PanTerra Gold Limited

Formerly

EnviroGold Limited

ABN 48 008 031 034

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2011

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FOR THE YEAR ENDED 30 JUNE 2011

CORPORATE DIRECTORY
30 JUNE 2011

Directors	Brian Johnson *Executive Chairman* James Tyers *Executive Director* John Dentice *Non Executive Director* Ugo Cario *Non Executive Director*
Company Secretary	Pamela Bardsley
Notice of annual general meeting	The annual general meeting of PanTerra Gold Limited: will be held at: Level 2, 12-14 O'Connell Street Sydney NSW 2000 time: 10.30am date: 15 November 2011
Registered office	Level 2, 12-14 O'Connell Street Sydney NSW 2000 Australia
Principal place of business	Level 2, 12-14 O'Connell Street Sydney NSW 2000 Australia Phone: +61 2 4861 1740
Share register	Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001 Australia Phone: 1300 365 161
Auditor	PKF Level 10 1 Margaret Street Sydney NSW 2000 Australia
Solicitors	Corrs Chambers Westgarth Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 Australia
Bankers	National Australia Bank 93 Main Street Mittagong NSW 2575
Stock exchange listing	PanTerra Gold Limited shares are listed on the Australia Securities Exchange
Website address	www.panterragold.com

PanTerra Gold
Limited
ABN: 48 008 031 034

Registered Office:
Level 2, 12 O'Connell Street
Sydney NSW 2000 Australia
Tel: 61 2 4861 1740
Fax: 61 2 4861 7665
Email: admin@envirogold.com

CHAIRMAN'S LETTER

Dear Shareholder

The past year has proven to be positive for the Company, with project financing for the Las Lagunas gold and silver project in the Dominican Republic finally bedded-down, construction of the process plant accelerating, and a number of exploration prospects established in the Dominican Republic and Ecuador likely to provide development opportunities in the future.

The Company's current prospects are listed in the Review of Projects (page 3).

Construction of the Las Lagunas process plant is expected to be completed at the end of 2011 with the first gold pour scheduled for March/April 2012. The US$82 million project is fully funded and should be particularly robust financially. Free cash flow generated from the first gold pour through to end 2013, after royalties, taxes, and complete repayment of Macquarie Bank's project loan of US$37.5 million should be over US$85 million if a gold price of US$1500 per ounce and a silver price of US$30 per ounce are maintained during this period.

Cash flow from Las Lagunas is expected to be utilised as equity for two additional similar sized projects which would establish solid long term metal production, and profitability.

Since balance date, PanTerra Gold has commenced a program to strengthen its Board and senior management with a focus on recruiting key executives with appropriate Latin American experience, and is working toward establishing Canadian operational headquarters, and a dual listing on the Toronto Stock Exchange. The name change from EnviroGold Limited to PanTerra Gold earlier this month was effected to establish a more generic identity for the Company, rather than one tied to the environmental benefits resulting from utilisation of Xstrata Technology's Albion oxidation process when recovering gold from refractory ores, as has been our previous focus.

PanTerra Gold will continue to seek investment opportunities in Latin America involving the Albion process, but is broadening its horizons with exploration of the Company's two most prospective concessions aimed at the possible production of copper concentrates.

The Company has the potential to grow revenue and profits over the next few years, and in due course, to investigate suitable mergers and acquisitions which might accelerate growth. It has been a long haul and we have many very patient shareholders, but I believe PanTerra Gold is now in a position to realise its potential in the not too distant future.

Finally, it should be noted that due to the peculiarities of Australian Accounting Standards, the net worth of PanTerra Gold in the following accounts is shown at A$26.7 million, whereas the NPV of the Las Lagunas project alone is approximately US$185 million at an average gold price of US$1500 per ounce and a discount rate of 10%.

Yours sincerely

Brian Johnson
Executive Chairman
29 September 2011

COMPANY BACKGROUND

PanTerra Gold Limited (formerly EnviroGold Limited) listed on the Australian Securities Exchange in 2006 with the aim of establishing itself as a gold and silver producer with a primary focus on mining in Latin America, and utilisation of Xstrata Technology's Albion oxidation process for treatment of refractory sulphide ores.

Albion Pilot Plant, Brisbane

This type of ore is prevalent throughout Latin America with the Company's activities currently concentrated on the Dominican Republic, Ecuador, and Peru.

The Albion process is a simple oxidation process used in conjunction with a standard cyanide leaching circuit for the recovery of precious metals from refractory sulphide ores. The patented process removes toxic sulphides and arsenic, with remnant metals left in a stable non-soluble state.

The Albion process incorporates ultrafine grinding to increase the activity of sulphide concentrates to a point where they can be oxidised readily in conventional open tanks, without the need for high pressures, expensive reagents or bacteria. The technology is simple, robust and offers substantial capital and operating cost savings over bio or pressure leaching.

PanTerra Gold holds an Albion Licensing Agreement for the Las Lagunas project and has established the commercial terms for utilisation on future projects.

The Xstrata Group use Albion oxidation technology at their San Juan de Neiva zinc refinery in Spain and at the Nordenham zinc plant in Germany.

IsaMill Ultrafine Grinding Unit - Las Lagunas

REVIEW OF PROJECTS

PanTerra Gold is currently active on two projects with planned near term gold production (Las Lagunas and Azuay), and two exploration concessions with open pit development potential, which are highly prospective for copper/gold (Vittoria and La Yagua).

PROJECTS

	COUNTRY	OWNER-SHIP	DESCRIPTION	TARGET PRODUCTION Oz Year	TARGET COMMISSIONING	TARGET PROJECT LIFE
Las Lagunas	Dominican Republic	100%	Reprocessing 800,000 tpa high grade gold/silver tailings from the Pueblo Viejo mine	65,000 Au 600,000 Ag	Q1, 2012	6.5 Yrs
Azuay	Ecuador	100% (under option to Nov 2013)	Expansion of seven existing small-scale underground gold mining operations to 300,000 tpa ore	96,000 Au	Q1, 2014	12 Yrs

PROSPECTS

	COUNTRY	OWNER-SHIP	DESCRIPTION
Vittoria	Ecuador	100% (under option to Nov 2013)	large-scale anomaly (120ha) with elevated copper/ molybdenum/ gold mineralisation (2200 ha concession)
La Yagua	Dominican Republic	(earn in to 50% June 2014)	extensive copper/ gold/silver mineralisation along strike from producing Cerro de Maimon copper mine (9900 ha concession)
La Paciencia	Dominican Republic	(earn in to 50% June 2014)	underlain by same geology as 25m oz Pueblo Viejo gold deposit 10 km to the west, with elevated gold values in soil along structural lineaments (8800 ha concession)
Fuerte	Dominican Republic	100%	extensive copper/gold mineralisation along 5km strike length (application for 10000 ha concession)
Trujillo	Peru	100%	planned commercial Albion/CIL plant to treat regional refractory ore – negotiating primary feed supply (500 ha plant site)

In addition to the above, the Company has commenced discussions with a number of third parties in Mexico, Brazil and Peru interested in supplying bulk quantities of refractory concentrate to the Las Lagunas process plant with gold content in excess of 20g/t, for extraction under profit sharing arrangements.

