessop	Projects Manager and Operations Manager – Gidgee Project
Robert Thorburn	Operations Manager – Lanfranchi Project

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.

Remuneration Committee

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

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

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

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

The remuneration of non-executive directors for the period ending 30 June 2011 is detailed in Table 1 on page 19 of this report. Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of $600,000, which was last approved by shareholders on 20 November 2007.

Variable Remuneration

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

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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee takes due 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 16 to 18.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration Committee. Table 1 on page 19 details the variable component (%) of the Group's key management personnel which includes the five most highly remunerated executives. STI Bonuses paid and accrued, in most cases, do not include the statutory requirement from 1 July 2009 for the payment of 9% employer superannuation. Where necessary, when the payment of superannuation on an individual's STI Bonus would cause the amount of superannuation in any financial year to exceed the applicable statutory concessional maximum superannuation contribution limit, at the individual's discretion, an equivalent amount of employer superannuation is added to the executive's base cash salary.

Fixed Remuneration

Objective

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

Structure

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

The fixed remuneration component of the Group's key management personnel is detailed in Table 1 on page 19.

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, 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.

STIB First Part - Financial Performance

A maximum Cash bonus (excluding statutory superannuation) will be paid to the executives if certain financial thresholds are met by the Company during the Relevant Financial Year ("**Cash bonus**"). The maximum Cash bonus 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:

$$\mathbf{C_{EXEC} = [P - (E \times 15\%)] \times 20\%}$$

where

$\mathbf{C_{EXEC}}$ = 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

STIB Second Part - 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 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 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;
- optimise the Company's metal production by focus on operations and the performance of the management team;
- maintain a programme to grow the Company's existing resource and reserve base;
- seek to acquire additional assets so the Company pursues its aim to become a diversified mining house; and
- 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, for the 2011 financial year, 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:

$$C_{max} = P \times 5\%$$

where

C_{max} = 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 executive STIB

Actual STIB payments granted to each executive are made after the end of the Relevant 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 (C_{EXEC}) has been determined.

For the 2011 financial year, based on the C_{EXEC} calculation formula and forecast consolidated financial results, no aggregate executive STIB Cash bonus has been accrued. Any variance between the C_{EXEC} accrual estimate and the aggregate of the actual STIB cash payments to be paid in Discretionary Cash bonuses, will be brought to account in the 2012 financial year.

For the 2010 financial year, an executive STIB Cash bonus of $1,394,000 was accrued using the C_{EXEC} calculation formula. Following the determination of the audited consolidated 2010 financial statements, the Remuneration Committee determined in September 2010 that an aggregate executive STIB Cash bonus (excluding statutory superannuation) of $1,830,000 be paid to executives, comprising $1,730,000 under the First Part (Financial Performance) of the executive STIB scheme and $100,000 to the Managing Director, Peter Harold, under the Second Part (Core Values) of the executive STIB scheme. The variance of $436,000 between the C_{EXEC} accrual estimate, and the aggregate of the actual STIB cash payments paid, was subsequently brought to account in the 2011 financial year.

The short term incentive variable remuneration component of the Group's key management personnel, which includes the five most highly remunerated executives, is detailed in Table 1 on page 19.

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 2011 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	2011	2010	2009	2008	2007
Net profit after tax ($'000)	22,292	56,195	5,610	53,332	88,109
Earnings per share (cents)	10.8	27.5	2.9	28.4	47.6
Dividends per share (cents)	6.0	16.5	3.0	12.0	12.0
Dividends pay out ratio (%)	55.5	59.9	103.3	42.2	25.2
Market capitalisation ($'000)	362,339	447,473	463,052	775,108	777,379
Closing share price	1.75	2.18	2.27	4.04	4.14
Return on equity (%)	21.6	55.3	6.2	70.7	125.0

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Structure

LTI grants to executives are now delivered in the form of performance rights to shares, as issued under the 2010 Panoramic Resources Limited Employee Share Plan (2010 ES Plan) approved by the Company's shareholders on 3 September 2010. During the financial year, LTI grants under the 2010 ES Plan were allocated to executives of the Company.

Table 2 on page 20 and Table 3 on pages 21 and 22, provides details of performance rights to shares granted, the value of performance rights to shares granted, and vesting periods under the 2010 ES Plan. In addition, Table 3 on pages 21 and 22 provides details on ordinary shares issued on the vesting and exercise of unlisted employee share options under the previous 2004 Panoramic Employee Share Option Plan, on the vesting and exercise of performance rights to shares under the previous 2007 Panoramic Resources Limited Employee Share Plan (2007 ES Plan), and on the vesting an exercise of performance rights to shares under the Managing Director Long Term Share Plan (LTSP). Details of the 2010 ES Plan, LTSP and 2007 ES Plan and the respective performance hurdles are provided under the terms of Peter Harold's employment contract on pages 16 to 17.

No Hedging Contracts on LTI Grants

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance shares granted as part of their remuneration package. This policy is strictly enforced by the Managing Director under the Company's Share Trading Policy detailed in the Corporate Governance Statement on page 27.

Employment Contracts

Non-Executive Chairman

The Non-Executive Chairman, Christopher de Guingand, commenced in his role on 8 July 2005 under the following terms:

- Christopher de Guingand 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 ($89,776), based on the fixed component of Christopher de Guingand's 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.

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. The fixed components of the non-executive director's remuneration are:

Non-Executive Director	Termination Payment
Christopher Langdon	$62,572
John Rowe	$62,572
Brian Philips	$62,572

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

Managing Director

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

- The term of the Contract was initially for a minimum of 12 months, and is now able to be terminated on 6 months notice from Peter Harold, and 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:

$$C_{PH} = [P - (E \times 15\%)] \times 2.5\%$$

where

C_{PH} = 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" li ne 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.

DIRECTORS' REPORT

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- 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.
- If the Company terminates Peter Harold's Contract, other than lawfully in accordance with its terms, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) executive STIB at the time notice of the termination is given based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Remuneration Committee. If Peter Harold works out the whole or any part of his notice period, he will be entitled to his accrued First Part (Financial Performance) executive STIB during the period after the notice is given until such time as he stops working.
- If there is a Change of Control Event, Peter Harold will be entitled to paid his accrued First Part (Financial Performance) executive STIB at the time of the Change of Control based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Board of Directors. If the Board of Directors is unable to determine for any reason the accrued and discretionary benefits to Peter Harold under the executive STIB scheme, Peter Harold will be entitled to be paid an accrued STIB based on 100% of Peter Harold's fixed remuneration per annum.
- Under Tranche 1 of the 2010 ES Plan, Peter Harold will be entitled to be issued a maximum of 520,000 shares in the Company on 1 July 2012 at zero cost, dependent upon the performance of the Company relative to a group of selected peers over a two year period that commenced on 1 July 2010 and ends on 1 July 2012 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index at the commencement of the Performance Period. The peer group is to be ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for the share rights holder. Shares will be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period is at or above the 50th percentile of the peer group. At the 50th percentile, Peter Harold will be entitled to 25% of the shares, increasing proportionately to 50% at the 60th percentile. At the 60th percentile, Peter Harold will be entitled to 50% of the shares, increasing proportionately to 100% at the 75th percentile.
- Under Tranche 2 of the 2010 ES Plan, Peter Harold will be entitled to be issued a maximum of 520,000 shares in the Company on 31 December 2013 at zero cost, dependent upon the performance of the Company relative to a group of selected peers over a 30 month period that commenced on 1 July 2011 and ends on 31 December 2013 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index at the commencement of the Performance Period. The peer group is to be ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for the share rights holder. Shares will be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period is at or above the 50th percentile of the peer group. At the 50th percentile, Peter Harold will be entitled to 25% of the shares, increasing proportionately to 50% at the 60th percentile. At the 60th percentile, Peter Harold will be entitled to 50% of the shares, increasing proportionately to 100% at the 75th percentile.
- Under the 2007 ES Plan, Peter Harold was entitled to be issued a maximum of 500,000 shares in the Company on 31 December 2010 at zero cost, dependent upon the performance of the Company relative to a group of selected peers over a three year period that commenced on 1 January 2008 and ended on 31 December 2010 (Performance Period). The peer group comprised those companies within the S&P / ASX 300 Metals & Mining Index at the commencement of the Performance Period. The peer group was ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensured an alignment between comparative shareholder return and reward for the share rights holder. Shares were to be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period was at or above the 50th percentile of the peer group. At the 50th percentile, Peter Harold was entitled to 50% of the shares, increasing proportionately to 100% at the 75th percentile. On 31 December 2010, Peter Harold was entitled to be issued with 260,000 shares in the Company, with the balance of 240,000 performance rights to shares being forfeited and cancelled by the Company.
- If the Company terminates Peter Harold's Contract, or Peter Harold is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, subject to the performance of the Company relative to the applicable peer group for the Performance Period ending on the date that notice of termination is given or employment ceases, Peter Harold will be entitled to a pro-rata portion (calculated on a daily basis) of his 2010 ES Plan Tranche 2 performance rights vesting earlier than the dates originally set down.

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 Commencement of Employment Contracts	Position
Trevor Eton	2 February 2009	Chief Financial Officer & Company Secretary
Christopher Williams	20 April 2009	General Manager – Operations
Terry Strong	2 February 2009	Operations Manager - Savannah Project
Simon Jessop	2 February 2009	Projects Manager and Operations Manager – Gidgee Project
Robert Thorburn	1 November 2009	Operations Manager – Lanfranchi Project

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

- Each may resign from his position and thus terminate his contract by giving 3 months written notice. Any vested unlisted options not exercised will be forfeited 4 weeks from the date of resignation.
- The Company may terminate a named executive's employment contract by providing 4 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of the notice period. In the event of a termination in employment through a Change in Control of the Company, the Company will provide 6 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of notice. Upon either notice of termination by the Company, any unlisted LTI options that have vested, or will vest during the notice period will be able to be exercised until the expiry date. Any unlisted LTI options that have not yet vested will vest immediately upon the date that notice of termination is given, unless termination is from serious misconduct in which case the options not yet vested will be forfeited. If a named executive is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, subject to the performance of the Company relative to the applicable peer group for the Performance Period ending on the date that notice of termination is given or employment ceases, each named executive will be entitled to a pro-rata portion (calculated on a daily basis) of his 2010 ES Plan Tranche 2 performance rights vesting earlier than the dates originally set down.
- 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.
- Under the 2010 ES Plan, the named executives have been given LTI grants at zero cost in relation to the aggregate LTI grant of 5,915,000 performance share rights over two tranches to certain employees of the Company (including 1,040,000 LTI grants to the Managing Director, Peter Harold):

Named Executive	Tranche 1	Tranche 2	Total LTI Grants
	LTI Grants	LTI Grants	
Trevor Eton	295,000	295,000	590,000
Christopher Williams	295,000	295,000	590,000
Terry Strong	197,500	197,500	395,000
Simon Jessop	197,500	197,500	395,000
Robert Thorburn	197,500	197,500	395,000
Total LTI grants	1,182,500	1,182,500	2,365,000

The terms and conditions of the proposed LTI grants under the 2010 ES Plan are provided under the terms of Peter Harold's employment contract on pages 16 to17.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Table 1: Remuneration of Directors and Executives Officers

2011	Short-term incentive benefits				Post-employment benefits		Long-term incentive Plans				
Name	Cash salary and fees	Paid Bonus (a)	Accrued Bonus (a)	Other Benefits	Superannua-tion	Retirement benefits	Executive Options	Employee Shares	Long Term Shares (b)	Total	Performance related
	$	$	$	$	$	$	$	$	$	$	%
Executive Directors											
P J Harold	595,953	550,000	(499,000)	7,163	25,000	-	-	-	973,217	1,652,333	92
Non-Executive Directors											
C J G de Guingand	173,679	-	-	1,793	-	-	-	-	-	175,472	-
C D J Langdon	121,050	-	-	1,793	-	-	-	-	-	122,843	-
J Rowe (c)	121,050	-	-	38,174	-	-	-	-	-	159,224	-
B M Phillips	121,050	-	-	1,793	-	-	-	-	-	122,843	-
Executives											
T R Eton	315,729	140,000	(80,000)	7,163	41,016	-	-	-	202,808	626,716	55
C J Williams	315,729	140,000	(80,000)	1,793	41,016	-	-	-	202,808	621,346	55
T J Strong	280,698	105,000	(60,000)	1,793	34,713	-	-	-	135,778	497,982	48
S A Jessop	282,752	105,000	(60,000)	1,793	34,898	-	-	-	135,778	500,221	48
R J Thorburn	250,885	105,000	(60,000)	1,793	32,030	-	-	-	135,778	465,486	52
	2,578,575	**1,145,000**	**(839,000)**	**65,051**	**208,673**	**-**	**-**	**-**	**1,786,167**	**4,944,466**	**59**

(a) Cash bonuses paid and the reversal of accrued bonuses are in relation to the 2010 financial year

(b) Share Rights amount is the non-cash amortisation expense for the period in relation to granted performance rights to shares

(c) Mr J Rowe provided geological consulting work to the Group based on normal commercial terms and conditions. This work was not in relation to his role as a Company director

2010	Short-term incentive benefits				Post-employment benefits		Long-term incentive Plans				
Name	Cash salary and fees	Paid Bonus	Accrued Bonus	Other Benefits	Superannua-tion	Retirement benefits	Executive Options	Employee Shares	Long Term Shares (a)	Total	Performance related
	$	$	$	$	$	$	$	$	$	$	%
Executive Directors											
P J Harold	536,496	125,000	499,000	7,500	23,379	-	-	-	1,156,662	2,348,038	55
Non-Executive Directors											
C J G de Guingand	158,154	-	-	2,821	-	-	-	-	-	160,975	-
C D J Langdon	110,228	-	-	2,821	-	-	-	-	-	113,049	-
J Rowe (b)	110,228	-	-	72,481	-	-	-	-	-	182,709	-
B M Phillips	110,228	-	-	2,821	-	-	-	-	-	113,049	-
Executives											
T R Eton	274,919	-	80,000	7,500	24,743	-	-	-	-	387,162	-
C J Williams	274,919	-	80,000	2,821	24,743	-	-	-	-	382,482	-
S G Kelleher (c)(d)	152,205	-	-	1,645	13,698	180,491	-	-	-	348,040	-
T J Strong	242,010	-	60,000	2,821	23,731	-	-	-	-	328,561	-
S A Jessop	256,708	-	60,000	2,821	23,104	-	-	-	-	342,632	-
R J Thorburn (e)	142,539	-	60,000	1,175	12,829	-	-	-	-	216,542	-
	2,368,633	**125,000**	**839,000**	**107,227**	**146,226**	**180,491**	**-**	**-**	**1,156,662**	**4,923,239**	**26**

(a) Share Rights amount is the non-cash amortisation expense for the period in relation to granted performance rights to shares

(b) Mr J Rowe provided geological consulting work to the Group based on normal commercial terms and conditions. This work was not in relation to his role as a Company director

(c) For the period 1 July 2009 to 8 February 2010

(d) Benefits were for untaken leave entitlements, paid to the family of S G Kelleher following his death on 8 February 2010

(e) From 1 November 2009

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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

(i) Options

No options were granted during 2010/11.

