



# Panoramic Resources Limited

ABN: 47 095 792 288

Interim Financial Report

For the half-year ended 31 December 2011

*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 2011

Previous Reporting Period: Half Year Ending 31 December 2010

# **INTERIM FINANCIAL REPORT**

## **For the half-year ended 31 December 2011**

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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 2011 and any public announcements made by Panoramic Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

Panoramic Resources Limited  
Level 9  
553 Hay Street  
Perth WA 6000

# APPENDIX 4D - INTERIM FINANCIAL REPORT

## For the half-year ended 31 December 2011

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

		% movement		2010 A\$'000		2011 A\$'000
Revenue from ordinary activities (note 1)	down	10.2%	from	129,243	to	<b>116,089</b>
Net (loss) after tax from ordinary activities	down	122.1%	from	17,515	to	<b>(3,878)</b>
Net (loss) after tax attributable to members	down	122.1%	from	17,515	to	<b>(3,878)</b>

Note 1 – Revenue is after including interest income and after deducting concentrate treatment costs and smelter payment charges. Also included are gains on delivered/deferred commodity hedges of \$7,901,000 (2010: losses of \$4,113,000).

### DIVIDENDS

On 13 February 2012, the Company declared a fully franked 2 cents per share interim dividend for the half year ended 31 December 2011 (31 December 2010: a fully franked 4 cents per share interim dividend).

The record date for the payment of the dividend is 9 March 2012 and the payment date is 23 March 2012. The total dividend payable on ordinary securities is \$4,141,014.

### NET TANGIBLE ASSETS PER SHARE

	31 December 2010 \$ per share	31 December 2011 \$ per share
Net tangible assets per share	1.43	<b>1.46</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 2011 which accompanies this 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 2011.

## DIRECTORS

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

Brian M Phillips (appointed non-executive Chairman on 17 November 2011)

Peter J Harold

Christopher D J Langdon

John Rowe

Christopher J G de Guingand (resigned as a director on 17 November 2011)

## REVIEW OF OPERATIONS

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

The consolidated entity recorded a loss after tax for the financial period ended 31 December 2011 of \$3,878,000 (2010: profit after tax of \$17,515,000).

The result reflect:

- a 10% decrease in total net revenue from the lower net realised A\$ price of nickel sold (after hedging) during the period, despite an increase in product sold. The fall in the nickel price resulted in a \$4,478,000 negative quotational period sales adjustment to total net revenue for final pricing on the previous financial year's May and June ore deliveries from the Lanfranchi Nickel Mine.

The spot nickel price, in Australian dollar terms, averaged \$8.88 per pound during the financial period. In the previous corresponding half year, the equivalent spot Australian dollar nickel price was \$10.73 per pound.

- a \$9,278,000 increase in the cost of goods sold (COGS) (including depreciation and amortisation) reflecting the increase in total costs associated with increased product sold, partially off-set by lower unit COGS on a per sold basis; and
- a \$4,078,000 impairment against available-for-sale financial assets due to a sustained fall in the share price of Magma Metals Limited (2010: nil).

### *Mining Operations*

During the period, the Savannah Nickel Mine produced 63,000 dry metric tonnes of concentrate at an average nickel grade of 7.47% for 4,707 tonnes of nickel in concentrate (2010: 43,549 dry metric tonnes of concentrate at an average grade of 7.54% for 3,285 tonnes of nickel in concentrate).

The Lanfranchi Nickel Mine, produced 208,827 dry metric tonnes of ore at an average nickel grade of 2.35% for 4,906 tonnes of nickel in ore (2010: 203,292 dry metric tonnes of ore at an average nickel grade of 2.43% for 4,931 tonnes of nickel in ore).

On a consolidated group basis, the operations produced 9,613 dry metric tonnes of nickel in concentrate/ore (2010: 8,216 dry metric tonnes of nickel in concentrate/ore).