In order to extend the life of the Dominican project, PanTerra Gold is also investigating acquisition or farm-in arrangements over known refractory gold/silver properties in near proximity to the +25 million oz Pueblo Viejo mine being redeveloped by Barrick Gold and Goldcorp at a cost in excess of US$3,000 million. The Las Lagunas project sits alongside the Pueblo Viejo mine at the centre of an established gold province, and is expected to operate for many years after the initial reprocessing of the tailings deposit, utilising feed from other sources.

LAS LAGUNAS GOLD TAILINGS PROJECT, DOMINICAN REPUBLIC

A subsidiary of PanTerra Gold signed a development agreement with the Dominican Republic Government in 2004 to extract gold and silver from their high grade Las Lagunas tailings deposit, under a profit sharing arrangement.

The tailings resulted from inefficient gold recovery by the Government-owned Pueblo Viejo mine processing refractory ore from 1992 to 1999 without changing the installed technology which was suitable only for the previously mined oxide ore.

When the mine encountered refractory ore, the recovery of gold declined from around 95% to under 30%, with the majority of contained gold and silver finishing in the purpose-built Las Lagunas tailings dam from where it would later be recovered.

The dam holds a JORC Indicated Resource of 5,137mt of tailings grading 3.8g/t gold and 38.6g/t silver which reconciles with the mine's metallurgical records.

Following extensive pilot plant testwork, PanTerra Gold expects to recover 421,000 oz gold (70.1%) and 3,868,000 oz silver (62.3%) through its Albion/CIL plant.

The Company had a number of setbacks on the project during the period 2007-2009 due to problems associated with poorly performing design engineers, project financiers, and a minority partner whose interest was purchased in December 2009.

The US$82 million project is now fully funded with US$37.0 million equity having been provided by the Company, US$7.5 million having been advanced by Macquarie Bank against the receipt of a 3% royalty from gold production, and the provision by the Bank of a US$37.5 million project loan.

As a consequence of the Bank's lending requirements, forward sales of 30% of estimated gold production from the project (126,000 oz) were effected in December 2010 at US$1358 per oz, less fees. Silver production has not been hedged.

Based on anticipated annual production of 65,000 oz gold and 3,870,000 oz silver over a project life of 6.5 years, and after interest, depreciation, taxes, royalties, and Government profit share, the project is forecast to achieve a total net profit of US$214 million, at an average gold price of US$1250 per oz for the unhedged portion (295,000 oz), and an average silver price of US$31 per oz.

Construction of the process plant was 85% complete at the date of this report and expected to be finished on budget in December 2011, with the first gold pour scheduled for March/April 2012.

Las Lagunas Tailings Dam - Trial Mining

Las Lagunas - Plant Overview

Las Lagunas - Ball Mill and Piperack

Las Lagunas - CIL Tanks

Las Lagunas - Line welding

Las Lagunas - IsaMill & Oxidation Tanks

Las Lagunas - Oxygen Plant

AZUAY GOLD PROJECT, ECUADOR

PanTerra Gold holds an option until November 2013, to purchase the 2200ha San Gerardo concession in southern Ecuador for US$4.0 million.

The concession covers seven small-scale high grade underground mines and is surrounded by properties controlled by North American companies which together have Canadian NI43-101 compliant resources of over 15 million oz gold.

Placer Dome Ecuador reported the potential for a plus 1.0 million oz gold ore body on and adjacent to the concession in 1995 based on 9000m of RC drilling, extensive chip sampling, and mapping of surface mineralization.

The Company's Canadian consultants have reviewed the existing drill data and extensively sampled underground workings within the concession and adjoining mines, and together with Company management have established a development concept involving the expansion of the existing mines to a total production of 300,000 tonnes of ore per year, commencing Q1 2014.

Based on sampling results and consistency of historical mining of narrow quartz-pyrite-calcite-chlorite veins (0.5m to 1.0m) grading +10g/t gold within the San Gerardo and adjacent leases, the Azuay project might reasonably be expected to produce approximately 100,000 oz gold per year for 10 to 12 years at the planned mining rate.