(ii) Performance Rights to Shares

2011	Grant Date	Grant Number	Vest Date	Securities Vested during period	Value per security at grant date	Value of securities granted during the year	Exercised Number	Exercise Price	Expiry date	% of remuneration
					$	$		$		
Performance Rights to Shares										
PJ Harold	3/09/10	520,000	1/07/12	-	1.68	873,600	-	-	2/07/12	
PJ Harold	3/09/10	520,000	31/12/13	-	1.61	837,200	-	-	1/01/14	
Total		1,040,000		-		1,710,800	-	-		59%
T R Eton	1/12/10	295,000	1/07/12	-	1.18	348,100	-	-	2/07/12	
T R Eton	1/12/10	295,000	31/12/13	-	1.37	404,150	-	-	1/01/14	
Total		590,000		-		752,250	-	-		32%
CJ Williams	1/12/10	295,000	1/07/12	-	1.18	348,100	-	-	2/07/12	
CJ Williams	1/12/10	295,000	31/12/13	-	1.37	404,150	-	-	1/01/14	
Total		590,000		-		752,250	-	-		33%
TJ Strong	1/12/10	197,500	1/07/12	-	1.18	233,050	-	-	2/07/12	
TJ Strong	1/12/10	197,500	31/12/13	-	1.37	270,575	-	-	1/01/14	
Total		395,000		-		503,625	-	-		27%
RJ Thorburn	1/12/10	197,500	1/07/12	-	1.18	233,050	-	-	2/07/12	
RJ Thorburn	1/12/10	197,500	31/12/13	-	1.37	270,575	-	-	1/01/14	
Total		395,000		-		503,625	-	-		29%
SA Jessop	1/12/10	197,500	1/07/12	-	1.18	233,050	-	-	2/07/12	
SA Jessop	1/12/10	197,500	31/12/13	-	1.37	270,575	-	-	1/01/14	
Total		395,000		-		503,625	-	-		27%
Total 2010/11		**3,405,000**		**-**	**1.39**	**4,726,175**	**-**	**-**		

(i) Options

No options were granted during 2009/10.

(ii) Performance Rights to Shares

No performance rights to shares were granted during 2009/10.

No amount was paid or payable by the recipient for those securities granted during the period.

All securities granted during the period can be exercised after the vesting date and prior to the expiry date.

Performance rights to shares granted as a part of executive remuneration have been externally valued using a Monte-Carlo simulation model, which takes account of factors including the current level and volatility of the underlying share price, the risk free rate, expected dividends on the underlying share, the current market price of the underlying share and Total Shareholder Return (TSR) hurdles that must be met before the Share Based Payment vest to the holder. This method of valuation has also been used to value performance rights to shares granted to other employees of the Company during the year under the 2010 ES Plan.

Where applicable, options granted as a part of executive remuneration have been externally valued using a Black Scholes option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

There have been no options granted over unissued ordinary shares to key management personnel since 30 June 2011.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Table 3 : Securities holdings of directors and specified executives

2011	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2011		
	1 July 2010				30 June 2011	Total	Not Exercisable	Exercisable
(i) Options								
Directors								
C J G de Guingand	-	-	-	-	-	-	-	-
P J Harold	-	-	-	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-	-
Executives								
T R Eton	550,000	-	(550,000)	-	-	-	-	-
C J Williams	100,000	-	(100,000)	-	-	-	-	-
T J Strong	75,000	-	(75,000)	-	-	-	-	-
S A Jessop	50,000	-	(50,000)	-	-	-	-	-
R J Thorburn	-	-	-	-	-	-	-	-
Total	**775,000**	**-**	**(775,000)**	**-**	**-**	**-**	**-**	**-**
(ii) Performance Rights								
Directors								
P J Harold	500,000	1,040,000	(260,000)	(240,000)	1,040,000	-	-	-
Executives								
T R Eton	-	590,000	-	-	590,000	-	-	-
C J Williams	-	590,000	-	-	590,000	-	-	-
T J Strong	-	395,000	-	-	395,000	-	-	-
S A Jessop	-	395,000	-	-	395,000	-	-	-
R J Thorburn	-	395,000	-	-	395,000	-	-	-
Total	**500,000**	**3,405,000**	**(260,000)**	**(240,000)**	**3,405,000**	**-**	**-**	**-**

2010	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2010		
	1 July 2009				30 June 2010	Total	Not Exercisable	Exercisable
(i) Options								
Directors								
C J G de Guingand	-	-	-	-	-	-	-	-
P J Harold	-	-	-	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-	-
Executives								
T R Eton	750,000	-	(200,000)	-	550,000	550,000	-	550,000
C J Williams	100,000	-	-	-	100,000	100,000	-	100,000
T J Strong	75,000	-	-	-	75,000	75,000	-	75,000
S A Jessop	50,000	-	-	-	50,000	50,000	-	50,000
R J Thorburn	-	-	-	-	-	-	-	-
S G Kelleher	75,000	-	-	(75,000)	-	-	-	-
Total	**1,050,000**	**-**	**(200,000)**	**(75,000)**	**775,000**	**775,000**	**-**	**775,000**

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Table 3 : Securities holdings of directors and specified executives (continued)

2010	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2010		
	1 July 2009				30 June 2010	Total	Not Exercisable	Exercisable
(ii) Performance Rights								
Directors								
P J Harold	1,500,000	-	(1,000,000)	-	500,000	-	-	-
Total	**1,500,000**	**-**	**(1,000,000)**	**-**	**500,000**	**-**	**-**	**-**

Table 4: Securities granted and exercised as part of remuneration for the year ended 30 June 2011

2011	Value of securities granted during the year	Value of securities exercised during the year	Value of securities lapsed during the year	Remuneration consisting of securities for the year
	$	$	$	%
(i) Options				
T R Eton	-	1,435,500	-	-
C J Williams	-	271,000	-	-
T J Strong	-	195,000	-	-
S A Jessop	-	130,000	-	-
R J Thorburn	-	-	-	-
(ii) Performance Rights				
T R Eton	752,250	-	-	64.0%
C J Williams	752,250	-	-	64.3%
T J Strong	503,625	-	-	58.2%
S A Jessop	503,625	-	-	58.0%
R J Thorburn	503,625	-	-	60.4%
P J Harold	1,710,800	1,391,000	1,284,000	71.6%

2010	Value of securities granted during the year	Value of securities exercised during the year	Value of securities lapsed during the year	Remuneration consisting of securities for the year
	$	$	$	%
(i) Options				
T R Eton	-	502,000	-	-
C J Williams	-	-	-	-
T J Strong	-	-	-	-
S A Jessop	-	-	-	-
S G Kelleher	-	-	-	-
R J Thorburn	-	-	-	-
(ii) Performance Rights				
P J Harold	-	2,330,000	-	-

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

There were no forfeitures during the period.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Table 5: Shares issued on exercise of securities

2011	Shares Issued	Paid per share	Unpaid per share
	No.	$	$
(i) Options			
T R Eton	550,000	2.20	-
C J Williams	100,000	2.20	-
T J Strong	75,000	2.20	-
S A Jessop	50,000	2.20	-
R J Thorburn	-	-	-
	775,000	**2.20**	**-**
(ii) Performance Rights			
PJ Harold	260,000	-	-
	260,000	**-**	**-**
2010			
(i) Options			
T R Eton	200,000	2.20	-
C J Williams	-	-	-
T J Strong	-	-	-
S A Jessop	-	-	-
S G Kelleher	-	-	-
R J Thorburn	-	-	-
	200,000	**2.20**	**-**
(ii) Performance Rights			
PJ Harold	1,000,000	-	-
	1,000,000	**-**	**-**

Table 5 is at the end of the 2011 Remuneration Report.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Panoramic Resources Limited support and have adhered to the principles of corporate governance. The Company's corporate governance statement is attached to the Directors' Report and forms a part of the Directors' Report.

AUDITORS INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2011. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

NON-AUDIT SERVICES

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

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

Tax Compliance	$46,745

Signed in accordance with a resolution of the directors.

Peter Harold

Managing Director

Perth, 26 August 2011

COMPETENT PERSONS STATEMENT

The information in this report that relates to the initial Helmut South Extension Mineral Resource 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 of Panoramic Resources Limited. Mr Hicks has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which the person is undertaking to qualify as a Competent Person as defined in the 2004 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.

The information in this report that relates to the Cruickshank Mineral Resource is based on information compiled by Andrew Bewsher of BM Geological Services Pty Ltd. Mr Bewsher is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which the person is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bewsher consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information reviewed by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee of Panoramic Resources Limited. Mr Hicks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as a Competent Person as defined in the 2004 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.

The information in this report that relates to Mineral Resources at Gidgee (Premium and Cascade) is based on studies commissioned and published by Apex Minerals NL which were compiled or reviewed by Mr Andrew Thompson as quoted in Apex Minerals' 2009 Annual Report.

The information in this report that relates to Mineral Resources at Gidgee (excluding Premium and Cascade) is based on studies commissioned and published by Legend Mining and its consultant Dr Spero Carras, as quoted in Legend Mining's 2006 Annual Report.

Mr Thompson is a member of and Dr Carras a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Thompson was a full time employee of Apex Minerals NL in 2009 and is currently employed by Corazon Mining Limited. Dr Carras was a consultant to Legend in 2006 and currently Executive Director of Carras Mining Pty Ltd and consults to numerous mining and exploration companies. Mr Thomson and Dr Carras consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

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

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

Principle 1: Lay Foundations for Management and Oversight

Primary Role of the Board

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

Board Operation

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

Board Processes

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

Evaluation of Managing Director and Executive Performance

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

Principle 2: Structure the Board to Add Value

Composition of the Board

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

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

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

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

Independence

The composition of the Board has gradually changed to reflect the transition of the Company from project developer to a sustainable producing business. As at the date of this report, the majority of non-executive directors, including the Chairman, are considered independent of management and directly or indirectly, individually hold less than 5% of the issued ordinary shares of the Company.

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.

CORPORATE GOVERNANCE STATEMENT

Board Performance

There is no formal performance appraisal system in place for Board performance on a director by director basis. In January 2011, each director completed a self-performance appraisal by answering a set of specific questions rating their own performance since assuming office and their personal view on the performance of the whole Board. The Board has agreed to complete these self-performance appraisal surveys on a regular as part of implementing a more formal performance appraisal system. Membership of the Audit Committee by non-executive directors is initially for a three year period, with an annual renewal review thereafter with performance being one criteria in order to retain office.

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 the Panoramic mining operations 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.

Independent Professional Advice and Access to Company Information

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

Board Committees

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

- **Audit Committee**

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

- **Remuneration Committee**

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

  From 1 July 2011, there is increased transparency and accountability in remuneration matters as required in the *Improving Accountability on Director and Executive Remuneration Bill 2011*. There are new 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 2012 Remuneration Report will include these new reporting obligations.

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

- **Environment, Safety and Risk Committee**

  The Environment, Safety and Risk Committee consist of all directors. The role of the Environment, Safety and Risk Committee is to oversee and monitor the effectiveness of the Group's strategies and systems to ensure that the Company complies with external and internally accepted standards for the impact of business activities on the environment, the safety and well being 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.

- **Nomination Committee**

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

CORPORATE GOVERNANCE STATEMENT

Principle 3: Promote Ethical and Responsible Decision Making

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

Code of Conduct

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

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

Diversity Policy

The Company has recently established 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 yet determined measurable objectives on gender diversity across the workplace and at the Board level. In the coming financial year, the Board is to oversee the development of new programs to achieve a broader pool of skilled and experienced senior management and Board candidates, with the aim of identifying measurable objectives and strategies on gender diversity in the 2013 financial year. The Board will report progress on the development of new programs in the 2012 Corporate Governance Statement.

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

- Percentage of women and men employed within the Group – woman: 12%; men: 88%;
- Percentage of women and men employed at the senior management level – women: 13%; men: 87%;
- Percentage of women and men employed at the Board level – women: nil; men: 100%; and
- Percentage of indigenous employees at the Savannah nickel project – 10.1% (objective until November 2011: 10%).

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

Trading in Company securities by directors, officers and employees

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

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

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

Discrimination, Harassment and Bullying Policy

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

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguard Integrity in Financial Reporting

The Managing Director and Chief Financial Officer are required to state in writing to the Audit Committee and the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. The Audit Committee reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy to the Board prior to their release to shareholders, investors and other public forums. There is regular communication between the Audit Committee, management and external auditor. In accordance with Section 324DA of the *Corporations Act 2001*, the audit partner of the external auditor is required to be rotated after 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, the Audit Committee reviews, assists and assesses the adequacy of the Company's internal control and financial risk management systems, and accounting and business policies.

Principle 5: Make Timely and Balanced Disclosure

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 document and all material announcements provided to the ASX can be accessed on the Company's website at *www.panoramicresources.com*.

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

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

Principle 6: Respect the Rights of Shareholders

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

Principle 7: Recognise and Manage Risk

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Company has this financial year 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 new Board sanctioned approach is still in accordance with Australian/New Zealand Standard for Risk Management (*AS/NZS 4360 2004*) and importantly, is more 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 has involved the Company undertaking a comprehensive review 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 exchange rate;
- customer declaration of force majeure;
- health, safety, industrial and environment matters;
- production capacity;
- future delivery against committed financial derivatives;
- regulatory constraints, compliance and the impact of climate change; and
- natural disasters.

The review has also included examining on the effectiveness of internal controls, systems and response procedures that were in place in previous years. As at the date of this report, the comprehensive review on each element and function across the Group is still in progress and is requiring further Board input, review and final approval before information on the risk management framework can be accessed on the Company's website at *www.panoramicresources.com*.

The Board has also established a committee of the Board, the Environment, Safety and Risk Committee. As part of its brief, this Committee oversees the Company's management of financial and non-financial risks at the operations in accordance with the risk management framework being developed while always taking into account the Company's legal obligations set by the Federal and State statutory law makers on, but not limited to, environment, employment and occupational health and safety.

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

CORPORATE GOVERNANCE STATEMENT

Principle 8: Remunerate Fairly and Responsibly

Board Remuneration

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

Executive Remuneration

The Board has established a committee of the Board, the Remuneration Committee. The Remuneration Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each executive's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be at 'risk' for the upcoming year. The Company's executives can participate in a performance share rights plan that is linked to the Company's performance 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 2011 Remuneration Report on pages 12 to 23.

DIRECTORS' DECLARATION

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

1. In the opinion of the directors:

   (a) The financial report and the additional disclosures included in the directors report designated as audited of the consolidated entity 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 2011 and of its performance for the year ended on that date; and

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

   (b) There are reasonable grounds to believe that the parent entity 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 2011.

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 35 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, 26 August 2011

INDEPENDENT AUDITOR'S 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 2011, 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.