### *Exploration and Development Projects*

During the period, the consolidated entity continued to explore for extensions to existing orebodies and for new orebodies at each of its operations together with expenditure on greenfield exploration projects within and outside Australia. Exploration activities were expanded at the Gidgee gold project to include resource verification work and in-fill drilling on historical mining areas. The consolidated entity is forecast to spend up to \$18 million on Group exploration activities (up to \$10 million at the Gidgee gold project) over the full 2011/12 financial year.

# DIRECTORS' REPORT (Continued)

## SUBSEQUENT EVENTS

### *Off-Market Takeover Bid for Magma Metals Limited*

On 3 February 2012, the Company announced an offer to acquire all of the outstanding shares in Magma Metals Limited by way of an off-market takeover bid. Under the offer, accepting Magma shareholders will receive 2 Panoramic shares for every 17 Magma shares held.

As detailed in the Bidder's Statement mailed to Magma shareholders on 27 February 2012, the offer is open from 27 February 2012 to 29 March 2012, unless extended.

### *Interim Dividend*

On 13 February 2012, the Company's Board resolved to declare a two cents per share fully franked interim dividend to be paid out of retained earnings at 31 December 2011. The dividend payment date is set down for 23 March 2012.

## ROUNDING

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

## AUDITOR'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.

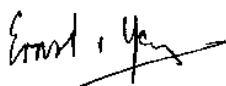
Signed in accordance with a resolution of directors.



Peter J Harold  
Managing Director  
Perth, 28 February 2012

## 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 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.

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

Ernst & Young

A handwritten signature in black ink, appearing to be 'R A Kirkby'.

R A Kirkby  
Partner  
Perth

28 February 2012

To the members of Panoramic Resources Limited

## Report on the 31 December 2011 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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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.

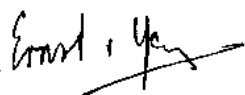
### Independence

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 2011 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*.



Ernst & Young



R A Kirkby  
Partner  
Perth

28 February 2012



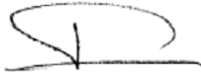
# DIRECTORS' DECLARATION

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 2011 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, 28 February 2012

**Panoramic Resources Limited**  
**Consolidated income statement**  
**For the half-year ended 31 December 2011**

		<b>Half-year Consolidated</b>	
		<b>31 December 2011</b>	<b>31 December 2010</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
	<b>Revenue from continuing operations</b>	<b>116,089</b>	129,243
	Other income	75	5,299
	Cost of sales of goods	<b>(105,524)</b>	(96,246)
	Mark to market on derivatives	<b>(918)</b>	(1,272)
	Exploration and evaluation expenses	<b>(3,611)</b>	(4,815)
	Other expenses	<b>(6,144)</b>	(4,911)
	Impairment of available-for-sale financial assets	<b>(4,078)</b>	-
	Finance costs	<b>(649)</b>	(720)
	<b>(Loss)/profit before income tax</b>	<b>(4,760)</b>	26,578
	Income tax (expense)/benefit	<b>882</b>	(9,063)
	(Loss)/profit from continuing operations	<b>(3,878)</b>	17,515
	<b>(Loss)/profit for the half-year</b>	<b>(3,878)</b>	17,515
	(Loss)/profit for the half-year is attributable to:		
	Owners of Panoramic Resources Limited	<b>(3,878)</b>	17,515
		<b>(3,878)</b>	17,515
		<b>Cents</b>	Cents
	<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>(1.9)</b>	8.5
	Diluted earnings per share	<b>(1.9)</b>	8.4

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

**Panoramic Resources Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2011**

	Notes	Half-year Consolidated	
		31 December 2011 \$'000	31 December 2010 \$'000
<b>(Loss)/profit for the half-year</b>		<b>(3,878)</b>	17,515
<b>Other comprehensive income</b>			
Changes in the fair value of available-for-sale financial assets, net of tax	11	224	643
Transfer from cash flow hedge reserve to net profit, net of tax	11	2,329	2,997
Changes in the fair value of cash flow hedges, net of tax	11	(6,857)	(8,373)
Exchange differences on translation of foreign operations	11	(263)	-
<b>Other comprehensive income for the half-year, net of tax</b>		<u><b>(4,567)</b></u>	<u>(4,733)</u>
<b>Total comprehensive income for the half-year</b>		<u><b>(8,445)</b></u>	<u>12,782</u>
Total comprehensive income for the half-year is attributable to:			
Owners of Panoramic Resources Limited		<u><b>(8,445)</b></u>	<u>12,782</u>
		<u><b>(8,445)</b></u>	<u>12,782</u>

