



# *Panoramic Resources Limited*

*ABN: 47 095 792 288*

**Interim Financial Report**

**For the half-year ended 31 December 2010**

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

Current Reporting Period: Half Year Ending 31 December 2010  
Previous Reporting Period: Half Year Ending 31 December 2009

# **INTERIM FINANCIAL REPORT**

## **For the half-year ended 31 December 2010**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Panoramic Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Panoramic Resources Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Panoramic Resources Limited  
Level 9, Panoramic House  
553 Hay Street  
Perth WA 6000

# APPENDIX 4D - INTERIM FINANCIAL REPORT

## For the half-year ended 31 December 2010

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

		A\$'000		2009 A\$'000		2010 A\$'000
Revenue (note 1)	down	6,384	from	135,627	to	<b>129,243</b>
Results after tax from ordinary activities	down	5,576	from	23,091	to	<b>17,515</b>
Results after tax attributable to members	down	5,576	from	23,091	to	<b>17,515</b>

Note 1 – Revenue is after deducting concentrate treatment costs and smelter payment deductions and after including losses on delivered/deferred commodity hedges of \$4,113,000 (2009: gains of \$22,652,000).

### DIVIDENDS

The Company has declared a fully franked four cents per share interim dividend for the half year ended 31 December 2010 (31 December 2009: a fully franked five cents per share interim dividend and a fully franked five cents per share one-off special dividend).

The record date for the payment of the dividend will be 11 March 2011 and the payment date will be 25 March 2011. The total dividend payable on ordinary securities is \$8,282,028.

### NET TANGIBLE ASSETS PER SHARE

	31 December 2009 \$ per share	31 December 2010 \$ per share
Net tangible assets per share	1.41	<b>1.43</b>

### OTHER INFORMATION

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

Except for the matters noted above and subject to the requirements being applicable to the Company, all the disclosure requirements pursuant to ASX Listing Rule 4.2A.3 are contained within Panoramic Resources Limited's Half Year Report for the period ended 31 December 2010 which accompanies this Preliminary Half Year Report (Appendix 4D).

# DIRECTORS' REPORT

The directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2010.

## DIRECTORS

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

Christopher J G de Guingand

Peter J Harold

Christopher D J Langdon

John Rowe

Brian M Phillips

## REVIEW OF OPERATIONS

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

The consolidated entity profit after tax for the financial period ended 31 December 2010 was \$17,515,000 (2009: \$23,091,000).

The lower after tax earnings result is approximately 24% below the previous corresponding period, broadly reflecting lower total net revenue due to nickel production on a group basis being down 5% on the previous corresponding period and the lower net realised price per tonne of nickel (after including losses on delivered/deferred commodity hedges).

The spot nickel price, in Australian dollar terms, averaged \$10.73 per pound during the financial period. In the previous corresponding half year, the equivalent Australian dollar nickel price was \$9.18 per pound.

### *Mining Operations*

During the period, the Savannah Nickel Mine produced 43,549 dry metric tonnes of concentrate at an average nickel grade of 7.54% for 3,285 tonnes of nickel in concentrate (2009: 51,035 dry metric tonnes of concentrate at an average grade of 7.64% for 3,897 tonnes of nickel in concentrate).

The Lanfranchi Nickel Mine, produced 203,292 dry metric tonnes of ore at an average nickel grade of 2.43% for 4,931 tonnes of nickel in ore (2009: 177,756 dry metric tonnes of ore at an average nickel grade of 2.65% for 4,706 tonnes of nickel in ore).

On a consolidated group basis, the operations produced 8,216 dry metric tonnes on nickel in concentrate/ore (2009: 8,603 dry metric tonnes of nickel in concentrate/ore).

### *Exploration and Development Projects*

During the period, the consolidated entity commenced a number of new exploration projects at each of its operations. The consolidated entity has budgeted to spend approximately \$12 million on exploration activities during the full financial year ending on 30 June 2011.

# DIRECTORS' REPORT (Continued)

## REVIEW OF OPERATIONS (Continued)

### *Corporate Activities*

During the period, 1,237,500 employee options were exercised under the 2004 Panoramic Employee Share Option Plan, at a weighted average exercise price of \$2.20 per share.