GB:MB:PANORAMIC:137

INDEPENDENT AUDITOR'S REPORT

ERNST & YOUNG

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 2011 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
26 August 2011

GB:MB:PANORAMIC:137

AUDITOR'S INDEPENDENCE DECLARATION

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

In relation to our audit of the financial report of Panoramic Resources Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
26 August 2011

GB:MB:PANORAMIC:136

Liability limited by a scheme approved
under Professional Standards Legislation

PANORAMIC
RESOURCES LTD

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	2010
	Notes	$'000	$'000
Revenue from continuing operations	4	**249,582**	287,806
Other income	5	**4,465**	147
Cost of sales of goods	6	**(195,104)**	(191,574)
Other expenses	6	**(14,118)**	(11,563)
Reversal of impairment of assets	17,18	**-**	7,221
Exploration and evaluation expenditure		**(6,303)**	(7,113)
Mark to market of derivatives	6	**(779)**	(5,859)
Impairment of available-for-sale financial assets		**(5,536)**	-
Finance costs	6	**(1,424)**	(762)
Profit before income tax		**30,783**	78,303
Income tax expense	7	**(8,491)**	(22,108)
Profit from continuing operations		**22,292**	56,195
Profit is attributable to:			
Equity holders of Panoramic Resources Limited		**22,292**	56,195

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	39	**10.8**	27.5
Diluted earnings per share	39	**10.7**	27.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated	
	2011	2010
	$'000	$'000
Profit for the year	**22,292**	56,195
Other comprehensive income		
Revaluation of assets, net of tax	**(4)**	38
Changes in the fair value of available-for-sale financial assets, net of tax	**(1,221)**	1,417
Changes in the fair value of cash flow hedges, net of tax	**468**	(2,980)
Transfer from cash flow hedge reserve to net profit, net of tax	**6,218**	(27,457)
Other comprehensive income/(loss) for the year, net of tax	**5,461**	(28,982)
Total comprehensive income for the year	**27,753**	27,213
Total comprehensive income for the year is attributable to:		
Owners of Panoramic Resources Limited	**27,753**	27,213
	27,753	27,213

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		Consolidated	
		2011	2010
	Notes	$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**90,864**	49,779
Term deposits	10	**989**	87,601
Trade and other receivables	9	**34,530**	20,942
Inventories	12	**12,322**	12,286
Derivative financial instruments	13	**6,997**	3,769
Current tax receivables	14	**966**	-
Prepayments	11	**1,348**	3,222
Total current assets		**148,016**	177,599
Non current assets			
Receivables	15	**-**	1,876
Available-for-sale financial assets	16	**6,621**	9,229
Property, plant and equipment	17	**65,964**	51,979
Exploration and evaluation	18(a)	**14,319**	14,267
Development properties	18(b)	**96,833**	85,933
Mine properties	18(c)	**73,923**	68,555
Derivative financial instruments	13	**2,720**	6,858
Other non-current assets	20	**314**	523
Total non-current assets		**260,694**	239,220
Total assets		**408,710**	416,819
LIABILITIES			
Current liabilities			
Trade and other payables	21	**23,956**	23,914
Borrowings	22	**834**	3,295
Derivative financial instruments	13	**417**	11,189
Provisions	23	**6,378**	8,270
Current tax liabilities	24	**-**	18,496
Total current liabilities		**31,585**	65,164
Non current liabilities			
Borrowings	25	**589**	1,422
Deferred tax liabilities	26	**44,382**	35,672
Provisions	27	**29,018**	23,331
Derivative financial instruments	13	**-**	106
Total non-current liabilities		**73,989**	60,531
Total liabilities		**105,574**	125,695
Net assets		**303,136**	291,124
EQUITY			
Contributed equity	28	**104,675**	101,953
Reserves	29	**52,846**	44,203
Retained earnings	29	**145,615**	144,968
Total equity		**303,136**	291,124

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Consolidated		Issued capital	Share based payment reserve	Retained earnings	Cash flow hedge reserve	Other reserves	Total equity
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009		101,348	11,094	113,354	29,228	31,252	286,276
Revaluation of assets, net of tax	29	-	-	-	-	38	38
Changes in the fair value of available-for-sale financial assets, net of tax	29	-	-	-	-	1,417	1,417
Changes in the fair value of cash flow hedges, net of tax	29	-	-	-	(2,980)	-	(2,980)
Transfer to net profit, net of tax	29	-	-	-	(27,457)	-	(27,457)
Net income/(expense) recognised directly in equity		-	-	-	(30,437)	1,455	(28,982)
Profit for year		-	-	56,195	-	-	56,195
Total recognised income and expense for the year		-	**-**	**56,195**	**(30,437)**	**1,455**	**27,213**
Contributions of equity	28	605	-	-	-	-	605
Dividends provided for or paid	30	-	-	(24,581)	-	-	(24,581)
Employee share options-charged to the consolidated entity	29	-	1,611	-	-	-	1,611
Balance at 30 June 2010		**101,953**	**12,705**	**144,968**	**(1,209)**	**32,707**	**291,124**
Balance at 1 July 2010		101,953	12,705	144,968	(1,209)	32,707	291,124
Revaluation of assets, net of tax	29	-	-	-	-	(4)	(4)
Changes in the fair value of available-for-sale financial assets, net of tax	29	-	-	-	-	(1,221)	(1,221)
Changes in the fair value of cash flow hedges, net of tax	29	-	-	-	468	-	468
Transfer to net profit, net of tax		-	-	-	6,218	-	6,218
Net income/(expense) recognised directly in equity		-	-	-	6,686	(1,225)	5,461
Profit for year		-	-	22,292	-	-	22,292
Total recognised income and expense for the year		-	**-**	**22,292**	**6,686**	**(1,225)**	**27,753**
Contributions of equity, net of transaction costs	28	2,722	-	-	-	-	2,722
Dividends provided for or paid	30	-	-	(21,645)	-	-	(21,645)
Employee share options-value of employee services	29	-	3,182	-	-	-	3,182
		2,722	3,182	(21,645)	-	-	(15,741)
Balance at 30 June 2011		**104,675**	**15,887**	**145,615**	**5,477**	**31,482**	**303,136**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	2010
	Notes	$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**226,850**	284,232
Payments to suppliers and employees (inclusive of goods and services tax)		**(158,684)**	(144,966)
Income tax (paid) refund		**(20,847)**	3,972
Payments for exploration and evaluation expense		**(6,305)**	(7,113)
Borrowing cost paid		**(332)**	(340)
Net cash inflow from operating activities	38	**40,682**	135,785
Cash flows from investing activities			
Payments for investments		**(8,065)**	(6,669)
Interest received		**5,093**	4,359
Payments for property, plant and equipment		**(27,585)**	(8,058)
Payments for exploration		**(4,083)**	(1,656)
Payment of development costs		**(27,774)**	(25,215)
Payments for mineral properties		**(12,190)**	-
Payments for other financial assets-term deposits		**-**	(70,301)
Proceeds from other financial assets-term deposits		**87,669**	-
Proceeds from sale of plant and equipment		**39**	957
Proceeds from sale of investments		**9,517**	-
Net cash inflow (outflow) from investing activities		**22,621**	(106,583)
Cash flows from financing activities			
Proceeds from issues of equity securities		**2,722**	605
Repayment of borrowings		**(3,295)**	(5,425)
Dividends paid to company's shareholders	30	**(21,645)**	(24,581)
Net cash outflow from financing activities		**(22,218)**	(29,401)
Net increase (decrease) in cash and cash equivalents		**41,085**	(199)
Cash and cash equivalents at the beginning of the financial year		**49,779**	49,978
Cash and cash equivalents at end of year	8	**90,864**	49,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2011

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 2011 was authorised for issue in accordance with a resolution of the directors on 26 August 2011.

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

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

(a) Basis of preparation

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

(b) New accounting standards and interpretations

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

(i) Changes in accounting policies and disclosures.

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

The Company has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2010:

- AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash settled Share based Payments Transactions [AASB 2]
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

- **Annual Improvements Project**

In May 2009 and June 2010 the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company:

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non current assets and disposal groups classified as held for sale or discontinued operations are only those set out in AASB 5. The disclosure requirements of other Accounting Standards only apply if specifically required for such non current assets or discontinued operations.
- AASB 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- AASB 101 - Current / non-current classification of convertible instruments
- AASB 107 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- AASB 117 - Classification of leases of land
- AASB 118 - Determining whether an entity is acting as a principle or an agent
- AASB 136 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Company as the annual impairment test is performed before aggregation.
- AASB 139 - Treating loan prepayment penalties as closely related embedded derivatives, and revising the scope exemption for forward contracts to enter into a business combination contract.

- **Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments**

This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ending 30 June 2011:

- AASB 9 Financial Instruments

  AASB 9 includes requirements for the classification and measurement of financial assets from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. This is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of these requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2011

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

  These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of these amendments.

- AASB 124 (Revised) Related party Disclosures (December 2009)

  The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. This is applicable to annual reporting periods beginning on or after 1 July 2011. The Group has not yet determined the potential impact of these amendments.

- AASB 2009-12 Amendments to Australian Accounting Standards

  This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. This is applicable to annual reporting periods beginning on or after 1 July 2011. The Group has not yet determined the potential impact of these amendments.

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

  Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. This is applicable to annual reporting periods beginning on or after 1 July 2011. The Group has not yet determined the potential impact of these amendments.

- AASB 2010-5 Amendments to Australian Accounting Standards

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements. This is applicable to annual reporting periods beginning on or after 1 July 2011.

- AASB 2010-6 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

  The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale. This is applicable to annual reporting periods beginning on or after 1 July 2011. The Group has not yet determined the potential impact of these amendments.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

  The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However the fair value option used for financial liabilities has changed. This is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of these amendments.

- Consolidated Financial Statements

  IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. This is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of this interpretation.

- Joint Arrangements

  IFRS 11 replaces IAS 31 Interests in Joint ventures and SIC-13 Jointly-controlled Entities - Non-Monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. This is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of this interpretation.

- Disclosure of Interests in Other Entities

  IFRS 12 includes all disclosure relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. This is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of this interpretation.

- Fair Value Measurement

  IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. This is applicable to annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of this interpretation.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Panoramic Resources Limited and all entities that Panoramic Resources Limited controlled from time to time during the year and at the reporting date.

Information from the financial statements of subsidiaries is included from the date that the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

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Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Significant accounting judgements, estimates and assumptions

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

Determination of mineral resources and ore reserves

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

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

Changes in the forecast prices of commodities, 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.

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.

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.

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.

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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.

Provisions for decommissioning and restoration costs

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

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

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a Black Scholes model and a Binomial model, using the assumptions detailed in note 40.

(e) Revenue recognition

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

(i) Sale of concentrates/ore

A sale is recorded when control 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.

(f) Borrowing costs

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

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

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

(g) Leases

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

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

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

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

(h) Cash and cash equivalents

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

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

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(i) Term deposits

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

(j) Trade and other receivables

(i) Nickel concentrate

Mining revenue from nickel concentrate sales exported from the Savannah Nickel Project is recognised at its provisional price on the day the product has been shipped from port. 100% of the provisional value is payable in approximately 7 working days from issue of a provisional invoice. At each reporting date, provisional priced nickel is marked to market based on 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 both final measured contained nickel in nickel concentrate delivered to the customer are brought to account upon presentation of the final invoice.

(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 estimated fair value of the consideration received and the embedded derivative is included within trade receivable. At each reporting date, provisional priced nickel is marked to market based on 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.

(iii) Other receivables

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

(k) Inventories

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

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

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

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

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

(ii) Spares for production

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

(l) Derivative financial instruments and hedging

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

Derivatives are not held for speculative purposes.

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

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

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

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

(i) Cash flow hedges

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time,

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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 for the US Dollar Nickel concentrate transacted on the London Metals Exchange.

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

(ii) Derivatives that do not qualify for hedge accounting

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

(m) Foreign currency translation

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

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(n) Interest in jointly controlled assets

Interests in unincorporated joint venture assets are recognised by including in the respective classifications, the share of the individual assets employed and share of liabilities and expenses incurred from the date joint control commences to the date joint control ceases.

(o) Investments

(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.

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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. Details about the tax funding agreement are disclosed in note 7.

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 assets. 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.

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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.

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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) Provisions 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 restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in the Income Statement on a prospective basis over the remaining life of the operation.

(t) Impairment of non-financial assets

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

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

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

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

(u) Trade and other payables

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

(v) Interest-bearing loans and borrowings

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

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

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

(w) Provisions

Provisions are recognised when the economic entity has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a

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

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

(x) Employee benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

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

(iii) Share-based payments

Equity settled transactions

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

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

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

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

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

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

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

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

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

(iv) Bonus plans

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

(y) Contributed equity

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

(z) Dividends

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

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(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

Subsequent to 1 July 2009

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.

Prior to 1 July 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree acquired did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

2 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 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 exchange 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.

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The Group's profit and loss and balance sheet can be affected significantly by movements in the US$/A$ exchange rates. The Group seeks to mitigate the effect of its net foreign currency exposure by using derivative instruments, principally forward foreign currency 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 US$.

Information about the Group's foreign exchange contracts is provided in note 13.

At 30 June 2011, the Group had the following exposure to US$ foreign currency that is not designated in cash flow hedges.

	2011	2010
	$'000	$'000
Cash at bank	**9,430**	21,590
Trade receivables	**28,620**	6,400
Net exposure	**38,050**	27,990

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The +/- 10% (2010: +/- 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 2011, had the US Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	Impact on post tax profit		Impact on equity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
AUD to USD +10% (2010: +10%)	**1,755**	2,412	**(405)**	(102)
AUD to USD -10% (2010: -10%)	**(1,497)**	(4,616)	**270**	124

The movements in equity have increased due to a rise in the value of forward commodity contracts. Management believes the balance sheet date risk exposures are representative of the risk exposure 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 (2010: 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.

	30 June 2011		30 June 2010	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Cash at bank and in hand	**3.1%**	**17,408**	4.7%	39,399

The following sensitivity is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity used is +/ - 50 basis points 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.

Judgements of reasonably possible movements	Carrying amount	Interest rate risk			
		-0.5%		+0.5%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2011 Financial assets					
Cash and cash equivalents	17,408	(9)	-	9	-
Total increase/ (decrease)		(9)	-	9	-

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Judgements of reasonably possible movements	Carrying amount	Interest rate risk			
		-0.5%		+0.5%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2010 Financial assets					
Cash and cash equivalents	39,399	(11)	-	11	-
Total increase/ (decrease)		(11)	-	11	-

(c) Fair value measurements

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

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2)

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3) and

(d) At 30 June 2011 the Group does not have any level 3 instruments

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2011.

Group - as at 30 June 2011	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Assets				
Financial assets at fair value through profit or loss				
Derivative instruments	-	1,818	-	1,818
Derivatives in an effective hedge relationship	-	7,900	-	7,900
Trade receivables	-	28,620	-	28,620
Available-for-sale financial assets				
Equity securities	6,621	-	-	6,621
Total assets	6,621	38,338	-	44,959
Liabilities				
Financial assets at fair value through profit or loss				
Derivative instruments	-	287	-	287
Derivatives in an effective hedge relationship	-	130	-	130
Total liabilities	-	417	-	417

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Group - as at 30 June 2010	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Assets				
Financial assets at fair value through profit or loss				
Derivative instruments	-	3,769	-	3,769
Derivatives in an effective hedge relationship	-	6,857	-	6,857
Trade receivables	-	17,793	-	17,793
Available for sale financial assets				
Equity securities	9,229	-	-	9,229
Total assets	9,229	28,419	-	37,648
Liabilities				
Financial liabilities at fair value through profit and loss				
Derivative instruments	-	3,158	-	3,158
Derivatives in an effective hedge relationship	-	8,137	-	8,137
Total liabilities	-	11,295	-	11,295

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.