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

**Panoramic Resources Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2011**

	Notes	31 December 2011 \$'000	30 June 2011 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	66,133	90,862
Term deposits	6	12	989
Trade and other receivables	7	30,379	34,530
Inventories		18,052	12,322
Derivative financial instruments	8	14,855	6,997
Current tax receivables		4,347	966
Prepayments		<u>2,473</u>	<u>1,348</u>
Total current assets		<u>136,251</u>	<u>148,014</u>
<b>Non-current assets</b>			
Available-for-sale financial assets		6,222	6,621
Derivative financial instruments	8	1,351	2,720
Property, plant and equipment		83,133	65,964
Exploration and evaluation		19,590	14,319
Development properties		96,473	96,833
Mine properties		68,946	73,923
Other non-current assets		<u>333</u>	<u>314</u>
Total non-current assets		<u>276,048</u>	<u>260,694</u>
<b>Total assets</b>		<u>412,299</u>	<u>408,708</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		23,547	23,956
Borrowings		2,790	834
Derivative financial instruments	8	392	417
Provisions		<u>6,967</u>	<u>6,378</u>
Total current liabilities		<u>33,696</u>	<u>31,585</u>
<b>Non-current liabilities</b>			
Borrowings		3,158	589
Deferred tax liabilities		45,704	44,382
Provisions		<u>28,430</u>	<u>29,018</u>
Total non-current liabilities		<u>77,292</u>	<u>73,989</u>
<b>Total liabilities</b>		<u>110,988</u>	<u>105,574</u>
<b>Net assets</b>		<u>301,311</u>	<u>303,134</u>
<b>EQUITY</b>			
Contributed equity	10	104,675	104,675
Reserves	11	59,042	52,846
Retained earnings		<u>137,594</u>	<u>145,613</u>
<b>Total equity</b>		<u>301,311</u>	<u>303,134</u>

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

**Panoramic Resources Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2011**

<b>Consolidated</b>	Notes	<b>Issued capital \$'000</b>	<b>Share- based payment reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Cash flow hedge reserve \$'000</b>	<b>Other reserves \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 July 2010</b>		<u>101,953</u>	<u>12,705</u>	<u>144,968</u>	<u>(1,209)</u>	<u>32,707</u>	<u>291,124</u>
Other comprehensive income		-	-	-	(5,376)	643	(4,733)
Profit for half-year		-	-	17,515	-	-	17,515
<b>Total Comprehensive Income for the half-year</b>		<u>-</u>	<u>-</u>	<u>17,515</u>	<u>(5,376)</u>	<u>643</u>	<u>12,782</u>
<b>Transactions with owners in their capacity as owners</b>							
Contributions of equity, net of transaction costs	10	2,722	-	-	-	-	2,722
Dividends provided for or paid	12	-	-	(13,363)	-	-	(13,363)
Employee share options - value of employee services		-	1,174	-	-	-	1,174
<b>Balance at 31 December 2010</b>		<u>104,675</u>	<u>13,879</u>	<u>149,120</u>	<u>(6,585)</u>	<u>33,350</u>	<u>294,439</u>
<b>Balance at 1 July 2011</b>		<u>104,675</u>	<u>15,887</u>	<u>145,613</u>	<u>5,477</u>	<u>31,482</u>	<u>303,134</u>
Other comprehensive income	11	-	-	-	4,528	39	4,567
Loss for half-year		-	-	(3,878)	-	-	(3,878)
<b>Total Comprehensive Income for the half-year</b>		<u>-</u>	<u>-</u>	<u>(3,878)</u>	<u>4,528</u>	<u>39</u>	<u>689</u>
<b>Transactions with owners in their capacity as owners</b>							
Dividends provided for or paid	12	-	-	(4,141)	-	-	(4,141)
Employee share options - value of employee services	11	-	1,629	-	-	-	1,629
<b>Balance at 31 December 2011</b>		<u>104,675</u>	<u>17,516</u>	<u>137,594</u>	<u>10,005</u>	<u>31,521</u>	<u>301,311</u>