On 3 September 2010, the Company's shareholders approved a new long term incentive plan, the 2010 Panoramic Resources Limited Employee Share Plan.

## SUBSEQUENT EVENTS

### *Purchase of Gidgee Gold Project*

On 28 January 2011, a wholly owned subsidiary of the Company, Panoramic Gold Pty Ltd, signed and executed the "Gidgee Project – Sale and Purchase Agreement" for the purchase, subject to certain conditions precedent, of the Gidgee Gold Project from Apex Gold Pty Ltd for \$15.5 million.

On 18 February 2011, all conditions precedent were satisfied and the purchase was finalised.

The Gidgee Gold Project is currently under care and maintenance.

### *Purchase of East Kimberley Tenements*

On 31 January 2011, a wholly owned subsidiary of the Company, Pindan Exploration Company Pty Ltd ("Pindan"), signed a Sale Agreement with Breakaway Resources Limited ("Breakaway") whereby Pindan is to purchase all of Breakaway's tenement interests in the East Kimberley region of Western Australia for \$0.36 million.

### *Interim Dividend*

On 24 February 2011, the Company's Board resolved to declare a four cents per share fully franked interim dividend to be paid out of retained earnings at 31 December 2010. The dividend payment date is set down for 25 March 2011.

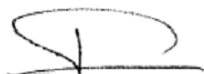
## ROUNDING

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

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of directors.



Peter J Harold  
Managing Director  
Perth, 24 February 2011

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

In relation to our review of the financial report of Panoramic Resources Limited for the half-year ended 31 December 2010, 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham  
Partner  
Perth  
24 February 2011

To the members of Panoramic Resources Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Panoramic Resources Limited, which comprises the statement of financial position as at 31 December 2010, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Panoramic Resources Limited, and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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


## Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham' in a cursive script.

Gavin Buckingham  
Partner  
Perth  
24 February 2011



# DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter J Harold  
Managing Director

Perth, 24 February 2011

**Panoramic Resources Limited**  
**Consolidated income statement**  
**For the half-year ended 31 December 2010**

	Notes	Half-year ended Consolidated	
		31 December 2010 \$'000	31 December 2009 \$'000
Sales revenue		125,792	134,136
Interest revenue		3,451	1,491
<b>Revenue from continuing operations</b>		<b>129,243</b>	<b>135,627</b>
Other income	3	5,299	801
Cost of sales of goods		(96,246)	(94,210)
Other expenses		(4,911)	(3,388)
Mark to market on derivatives		(1,272)	(2,680)
Exploration and evaluation expenses		(4,815)	(3,469)
Finance costs	4	(720)	(421)
<b>Profit from continuing operations before income tax</b>		<b>26,578</b>	<b>32,260</b>
Income tax expense	5	(9,063)	(9,169)
Profit from continuing operations after tax		<b>17,515</b>	<b>23,091</b>
<b>Profit from continuing operations for the half year</b>		<b>17,515</b>	<b>23,091</b>
Profit for the half year is attributable to:			
Equity holders of Panoramic Resources Limited		<b>17,515</b>	<b>23,091</b>
		<b>17,515</b>	<b>23,091</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share		<b>8.5</b>	11.3
Diluted earnings per share		<b>8.4</b>	11.1

**Panoramic Resources Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2010**

		<b>Half-year ended</b>	
		<b>Consolidated</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2010</b>	<b>2009</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
	<b>Profit from continuing operations for the half year</b>	<u><b>17,515</b></u>	<u>23,091</u>
	<b>Other comprehensive income</b>		
	Changes in the fair value of available-for-sale financial assets, net of tax	9 <b>643</b>	376
	Transfer from cash flow hedge reserve to net profit, net of tax	<b>2,997</b>	(19,762)
	Changes in the fair value of cash flow hedges, net of tax	<u><b>(8,373)</b></u>	<u>1,698</u>
	<b>Other comprehensive income for the half year, net of tax</b>	<u><b>(4,733)</b></u>	<u>(17,688)</u>
	<b>Total comprehensive income for the half year</b>	<u><b>12,782</b></u>	<u>5,403</u>