(d) Commodity Price Risk

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

The Groups 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.

To manage nickel price risk the Group deals in nickel forward sales contracts and put and call option contracts for the purposes of hedging against movement in nickel prices. The limits of hedging are set by the Board.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk. The +/- 30% (2010: +/- 30%) sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding 5 year period and management's expectation of future movements.

Judgements of reasonably possible movements	Carrying amount	Price risk			
		-30%		+30%	
		Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'000
2011 Financial assets					
Accounts receivable	9,611	(10,096)	-	10,308	-
Derivatives - cash flow hedges	6,240	-	(15,404)	-	15,404
Total increase/ (decrease)		(10,096)	(15,404)	10,308	15,404

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Judgements of reasonably possible movements	Carrying amount	Price risk			
		-30%		+30%	
		Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'000
2010 Financial assets					
Accounts receivable	17,793	(16,922)	-	16,137	-
Derivatives - cash flow hedges	(1,595)	-	(18,136)	-	18,136
Total increase/ (decrease)		(16,922)	(18,136)	16,137	18,136

(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 hold 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 2% (2010: 2%) 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 as financial year, based on the share price fluctuations of the last 12 months and management's expectation of future movements.

	-30%		+30%	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Impact on post tax profit				
Available-for-sale financial investment	**(1,232)**	(557)	**-**	-
Impact on equity				
Available-for-sale financial investment	**(158)**	(1,381)	**1,390**	1,938

(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 (2010: 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.

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Maturities of financial liabilities

The tables below analyse the Group's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group - At 30 June 2011	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Non-derivatives				
Trade payables	23,956	-	23,956	23,956
Finance lease liabilities	910	611	1,521	1,423
Total non-derivatives	24,866	611	25,477	25,379
Derivatives				
Forward commodity contracts - cash flow hedges				
- (inflow)	(5,596)	(2,380)	(7,976)	(7,976)
Gross settled forward foreign exchange contracts - cash flow hedges				
- (inflow)	(1,767)	-	(1,767)	-
- outflow	1,910	-	1,910	130
Gross settled foreign exchange put options				
- (inflow)	(3,792)	-	(3,792)	(246)
- outflow	3,737	-	3,737	-
Total derivatives	(5,508)	(2,380)	(7,888)	(8,092)

Group - At 30 June 2010	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Non-derivatives				
Trade payables	23,913	-	23,913	23,913
Borrowings	2,592	-	2,592	2,474
Finance lease liabilities	956	1,521	2,477	2,243
Total non-derivatives	27,461	1,521	28,982	28,630
Derivatives				
Gross settled forward commodity contracts - cash flow hedges				
- (inflow)	(109)	(7,553)	(7,662)	-
- outflow	7,767	-	7,767	1,595
Gross settled foreign exchange put options - cash flow hedges				
- (inflow)	(48)	-	(48)	(681)
Commodity put options				
- (outflow)	-	-	-	(3,403)
Foreign exchange call options				
- outflow	-	-	-	1,767
Commodity call options				
- outflow	-	-	-	1,391
Total derivatives	7,610	(7,553)	57	669

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3 SEGMENT INFORMATION

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 four operating segments being: (1) Nickel - the aggregation of the Savannah Nickel Project, Lanfranchi Nickel Project and Copernicus Joint Venture; (2) Gold - the Gidgee Gold Project; (3) Australian Exploration and; (4) Overseas Exploration.

Nickel

The Savannah Nickel Project and the Lanfranchi Nickel Project both mine nickel ore. At the Savannah Nickel Project, nickel concentrate is produced and sold to the one customer Sino Nickel Pty Ltd (a company owned by the Jinchuan Group Limited (60%) and Sino Mining International Limited (40%)). At the Lanfranchi Nickel Project, nickel ore is delivered and sold to the one customer BHP Billiton Nickel West Pty Ltd.

The Copernicus Joint Venture, a nickel producing project in which the Group has a 60% interest, is currently under care and maintenance. No revenue was generated from this project in the reporting period.

Gold

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

Australian and Overseas Exploration

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

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

Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 114 *Segment Reporting*.

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.

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(a) Operating business segments

2011	Nickel	Gold	Australian Exploration	Overseas Exploration	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue					
Sales	240,614	-	-	-	240,614
Other revenue	5,264	4	-	-	5,268
Total segment revenue	**245,878**	**4**	**-**	**-**	**245,882**
Unallocated revenue (i)					3,700
Consolidated revenue					**249,582**
Segment result					
Segment result	**47,538**	**-**	**(3,125)**	**(2,836)**	**41,577**
Intersegment elimination					(1,639)
Corporate charges and other unallocated revenue and expenses					(9,155)
Profit before income tax					30,783
Income tax expense					(8,491)
Profit for the year					**22,292**
Segment assets and liabilities					
Segment assets	**355,127**	**20,908**	**16,310**	**14**	**392,359**
Intersegment elimination					(728)
Unallocated assets (ii)					17,079
Total assets					**408,710**
Segment liabilities	**85,552**	**8,905**	**117**	**-**	**94,574**
Intersegment elimination					(355)
Unallocated liabilities (ii)					11,355
Total liabilities					**105,574**
Other segment information					
Acquisitions of property, plant and equipment	23,448	3,916	-	-	27,364
Unallocated					219
Total acquisitions					27,583
Depreciation and amortisation expense	45,829	-	-	-	45,829
Unallocated					246
Total depreciation and amortisation					46,075
Mark to market of financial derivatives	779	-	-	-	779

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2010	Nickel	Gold	Australian Exploration	Overseas Exploration	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue					
Sales	283,602	-	-	-	283,602
Other revenue	3,222	-	-	-	3,222
Total segment revenue	**286,824**	**-**	**-**	**-**	**286,824**
Unallocated revenue (i)					982
Consolidated revenue					**287,806**
Segment result					
Segment result	**91,062**	**-**	**(4,855)**	**(502)**	**85,705**
Intersegment elimination					(1,219)
Corporate charges and other unallocated revenue and expenses					(6,183)
Profit before income tax					78,303
Income tax expense					(22,108)
Profit for the year					**56,195**
Segment assets and liabilities					
Segment assets	**368,729**	**-**	**15,992**	**500**	**385,221**
Intersegment elimination					(1,365)
Unallocated assets (ii)					32,963
Total assets					**416,819**
Segment liabilities	**94,814**	**-**	**423**	**-**	**95,237**
Intersegment elimination					(22)
Unallocated liabilities (ii)					30,480
Total liabilities					**125,695**
Other segment information					
Acquisitions of property, plant and equipment	7,429	-	-	-	7,429
Unallocated					629
Total acquisitions					8,058
Depreciation and amortisation expense	52,433	-	-	-	52,433
Unallocated					228
Total depreciation and amortisation					52,661
Mark to market of financial derivatives	5,859	-	-	-	5,859
Reversal of impairment of assets	7,221	-	-	-	7,221

(i) Unallocated revenue includes interest income

(ii) Unallocated assets and liabilities includes assets and liabilities held by the parent entity

(b) Geographical segments

	Segment revenues from sales to external customers	
	2011	2010
	$'000	$'000
Australia	**133,251**	124,511
China	**136,546**	127,298
	269,797	251,809

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 this amount will not agree to the revenue from continuing operations as shown in the consolidated income statement.

The Group has two major customers to which it delivers nickel concentrate and nickel ore. The Group's most significant client accounts for $136.546 million (2010: $127.298 million) of external revenue. The next most significant client accounts for $133.251 million (2010: $124.511 million) of revenue.

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4 REVENUE

	Consolidated	
	2011	2010
	$'000	$'000
Revenue		
Sale of goods	**243,445**	283,448
Other revenue		
Interest	**6,137**	4,358
	249,582	287,806

5 OTHER INCOME

	Consolidated	
	2011	2010
	$'000	$'000
Sundry income	**4,465**	147

6 EXPENSES

	Consolidated	
	2011	2010
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Cost of sales of goods		
Cost of production	**(136,681)**	(126,543)
Royalties	**(12,596)**	(12,598)
Depreciation - property, plant and equipment	**(12,141)**	(12,558)
Amortisation - finance lease and hire purchase assets	**(1,206)**	(5,257)
Amortisation - deferred development costs	**(21,736)**	(24,101)
Amortisation - mine properties	**(10,744)**	(10,517)
	(195,104)	(191,574)
Finance costs		
Interest and finance charges paid/payable	**(386)**	(366)
Unwinding of discount - rehabilitation	**(1,038)**	(422)
Facility costs	**-**	26
	(1,424)	(762)
Rental expense relating to operating leases		
Minimum lease payments	**729**	698
	729	698
Derivative Financial Instruments		
Mark to market of derivative instruments which are not in an effective hedge relationship	**(779)**	(5,859)
	(779)	(5,859)
Other		
Corporate and marketing costs	**(13,995)**	(11,120)

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	Consolidated	
	2011	2010
	$'000	$'000
Fair value gains on other financial assets at fair value through profit or loss	**88**	-
Depreciation property, plant and equipment not used in production	**(246)**	(228)
Net (loss) gain on disposal of property, plant and equipment	**35**	(215)
	(14,118)	(11,563)
Breakdown of employee benefits expense		
Salaries and wages	**(37,372)**	(34,287)
Payroll tax	**(3,385)**	(2,057)
Superannuation	**(3,640)**	(3,086)
Share based payments expense	**(3,182)**	(1,611)
Other	**(5,150)**	(4,843)
	(52,729)	(45,884)

7 INCOME TAX EXPENSE

	Consolidated	
	2011	2010
	$'000	$'000
(a) Income tax expense		
Current tax	**4,725**	19,221
Deferred tax	**5,323**	2,864
Adjustments for current tax of prior periods	**(4,266)**	23
Adjustments for deferred tax of prior periods	**2,709**	-
	8,491	22,108
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit (loss) from continuing operations before income tax expense	**30,783**	78,303
Tax at the Australian tax rate of 30% (2010 : 30%)	**9,235**	23,491
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	**13**	6
Donations	**41**	83
Share-based payments	**560**	483
Research and development	**(514)**	(1,928)
Foreign exploration	**702**	169
Investment allowance	**12**	(219)
Adjustments for current tax of prior periods	**(1,558)**	23
Income tax expense	**8,491**	22,108
(c) Amounts recognised directly in equity		
Relating to financial instruments	**(2,866)**	13,044
Relating to equity securities available for sale	**525**	(623)
	(2,341)	12,421

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(d) Tax consolidation legislation

The Company and its wholly-owned subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Panoramic Resources Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable/(receivable) to/ (from) other entities in the tax-consolidated group in conjunction with any tax-funding arrangement amounts (refer below).

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement from 1 July 2005 which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

There is no tax sharing arrangement in place as at balance date.

8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2011	2010
	$'000	$'000
Cash at bank and in hand (b)	**17,408**	39,399
Deposits at call (c)	**73,456**	10,380
	90,864	49,779

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

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

	Consolidated	
	2011	2010
	$'000	$'000
Balances as above	**90,864**	49,779
Balances per statement of cash flows	**90,864**	49,779

(b) Cash at bank and on hand

Generally cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 3.1% (2010: 4.6%).

(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 6.1% (2010: 5.6%).

(d) Fair value

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

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9 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2011	2010
	$'000	$'000
Net trade receivables		
Trade receivables	**28,620**	17,793
Other receivables	**3,946**	3,149
Other related party receivables	**1,964**	-
	34,530	20,942

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. A breach of contractual terms would be considered objective evidence. The amount of the allowance/impairment loss is the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

Trade receivables are adjusted upwards or downwards depending on movements in spot commodity prices from the date a provisional invoice is prepared until the presentation of a final invoice to the customer, known as the quotational period (QP).

The amount of derivative embedded within provisionally priced sales at 30 June 2011 was $9.611 million (2010: $6.240 million) and the amount of fair value changes recognised in the income statement for 2011 was $3.286 million (2010: $2.853 million).

All receivables are current.

(b) Other receivables

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

(c) Other related party receivables

For terms and conditions relating to related party receivables refer to note 34.

(d) Foreign exchange and interest rate risk

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

All trade receivables are non-interest bearing in 2010 and 2011.

Information on foreign exchange and interest rate risk is provided in note 2.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value, at 30 June 2010 and 2011.

Trade receivables are adjusted upwards or downwards depending on movements in spot commodity prices from the date a provisional invoice is prepared until the presentation of a final invoice to the customer, known as the quotational period (QP).

Information on credit risk is provided in note 2.

10 CURRENT ASSETS - TERM DEPOSITS

	Consolidated	
	2011	2010
	$'000	$'000
Term deposits	**977**	87,601
Cash backed bonds	**12**	-
	989	87,601

Term deposits are made for varying periods of between 90 and 270 days, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average interest rate achieved for the year was 6.1% (2010: 6.0%).

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11 CURRENT ASSETS - PREPAYMENTS

	Consolidated	
	2011	2010
	$'000	$'000
Prepayments	**1,348**	3,222

12 CURRENT ASSETS - INVENTORIES

	Consolidated	
	2011	2010
	$'000	$'000
Spares for production		
- at cost	**8,474**	8,053
- at net realisable value	**346**	287
Nickel ore stocks on hand		
- at cost	**1,367**	899
Concentrates stocks on hand		
- at cost	**2,135**	3,047
	12,322	12,286

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2011	2010
	$'000	$'000
Current assets		
Foreign exchange put options ((a)(ii))	**246**	681
Commodity put options ((a)(i))	**1,202**	3,088
Forward commodity contracts ((a)(i))	**5,549**	-
Total current derivative financial instrument assets	**6,997**	3,769
Non current assets		
Forward commodity contracts ((a)(i))	**2,427**	6,542
Commodity put options ((a)(i))	**293**	316
Total non-current derivative financial instrument assets	**2,720**	6,858
Current liabilities		
Forward foreign exchange contracts ((a)(i))	**130**	-
Foreign exchange call options ((a)(ii))	**-**	1,767
Forward commodity contracts ((a)(i))	**-**	8,137
Commodity call options ((a)(i))	**287**	1,285
Total current derivative financial instrument liabilities	**417**	11,189
Non current liabilities		
Commodity call options ((a)(i))	**-**	106
Total non-current derivative financial instrument liabilities	**-**	106
Total derivative financial instrument assets (liabilities)	**9,300**	(668)

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(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in commodity prices and foreign exchange in accordance with the Group's financial risk management policies (refer to note 2).

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 exchange rates are determined by reference to published/ observable prices.

(i) Commodity hedges

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

The nickel forward contracts and put options are hedging highly probable forecast sales to occur over the next two years.

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

Consolidated	Tonnes Hedged	Average USD Price	Tonnes Hedged	Average USD Price
	30 June 2011	30 June 2011	30 June 2010	30 June 2010
		$		$
Nickel Sell Call Options				
Not later than one year	**600**	**30,000**	1,338	24,496
Nickel Buy Put Options				
Not later than one year	**1,452**	**18,000**	1,800	18,167
Nickel Fixed Forward				
Not later than one year	**2,700**	**25,688**	2,496	16,734
Later than one year	**675**	**26,465**	1,200	24,803

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.