**Panoramic Resources Limited**  
**Consolidated cash flow statement**  
**For the half-year ended 31 December 2011**

		<b>Half-year Consolidated</b>	
		<b>31 December 2011</b>	<b>31 December 2010</b>
Notes		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Receipts from customers (inclusive of goods and services tax)	116,940	99,006
	Payments to suppliers and employees (inclusive of goods and services tax)	(90,250)	(73,482)
	Income taxes paid	(3,021)	(18,008)
	Interest paid	(71)	(159)
	Payments for exploration and evaluation expense	(3,611)	(4,815)
	<b>Net cash inflow from operating activities</b>	<b><u>19,987</u></b>	<b><u>2,542</u></b>
<b>Cash flows from investing activities</b>			
	Payments for property, plant and equipment	(21,986)	(6,856)
	Payments for exploration expense	(5,270)	(867)
	Payments for available-for-sale financial assets	(4,000)	(6,079)
	Payments for development costs	(11,196)	(13,044)
	Proceeds from term deposits	977	72,023
	Proceeds from sale of property, plant and equipment	195	-
	Proceeds from sale of available-for-sale financial assets	-	7,838
	Interest received	2,136	1,856
	<b>Net cash (outflow)/inflow from investing activities</b>	<b><u>(39,144)</u></b>	<b><u>54,871</u></b>
<b>Cash flows from financing activities</b>			
	Proceeds from issues of ordinary shares	-	2,722
	Repayment of borrowings	(1,433)	(1,756)
	Dividends paid to company shareholders	(4,141)	(13,363)
12	<b>Net cash outflow from financing activities</b>	<b><u>(5,574)</u></b>	<b><u>(12,397)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(24,731)</b>	<b>45,016</b>
Cash and cash equivalents at the beginning of the half-year		<b><u>90,864</u></b>	<b><u>49,777</u></b>
6	<b>Cash and cash equivalents at end of the half-year</b>	<b><u>66,133</u></b>	<b><u>94,793</u></b>

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

The financial report of Panoramic Resources Limited (the Company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 28 February 2012.

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 2011.

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 2011 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 2011, except for the adoption of amending standard mandatory for annual periods beginning on or after 1 July 2011.

Since 1 July 2011 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2011. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or interpretations that are not mandatorily effective.

### **(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 2011 ('the Group').

## **2 Operating segments**

### **(a) Description of segments**

#### **Business segments**

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

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

The Group has identified 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.

## 2 Operating segments (continued)

### **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 the 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 reporting period, the Company expanded exploration activities to include resource verification work and in-fill drilling on historical mining areas.

### **Australian and Overseas Exploration**

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

The Group's Exploration Manager is responsible for budgets and expenditure by the Group's exploration team. The exploration division does not normally derive any income. Should a project generated by the exploration division commence generating income or lead to construction or aquisition of a mining operation, that operation would then be disaggregated from the exploration segment 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, asset and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on the reasonable basis. Segment assets include all the 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.