**Panoramic Resources Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2010**

	Notes	31 December 2010 \$'000	30 June 2010 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	94,792	49,777
Term deposits	6	15,577	87,601
Trade and other receivables		45,876	20,942
Inventories		12,264	12,285
Derivative financial instruments	7	1,744	3,769
Prepayments		<u>2,696</u>	<u>3,222</u>
Total current assets		<u>172,949</u>	<u>177,596</u>
<b>Non-current assets</b>			
Receivables		1,920	1,876
Available-for-sale financial assets		13,584	9,229
Derivative financial instruments	7	397	6,858
Property, plant and equipment		51,797	51,978
Exploration and evaluation		11,098	14,267
Development properties		93,446	85,933
Mine properties		63,099	68,555
Other non-current assets		<u>312</u>	<u>523</u>
Total non-current assets		<u>235,653</u>	<u>239,219</u>
<b>Total assets</b>		<u>408,602</u>	<u>416,815</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		28,194	23,910
Borrowings		1,953	3,295
Derivative financial instruments	7	10,265	11,189
Current tax liabilities		9,850	18,496
Provisions		<u>6,262</u>	<u>8,270</u>
Total current liabilities		<u>56,524</u>	<u>65,160</u>
<b>Non-current liabilities</b>			
Borrowings		1,008	1,422
Deferred tax liabilities		32,640	35,672
Provisions		23,806	23,331
Derivative financial instruments	7	<u>185</u>	<u>106</u>
Total non-current liabilities		<u>57,639</u>	<u>60,531</u>
<b>Total liabilities</b>		<u>114,163</u>	<u>125,691</u>
<b>Net assets</b>		<u>294,439</u>	<u>291,124</u>
<b>EQUITY</b>			
Contributed equity	8	104,675	101,953
Reserves	9(a)	40,644	44,203
Retained earnings	9	<u>149,120</u>	<u>144,968</u>
<b>Total equity</b>		<u>294,439</u>	<u>291,124</u>

**Panoramic Resources Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2010**

Consolidated	Notes	Share-based		Cash flow		Total equity \$'000	
		Issued capital \$'000	payment reserve \$'000	Retained earnings \$'000	hedge reserve \$'000		Other reserves \$'000
<b>Balance at 1 July 2009</b>		101,348	11,094	113,354	29,228	31,252	286,276
Other comprehensive income	9	-	-	-	(18,064)	376	(17,688)
Profit for half-year		-	-	23,091	-	-	23,091
<b>Total Comprehensive Income for the half-year</b>		-	-	<b>23,091</b>	<b>(18,064)</b>	<b>376</b>	<b>5,403</b>
<b>Transactions with owners in their capacity as owners</b>							
Contributions of equity, net of transaction costs	8	55	-	-	-	-	55
Dividends provided for or paid	10	-	-	(4,080)	-	-	(4,080)
Employee share options - value of employee services		-	895	-	-	-	895
<b>Balance at 31 December 2009</b>		<b>101,403</b>	<b>11,989</b>	<b>132,365</b>	<b>11,164</b>	<b>31,628</b>	<b>288,549</b>
<b>Balance at 1 July 2010</b>		101,953	12,705	144,968	(1,209)	32,707	291,124
Other comprehensive income	9	-	-	-	(5,376)	643	(4,733)
Profit for half-year		-	-	17,515	-	-	17,515
<b>Total Comprehensive Income for the half-year</b>		-	-	<b>17,515</b>	<b>(5,376)</b>	<b>643</b>	<b>12,782</b>
<b>Transactions with owners in their capacity as owners</b>							
Contributions of equity, net of transaction costs	8	2,722	-	-	-	-	2,722
Dividends provided for or paid	10	-	-	(13,363)	-	-	(13,363)
Employee share options - value of employee services	9	-	1,174	-	-	-	1,174
<b>Balance at 31 December 2010</b>		<b>104,675</b>	<b>13,879</b>	<b>149,120</b>	<b>(6,585)</b>	<b>33,350</b>	<b>294,439</b>