Consolidated	Kilolitres Hedged	Average US$ Price	Kilolitres Hedged	Average US$ Price
	30 June 2011	30 June 2011	30 June 2010	30 June 2010
Diesel Buy Call Options				
Not later than one year	-	-	4,125	0.60
Later than one year	-	-	3,750	0.60
Diesel Sell Put Options				
Not later than one year	**4,500**	**0.60**	4,500	0.43
Later than one year	**1,125**	**0.60**	3,375	0.44

Consolidated	Tonnes Hedged	Average US$ Price	Tonnes Hedged	Average US$ Price
	30 June 2011	30 June 2011	30 June 2010	30 June 2010
Copper Sell Put Options				
Not later than one year	-	-	300	6,000

(ii) Foreign exchange contracts

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

The forward foreign exchange contracts and foreign exchange put options are hedging highly probable forecasted receipts to occur over the next two years that will be denominated in United States dollars.

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

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Consolidated	USD Hedged 30 June 2011 $'000	Average Rate 30 June 2011 $	USD Hedged 30 June 2010 $'000	Average Rate 30 June 2010 $
Foreign Exchange Forwards				
Not later than one year	**1,844**	**0.97**	-	-
Foreign Exchange Calls				
Not later than one year	-	-	45,000	0.83
Foreign Exchange Puts				
Not later than one year	**12,000**	**1.07**	45,000	0.90

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.

(b) Risk exposures

Information about the Company's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

14 CURRENT ASSETS - CURRENT TAX RECEIVABLES

	Consolidated	
	2011	2010
	$'000	$'000
Current tax receivable	**966**	-

15 NON-CURRENT ASSETS - RECEIVABLES

	Consolidated	
	2011	2010
	$'000	$'000
Other related party receivables	-	1,876

(a) Other related party receivable

For terms and conditions of related party receivables refer to note 34.

(b) Fair values

The fair values and carrying values of non-current receivables of the Group are as follows:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Other related party receivables	-	-	1,876	1,876

Under the terms of the loan agreement with Thundelarra Exploration Limited the Company has the right to dilute Thundelarra Exploration Limited's share in the Copernicus JV if the loan is defaulted, as such the carrying value is assumed to approximate the fair value.

(c) Interest rate risk

All non-current receivables are non interest bearing in 2011 and 2010.

(d) Credit risk

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables mentioned above. The Company does not hold any collateral as security. Refer to note 2 for more information on the risk management policy of the Company.

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16 NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	2011	2010
	$'000	$'000
At beginning of year	**9,229**	481
Additions	**8,059**	6,669
Disposals	**(3,387)**	-
Losses from impairment	**(5,536)**	-
Revaluation (deficit) surplus transfer to equity	**(1,744)**	2,079
At end of year	**6,621**	9,229

	Consolidated	
	2011	2010
	$'000	$'000
Securities - listed	**6,621**	9,229

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.

An impairment loss of $5.536 million was recognised in relation to the Company's investment in Magma Metals Limited at 30 June 2011 after the significant and sustained fall in the Magma share price in the second half of the year. The fair value has been calculated using the closing share price at 30 June 2011 of 23.5 cents.

17 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Plant and equipment	Leased plant & equipment	Total
	$'000	$'000	$'000	$'000
At 1 July 2009				
Cost	3,349	99,177	39,670	142,196
Accumulated depreciation and impairment	(775)	(57,675)	(24,789)	(83,239)
Net book amount	2,574	41,502	14,881	58,957
Year 30 June 2010				
Opening net book amount	2,574	41,502	14,881	58,957
Additions	6,529	1,529	-	8,058
Transfers (to) from other asset class	(4,572)	11,086	(6,514)	-
Disposals	-	(1,008)	(161)	(1,169)
Impairment reversal	331	3,743	102	4,176
Depreciation charge	-	(12,786)	(5,257)	(18,043)
Closing net book amount	4,862	44,066	3,051	51,979
At 30 June 2010				
Cost	5,306	124,700	15,426	145,432
Accumulated depreciation and impairment	(444)	(80,634)	(12,375)	(93,453)
Net book amount	4,862	44,066	3,051	51,979
Year 30 June 2011				
Opening net book amount	4,862	44,066	3,051	51,979
Additions	21,346	7,068	-	28,414
Transfer (to) from other asset class	(5,946)	5,599	(484)	(831)
Disposals	-	(4)	-	(4)
Depreciation charge	-	(12,387)	(1,207)	(13,594)
Closing net book amount	20,262	44,342	1,360	65,964

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	Construction in progress	Plant and equipment	Leased plant & equipment	Total
	$'000	$'000	$'000	$'000
At 30 June 2011				
Cost	20,706	148,741	3,041	172,488
Accumulated depreciation and impairment	(444)	(104,399)	(1,681)	(106,524)
Net book amount	20,262	44,342	1,360	65,964

In 2010, the significant recovery of the commodity prices and an increase in reserves in the Group's Savannah project (subject to final statutory approval) had led the Group to make an assessment of the recoverability of its assets. As a result, an impairment loss reversal of $4.175 million was recognised in the income statement to increase the carrying amount of the plant and equipment to recoverable amount.

The recoverable amount of each mine operation at the cash generating unit level has been determined based on a value in use calculation using cash flow projections based on financial budgets covering life of the mine incorporating current market assumptions approved by the Directors. The cash generating unit comprises the plant and equipment, mine development and mine properties. A discount rate of 15.0% (2010: 13.4%) pre-tax was used in the calculation of the assets' recoverable amount.

In January 2011, the Group purchased the Gidgee Gold Project from Apex Mineral NL for $15.5 million. Included in the plant and equipment at 30 June 2011 was an amount of $3,786,500 relating to the infrastructure acquired from the purchase of the Gidgee Gold Project.

(a) 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 $1.360 million (2010: $3.050 million).

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

The carrying amounts of assets of Donegal Resources Pty Ltd pledged as security for current and non-current borrowings and the bank guarantee are nil (2010: $4.516 million).

18 NON-CURRENT ASSETS - EXPLORATION AND EVALUATION, DEVELOPMENT EXPENDITURE AND MINE PROPERTIES

(a) Exploration and evaluation

	Consolidated	
	2011	2010
	$'000	$'000
Total exploration and evaluation	**14,319**	14,267

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.

Exploration and evaluation - reconciliation

Reconciliations of the carrying amounts of exploration and evaluation expenditure at the beginning and the end of the current and previous financial year are set out below:

Consolidated	2011	2010
	$'000	$'000
Carrying amount at start of year	**14,267**	18,704
Expenditure incurred during the year	**4,083**	1,657
Transfer to mine development expenditure	**(4,031)**	(6,094)
Carrying amount at end of year	**14,319**	14,267

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(b) Mine development expenditure

	Consolidated	
	2011	2010
	$'000	$'000
Cost		
Opening balance	**240,549**	195,268
Expenditure incurred	**27,774**	25,215
Transfer from exploration and evaluation	**4,031**	6,094
Transfer from construction in progress	**831**	-
Increase in rehabilitation cost capitalised	**-**	14,011
Disposals	**-**	(39)
Closing balance	**273,185**	240,549
Accumulated depreciation and impairment		
Opening balance	**(154,616)**	(133,557)
Amortisation for the year	**(21,736)**	(24,101)
Impairment reversal	**-**	3,006
Amortisation on disposals	**-**	36
Closing balance	**(176,352)**	(154,616)
Total development properties	**96,833**	85,933

(c) Mine properties

Cost		
Opening balance	**97,068**	97,068
Mine properties expenditure incurred	**16,612**	-
Write off of relinquished projects	**(500)**	-
Closing balance	**113,180**	97,068
Accumulated depreciation and impairment		
Opening balance	**(28,513)**	(18,035)
Amortisation for the year	**(10,744)**	(10,517)
Impairment reversal	**-**	39
Closing balance	**(39,257)**	(28,513)
Total mine properties	**73,923**	68,555

Valuation of mineral properties

Included in the mineral properties at 30 June 2011 was an amount of $16,611,768 relating to the purchase of the Gidgee Gold Project in January 2011.

The Gidgee Gold Project is located 640 kilometres northeast of Perth and includes, a processing facility, camp and a significant tenement package with existing gold resource and exploration potential. The project was purchased from Apex Minerals NL for a total of $15.5 million.

In 2010, the significant recovery of the commodity prices and an increase in reserves in the Groups Savannah project had led the Group to make an assessment of the recoverability of its assets. As a result, an impairment loss reversal of $3.045 million was recognised in the income statement to increase the carrying amount of the mine development and mine properties to recoverable amount.

The recoverable amount of each mine operation at the cash generating unit level has been determined based on a value in use calculation using cash flow projections based on financial budgets covering life of the mine incorporating current market assumptions approved by the Directors. The cash generating unit comprise of the plant and equipment, mine development and mine properties. A discount rate of 15.0% (2010: 13.4%) pre-tax was used in the calculation of the assets' recoverable amount.

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19 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Consolidated	
	2011	2010
	$'000	$'000
The balance comprises temporary differences attributable to:		
Employee benefits	**2,130**	1,918
Provisions	**8,308**	6,797
Financial instruments at fair value	**119**	3,552
Superannuation	**1**	5
Trading Stock	**230**	291
Foreign exchange	**456**	-
Investments	**1,663**	-
Other	**7**	-
Total deferred tax assets	**12,914**	12,563
Set off of deferred tax amounts pursuant to set off provisions (note 26)	**(12,914)**	(12,563)
Net deferred tax assets	**-**	-
Movements:		
Opening balance at 1 July	**12,563**	6,285
Credited to the income statement	**3,217**	6,278
(Charged)/credited to equity	**(2,866)**	-
Closing balance at 30 June	**12,914**	12,563

20 NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS

	Consolidated	
	2011	2010
	$'000	$'000
Cash backed bonds	**314**	523

Cash backed bonds are placed with a financial institution in respect to Copernicus Nickel Mines' miscellaneous mining licenses.

21 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2011	2010
	$'000	$'000
Trade payables	**7,818**	9,212
Accrued expenses	**16,138**	14,702
	23,956	23,914

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.

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22 CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	2011	2010
	$'000	$'000
Secured		
Lease and hire purchase liabilities	**834**	821
Insurance finance liability	**-**	2,474
Total secured current borrowings	**834**	3,295

(a) Risk exposures

Details of the Company's exposure to risks arising from current borrowings are set out in note 25.

(b) Fair value disclosures

Details of the fair value of borrowings for the Company are set out in note 25.

(c) Security

Details of the Group's security relating to non current borrowings are set out in note 25.

23 CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2011	2010
	$'000	$'000
Employee benefits - long service leave	**1,918**	1,570
Employee benefits - annual leave	**4,460**	6,700
	6,378	8,270

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

24 CURRENT LIABILITIES - CURRENT TAX LIABILITIES

	Consolidated	
	2011	2010
	$'000	$'000
Income tax	**-**	18,496

25 NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	2011	2010
	$'000	$'000
Secured		
Lease hire purchase liabilities (note 33)	**589**	1,422

(a) 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 $1.360 million (2010: $3.050 million).

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(b) Other loans

Hire Purchase Contracts

Hire purchases have an average term of 4.5 years (2010: 4.5 years). The average discount rate implicit in the hire purchase liability is 7.2% (2010: 7.2%). Secured hire purchase 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 $22.5 million (2010: $8 million) with a drawdown amount at reporting date of $18.3 million (2010: $3.37 million) and $4.2 million (2010: $4.63 million) available to be used.

(c) Interest rate risk exposures

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

		Fixed interest rate				
2011	**Floating interest rate**	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Non interest bearing**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 21)	-	-	-	-	23,961	23,961
Lease liabilities (notes 22, 25 and 33)	-	834	589	-	-	1,423
	-	834	589	-	23,961	25,384
Weighted average interest rate	-%	7.2%	7.3%	-%	-%	
		Fixed interest rate				
2010	**Floating interest rate**	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Non interest bearing**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 21)	-	-	-	-	23,913	23,913
Lease liabilities (notes 22, 25 and 33)	-	821	834	588	-	2,243
Other loans (note 22)	-	2,474	-	-	-	2,474
	-	3,295	834	588	23,913	28,630
Weighted average interest rate	-%	7.2%	7.2%	7.3%	-%	

(d) Fair value

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

	2011		2010	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	$'000	$'000	$'000
On-balance sheet				
Non traded financial liabilities				
Lease liabilities	**1,423**	**1,423**	2,243	2,243
Other loans	**-**	**-**	2,474	2,474
	1,423	**1,423**	4,717	4,717

(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.

The interest rates implicit in the agreements varies from the current interest rates, however the impact is not significant as such the carrying value is assumed to approximate their fair value.

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26 NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	Consolidated	
	2011	2010
	$'000	$'000
Financial instruments at fair value	**2,888**	1,696
Inventories	**2,876**	2,411
Accrued income	**502**	474
Foreign exchange	**-**	408
Investments	**-**	523
Depreciation and amortisation	**51,028**	42,723
Other	**2**	-
Total deferred tax liabilities	**57,296**	48,235
Set-off of deferred tax assets pursuant to set-off provisions (note 19)	**(12,914)**	(12,563)
Net deferred tax liabilities	**44,382**	35,672
Movements:		
Opening balance at 1 July	**48,236**	51,492
Charged to the income statement	**9,585**	9,164
(Credited) to equity (notes 28 and 29)	**(525)**	(12,421)
Closing balance at 30 June	**57,296**	48,235

27 NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2011	2010
	$'000	$'000
Employee benefits - long service leave	**721**	820
Rehabilitation	**28,297**	22,511
	29,018	23,331

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.

Provision for rehabilitation	2011	2010
	$'000	$'000
Movements:		
Carrying amount at start of year	**22,511**	8,077
- additional provisions recognised	**4,748**	14,012
- unwinding of discount	**1,038**	422
Carrying amount at end of year	**28,297**	22,511

During the year, an additional rehabilitation and restoration provision was recognised in relation to the acquisition of the Gidgee Gold Project and the construction of a new camp site at the Lanfranchi Nickel Mine.

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28 CONTRIBUTED EQUITY

	Consolidated		Consolidated	
	2011	2010	2011	2010
	No. of shares	No. of shares	$'000	$'000
(a) Share capital				
Ordinary shares fully paid	**207,050,710**	205,262,842	**104,675**	101,953

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 July 2009	Opening balance	203,987,842	101,348
	Exercise of unlisted options - 23-Oct-09	25,000	55
	Exercise of share scheme issue - 16-Feb-10	1,000,000	-
	Exercise of unlisted options - 1-Apr-10	200,000	440
	Exercise of unlisted options - 22-Apr-10	50,000	110
30 June 2010	Balance at end of year	205,262,842	101,953
1 July 2010	Opening balance	205,262,842	101,953
	Exercise of unlisted options - 23-Aug-10	12,500	28
	Exercise of unlisted options - 1-Sep-10	312,500	687
	Exercise of unlisted options - 28-Sep-10	25,000	55
	Exercise of unlisted options - 29-Sep-10	75,000	165
	Exercise of unlisted options - 30-Sep-10	375,000	825
	Exercise of unlisted options - 27-Oct-10	12,500	27
	Exercise of unlisted options - 22-Nov-10	12,500	27
	Exercise of unlisted options - 22-Dec-10	412,500	908
	Employee share scheme issue - 10-Feb-11	550,368	-
30 June 2011	Balance at end of year	207,050,710	104,675

(c) Movements in share options issued over ordinary shares

Date	Details	Number of shares	Issue Price $
1 July 2009	Opening balance	4,687,500	
	Exercised 2009/10	(25,000)	2.20
	Exercised 2009/10	(200,000)	2.20
	Exercised 2009/10	(50,000)	2.20
30 June 2010	Balance at end of year	4,412,500	
	Exercised 2010/11	(12,500)	2.20
	Exercised 2010/11	(312,500)	2.20
	Exercised 2010/11	(25,000)	2.20
	Exercised 2010/11	(75,000)	2.20
	Exercised 2010/11	(375,000)	2.20
	Exercised 2010/11	(12,500)	2.20
	Exercised 2010/11	(12,500)	2.20
	Exercised 2010/11	(412,500)	2.20
	Exercised 2010/11	(175,000)	2.20
30 June 2011	Balance at end of year	3,000,000	

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(d) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

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

(e) 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.