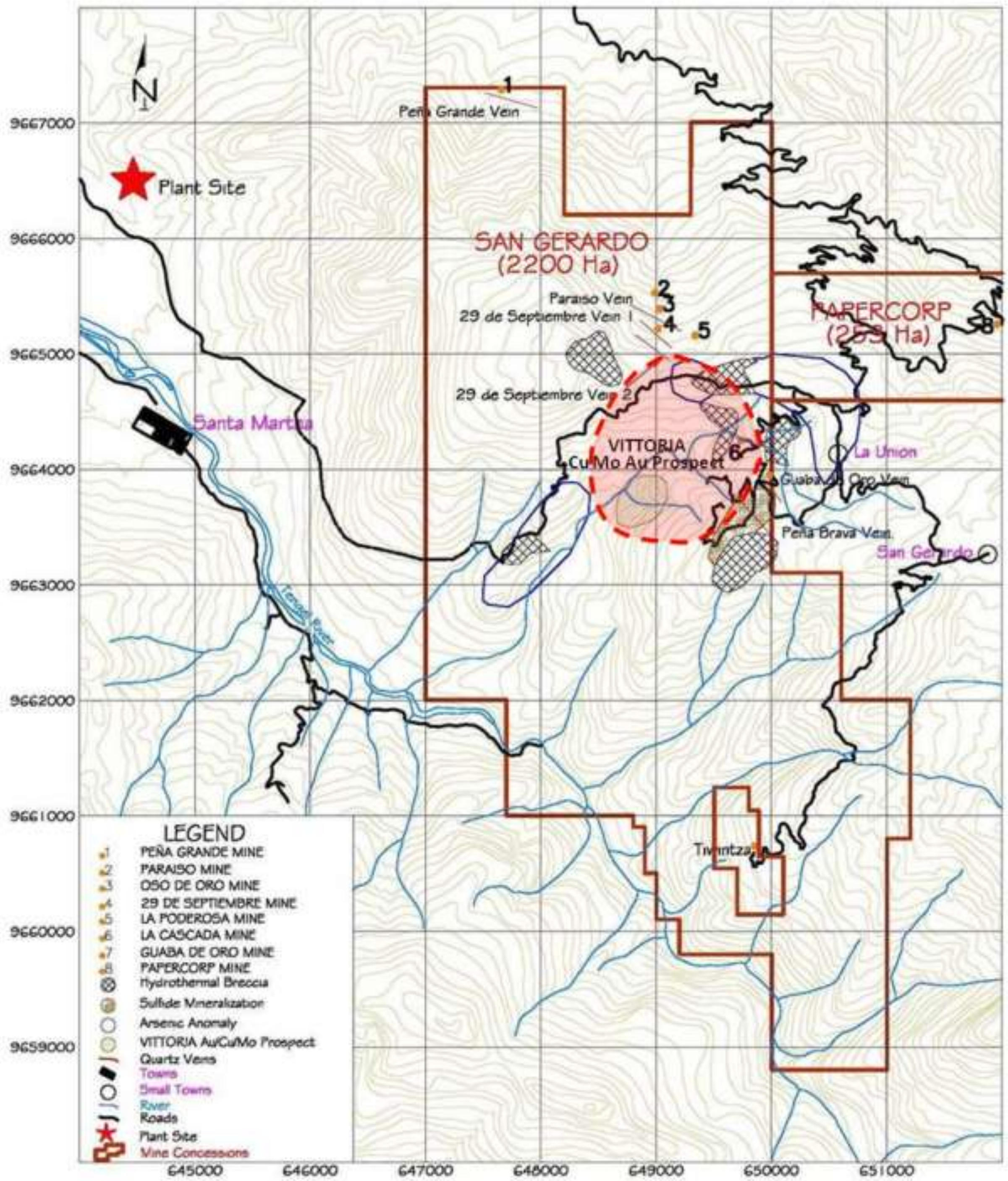
PanTerra Gold will undertake a surface drilling program to confirm this expectation following receipt of environmental approvals due November/December 2011, in advance of a development decision in Q1 2013.

Following preliminary metallurgical testwork, it is expected the process plant will combine gravity, CIL, and oxidation circuits, and be constructed on a suitable site seven kilometres from mining operations, and two kilometres from the Pan American Highway and the national power grid.

A Scoping Study of the proposed project has indicated a total development cost of US$87 million for the Azuay project (15% contingency and current costs) including the acquisition of the San Gerardo property.

If the project proceeds as expected, it could be financed by PanTerra Gold providing equity of approximately US$30 million sourced from free cash flow from the Las Lagunas project, the sale of a Gold Royalty for around US$7 million, and a Project Loan of up to US$50 million.

Estimated operating costs of approximately US$420 per oz gold (10% contingency and current costs) could result in a total project profit of approximately US$500 million over 12 years, at a gold price of US$1200 per oz.



Azuay Gold Project, Ecuador

Azuay Gold Project – Existing Small Scale Mines

Azuay Gold Project - Exploration

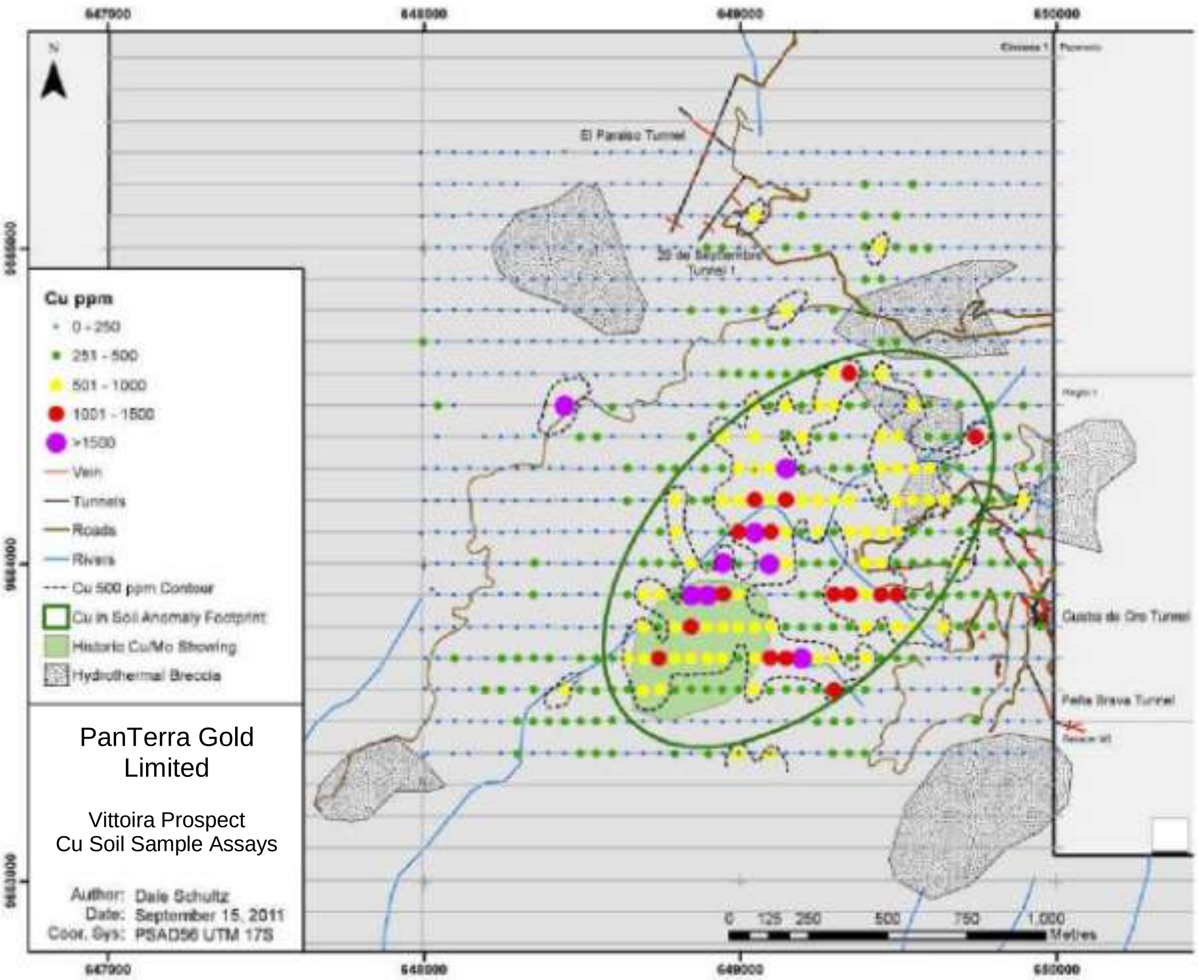
VITTORIA COPPER PROSPECT, ECUADOR

PanTerra Gold's outstanding exploration prospect is the Vittoria copper-molybdenum-gold prospect within the San Gerardo concession in southern Ecuador.