**Panoramic Resources Limited**  
**Consolidated cash flow statement**  
**For the half-year ended 31 December 2010**

		<b>Half-year ended</b>	
		<b>Consolidated</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2010</b>	<b>2009</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Receipts from customers (inclusive of goods and services tax)	99,005	135,359
	Payments to suppliers and employees (inclusive of goods and services tax)	(73,482)	(68,588)
	Income taxes paid	(18,008)	3,934
	Interest paid	(159)	(159)
	Payments for exploration and evaluation expense	(4,815)	(3,469)
	<b>Net cash inflow from operating activities</b>	<u>2,541</u>	<u>67,077</u>
<b>Cash flows from investing activities</b>			
	Payments for property, plant and equipment	(6,856)	(3,949)
	Payments for exploration expense	(867)	(666)
	Payments for available-for-sale financial assets	(6,079)	-
	Payments for term deposits	-	(12,806)
	Payments for development costs	(13,044)	(10,306)
	Proceeds from term deposits	72,023	-
	Proceeds from sale of available-for-sale financial assets	7,838	-
	Interest received	1,856	1,491
	<b>Net cash inflow / (outflow) from investing activities</b>	<u>54,871</u>	<u>(26,236)</u>
<b>Cash flows from financing activities</b>			
	Proceeds from issues of ordinary shares	2,722	55
	Repayment of borrowings	(1,756)	(3,392)
	Dividends paid to company's shareholders	(13,363)	(4,080)
	<b>Net cash outflow from financing activities</b>	<u>(12,397)</u>	<u>(7,417)</u>
<b>Net increase in cash and cash equivalents</b>			
	Cash and cash equivalents at the beginning of the half-year	45,015	33,424
		<u>49,777</u>	<u>49,982</u>
	<b>Cash and cash equivalents at the end of the half-year</b>	<u>6</u> <u>94,792</u>	<u>83,406</u>

## **1 Summary of significant accounting policies**

The financial report of Panoramic Resources Limited (the Company) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 24 February 2011.

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

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

The half-year financial report should be read in conjunction with the annual financial report of Panoramic Resources Limited as at 30 June 2010.

It is also recommended that the half-year financial report be considered together with any public announcements made by Panoramic Resources Limited and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under ASX listing rules.

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

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

### **(b) Significant accounting policies**

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2010, as described in Note 1(d).

### **(c) Basis of consolidation**

The half-year consolidated financial statements comprise the financial statements of Panoramic Resources Limited and its subsidiaries as at 31 December 2010 ('the Group').

## 1 Summary of significant accounting policies (continued)

### (d) New accounting standards and interpretations

From 1 July 2010, the Group has adopted all the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010, including:

Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

## 2 Operating 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 operates primarily in nickel mining and processing in Western Australia. Each area of operation has been aggregated and therefore the operations of the Group present one operating segment under AASB 8 Operating Segments.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the interim financial report.

## 3 Other income

	<b>Half-year ended</b>	
	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Net gain on disposal of property, plant and equipment	40	595
Net gain on sale of available-for-sale financial assets	5,195	-
Reversal of impairment on non-current receivables (note 4)	44	-
Sundry income	20	206
	<b>5,299</b>	<b>801</b>



#### 4 Profit for the half-year

<b>Half-year ended Consolidated</b>	
<b>31 December 2010</b>	<b>31 December 2009</b>
<b>\$'000</b>	<b>\$'000</b>

**Profit before income tax includes the following specific expenses:**

*Finance costs*

Interest and finance charges paid/payable	201	189
Unwinding of discount - rehabilitation	519	219
Facility costs	-	13
	<b>720</b>	<b>421</b>

*Depreciation*

Property, plant and equipment	6,417	7,199
Plant and equipment under finance leases	629	2,656
	<b>7,046</b>	<b>9,855</b>

*Amortisation*

Deferred development costs	9,569	12,983
Mine properties	5,456	4,730
	<b>15,025</b>	<b>17,713</b>

*Other*

Share based payment expense	1,174	895
Foreign exchange loss (net)	488	-

#### 5 Income tax expense

<b>Half-year ended Consolidated</b>	
<b>31 December 2010</b>	<b>31 December 2009</b>
<b>\$'000</b>	<b>\$'000</b>