## 2 Operating segments (continued)

### (b) Operating business segments

Six Months Ended 31 December 2011	Nickel \$'000	Gold \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
<b>Segment revenue</b>					
Sales to external customers	113,933	-	-	-	113,933
Other revenue	2,097	5	2	-	2,104
<b>Total segment revenue</b>	<b>116,030</b>	<b>5</b>	<b>2</b>	<b>-</b>	<b>116,037</b>
Unallocated revenue					52
<b>Consolidated revenue</b>					<b>116,089</b>
<b>Segment result</b>	<b>13,454</b>	<b>(1,623)</b>	<b>(2,219)</b>	<b>(1,658)</b>	<b>7,954</b>
Corporate charges					(12,714)
Loss before income tax					(4,760)
Income tax benefit					882
<b>Loss for the half-year</b>					<b>(3,878)</b>
<b>Segment assets and liabilities</b>					
<b>Segment assets</b>	<b>351,986</b>	<b>21,348</b>	<b>21,775</b>	<b>116</b>	<b>395,225</b>
Intersegment elimination					295
Unallocated assets					16,779
<b>Total assets</b>					<b>412,299</b>
<b>Segment liabilities</b>	<b>91,108</b>	<b>7,963</b>	<b>12</b>	<b>-</b>	<b>99,083</b>
Intersegment elimination					9,820
Unallocated liabilities					2,085
<b>Total liabilities</b>					<b>110,988</b>
<b>Six Months Ended 31 December 2010</b>					
	Nickel \$'000	Gold \$'000	Australian Exploration \$'000	Overseas Exploration \$'000	Total \$'000
<b>Segment revenue</b>					
Sales to external customers	125,792	-	-	-	125,792
Other revenue	2,892	-	-	-	2,892
<b>Total segment revenue</b>	<b>128,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,684</b>
Unallocated revenue					559
<b>Consolidated revenue</b>					<b>129,243</b>
<b>Segment result</b>					
Segment result	32,994	-	(4,815)	-	28,179
Corporate Charges					(1,601)
Profit before income tax					26,578
Income tax expense					(9,063)
<b>Profit for the half-year</b>					<b>17,515</b>
<b>At 30 June 2011</b>					
<b>Segment assets and liabilities</b>					
<b>Segment assets</b>	<b>355,127</b>	<b>20,908</b>	<b>16,310</b>	<b>14</b>	<b>392,359</b>
Intersegment elimination					(729)
Unallocated assets					17,078
<b>Total assets</b>					<b>408,708</b>
<b>Segment liabilities</b>	<b>85,552</b>	<b>8,905</b>	<b>117</b>	<b>-</b>	<b>94,574</b>
Intersegment elimination					(355)
Unallocated liabilities					11,355
<b>Total liabilities</b>					<b>105,574</b>

### 3 Other income

	Half-year Consolidated	
	31 December 2011 \$'000	31 December 2010 \$'000
Net gain on disposal of property, plant and equipment	-	40
Net gain on sale of available-for-sale financial assets	-	5,195
Reversal of impairment on receivables	46	44
Foreign exchange gains (net)	27	-
Sundry income	<u>2</u>	<u>20</u>
	<u>75</u>	<u>5,299</u>

### 4 Profit for the half-year

	Half-year Consolidated	
	31 December 2011 \$'000	31 December 2010 \$'000
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Finance costs</i>		
Interest and finance charges paid/payable	85	201
Unwinding of discount - rehabilitation	<u>564</u>	<u>519</u>
	<u>649</u>	<u>720</u>
<i>Depreciation</i>		
Property, plant and equipment	6,140	6,417
Plant and equipment under finance leases	<u>381</u>	<u>629</u>
	<u>6,521</u>	<u>7,046</u>
<i>Amortisation</i>		
Deferred development costs	12,124	9,569
Mine properties	<u>4,937</u>	<u>5,456</u>
	<u>17,061</u>	<u>15,025</u>
<i>Other</i>		
Share based payment expense	1,629	1,174
Net foreign exchange loss	-	488
Net loss on disposal of property, plant and equipment	<u>76</u>	<u>-</u>
	<u>1,705</u>	<u>1,662</u>