Geochemical soil sampling has identified a massive anomaly with a surface expression of 120ha with extremely high Cu results, and elevated Mo and Au results spatially related to the Cu results (refer map page 9.

A geophysical survey over the anomaly to better define its boundaries is currently underway, and a 25,000 metre drilling program will commence as soon as permitting is received, which is expected before the end of the year

Any future development of the Vittoria prospect would be most attractive for the Company, as open pit mining operations would be limited to production of a copper concentrate, with gold and molybdenum credits.



Cu in Soil Geochemistry - Vittoria Prospect

LA YAGUA COPPER PROSPECT, DOMINICAN REPUBLIC

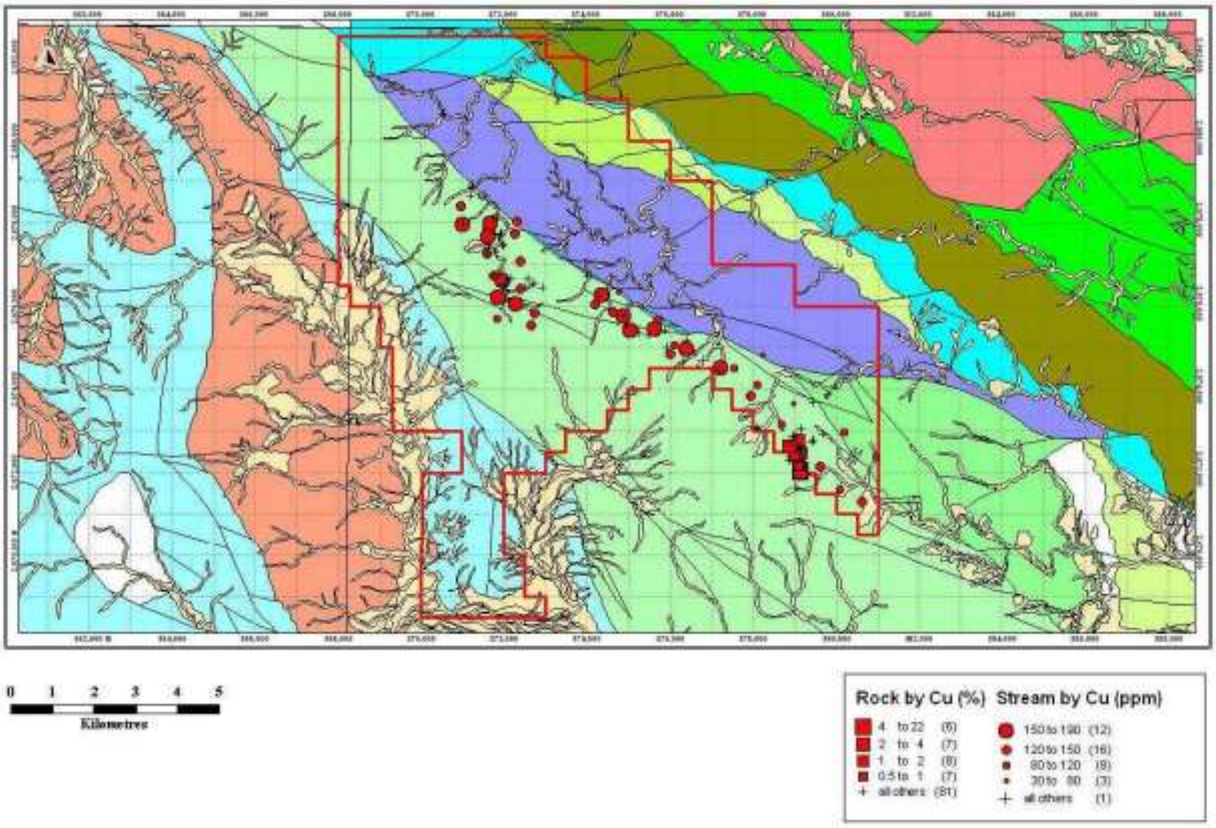
PanTerra Gold entered into an Option Agreement with Vancouver-based Novus Gold Corporation in July 2011 to earn up to 50% of a 9900ha concession in the Dominican Republic prospective for copper-gold-silver, by expending up to US$5.0 million over three years on exploration, metallurgical testwork, and feasibility studies.

The concession adjoins those hosting Perilya's Cerro de Maimon copper-gold mine. The first identified exploration target is along strike from the mine and a rock sampling program in 2009 over a 10km length produced results ranging from 0.5% to 22.0% Cu.

Within the concession, elevated copper, gold, and silver results from soil geochemistry, and rock and stream sampling, have located high grade mineralised zones with almost property-wide potential.

The best grab sample to date resulted in assays of 18% Cu, 13g/t Au, and 29g/t Ag.

A 20 hole drilling program of the first target will commence in Q4 2011.



Copper Results Of 2099 Rock and Stream Sediment Sampling – Target N$^{o.}$ 1

LA PACIENCIA GOLD PROSPECT, DOMINICAN REPUBLIC

The second element of the Option Agreement with Novus Gold is the Company's ability to earn up to a 50% interest in the 8600ha La Paciencia concession in the Dominican Republic by the expenditure of up to US$5.0 million over three years.

The property is located east and along strike from the Pueblo Viejo gold deposit (+25 million oz) being developed by Barrick/Goldcorp, and is underlain by the same geology in the Los Ranchos formation.

Prospecting to date has discovered elevated gold values along structural lineaments and initial exploration in 2012 will focus on soil sampling and geophysics to identify drill targets. Any resource is likely to be predominantly refractory and amenable to treatment through the Company's Las Lagunas process plant.

FUERTE COPPER PROSPECT, DOMINICAN REPUBLIC

PanTerra Gold has applied for a 10000ha copper/gold exploration licence near Bahoruco in south-west Dominican Republic with copper and gold mineralisation evident over a length of 5km.

Soil and stream sampling will be undertaken in 2012 following approval of the application.

TRUJILLO GOLD PROSPECT, PERU

The Company is investigating the feasibility of constructing a commercial Albion/CIL process plant in northern Peru which could treat sulphide concentrates from operations in the surrounding region. If the project proceeds, it will be developed on a 500ha desert site 30km to the south-east of Trujillo, the coastal capital of La Libertad Province, with the capacity to produce approximately 100,000 oz gold per year.