During 2011, the Group paid dividends of $21.645 million (2010: $24.581 million). The Group's target dividend payments each financial year is to payout a minimum of 40-50% of net profits.

Management has no current plans to issue further shares on the market.

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 2011 was 1.4% (2010: 4.6%).

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2010: 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 2 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 June 2011 this was $304.559 million (2010: $295.841 million).

29 RESERVES AND RETAINED PROFITS

	Consolidated	
	2011	2010
	$'000	$'000
Reserves		
Mineral properties revaluation reserve, net of tax	**31,286**	31,290
Available-for-sale investments revaluation reserve, net of tax	**196**	1,417
Hedging reserve - cash flow hedges, net of tax	**5,477**	(1,209)
Share based payments reserve	**15,887**	12,705
	52,846	44,203

	Consolidated	
	2011	2010
	$'000	$'000
Mineral properties revaluation reserve		
Balance 1 July	**31,290**	31,252
Revaluation - gross (note 18(a)(c))	**(6)**	54
Deferred tax (note 26)	**2**	(16)
Balance 30 June	**31,286**	31,290
Available-for-sale investments revaluation reserve		
Balance 1 July	**1,417**	-
Revaluation - gross	**(1,744)**	2,024
Deferred tax	**523**	(607)
Balance 30 June	**196**	1,417
Hedging reserve - cash flow hedges		
Balance 1 July	**(1,209)**	29,228
Remeasurement of cash flow hedges net of tax	**468**	(2,980)
Transfer to net profit - net of tax	**6,218**	(27,457)
Balance 30 June	**5,477**	(1,209)

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	Consolidated	
	2011	2010
	$'000	$'000
Share-based payments reserve		
Balance 1 July	**12,705**	11,094
Employee share plan expense - charged to the consolidated entity	**3,182**	1,611
Balance 30 June	**15,887**	12,705

Asset revaluation reserve

It represents the increase to fair value of the Group's existing 75% interest in the Lanfranchi Joint Venture assets on gaining control of the joint venture. This reserve arose as a result of the Group acquiring control of the Lanfranchi Joint Venture as part of their acquisition of Donegal Resources Pty Ltd.

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.

Cash flow hedge reserve

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

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.

Retained earnings

Movements in retained earnings were as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Opening retained earnings	**144,968**	113,354
Profit for the year	**22,292**	56,195
Dividends	**(21,645)**	(24,581)
Balance 30 June	**145,615**	144,968

30 DIVIDENDS

	Consolidated entity	
	2011	2010
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2010 of 6.5 cents (2009: 2 cents) per fully paid share paid on 24 September 2010 (30 June 2009: 22 September 2009)		
Fully franked based on tax paid @ 30%	**13,363**	4,080
Interim dividend for the half year ended 31 December 2010 of 4 cents (31 December 2009: 5 cents) per fully paid share paid on 25 March 2011 (31 December 2009: 26 March 2010)		
Fully franked based on tax paid @ 30%	**8,282**	10,251
No one-off special dividends were paid during the year (2010: 5 cents per fully paid share paid on 26 March 2010)		
Fully franked based on tax paid @ 30%	**-**	10,250
Total dividends provided for or paid	**21,645**	24,581

	Consolidated

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	2011	2010
	$'000	$'000
(b) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 2 cents per fully paid ordinary share, (2010: 6.5 cents) fully franked based on tax paid at 30%. At 30 June 2011, the aggregate amount of the proposed dividend not recognised as a liability at year end, is	**4,141**	13,363

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2011 will be franked out of existing franking credits.

	Consolidated	
	2011	2010
	$'000	$'000
Franking account balance as at the end of the financial year at 30% (2010: 30%)	**26,510**	14,940
Franking credits that will arise from payment of income tax payable as at end of the financial year	**(967)**	18,496
Impact on franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as distribution to equity holders during the period	**(1,775)**	(5,718)
	23,768	27,718

The tax rate at which paid dividends have been franked is 30% (2010: 30%).

Dividends proposed will be franked at the rate of 30% (2010: 30%).

31 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of Panoramic Resources Limited during the financial year:

(i) Chairman - non-executive

C J G de Guingand

(ii) Executive directors

P J Harold, Managing Director

(iii) Non-executive directors

C D J Langdon

J Rowe

B M Phillips

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

T R Eton	Chief Financial Officer / Company Secretary	Panoramic Resources Limited
C J Williams	General Manager - Operations	Panoramic Resources Limited
S A Jessop	Manager - Projects	Panoramic Resources Limited
T J Strong	Operations Manager - Savannah Project	Savannah Nickel Mines Pty Ltd
R J Thorburn	Operations Manager - Lanfranchi Project	Lanfranchi Nickel Mines Pty Ltd

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(c) Key management personnel compensation

	Consolidated	
	2011	2010
	$'000	$'000
Short-term employee benefits	**2,950**	3,368
Post-employment benefits	**209**	329
Share-based payments	**1,786**	1,157
	4,945	4,854

(d) Equity instrument disclosures relating to key management personnel

(i) Securities provided as remuneration

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

(ii) Security holdings

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

2011							
Name	Balance at start of the year	Granted as compensation	Exercised	Other changes #	Balance at end of the year	Unvested and not exercisable	Vested and exercisable
Directors of Panoramic Resources Limited							
Options							
C J G de Guingand	-	-	-	-	-	-	-
P J Harold	-	-	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-
Performance Rights							
P J Harold	500,000	1,040,000	(260,000)	(240,000)	1,040,000	1,040,000	
Other key management personnel of the Company							
Options							
T R Eton	550,000	-	(550,000)	-	-	-	
C J Williams	100,000	-	(100,000)	-	-	-	
S A Jessop	50,000	-	(50,000)	-	-	-	
R J Thorburn	-	-	-	-	-	-	
T J Strong	75,000	-	(75,000)	-	-	-	
Performance Rights							
T R Eton	-	590,000	-	-	590,000	590,000	
C J Williams	-	590,000	-	-	590,000	590,000	
S A Jessop	-	395,000	-	-	395,000	395,000	
R J Thorburn	-	395,000	-	-	395,000	395,000	
T J Strong	-	395,000	-	-	395,000	395,000	

All vested options are exercisable at the end of the year.

Other changes relate to performance rights which were forfeited as a result of the TSR ranking at the end of the performance period.

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2010							
Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Unvested and not exercisable	Vested and exercisable
Directors of Panoramic Resources Limited							
C J G de Guingand	-	-	-	-	-	-	-
P J Harold	-	-	-	-	-	-	-
P J Harold - performance shares	1,500,000	-	(1,000,000)	-	500,000	500,000	-
C D J Langdon	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-
B M Philips	-	-	-	-	-	-	-
Other key management personnel of the Company							
T R Eton	750,000	-	(200,000)	-	550,000	-	550,000
C J Williams	100,000	-	-	-	100,000	-	100,000
S A Jessop	50,000	-	-	-	50,000	-	50,000
S G Kelleher (deceased)	75,000	-	-	(75,000)	-	-	-
T J Strong	75,000	-	-	-	75,000	-	75,000

(iii) Share holdings

The number 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 compensation.

2011				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Panoramic Resources Limited				
P J Harold	3,899,791	-	(409,006)	3,490,785
C J G de Guingand	150,366	-	-	150,366
C D J Langdon	25,000	-	-	25,000
J Rowe	10,000	-	-	10,000
B M Phillips	10,000	-	-	10,000
Other key management personnel of the Company				
Ordinary shares				
T R Eton	50,000	550,000	(500,000)	100,000
C J Williams	130,000	100,000	(75,000)	155,000
S A Jessop	60,000	50,000	(110,000)	-
R J Thorburn	-	-	10,200	10,200
T J Strong	188,000	75,000	(75,000)	188,000

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2010				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Panoramic Resources Limited				
P J Harold	3,607,465	1,000,000	(707,674)	3,899,791
C J G de Guingand	150,366	-	-	150,366
C D J Langdon	85,000	-	(60,000)	25,000
J Rowe	10,000	-	-	10,000
B M Philips	10,000	-	-	10,000
Other key management personnel of the Company				
Ordinary shares				
T R Eton	200,000	200,000	(350,000)	50,000
C J Williams	180,000	-	(50,000)	130,000
S A Jessop	81,800	-	(21,800)	60,000
R J Thorburn	-	-	-	-
S G Kelleher (deceased)	75,000	-	(75,000)	-
T J Strong	188,000	-	-	188,000

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

(e) Other transactions with key management personnel

Mr C De Guingand (Non-Executive Chairman) is a Director of Mineral Commerce Services Pty Ltd which, during the year was paid $105k (2010: $109k) by shipping owners, Spliethoff (Amsterdam), for shipping brokerage services provided to the Group on normal commercial terms and conditions.

Mr J Rowe is Director of John Rowe Consulting Pty Ltd which during the year was paid $36k (2010: $70k) for geological consulting services based on normal commercial terms and conditions. This amount has been disclosed in the directors remuneration.

Mr P Harold sold a vehicle to Gidgee Gold Project during the year for $25,000 at fair value.

The above transactions are not included in the remuneration report disclosed in the Directors' Report.

32 RENUMERATION OF AUDITORS

	Consolidated	
	2011	2010
	$	$
(a) Audit services		
Amounts received or due and receivable by Ernst & Young for:		
Audit and review of financial reports of the Company and other entity of the consolidated entity	**238,205**	244,469
Other services in relation to the Company and other entity of the consolidated entity		
- Tax compliance	**46,745**	116,740
Total remuneration for audit services	**284,950**	361,209

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33 COMMITMENTS

(a) Capital commitments

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

	Consolidated	
	2011	2010
	$'000	$'000
Property, plant and equipment		
Not later than one year - acquisition of new plant and equipment	**14,006**	15,722
	14,006	15,722
Mineral tenements expenditure commitments		
Not later than one year	**4,323**	2,691
Later than one year but not later than five years	**10,738**	7,835
Later than five years	**20,915**	7,802
	35,976	18,328

Hire purchase and finance lease rental commitments

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

	Consolidated	
	2011	2010
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**910**	956
Later than one year but not later than five years	**611**	1,521
Total minimum lease payments	**1,521**	2,477
Less future hire purchase finance charges	**(98)**	(233)
Present value of minimum lease payments	**1,423**	2,244

The weighted average interest rate implicit in the hire purchase for the Group is 7.2% (2010: 7.2%).

(b) Operating lease commitments as lessee

(i) Power Supply

The diesel powered power station at the Savannah Nickel project was purpose built by an outside party to supply electricity under a commercial Power Generation & Distribution Agreement, dated 5 April 2004. This Agreement was extended for a further three years on 3 April 2009. The arrangement to supply electricity has been determined as an operating lease in accordance with AASB 17 "Leases".

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

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

(ii) Corporate office

The Group has a commercial lease on its corporate office premises. This is a non-cancellable lease expiring on 1 December 2013.

Future minimum rentals payable under non-cancellable operating leases at 30 June 2011 are as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Within one year	**663**	635
Later than one year and not later than five years	**939**	1,533
	1,602	2,168

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(c) Remuneration commitments

	Consolidated	
	2011	2010
	$'000	$'000
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**1,367**	1,315

34 RELATED PARTY DISCLOSURE

(a) Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2011	2010
			%	%
Cherish Metals Pty Ltd*	Australia	Ordinary	**100**	100
Savannah Nickel Mines Pty Ltd	Australia	Ordinary	**100**	100
Pindan Exploration Company Pty Ltd (formerly Sally Malay Exploration Pty Ltd)	Australia	Ordinary	**100**	100
SMY Copernicus Pty Ltd**	Australia	Ordinary	**100**	100
Copernicus Nickel Mine Pty Ltd	Australia	Ordinary	**60**	60
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**	-
Pindan (USA) Inc.	USA	Ordinary	**100**	-
Pindan Finland Exploration Oy	Finland	Ordinary	**100**	-

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

SMY Copernicus Pty Ltd is the holder of 10 shares in Copernicus Nickel Mines Pty Ltd (CNM) at a cost of $0.10 per share. CNM is incorporated in Australia and acts as the Manager of the unincorporated Copernicus Joint Venture between SMY Copernicus Pty Ltd (60%) and Thundelarra Exploration Ltd (40%).

(b) Ultimate parent

Panoramic Resources Limited is the ultimate parent entity.

(c) Key management personnel (KMP)

Details relating to KMP, including remuneration paid, are included in note 31.

(d) Loans to other related parties

On 30 June 2009 the Company agreed to issue a $2,000,000 loan to its 40% joint venture partner of the Copernicus Project, Thundelarra Exploration Limited. The loan relates to the deferral of the December 2008 and February 2009 Copernicus JV cash call contributions each to the value of $1,000,000. Interest was accrued on the outstanding cash calls from the period that they became due until 30 June 2009. Interest was charged at 6.45% for the December 2008 cash call and 6.22% for the February 2009 cash call. These rates were calculated based on the average of the 60 day BBSW rate for the period that interest was accrued. The loan is interest free from 1 July 2009 until settlement is made in full on or by 30 June 2012. The loan agreement and interest free period was made conditional upon Thundelarra Exploration Limited either satisfying or waiving the conditions precedent to the East Kimberley JV Agreement.

For information regarding outstanding balances on current related party receivables and non current related party receivables, refer to notes 9 and 15 respectively.