## 5 Income tax expense

	<b>Half-year Consolidated</b>	
	<b>31 December 2011 \$'000</b>	<b>31 December 2010 \$'000</b>
<b>(a) Income tax (benefit)/expense</b>		
Current tax	11	10,910
Deferred tax	(512)	(1,399)
Adjustments for current tax of prior periods	(371)	(448)
Adjustments for deferred tax of prior periods	(10)	-
	<b>(882)</b>	<b>9,063</b>
 <b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	<b>(4,760)</b>	<b>26,578</b>
Tax at the Australian tax rate of 30% (2011 - 30%)	<b>(1,428)</b>	<b>7,973</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Donations	8	48
Entertainment	13	4
Foreign exploration	-	550
Share-based payments	906	353
Research and development	-	(313)
Adjustments for current tax of prior periods	(371)	448
Adjustments for deferred tax of prior periods	(10)	-
Income tax (benefit)/expense	<b>(882)</b>	<b>9,063</b>

## 6 Cash, cash equivalents and term deposits

	31 December 2011 \$'000	30 June 2011 \$'000
<b>Cash and cash equivalents</b>		
Cash at bank and in hand	12,009	17,406
Cash equivalents	<u>54,124</u>	<u>73,456</u>
	<u>66,133</u>	<u>90,862</u>
<b>Term deposits</b>		
Term deposits - greater than 90 days	<u>12</u>	<u>989</u>
	<u>12</u>	<u>989</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 Current assets - Trade and other receivables

	31 December 2011 \$'000	30 June 2011 \$'000
<b>Net trade receivables</b>		
Trade receivables	24,626	28,620
Other receivables	3,743	3,946
Other related party receivables	<u>2,010</u>	<u>1,964</u>
	<u>30,379</u>	<u>34,530</u>

### (a) 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 the issue of a provisional invoice. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period stipulated in the contract (30 days after month of shipment) until the quotational period expires and the change in fair value is recognised as revenue. Increments and decrements in both final measured contained 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 the estimated fair value of the consideration received and the embedded derivative is included within trade receivables. At each reporting date, provisional priced nickel is marked to market based on the forward selling price for the quotational period stipulated in the contract (90 days after month of delivery) until the quotational period expires and the change in fair value is recognised as revenue.

## **7 Current assets - Trade and other receivables (continued)**

### **(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) Loans to other related parties**

On 30 June 2009, the Company agreed to make 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 plus accrued interest 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.

### **(d) Foreign exchange and interest rate risk**

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

All trade receivables are non-interest bearing at 31 December 2011 and 30 June 2011.

### **(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 31 December 2011 and 30 June 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 presentations of a final invoice to the customer, known as the quotational period (QP).

## 8 Derivative financial instruments

	<b>31 December 2011 \$'000</b>	<b>30 June 2011 \$'000</b>
<b>Current assets</b>		
Foreign exchange put options	184	246
Commodity put options	1,685	1,202
Forward nickel contracts	<u>12,986</u>	<u>5,549</u>
Total current derivative financial instrument assets	<u>14,855</u>	<u>6,997</u>
<b>Non-current assets</b>		
Commodity put options	-	293
Forward commodity contracts	<u>1,351</u>	<u>2,427</u>
Total non-current derivative financial instrument assets	<u>1,351</u>	<u>2,720</u>
<b>Current liabilities</b>		
Foreign exchange call options	382	130
Commodity call options	<u>10</u>	<u>287</u>
Total current derivative financial instrument liabilities	<u>392</u>	<u>417</u>
	<u>15,814</u>	<u>9,300</u>

### 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

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

(a) *Commodity Derivatives*

(i) *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.

## 8 Derivative financial instruments (continued)

Consolidated	Tonnes Hedged	Average US\$ price per tonne	Tonnes Hedged	Average US\$ price per tonne
	31 December 2011	31 December 2011	30 June 2011	30 June 2011
<b>Nickel Sell Call Options</b>				
Not later than one year	600	28,500	600	30,000
<b>Nickel Buy Put Options</b>				
Not later than one year	1,800	17,000	1,452	18,000
<b>Nickel Fixed Forward</b>				
Not later than one year	1,950	25,771	2,700	25,688
Later than one year	75	26,485	675	26,465

(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 per litre	Kilolitres Hedged	Average US\$ price per litre
	31 December 2011	31 December 2011	30 June 2011	30 June 2011
<b>Diesel Buy Call Options</b>				
Not later than one year	3,375	0.60	-	-
<b>Diesel Sell Put Options</b>				
Not later than one year	-	-	4,500	0.60
Later than one year	-	-	1,125	0.60

(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 and put and written call 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.