The proposed location is close to potential concentrate sources in the bordering Andes, and has direct access to the Pan American highway, low cost grid power, and availability of water from a major irrigation canal, all within 5km of the site.

The Company has identified, but not yet secured, a number of mid-scale mines within economic trucking distance for concentrates, with depleted oxide resources but with underlying refractory ore which could be a source of feed for the proposed plant.

The plant site would allow tailings disposal on the desert floor without an expensive dam, and significantly reduce costs and management issues associated with tailings storage at Andean mines.

The centralised site would also eliminate cyanide use in the mountains because mines supplying feed for the proposed process plant would only produce a concentrate through flotation, after crushing and grinding ore, which would be trucked to the site.

The Trujillo project is a low priority for the Company but environmental approvals will be progressed in 2012, with ongoing negotiations on potential sources of feed.

COMPETENT PERSON STATEMENTS

Ecuador

The technical information in this release relating to the Ecuador gold projects was compiled by Mr Dale Schultz, Managing Director of Buscore Consulting Ltd, who is a consultant to the EnviroGold Group and is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS) which is ROPO accepted for the purpose of reporting in accordance with Appendix 5A of the ASX listing rules. Mr Schultz has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which he 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 Schultz consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Las Lagunas, Dominican Republic

The technical information in this release relating to the Dominican project is based on information compiled by Rick Adams, BSc MAusIMM MAIG, Director Geological Resource Services who is a consultant to EnviroGold Limited. Mr Adams is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Adams consents to the inclusion of the matters in the report based on information in the form and context in which it appears.

DIRECTORS' REPORT

Your Directors submit their Report for the year ended 30 June 2011.

DIRECTORS

The names of the Directors of the Company who held office during the financial year and up to the date of this Report are set out below. Directors were in office for the entire period unless otherwise stated.

Brian Johnson	Executive Chairman
James Tyers	Executive Director
John Dentice	Non Executive Director (Appointed 17 August 2011)
Ugo Cario	Non Executive Director (Appointed 25 March 2011)
Angela Pankhurst	Non Executive Director (Resigned 20 June 2011)

PRINCIPAL ACTIVITIES & REVIEW OF OPERATIONS

During the reporting period PanTerra Gold Limited has focused on developing the Las Lagunas gold tailings project in the Dominican Republic, in which it has a 100% economic interest, and the Azuay gold project in Ecuador where it also has a 100% interest.

FINANCIAL POSITION & PROSPECTS

The net assets of the Consolidated Entity and Company at balance date were $26,723,771 (2010: $35,849,072) and $50,361,896 (2010: $44,187,968).

During the reporting period the Consolidated Entity finalised outstanding facility agreements with Macquarie Bank Limited for the provision of a US$37.5 million four year project loan, and a US$7.5 million advance against a 3% gold production royalty payable for the 6.5 year life of the project. Funding commenced in October 2010. In addition to the royalty, under the terms of the facility agreement Macquarie bank is also entitled to receive a price participation payment for the life of the project. These two future commitments have been identified as meeting the definition of derivative financial instruments in accordance with AASB 7, AASB 132 and AASB 139. Accordingly the derivatives have been fair valued and brought to account as financial liabilities during the current reporting period.

During the reporting period the Company issued 72,656,816 shares to raise $8.3 million and it raised an additional $2.6 million from the exercise of 17,300,166 listed options.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as detailed above and in the Review of Projects.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this Report or in the consolidated accounts.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any circumstance, other than that stated or referred to in the Review of Projects, financial statements or notes to the accounts, that has arisen since the end of the financial period which has significantly affected, or may affect, the operations of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company, through a subsidiary has entered into a contract with the Dominican Government which specifies the environmental regulations applicable to the Las Lagunas gold tailings project. There have not been any known breaches of any environmental regulations during the year under review and up until the date of this report.

INFORMATION ON DIRECTORS

Mr Brian Johnson. *Executive Chairman. Appointed 4 October 2005*.

Experience and expertise
Mr Johnson is a civil engineer with extensive experience in the construction and mining industries in Australia, South East Asia and North America. As Chief Executive, Mr Johnson was instrumental in establishing both Portman Limited and Mount Gibson Iron Limited in the iron ore industry. He has previously been a director of two listed gold producers and of companies with Stock Exchange listings in London, New York, Toronto and Australia. His particular skills lie in taking emerging resource companies from their conceptual stage through listing and development to profitability, and in the process significantly increasing shareholder value.

Other current directorships of listed entities
None

Former listed company directorships in last 3 years
Linc Energy Limited – Non-Executive Chairman (7 May 2006 to 25 November 2010)

Interests in shares and options
77,462,530 shares
26,765,465 options

Mr James Tyers. *Executive Director. Appointed 24 November 2004.*

Experience and expertise
Mr Tyers has a BAppSci in Mineral Exploration and Mine Geology from Western Australian School of Mines, an MBA from the University of Western Australia and a Western Australian Quarry Manager's Certificate of Competency and is a member of AusIMM. He has 20 years experience in the mining industry with the last 10 years involving senior management roles in both gold and iron ore operations. Mr Tyers was the Alternate Manager for the Palm Springs Gold Mine in the Kimberley district of Western Australia, and managed the Cornishman Project, a joint venture between Troy Resources Limited and Sons of Gwalia Limited. Mr Tyers spent three years developing iron ore projects in the mid west of Western Australia and was the Operations Manager of the Tallering Peak Hematite Project for Mount Gibson Iron Limited. Mr Tyers is currently responsible for the development of the Las Lagunas Project and will be responsible for the evaluation and development of future projects.

Other current directorships of listed entities
None

Former listed company directorships in last 3 years
None

Interests in shares and options
867,522 shares
2,433,761 options

Mr John Dentice *Non Executive Director, Appointed 17 August 2011.*

Experience and expertise
Mr Dentice holds a Bachelor of Business from Massey University and a Bachelor of Science from Victoria University in New Zealand. He is the founder and Chairman of the Denman Group, a large private equity investor based in Wellington, New Zealand. Mr Dentice worked for KPMG in an accounting role before establishing, growing, and divesting a number of businesses. He brings a range of business, investment, and analytical skills to the Company and his experience in debt and equity placements, company acquisitions and divestments, risk assessment, and strategic planning are of great benefit to the Company.