35 DEED OF CROSS GUARANTEE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 if 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 have joined as parties to the Deed of Cross Guarantee. As at reporting date, the "Closed Group" comprise of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2011 of the Closed Group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

	2011	2010
	$'000	$'000
Consolidated income statement		
Profit from continuing operations before income tax	**37,256**	82,790
Income tax (benefit) expense	**9,720**	23,603
Profit for the year	**27,536**	59,187
Retained earnings at the beginning of the financial year	**159,174**	124,568
Net profit for the period	**27,536**	59,187
Dividends provided for or paid	**(21,645)**	(24,581)
Retained profits at the end of the financial year	**165,065**	159,174

(a) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2011 of the Closed Group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

	2011	2010
	$'000	$'000
Current assets		
Cash and cash equivalents	**90,318**	51,485
Term deposits	**989**	85,850
Trade and other receivables	**35,079**	25,527
Inventories	**12,321**	11,011
Derivatives	**6,998**	3,768
Current tax receivables	**966**	-
Total current assets	**146,671**	177,641
Non-current assets		
Receivables	**38,780**	21,925
Available-for-sale investments	**6,502**	9,106
Property, plant and equipment	**61,818**	51,747
Deferred exploration and evaluation expenditure	**9,974**	10,384
Development expenditure	**151,981**	151,819
Derivatives	**2,720**	6,857
Total non-current assets	**271,775**	251,838
Total assets	**418,446**	429,479
Current liabilities		
Trade and other payables	**28,214**	28,884
Provisions	**1,918**	20,066
Interest-bearing loans and borrowings	**834**	3,295
Derivatives	**365**	11,190
Total current liabilities	**31,331**	63,435

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	2011	2010
	$'000	$'000
Non-current liabilities		
Interest bearing loans and borrowings	**589**	1,422
Deferred tax liabilities	**39,406**	36,421
Provisions	**24,517**	22,803
Derivatives	**52**	106
Total non-current liabilities	**64,564**	60,752
Total liabilities	**95,895**	124,187
Net assets	**322,551**	305,292
Equity		
Contributed equity	**104,675**	101,953
Reserves	**52,811**	44,165
Retained profits	**165,065**	159,174
Total equity	**322,551**	305,292

36 INTERESTS IN JOINT VENTURES

The Group has a 60% (2010: 60%) interest in the unincorporated Copernicus Joint Venture, which is involved with the exploration, evaluation, development and production of mineral deposits in the Kimberley region of Western Australia.

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

	Consolidated	
	2011	2010
	$'000	$'000
Current assets	**352**	299
Non-current assets	**2,432**	2,733
Total assets	**2,784**	3,032
Current liabilities	**-**	1
Non-current liabilities	**2,548**	2,477
Total liabilities	**2,548**	2,478
Net assets	**236**	554

	Consolidated	
	2011	2010
	$'000	$'000
Revenues	**21**	6
Expenses	**(70)**	(1,180)
Profit before income tax	**(49)**	(1,174)

Contingencies and commitments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 22 July 2011, the Company purchased 6,666,667 shares in Hot Chilli Limited at a cost of $0.60 per share.

On 29 July 2011, after completing the minimum expenditure commitment, the Company gave written notification to Tushtena Resources Inc. and Triton Gold Limited, that its wholly owned subsidiary, Pindan (USA) Inc. was withdrawing from the Tushtena gold project.

On 26 August 2011, the Directors resolved to declare a fully franked final dividend of 2 cents per share in respect of the year ended 30 June 2011.

In the interval between the end of financial year and the date of this report, apart from the events 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 the future financial years.

38 RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Consolidated	
	2011	2010
	$'000	$'000
Profit for the year	**22,292**	56,195
Depreciation property, plant and equipment	**13,595**	12,786
Amortisation of development costs	**21,701**	24,101
Amortisation of finance lease and hire purchase assets	**-**	5,256
Amortisation of mine properties	**10,779**	10,518
Impairment on available-for-sale financial assets	**5,536**	-
Fair value gains on other financial assets at fair value through profit or loss	**(88)**	-
Fair value adjustment to derivatives	**-**	1,179
Non-cash employee benefits expense - share-based payments	**3,181**	1,611
Net gain on sale of investment	**(6,130)**	-
Net (gain)/loss on sale of non-current assets	**(35)**	215
Interest income	**(6,137)**	(4,358)
Reversal of impairment of assets	**-**	(7,221)
(Increase) decrease in trade debtors and others	**(11,629)**	5,924
Decrease in prepayments	**1,875**	2,133
Increase (decrease) in trade payables and others	**47**	(2,631)
(Increase) decrease in inventories	**(36)**	3,799
Decrease (increase) in other assets	**197**	(346)
Increase in derivative financial instruments	**(419)**	-
(Decrease) increase in provisions	**(953)**	929
(Increase) decrease in deferred tax assets	**(3,307)**	3,189
Decrease in derivative financial instruments	**-**	(384)
Increase in deferred tax liabilities	**8,709**	-
(Decrease) increase in provision for income tax payable	**(18,496)**	22,890
Net cash inflow from operating activities	**40,682**	135,785

39 EARNINGS PER SHARE

	Consolidated	
	2011	2010
	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**10.8**	27.5
Basic earnings per share attributable to the ordinary equity holders of the company	**10.8**	27.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Consolidated	
	2011	2010
	Cents	Cents

(b) Diluted earnings per share

Profit from continuing operations attributable to the ordinary equity holders of the company	**10.7**	27.2
Diluted earnings per share attributable to the ordinary equity holders of the company	**10.7**	27.2

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2011	2010
	$'000	$'000
Basic earnings per share		
Profit from continuing operations	**22,292**	56,195
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**22,292**	56,195
Diluted earnings per share		
Profit from continuing operations	**22,292**	56,195
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**22,292**	56,195

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2011	2010
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	**206,174,577**	204,078,184
Effect of dilution:		
Share options	**4,202,329**	4,662,329
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**210,376,906**	208,740,513

Since balance date, no share and option movements have occurred.

40 SHARE BASED PAYMENTS

(a) Employee Option Plan

An employee share option plan was established on 24 August 2004 where the Company, at the discretion of management, granted options over the ordinary shares of Panoramic Resources Limited to certain full time employees of the consolidated entity. The options were issued for nil consideration and do not provide dividend or voting rights until exercised. The options were issued for a term of 4 years and are exercisable over various future dates as detailed below. The options cannot be transferred without director approval and are not quoted on the ASX. Employees are able to apply for 30 day financing terms at market interest rates in order to exercise options that have vested. Options vest when the employee completes service with the Company after the vesting date. Each issued option when exercised will convert to one ordinary share.

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Set out below are the summaries of options granted under the plan:

Grant Date	Vesting date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
				Number	Number	Number	Number	Number	Number	Number
Consolidated - 2011										
22/01/07	30/11/07	31/12/10	$2.20	337,500	-	(312,500)	-	(25,000)	-	-
22/01/07	30/11/08	31/12/10	$2.20	1,075,000	-	(925,000)	-	(150,000)	-	-
Total				1,412,500	-	(1,237,500)	-	(175,000)	-	-
Weighted average exercise price				$2.20	$-	$2.20	$-	$2.20	$-	$-
Consolidated - 2010										
22/01/07	30/11/07	31/12/10	$2.20	562,500	-	(225,000)	-	-	337,500	287,500
22/01/07	30/11/08	31/12/10	$2.20	1,125,000	-	(50,000)	-	-	1,075,000	1,125,000
Total				1,687,500	-	(275,000)	-	-	1,412,500	1,412,500
Weighted average exercise price				$2.20	$-	$2.20	$-	$-	$2.20	$2.20

During the year ended 30 June 2011, 175,000 options were forfeited (2010: nil).

The weighted average share price at the date of the exercise of options exercised during the year ended 30 June 2011 was $2.50 (2010: $2.55).

The weighted average remaining contractual life of share options outstanding at the end of the period was 0 years (2010: 1.86 years).

(b) Performance Shares

Managing Director's Long Term Share Plan (LTSP)

Under the Managing Director's Long Term Share Plan (LTSP), Peter Harold will be entitled to be issued a maximum of 1,000,000 shares in the Company for no consideration at the conclusion of his four year contract (31 December 2009), dependent upon the performance of the Company relative to a group of selected peers over a three and a half year period commencing on 1 July 2006 and ending on 31 December 2009 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index. The peer group is to be ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for the share rights holder. Shares under the LTSP will be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period is at or above the 50th percentile of the peer group and further provided that the Company's TSR over that period exceeds a rate of 5% per annum compounded. At the 50th percentile, Peter Harold will be entitled to 50% of the LTSP shares, increasing proportionately to 100% at the 65th percentile.

Employee Share Plan (ESP)

During the year, an employee share plan was established, at the discretion of management, certain full time employees will be entitled to performance rights to shares in the Company for no consideration, dependent upon the performance of the Company relative to a group of peers. The rights have two tranches (Tranche 1 and Tranche 2) and have two separate performance periods with performance conditions being tested in two different vesting dates (Tranche 1: 1 July 2012 and Tranche 2: 31 December 2013). The peer group comprises those companies who are constituents of the S&P / ASX 300 Metals & Mining Index at the beginning of each relevant performance period. Rights will only be automatically exercised and converted into PAN shares if the TSR ranking of the Company is at or above 50th percentile of the peer group. At the 50th percentile, employees will be entitled to 25% to 49% (pro-rata on a straight line basis) of the ESP shares, increasing proportionately to 100% at the 75th percentile.

An employee share plan was established in 2008, at the discretion of management, full time employees will be entitled to performance rights to shares in the Company for no consideration, dependent upon the performance of the Company relative to a group of peers over a three year period commencing 1 January 2008 and ending on 31 December 2010 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index. The peer group is ranked in terms of total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Shares will be allotted to employees provided that the TSR ranking of the Company at the end of the Performance Period is at or above 50th percentile of the peer group. At the 50th percentile, employees will be entitled to 50% of the ESP shares, increasing proportionately to 100% at the 75th percentile.

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Grant date	Vesting date	Expiry date	Balance at the 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 2011									
1/01/08	31/12/10	31/12/13	1,078,900	-	(550,368)	-	(528,532)	-	-
3/09/10	1/07/12	1/07/12	-	520,000	-	-	-	520,000	-
3/09/10	31/12/13	31/12/13	-	520,000	-	-	-	520,000	-
1/12/10	1/07/12	1/07/12	-	2,437,500	-	-	(105,000)	2,332,500	-
1/12/10	31/12/13	31/12/13	-	2,437,500	-	-	(105,000)	2,332,500	-
			1,078,900	**5,915,000**	**(550,368)**	**-**	**(738,532)**	**5,705,000**	**-**
Weighted average exercise price			-	-	-	-	-	-	-
Consolidated 2010									
30/11/06	31/12/09	30/11/11	1,000,000	-	(1,000,000)	-	-	-	-
1/01/08	31/12/10	31/12/13	1,421,800	-	-	-	(342,900)	1,078,900	-
			2,421,800	**-**	**(1,000,000)**	**-**	**(342,900)**	**1,078,900**	**-**
Weighted average exercise price			-	-	-	-	-	-	-

The weighted average share price at the date of the exercise of performance shares exercised during the year ended 30 June 2011 was $2.58 (2010: $2.38).

The weighted average remaining contractual life of performance shares outstanding at the end of the period was 1.76 years (2010: 0.5 years).

Fair value of Performance Shares

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

The following assumptions were used for grants made and the resulting fair values per performance share for those on issue at 30 June 2011 are:

	2010 Employee Share Plan (ESP)	2010 Employee Share Plan (ESP)	2010 Employee Share Plan (ESP)	2010 Employee Share Plan (ESP)	Employee Share Plan (ESP)	Managing Director's Long Term Share Plan (LTSP)
	Tranche 1	Tranche 2	Tranche 1	Tranche 2		
Shares issued under the plan	520,000	520,000	2,437,500	2,437,500	1,484,800	1,000,000
Grant date	03/09/2010	03/09/2010	01/12/2010	01/12/2010	01/01/2008	30/11/2006
Vesting date	01/07/2012	31/12/2013	01/07/2012	31/12/2013	31/12/2010	31/12/2009
Share price at grant date	$2.51	$2.51	$2.24	$2.24	$5.35	$2.00
Risk free rate	4.38%	4.43%	4.37%	4.42%	6.59%	5.80%
Dividend yield	5.5%	5.5%	7.2%	7.2%	3.50%	0.00%
Volatility	75%	75%	74%	74%	56%	47%
Fair Value	$1.68	$1.61	$1.18	$1.37	$3.57	$1.65

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not be the actual outcome.

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(c) Expenses arising from share-based payment transactions

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

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

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

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

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

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

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

Performance shares under employee share plan amount to $3,181,000 (2010: $1,611,000).

41 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	Parent entity	
	2011	2010
	$'000	$'000
Balance sheet		
Current assets	**7,274**	22,857
Non-current assets	**88,385**	105,923
Total assets	**95,659**	128,780
Current liabilities	**1,835**	9,964
Non-current liabilities	**107**	856
Total liabilities	**1,942**	10,820
Shareholders' equity		
Contributed equity	**106,805**	104,083
Reserves	**16,082**	14,968
Retained earnings	**(29,170)**	(1,092)
Capital and reserves attributable to owners of Panoramic Resources Limited	**93,717**	117,959
Profit or loss for the year	**5,859**	643
Total comprehensive income	**5,859**	643

(b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:

(i) leases of subsidiaries amounting to $1,422,186 (2010: $4,716,848)

(ii) the bank facilities of a subsidiary amounting to $200,000 (2010: $200,000)

(iii) a rehabilitation bank guarantee of a subsidiary (see note 35) amounting to $22,500,000 (2010: $8,000,000)

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 35. 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.

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(c) Contingent liabilities of the parent entity

The parent entity and Group had contingent liabilities at 30 June 2011 in respect of a bank guarantee put in place with a financial institution with a face value of $360,632 (2010: $360,632) in respect to the leasing of the office space in Perth CBD.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2011, the parent entity entered into finance lease arrangements to acquire computer equipment. The lease payments are $12,000 per month over a three year period ending 30 June 2014. These commitments are not recognised as liabilities as the relevant assets have not yet been received.

42 CONTINGENCIES

(a) Contingent liabilities

The Company had contingent liabilities at 30 June 2011 in respect of a bank guarantee with a financial institution with a face value of $360,632 (2010: $360,632) in respect to the leasing of the office space in the Perth CBD.

Controlled entities

Under the terms of Deeds of Cross Guarantees 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 regard 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 $1,422,251 (2010: $2,243,163).

The Company has guaranteed the bank facilities of controlled entities.

(b) Contingent assets

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

ADDITIONAL SHAREHOLDER INFORMATION

STOCK EXCHANGE LISTING

Panoramic Resources Limited shares are listed on the Australian Stock Exchange Limited. The Company's ASX code is PAN.

SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 20 September 2011

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 (%)
J P Morgan Nominees Australia Limited	51,542,642	24.89
HSBC Custody Nominees (Australia) Limited	42,534,688	20.54
National Nominees Limited	23,571,977	11.38
JP Morgan <Cash Income A/C>	15,051,812	7.27

CLASS OF SHARES AND VOTING RIGHTS

At 20 September 2011, there were 6,144 holders of 207,050,710 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

c. on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or Representative have one vote for the share, but in respect of partly paid shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to the options in the Company. Voting rights will be attached to the issued ordinary shares when options have been exercised.

UNMARKETABLE SHARES

At 6 September 2011, the number of parcels of shares with a value of less than $500 was 351.