## 8 Derivative financial instruments (continued)

Consolidated	US\$ Hedged	Average Rate	US\$ Hedged	Average Rate
	31 December 2011 \$'000	31 December 2011 \$	30 June 2011 \$'000	30 June 2011 \$
<b>Foreign Exchange Forwards</b>				
Not later than one year	937	0.95	1,844	0.97
<b>Foreign Exchange Calls</b>				
Not later than one year	36,000	0.90	-	-
<b>Foreign Exchange Puts</b>				
Not later than one year	36,000	1.10	12,000	1.07

## 9 Non-current assets - Property plant and equipment

Major plant and equipment additions during the half year include the construction of the concentrate shed at Wyndham and the Lanfranchi village amounting to \$7.840 million and \$4.016 million respectively.

## 10 Contributed equity

	31 December 2011 Shares	30 June 2011 Shares	31 December 2011 \$'000	30 June 2011 \$'000
<b>(a) Share capital</b>				
Ordinary shares				
Fully paid	<u>207,050,710</u>	<u>207,050,710</u>	<u>104,675</u>	<u>104,675</u>
<b>Total contributed equity - parent entity</b>			<u>104,675</u>	<u>104,675</u>

### (b) Movements in ordinary share capital:

Date	Details	Number of shares	\$'000
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	<u>550,368</u>	-
30 June 2011	Balance	<u>207,050,710</u>	<u>104,675</u>
1 July 2011	Opening balance	<u>207,050,710</u>	<u>104,675</u>
31 December 2011	Balance	<u>207,050,710</u>	<u>104,675</u>



## 11 Reserves

	<b>31 December 2011 \$'000</b>	<b>30 June 2011 \$'000</b>
<b>Reserves</b>		
Available-for-sale investments revaluation reserve	6	230
Hedging reserve - cash flow hedges	10,005	5,477
Share-based payments reserve	17,516	15,887
Foreign currency translation reserve	263	-
Mineral properties revaluation reserves	<u>31,252</u>	<u>31,252</u>
	<u><b>59,042</b></u>	<u><b>52,846</b></u>

## 12 Dividends

	<b>31 December 2011 \$'000</b>	<b>Half-year parent entity 31 December 2010 \$'000</b>
<b>(a) Ordinary shares</b>		
Final dividend for the year ended 30 June 2011 of 2 cents (2010 - 6.5 cents) per fully paid share paid on 23 September 2011 (2010 - 24 September 2010). Fully franked based on tax paid @ 30%	4,141	13,363
<b>(b) Dividends not recognised at the end of the half-year</b>		
Interim dividend for the half-year ended 31 December 2011 of 2 cents (2010 - 4 cents) per fully paid share, to be paid on 23 March 2012 (2010 - 25 March 2011). Fully franked based on tax paid @ 30%	4,141	8,282

## 13 Contingencies

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

## 14 Commitments

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

## 15 Subsequent Events

### (a) Off-Market Takeover Bid for Magma Metals Limited

On 3 February 2012, the Company announced an offer to acquire all of the outstanding shares in Magma Metals Limited by way of an off-market takeover bid. Under the offer, accepting Magma shareholders will receive 2 Panoramic shares for every 17 Magma shares held.

As detailed in the Bidder's Statement mailed to Magma shareholders on 27 February 2012, the offer is open from 27 February 2012 to 29 March 2012, unless extended.

## **15 Subsequent Events (continued)**

### **(b) Interim Dividend**

On 13 February 2012, the Company's Board resolved to declare a two cent per share fully franked interim dividend to be paid out of retained earnings at 31 December 2011. The dividend payment date is set down for 23 March 2012.