Other current directorships of listed entities
None

Former listed company directorships in last 3 years
None

Interests in shares and options
40,500,000 shares
No options

Mr Ugo Cario *Non Executive Director, Appointed 25 March 2011.*

Experience and expertise
Mr Cario holds a Bachelor of Commerce degree and has over 28 years experience in the Australian mining industry. He was a Director and Chief Executive Officer of Rocklands Richfield Limited for four years, and Managing Director of Austral Coal Limited for eight years. Prior to Austral Coal, Mr Cario held a number of senior positions with the Conzinc Rio Tinto Australia Group. He is also a former Director of the Port Kembla Coal Terminal, the New South Wales Joint Coal Board, and Interim Chairman of the New South Wales Minerals Council in 2004.

Other current directorships of listed entities
None

Former listed company directorships in last 3 years

Sinovus Mining Limited	February 2009 to August 2010
Rocklands Richfield Limited	March 2006 to July 2008
Brandrill Limited	March 2007 to December 2009

Interests in shares and options
383,040 shares
No options

Ms Angela Pankhurst. *Non Executive Director. Appointed 9 October 2007. Resigned 20 June 2011*

Experience and expertise
Ms Pankhurst is a Chartered Accountant with experience in mining and other industries. Ms Pankhurst provides management, accounting and company secretarial services to various businesses in Australia and overseas. Ms Pankhurst was Company Secretary of PanTerra Gold Limited until 9 October 2007.

Other current directorships of listed entities
Central Asia Resources Limited – Executive Director

Interests in shares and options
1,017,199 shares
500,000 options

COMPANY SECRETARY

Ms Pamela Bardsley. *Appointed Company Secretary 14 December 2009*.

Experience and expertise
Ms Bardsley is a lawyer with over 16 years experience in general commerce, banking and finance. She also has over nine years experience in Company Secretary roles and was appointed Company Secretary of PanTerra Gold Limited on 14 December 2009.

Other current directorships of listed entities
None

Former directorships of listed entities in last 3 years
None

Interests in shares and options
7,000 shares
336,833 options

MEETINGS OF DIRECTORS

The numbers of meetings Directors were eligible to attend during the year and the number of meetings attended by each Director was as follows:

	Eligible Directors' Meetings	**Directors' Meetings Attended**
Brian Johnson	6	6
James Tyers	6	6
Angela Pankhurst	6	6
Ugo Cario	1	1

EMPLOYEES

The Consolidated Entity had 34 employees as at 30 June 2011 (2010: 24 employees).

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

SHARE OPTIONS

At the date of this report there were 172,047,361 unissued ordinary shares for which options were outstanding.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence because the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants and CPA Australia's Professional Statement F1: Professional Independence.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 81.

Fees of $24,850 were paid/payable to the external auditors by the Consolidated Entity for taxation advice and preparation of the 2009-10 Income Tax Return during the year ended 30 June 2011.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of PanTerra Gold Limited support the principles of good corporate governance. The Company's Corporate Governance Statement is contained in the additional ASX Information Section of this annual report.

REMUNERATION REPORT (audited)

This Remuneration Report, which has been audited, outlines the director and executive arrangements of the Company and the Consolidated Entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling major activities of the Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the five executives in the Company and the Consolidated Entity receiving the highest remuneration.

The remuneration report is set out below under the following main headings:

A. Remuneration philosophy
B. Key management personnel
C. Service agreements
D. Details of remuneration
E. Share-based compensation
F. Additional information

A. Remuneration philosophy

The performance of the Company and Consolidated Entity depends on the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled management personnel.

To achieve this, the Company and Consolidated Entity continues to develop and refine its remuneration policy to ensure that it:

- provides competitive rewards to attract high calibre executives; and
- links executive rewards to shareholder value.

The framework may provide a mix of fixed and variable pay, and a blend of short and long term incentives.

Non-executive director remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $150,000 for all non-executive directors.

Executive director remuneration
The current base remuneration was last reviewed with effect from 1 January 2010 for the Executive Chairman and from 1 January 2011 for the Executive Director. Details of their respective remuneration packages are set out in section C. Service agreements, and section D. Details of remuneration.

Executive remuneration
The Company is continuing to develop its executive reward framework to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with achievement of strategic objectives and the creation of value for shareholders. The current framework has four components: base pay and benefits; performance-related bonuses, long term incentives through participation in the Employee Option Plan and/or Performance Rights Plan; and other remuneration such as superannuation. The combination of these comprises the executive's total remuneration.

B. Key management personnel

For the purposes of this report Key Management Personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling major activities of the Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the five executives in the Company and the Consolidated Entity receiving the highest remuneration.

Name	Position	Employment period
2011		
Brian Johnson	Executive Chairman	Full year
James Tyers	Executive Director	Full year
Angela Pankhurst	Non Executive Director	Ceased 20 June 2011
Ugo Cario	Non Executive Director	Commenced 25 March 2011
Dean Young	Manager Metallurgy	Full Year
Pamela Bardsley	Legal Counsel and Company Secretary	Full Year
Tracey Aitkin	Chief Financial Officer	Full Year
Jose Sena	Director – EnviroGold (Las Lagunas) Limited	Full Year
2010		
Brian Johnson	Executive Chairman	Full year
James Tyers	Executive Director	Full year
Angela Pankhurst	Non Executive Director	Full Year
Dean Young	Manager Metallurgy	Full Year
Pamela Bardsley	Legal Counsel and Company Secretary	Full Year
Tracey Aitkin	Manager – Finance & Administration	Full Year
Jose Sena	Director – EnviroGold (Las Lagunas) Limited	Full Year

C. Service agreements

Remuneration and other terms of employment for the directors and the other key management personnel are formalised in service agreements. The major provisions of these agreements, including termination provisions are set out below:

Brian Johnson – Executive Chairman

- Term of 3 years from 1 January 2008 to 31 December 2010, extended for a further 3 year period from 1 January 2011 to 31 December 2013 by agreement dated 22 June 2011;
- Management fees as follows:
  - $290,000 per annum for the first year
  - $425,000 per annum for the second year
  - $470,000 per annum for the third and subsequent years
- Bonus payment to be considered by the Board of Directors annually in December;
- Termination notice required is 3 months by the employee; and
- If the Company terminates the agreement, the Company is required to pay the amount that would have been payable during the following two years, had there been no termination.