DISTRIBUTION OF SHAREHOLDERS

As at 20 September 2011

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1-1,000	1,739	1,012,719
1,001-5,000	2,539	7,363,168
5,001-10,000	960	7,764,716
10,001-100,000	859	23,201,197
100,001-and over	47	167,708,910
Total:	**6,145**	**207,050,710**

ADDITIONAL SHAREHOLDER INFORMATION

LISTING OF 20 LARGEST SHAREHOLDERS

As at 20 September 2011

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held
1	J P Morgan Nominees Australia Limited	51,542,642	24.89
2.	HSBC Custody Nominees (Australia) Limited	42,534,688	20.54
3.	National Nominees Limited	23,571,977	11.38
4.	JP Morgan Nominees Australia Limited <Cash Income A/C>	15,051,812	7.27
5.	AMP Life Limited	8,061,739	3.89
6.	Citicorp Nominees Pty Limited	7,073,008	3.42
7.	Cogent Nominees Pty Ltd	3,909,084	1.89
8.	Queensland Investment Corporation	2,523,547	1.22
9.	HSBC Custody Nominees (Australia) Limited – GSCO ECA	1,525,853	0.74
10.	Cogent Nominees Pty Ltd <SMP Accounts>	1,516,989	0.73
11.	Springway Investments Pty Ltd <Allnutt Ventures Family A/C>	1,459,227	0.70
12.	Winton Vale Pty Ltd <Harold Super Fund A/C>	990,000	0.48
13.	Sandhurst Trustees Ltd <Endeavour Asset Mgmnt MDA A/C>	817,093	0.39
14.	Mr Peter John Harold & Ms Ariane Harold <Allnutt Ventures Family A/C>	645,000	0.31
15.	UBS Wealth Management Australia Nominees Pty Ltd	539,038	0.26
16.	CPU Share Plans Pty Limited <PAN – PSR Control Account>	500,188	0.24
17.	Kimberley Sustainable Development Pty Ltd	447,505	0.22
18.	HSBC Custody Nominees (Australia) Limited – A/C 2	357,741	0.17
19.	UBS Nominees Pty Ltd	289,205	0.14
20.	Mr Laurence Maxwell Thomas & Mrs Patricia Mary Thomas <Thomas Family S/F A/C>	287,750	0.14
	Total:	**163,644,086**	**79.04**

UNQUOTED EQUITY SECURITIES

As at 20 September 2011

Securities	Number of Securities	Exercise Price $	Expiry Date	Number of Holders
Options	3,000,000	1.50	31 December 2012	1

CASH USAGE

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

SCHEDULE OF TENEMENTS

AS AT 15 AUGUST 2011

Project	Tenement	Status	Area	Area Type	Area (ha)	Equity	Tenement Manager (a)	Panoramic Resources Commitment	Current Registered Holder(s)
Copernicus	L80/52	Live	140	ha	141	60%	PanRes	60% all rights - 60% Rents & Rates	SMY Copernicus Pty Ltd 60/100 & Thundelarra Exploration Ltd 40/100
Copernicus	M80/540	Live	129	ha	129	60%	PanRes	60% all rights - 60% Rents & Rates	SMY Copernicus Pty Ltd 60/100 & Thundelarra Exploration Ltd 40/100
Cowan Ni Project JV	E15/821	Live	4	bk	1200	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E15/822	Live	4	bk	1200	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E15/828	Live	26	bk	7800	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E15/838	Live	7	bk	2100	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E15/860	Live	1	bk	300	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E15/932	Live	14	bk	4200	100% Ni Rights only	Avoca	100% Ni Rights - 50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E63/1064	Live	22	bk	6600	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Resources Ltd
Cowan Ni Project JV	E63/1071	Live	46	bk	13800	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	E63/873	Live	11	bk	3300	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/1790	Pending	623	ha	623	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Chalice Gold Mines Ltd
Cowan Ni Project JV	M15/338	Live	129	ha	130	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/352	Live	23	ha	24	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/375	Live	397	ha	398	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/507	Live	360	ha	360	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/580	Live	962	ha	962	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/581	Live	480	ha	481	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/620	Live	120	ha	120	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/629	Live	120	ha	121	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/639	Live	847	ha	847	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/640	Live	726	ha	727	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/642	Live	934	ha	935	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/680	Live	686	ha	686	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/681	Live	943	ha	944	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/682	Live	876	ha	877	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/683	Live	815	ha	815	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/684	Live	815	ha	815	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/685	Live	837	ha	837	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/786	Live	954	ha	955	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/815	Live	948	ha	948	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/817	Live	919	ha	919	100% Ni Rights only	Avoca	100% Ni Rights -20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	M15/820	Live	968	ha	968	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/4808	Live	2	ha	2	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/4809	Live	134	ha	134	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/4844	Live	2	ha	3	100% Ni Rights only	Avoca	100% Ni Rights -50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5414	Live	200	ha	200	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5416	Live	184	ha	185	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5417	Live	190	ha	191	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5418	Live	193	ha	193	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5419	Live	196	ha	197	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5425	Live	196	ha	197	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5426	Live	199	ha	199	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5427	Live	178	ha	179	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5428	Live	188	ha	188	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5429	Live	147	ha	147	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5431	Live	58	ha	58	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5432	Live	30	ha	31	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5433	Live	196	ha	197	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5434	Live	33	ha	33	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5444	Live	70	ha	71	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd

SCHEDULE OF TENEMENTS

AS AT 15 AUGUST 2011

Project	Tenement	Status	Area	Area Type	Area (ha)	Equity	Tenement Manager (a)	Panoramic Resources Commitment	Current Registered Holder(s)
Cowan Ni Project JV	P15/5445	Live	185	ha	185	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P15/5446	Live	181	ha	182	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P63/1732	Live	199	ha	200	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Resources Ltd
Cowan Ni Project JV	P63/1733	Live	192	ha	193	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Resources Ltd
Cowan Ni Project JV	P63/1785	Live	194	ha	194	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P63/1787	Live	158	ha	158	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project JV	P63/1788	Live	182	ha	182	100% Ni Rights only	Avoca	100% Ni Rights - 100% Rents & Rates	Avoca Mining Pty Ltd
East Kimberley JV	E80/2290	Live	23	bk	6900	49%	PanRes	49% or Commit, Rents & Rates	Thundelarra Exploration Ltd 80/100 & Kimberley Mining Pty Ltd 20/100
East Kimberley JV	E80/2716	Live	12	bk	3600	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/2748	Live	43	bk	12900	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/2749	Live	38	bk	11400	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/2817	Live	7	bk	2100	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/2836	Live	39	bk	11700	80%	PanRes	100% or Commit, Rents & Rates, THX free carried	Altia Resources Ltd 60/100 & Thundelarra Exploration Ltd 40/100
East Kimberley JV	E80/2866	Live	7	bk	2100	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/2878	Live	18	bk	5400	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/3499	Live	7	bk	2100	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/3704	Live	39	bk	11700	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/3878	Live	14	bk	4200	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/4210	Live	17	bk	5100	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/4225	Live	18	bk	5400	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/4304	Live	10	bk	3000	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/4398	Live	3	bk	900	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/4399	Pending	60	bk	18000	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	E80/4421	Pending	5	bk	1500	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley JV	E80/4425	Pending	3	bk	900	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley JV	E80/4481	Pending	4	bk	1200	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4482	Pending	21	bk	6300	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4483	Pending	16	bk	4800	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4484	Pending	18	bk	5400	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4485	Pending	1	bk	300	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4486	Pending	12	bk	3600	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4487	Pending	69	bk	20700	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley	E80/4488	Pending	9	bk	2700	100%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley JV	E80/4489	Pending	8	bk	2400	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4490	Pending	6	bk	1800	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4491	Pending	1	bk	300	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4492	Pending	6	bk	1800	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4493	Pending	1	bk	300	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	E80/4494	Pending	1	bk	300	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100

PANORAMIC
RESOURCES LTD

SCHEDULE OF TENEMENTS

AS AT 15 AUGUST 2011

Project	Tenement	Status	Area	Area Type	Area (ha)	Equity	Tenement Manager (a)	Panoramic Resources Commitment	Current Registered Holder(s)
East Kimberley JV	E80/4495	Pending	21	bk	6300	61%	PanRes	61% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 61/100 & Thundelarra Exploration Ltd 39/100
East Kimberley JV	P80/1742	Live	26	ha	26	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley JV	P80/1761	Pending	25	ha	25	61%	PanRes	61% or Commit, Rents & Rates	Thundelarra Exploration Ltd
Gidgee	E51/1144	Live	34	bk	10200	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E51/1145	Live	33	bk	9900	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E53/1215	Live	34	bk	10200	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E53/1216	Live	35	bk	10500	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E53/1217	Live	34	bk	10200	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E53/1270	Live	2	bk	600	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E53/1273	Live	27	bk	8100	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E53/1396	Live	4	bk	1200	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E57/633	Live	58	bk	17400	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E57/636	Live	23	bk	6900	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E57/676	Live	37	bk	11100	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E57/678	Live	41	bk	12300	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E57/705	Live	7	bk	2100	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	E57/755	Live	5	bk	1500	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L53/0046	Live	60	ha	60	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L53/0047	Live	24	ha	24	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L53/0095	Live	71	ha	71	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L53/0096	Live	237	ha	237	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L53/0116	Live	9	ha	9	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L57/0011	Live	5	ha	5	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L57/0012	Live	11	ha	11	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	L57/0020	Live	7	ha	7	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/104	Live	37	ha	37	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/105	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/157	Live	94	ha	94	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/185	Live	239	ha	239	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/186	Live	365	ha	365	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/290	Live	5	ha	5	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/410	Live	345	ha	346	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M51/458	Live	620	ha	620	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/10	Live	10	ha	10	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/105	Live	553	ha	554	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/11	Live	10	ha	10	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/251	Live	170	ha	170	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/252	Live	998	ha	998	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/500	Live	380	ha	381	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/716	Live	251	ha	251	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/904	Live	8	ha	9	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M53/988	Live	512	ha	512	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/143	Live	23	ha	23	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/144	Live	288	ha	288	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/145	Live	174	ha	174	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/146	Live	755	ha	756	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/19	Live	366	ha	366	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/210	Live	526	ha	527	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/231	Live	362	ha	362	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/236	Live	775	ha	775	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/241	Live	60	ha	60	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/242	Live	273	ha	274	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd

SCHEDULE OF TENEMENTS

AS AT 15 AUGUST 2011

Project	Tenement	Status	Area	Area Type	Area (ha)	Equity	Tenement Manager (a)	Panoramic Resources Commitment	Current Registered Holder(s)
Gidgee	M57/250	Live	637	ha	637	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/251	Live	351	ha	352	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/26	Live	286	ha	286	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/291	Live	82	ha	82	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/292	Live	146	ha	146	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/33	Live	248	ha	249	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/349	Live	278	ha	278	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/375	Live	176	ha	177	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/633	Pending	651	ha	651	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/69	Live	954	ha	954	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/70	Live	971	ha	971	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/71	Live	622	ha	623	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/72	Live	734	ha	734	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/73	Live	430	ha	430	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	M57/74	Live	856	ha	857	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P53/1269	Live	63	ha	63	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P53/1302	Live	60	ha	60	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1050	Live	76	ha	76	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1051	Live	150	ha	150	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1052	Live	175	ha	175	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1059	Live	132	ha	132	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1060	Live	132	ha	132	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1061	Live	116	ha	116	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1062	Live	105	ha	105	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1063	Live	133	ha	133	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1105	Live	45	ha	45	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1106	Live	165	ha	166	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1123	Live	17	ha	18	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1124	Live	20	ha	21	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1125	Live	80	ha	80	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1213	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1241	Live	72	ha	72	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1242	Live	199	ha	199	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Gidgee	P57/1243	Live	194	ha	194	100%	PanRes	100% or Commit, Rents & Rates	Panoramic Gold Pty Ltd
Halls Creek JV	E80/4287	Live	12	bk	3600	earning 80%	PanRes	100% or Commit, Rents & Rates	Lodestar Minerals Limited
Halls Creek JV	E80/4288	Live	40	bk	12000	earning 80%	PanRes	100% or Commit, Rents & Rates	Lodestar Minerals Limited
Halls Creek JV	E80/4289	Live	3	bk	900	earning 80%	PanRes	100% or Commit, Rents & Rates	Lodestar Minerals Limited
Halls Creek JV	E80/4302	Live	2	bk	600	earning 80%	PanRes	100% or Commit, Rents & Rates	Lodestar Minerals Limited
Lanfranchi	M15/1295	Pending	39	ha	40	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 75/100 & Donegal Lanfranchi Pty Ltd 25/100
Lanfranchi	M15/473	Live	982	ha	982	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/346	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/347	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/367	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/368	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/369	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96

PANORAMIC
RESOURCES LTD

SCHEDULE OF TENEMENTS

AS AT 15 AUGUST 2011

Project	Tenement	Status	Area	Area Type	Area (ha)	Equity	Tenement Manager (a)	Panoramic Resources Commitment	Current Registered Holder(s)
Lanfranchi	ML15/370	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/371	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/372	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/375	Live	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/376	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/377	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/378	Live	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/379	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/380	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/381	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/382	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/383	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/384	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/385	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/386	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/387	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/388	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/389	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/482	Live	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/483	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/484	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/485	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/486	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/487	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/488	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/489	Live	72	ha	73	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/490	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96

SCHEDULE OF TENEMENTS

AS AT 15 AUGUST 2011

Project	Tenement	Status	Area	Area Type	Area (ha)	Equity	Tenement Manager (a)	Panoramic Resources Commitment	Current Registered Holder(s)
Lanfranchi	ML15/491	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/492	Live	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	ML15/493	Live	120	ha	121	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Lanfranchi	P15/3752	Live	39	ha	40	100%	PanRes	100% or Commit, Rents & Rates	Cherish Metals Pty Ltd 72/96 & Donegal Lanfranchi Pty Ltd 24/96
Pioneer	E63/1030	Live	30	bk	9000	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 80/100 & Pioneer Resources Limited 20/100
Savannah	L80/64	Pending	311	ha	311	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/179	Live	242	ha	242	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/180	Live	960	ha	961	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/181	Live	960	ha	960	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/182	Live	600	ha	600	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/183	Live	960	ha	960	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Tennant Creek	EL24966	Live		bk	13800	earning 80%	TUC	earning 80% All rights	TUC Resources Ltd
Tennant Creek	EL24967	Live		bk	67200	earning 80%	TUC	earning 80% All rights	TUC Resources Ltd

(a) PanRes= Panoramic Resources Limited; Avoca= Avoca Mining Pty Ltd; TUC= TUC Resources Ltd

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PANORAMIC
RESOURCES LTD

CORPORATE DIRECTORY

AS AT 15 SEPTEMBER 2011

BOARD OF DIRECTORS

Christopher J G de Guingand
Non-Executive Chairman

Peter J Harold
Managing Director

Christopher D J Langdon
Non-Executive Director

Brian M Phillips
Non-Executive Director

John Rowe
Non-Executive Director

SENIOR MANAGEMENT

Trevor R Eton
Chief Financial Officer & Company Secretary

Christopher J Williams
General Manager Operations

John D Hicks
Exploration Manager

Wade J Evans
Business Development Manager

Simon A Jessop
Manager Gidgee & Projects

Jason B Grover
Financial Controller

David J Swain
Environmental Manager

Tracey M Ram
Human Resources Manager

Vera Waldby
Administration Manager & Asst Company Secretary

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PERTH WA 6000
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Email: info@panres.com
Website: www.panoramicresources.com

Australian Business Number:
47 095 792 288

SAVANNAH PROJECT

Terry J Strong
Operations Manager

LANFRANCHI PROJECT

Robert J Thorburn
Operations Manager

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Perth WA 6000

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Computershare Investor Services
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Perth WA 6000

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Perth WA 6000

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