**(a) Income tax expense**

Current tax	10,910	8,127
Deferred tax	(1,399)	1,019
Adjustments for current tax of prior periods	(448)	23
	<b>9,063</b>	<b>9,169</b>

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

Profit from continuing operations before income tax expense	<b>26,578</b>	<b>32,260</b>
Tax at the Australian tax rate of 30% (2009 - 30%)	7,973	9,678
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Donations	48	-
General business tax break	-	(212)
Entertainment	4	3
Foreign exploration	550	-
Share-based payments	353	385
Research and development	(313)	(708)
Adjustments for current tax for prior periods	448	23
	<b>9,063</b>	<b>9,169</b>
Income tax expense	<b>9,063</b>	<b>9,169</b>

## 6 Cash, cash equivalents and term deposits

	31 December 2010 \$'000	30 June 2010 \$'000
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	28,425	39,397
Cash equivalents	<u>66,367</u>	<u>10,380</u>
	<u>94,792</u>	<u>49,777</u>
<b>Term deposits</b>		
Term deposits - greater than 90 days	<u>15,577</u>	<u>87,601</u>
	<u>15,577</u>	<u>87,601</u>

### Cash equivalents

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

## 7 Derivative financial instruments

	31 December 2010 \$'000	30 June 2010 \$'000
<b>Current assets</b>		
Foreign exchange put options	1,174	681
Commodity put options	<u>570</u>	<u>3,088</u>
Total current derivative financial instrument assets	<u>1,744</u>	<u>3,769</u>
<b>Non-current assets</b>		
Commodity put options	397	316
Forward commodity contracts	-	6,542
Total non-current derivative financial instrument assets	<u>397</u>	<u>6,858</u>
<b>Current liabilities</b>		
Foreign exchange call options	-	1,767
Forward commodity contracts	9,672	8,137
Commodity call options	<u>593</u>	<u>1,285</u>
Total current derivative financial instrument liabilities	<u>10,265</u>	<u>11,189</u>
<b>Non-current liabilities</b>		
Commodity call options	29	106
Forward commodity contracts	<u>156</u>	<u>-</u>
Total non-current derivative financial instrument liabilities	<u>185</u>	<u>106</u>
	<u>(8,309)</u>	<u>(668)</u>

## 7 Derivative financial instruments (continued)

### Instruments used by the Group

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

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

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

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

### (a) Commodity Derivatives

#### (ii) *Nickel*

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 hedges qualify for hedge accounting in accordance with AASB 139 Financial Instruments as the future sales are highly probable and have been specifically designated. The zero cost nickel option collars do not qualify for hedge accounting as there are more sold nickel call options than purchased nickel put options.

Consolidated	Tonnes Hedged	Average US\$ Price	Tonnes Hedged	Average US\$ Price
	31 December 2010	31 December 2010	30 June 2010	30 June 2010
<b>Nickel Sell Call Options</b>				
Not later than one year	438	25,514	1,338	24,496
<b>Nickel Buy Put Options</b>				
Not later than one year	1,200	18,250	1,800	18,167
<b>Nickel Fixed Forward</b>				
Not later than one year	1,998	19,770	2,496	16,734
Later than one year	750	24,303	1,200	24,803

## 7 Derivative financial instruments (continued)

(ii) *Diesel*

In order to protect against price movements, the Group has entered into diesel put options. The Group sold put options to partially cover the costs of bought call options.

The Group has entered into contracts for diesel bought call options and sell put options at the reporting date designated as hedges of anticipated future payments for purchases to occur over the next two years that will be denominated in United States currency.

The diesel bought call options and sell put options do not qualify for hedge accounting as the timing of the options do not match the expected diesel use.

Consolidated	Kilolitres Hedged	Average US\$ Price	Kilolitres Hedged	Average US\$ Price
	31 December 2010	31 December 2010	30 June 2010	30 June 2010
<b>Diesel Buy Call Options</b>				
Not later than one year	3,375	0.60	4,125	0.60
Later than one year	4,500	0.60	3,750	0.60
<b>Diesel Sell Put Options</b>				
Not later than one year	4,500	0.44	4,500	0.43
Later than one year	3,375	0.44	3,375	0.44

(b) **Foreign exchange contracts - cash flow hedges**

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

The Group has entered into foreign exchange contracts for put options at the reporting date. These are generally designated as hedges of anticipated future receipts from sales to occur over the next six months that will be denominated in United States currency.