James Tyers – Executive Director

- Term of 4 years from 1 January 2011 to 31 December 2014;
- Fixed remuneration of $350,000 per annum reviewed annually in December.
- Such review shall have regard to the employee's individual performance as measured against any KPI's set for the employee by the Board of Directors, and to the financial performance of the Group. In any event, the fixed remuneration shall be increased, as a minimum, at each review by an amount equal to any increase in the CPI (Sydney all Groups) for the period of 12 months ending on 30 September which immediately precedes a review;
- Bonus payment to be considered by the Board of Directors annually in December;
- Eligibility to participate in the Company's Performance Rights plan;
- Termination notice required is 3 months by the employee, 1 month by the Company; and
- No termination benefits are payable unless the Company terminates the agreement without cause or the employee is made redundant, then the Company is required to payout the remaining term of the contract to a maximum of 2 years.

Dean Young - Manager Metallurgy

- Term of 3 years from 15 September 2011 to 14 September 2014;
- Fixed remuneration of $220,000 per annum reviewed annually in December;
- Eligibility to participate in the Company's Performance Rights plan;
- Termination notice required is 2 months by the employee, 1 month by the Company; and
- No termination benefits are payable unless the Company terminates the agreement without cause or the employee is made redundant, then the Company will be required to pay 2 months remuneration.

Pamela Bardsley – Legal Counsel/Company Secretary

- Employment commenced on 1 April 2008 on a part-time basis and converted to a full-time basis on 13 October 2009 with no fixed term;
- Fixed remuneration of $130,800 per annum reviewed annually in December;
- Eligibility to participate in the Company's Performance Rights plan;
- Termination notice required is 8 weeks notice, in writing, by either party

Tracey Aitkin – Chief Financial Officer

- Employment commenced on 1 July 2009 with no fixed term;
- Fixed remuneration of $130,800 per annum reviewed annually in December;
- Eligibility to participate in the Company's Performance Rights plan;
- Termination notice required is 3 months notice, in writing, by either party;
- No termination benefits are payable unless the Company terminates the agreement without the required period of notice, in which case the Company shall pay three months salary (or part thereof) as the case may be.

D. Details of remuneration

Details of the remuneration of the directors and the other key management personnel of the Consolidated Entity are set out in the following tables:

2011	Short Term	Post-employment	Share-based payments			
Name	**Cash salary and fees $**	**Super-annuation $**	**Options[1] $**	**Rights[1] $**	**Total $**	**Remuneration consisting of share based payments %**
Executive directors						
Brian Johnson	470,000	-	-	-	470,000	-
James Tyers	298,050	26,825	4,570	54,000	383,445	15.3
Non-executive directors						
Ugo Cario	12,500	-	-	-	12,500	-
Jose Sena	139,140	-	-	-	139,140	-
Angela Pankhurst	35,000	-	-	-	35,000	-
Key management personnel						
Dean Young	192,661	17,339	13,082	33,750	256,832	18.2
Pamela Bardsley	110,000	9,900	5,264	23,625	148,789	19.4
Tracey Aitkin	110,000	9,900	-	23,625	143,525	16.5
Total	**1,367,351**	**63,964**	**22,916**	**135,000**	**1,589,231**	**9.9**

2010	Short Term	Post-employment	Share-based payments			
Name	**Cash salary and fees $**	**Super-annuation $**	**Options[1] $**	**Rights[1] $**	**Total $**	**Remuneration consisting of share based payments %**
Executive directors						
Brian Johnson	433,100	-	-	-	433,100	-
James Tyers	275,000	24,750	14,235	-	313,985	4.5
Non-executive directors						
Jose Sena	139,220	-	-	-	139,220	-
Angela Pankhurst	35,000	-	7,273	-	42,273	17.2
Key management personnel						
Dean Young	183,486	16,514	23,567	-	223,567	10.5
Pamela Bardsley	83,628	7,527	9,395	-	100,550	9.3
Tracey Aitkin	100,000	9,000	-	-	109,000	-
Total	**1,249,434**	**57,791**	**54,470**	**-**	**1,361,695**	**4.0**

[1]The values shown in the table above for share-based payments reflects the fair value of the share-based payment recognised as an expense for each person during the year.

E. Share-based compensation

Employee option plan

The establishment of the employee option plan was approved by shareholders at the 2006 Annual General Meeting. Following changes to the taxation of employee share schemes in the 2009 Federal Budget, the option plan was replaced by the performance rights plan, which was approved by shareholders at the 2010 Annual General Meeting. The option plan has been formally terminated by the Board.

Options were granted at the discretion of the Board in accordance with the rules of the plan. As determined by the Board, a minimum continuous period of employment (usually twelve months) with the Company or any of its subsidiaries was required prior to the first exercise date, which falls on 31 December annually. The option exercise price is 25 cents. Subject to ongoing employment by the Company or any of its subsidiaries, options vest over three consecutive years from the initial exercise date, with one-third of the total options awarded vesting and exercisable each year. All unvested options remaining under the employee option plan will be fully vested on 31 December 2011.

Options granted under the plan carry no dividend rights. When exercisable, each option has a life of one year and is convertible into one ordinary share. The options were provided at no cost to the recipients.

No vested options granted under the plan were exercised during the year or since the end of the financial year.

Set out below is a summary of the number of options granted under the employee option plan to key management personnel of the Consolidated Entity and held at the end of the financial year:

Name	**Expiry Date[1]**	**Held at 30 June 2010**	**Expired**	**Held at 30 June 2011**
James Tyers	31 Dec 2011	1,000,000	(500,000)	500,000
Dean Young	31 Dec 2012	2,000,000	(666,666)	1,333,334
Pamela Bardsley	31 Dec 2012	500,000	(166,667)	333,333

[1]Options vest and are exercisable over three consecutive years from the initial exercise date, with one-third of the total options awarded vesting and exercisable at 31 December each year following completion of a minimum service period, usually twelve months. The expiry date disclosed is the expiry date of the third and final tranche of options.

No options were granted by the Company to key management personnel during the year.

Fair value of options

The assessed fair value at grant date of options held by key management personnel at the end of the financial year varied between $0.0327 and $0.0753 per option. The fair value at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Employee performance rights plan

The establishment of the employee performance rights plan was approved by shareholders at the 2010 Annual General Meeting. Under the plan, the Board may from time to time invite a full time employee or executive director of the Company or any wholly owned subsidiary or controlled entity of the Company whom the board decides in its absolute discretion is eligible to be invited to receive a grant of rights in the plan, to participate in the plan and grant the eligible employee a right to acquire fully paid ordinary shares in the Company on conversion of the right as part of the eligible employee's remuneration.