These hedges qualify for hedge accounting in accordance with AASB 139 Financial Instruments as the future sales are highly probable and have been specifically designated.

Consolidated	US\$ Hedged	Average Rate	US\$ Hedged	Average Rate
	31 December 2010 \$'000	31 December 2010 \$	30 June 2010 \$'000	30 June 2010 \$
<b>Foreign Exchange Puts</b>				
Not later than one year	48,000	1.02	45,000	0.90
<b>Foreign Exchange Calls</b>				
Not later than one year	-	-	45,000	0.83

## 8 Contributed equity

	31 December 2010 Shares	30 June 2010 Shares	31 December 2010 \$'000	30 June 2010 \$'000
<b>(a) Share capital</b>				
Ordinary shares				
Fully paid	<u>206,500,342</u>	<u>205,262,842</u>	<u>104,675</u>	<u>101,953</u>
<b>Total contributed equity - parent entity</b>			<u><b>104,675</b></u>	<u><b>101,953</b></u>

### (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 unlisted options - 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	<u>205,262,842</u>	<u>101,953</u>
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	688
	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	28
	Exercise of unlisted options - 22 Nov 10	12,500	28
	Exercise of unlisted options - 22 Dec 10	412,500	907
31 December 2010	Balance	<u>206,500,342</u>	<u>104,675</u>

## 9 Reserves and retained profits

	31 December 2010 \$'000	30 June 2010 \$'000
<b>(a) Reserves</b>		
Available-for-sale investments revaluation reserve	2,098	1,455
Hedging reserve - cash flow hedges	(6,585)	(1,209)
Share-based payments reserve	13,879	12,705
Mineral properties revaluation reserves	<u>31,252</u>	<u>31,252</u>
	<u><b>40,644</b></u>	<u><b>44,203</b></u>

## 9 Reserves and retained profits (continued)

	<b>31 December 2010 \$'000</b>	30 June 2010 \$'000
Opening retained earnings	144,968	113,354
Profit for the period	17,515	56,195
Dividends	<u>(13,363)</u>	<u>(24,581)</u>
Closing retained earnings	<u>149,120</u>	<u>144,968</u>

## 10 Dividends

	<b>Half-year ended Parent</b>	
	<b>31 December 2010 \$'000</b>	31 December 2009 \$'000
<b>(a) Ordinary shares</b>		
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 (2009 – 22 September 2009)		
Fully franked based on tax paid @ 30%	13,363	4,080
<b>(b) Dividends not recognised at the end of the half-year</b>		
Interim dividend for the half-year ended 31 December 2010 of 4 cents (2009 - 5 cents interim and a 5 cents one off special dividend) per fully paid share, to be paid on 25 March 2011 (2009 - 26 March 2010)		
Fully franked based on tax paid @ 30%	8,282	20,501

## 11 Contingencies

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

## 12 Commitments

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

## 13 Events occurring after the balance sheet date

On 24 February 2011, the Group's Board resolved to declare a 4 cents per share fully franked interim dividend to be paid out of retained earnings at 31 December 2010. The dividend payment date is set down for 25 March 2011.

On 28 January 2011, a wholly owned subsidiary of the Company, Panoramic Gold Pty Ltd, signed and executed the "Gidgee Project – Sale and Purchase Agreement" for the purchase, subject to certain conditions precedent, of the Gidgee Gold Project from Apex Gold Pty Ltd for \$15.5 million.

On 18 February 2011, all conditions precedent were satisfied and the purchase of the Gidgee Gold Project was finalised.

The Gidgee Gold Project is currently under care and maintenance.

On 31 January 2011, Pindan Exploration Company Pty Ltd ("Pindan") - a wholly owned subsidiary of the Group, signed a Sale Agreement with Breakaway Resources Limited whereby Pindan is to purchase all of Breakaway's tenement interests in the East Kimberley region of Western Australia for \$0.36 million.