Rights vest in three equal tranches over three years, with the first tranche vesting twelve months following the initial grant date. The number of rights granted to an employee is determined at the discretion of the Board and is generally based on a formula taking into account an employee's base salary, level within the company and the Company's share price at the time of grant. Rights are granted to employees at no cost but may include non-market-based performance conditions. Rights automatically convert to shares on the vesting dates provided all vesting conditions have been met. Other than a time based service condition, there were no other vesting conditions applicable for rights granted to key management personnel during the current financial year, with the exception of Executive Director, James Tyers whose first tranche of rights is dependent on the successful completion of the Las Lagunas gold tailings project construction on time and within 5% of budget.

Terms and conditions of employee performance rights plan

Set out below is a summary of the key terms and conditions of the employee performance rights plan:

- **Object of the Plan** - the object of the plan is to:
  - (a) provide participants with an incentive plan which recognises ongoing contribution to the achievement by the Company of long term strategic goals;
  - (b) establish an employee incentive scheme within the meaning of the Tax Act and an employee share scheme within the meaning of Class Order 03/184 issued by the Australian Securities and Investments Commission;
  - (c) align the interests of participants with security holders through the sharing of a personal interest in the future growth and development of the Company as represented in the price of the Company's securities; and
  - (d) provide a means of attracting and retaining skilled and experienced employees.
- **Invitation to participate** - subject to the terms and conditions, the Board may from time to time invite an eligible employee to participate in the plan and grant rights to an eligible employee, as part of the eligible employee's remuneration.
- **Form of invitation** - an invitation may be in such form and content as the Board determines, including, if applicable:
  - (a) either:
    - (i) the number or value of rights to which the invitation relates;
    - (ii) the basis on which the number or value of rights to which the invitation relates is to be determined; and/or
    - (iii) the ratio in which the rights may convert to securities on vesting date;
  - (b) either:
    - (i) the date on which the rights will be allotted; and/or
    - (ii) the basis on which the date on which the rights will be acquired is to be determined;
  - (c) either:
    - (i) the amount payable by the eligible employee (if any) to acquire the rights; and/or
    - (ii) the basis on which the amount payable by the eligible employee (if any) to acquire the rights is to be determined;
  - (d) the performance period (if any);
  - (e) the performance conditions (if any); and
  - (f) the vesting date.
- **Issue or On-Market Acquisition of Securities** - any securities to be acquired by a participant on conversion of a right under the plan may be delivered to a participant at the absolute discretion of the Board, by either the issue to or transfer of securities to the participant, or a combination thereof.
- **Ranking of Securities** - securities delivered under the plan (upon conversion of rights) will rank equally with all existing securities on and from the date of registration in respect of all security holder entitlements (including rights issues, bonus issues and dividends) which have a record date for determining entitlements on or after the date of registration.
- **Quotation of Securities and Rights** - if securities acquired under the plan are not quoted on the official list of ASX, the Company must apply for quotation of those securities on the official list of ASX as soon as practicable after the allotment of those securities. Rights will not be quoted on the ASX or any other publicly traded exchange.
- **Overriding Restrictions** - notwithstanding anything else in the terms and conditions, the plan must be operated in accordance with the Constitution, any Law, the Listing Rules or the ATSC Settlement Rules.
- **No assignment** - unless the Board determines otherwise, a participant must not assign to any other person any of their legal or equitable rights to rights held under the plan, except a participant's legal personal representative to be delivered securities upon conversion of rights.

- **Security Interests over Rights** - participants must not grant any security interest over or otherwise deal with any right or securities to which a right may convert or in any way hedge or otherwise limit their exposure to loss of the right or reduction in value of the security to which the right may convert.
- **Expiry or Lapse of Rights** - rights will expire or lapse on the earlier of:

  (a) the vesting date if the performance conditions have not been satisfied by the vesting date; or
  (b) the termination of employment, subject to a determination of the Board.
- **Qualifying Reason** - the Board may in its absolute discretion determine that a qualifying event has occurred and vary the vesting date or waive any performance conditions or waive the performance period or a combination thereof to allow the vesting and conversion of rights.
- **Effect of Expiry or Lapse** - on the expiry or lapse of a right, all rights of a participant under the plan in respect of the right cease and no consideration or compensation will be payable for or in relation to that expiry or lapse of the right.
- **Holding Statement** – the Company or its agent must maintain a register of rights and provide a participant with a holding statement for rights held at the time of each grant of rights and on conversion or lapse of rights. A holding statement for securities allotted on conversion of rights will be provided to participants in accordance with the ASTC Settlement Rules.
- **No Interest** - a grant of rights does not confer any legal or equitable interests in securities until the conversion of the rights on the vesting date.
- **Vesting and Conversion** - on the vesting date, rights which have not expired or lapsed will vest and convert to securities in such proportion as prescribed by the rules and the Company will issue and allot, or procure the purchase or transfer to the participant of the number of securities into which the rights held by that participant convert.
- **Pro-rata issues, reconstructions of capital, takeovers and termination benefits** – a participant is not entitled to participate in:

  (a) new issues of securities to security holders;
  (b) bonus issues of securities or other securities to security holders; or
  (c) any pro-rate issue of securities to security holders, but

  the Board, in its absolute discretion, may vary the rules to reflect any change in the capital of the Company.
- **Reconstructions** - in the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the capital of the Company, the number of securities that may be acquired by each participant must be reconstructed accordingly, in a manner that does not result in any additional benefits being conferred on participants that are not conferred on security holders of the Company. However in all other respects, the rights will remain unchanged.
- **Change of Control** - if there is a control event, the Board may, subject to the Listing Rules give written notice to participants of the control event and convert all or any of the participant's rights to securities whether or not the performance conditions have been met.
- **Termination Benefits** - nothing in the terms and conditions authorises the Board to provide any benefit to a participant which, without security holder approval, would be prohibited under the Corporations Act or the Listing Rules.
- **Termination or suspension of Plan** - the Board may terminate or suspend the operation of the plan at any time, provided that termination or suspension does not affect or prejudice the existing rights of participants at that time.
- **Termination or suspension of Participant** - the Board may terminate or suspend the participation of a participant in the plan at any time.
- **Discretion of the Board** - the plan or the participation of a participant may be terminated or suspended at any time at the discretion of the Board and no compensation under any employment contract will arise as a result. Participation in the plan in one year does not give rise to any entitlement to participate in the plan in any subsequent year.

- **No right to acquire Securities -** participation in the plan does not confer on any participant any right to acquire securities under the plan, other than on the terms of the rights.
- **Calculation of employee benefits** - the value of rights or securities (as the case may be) allocated under the plan does not increase a participant's income for the purpose of calculating any employee benefits.
- **No right to future employment** - participation in the plan does not confer on any participant any right to continue as an employee of the Consolidated Entity.
- **Termination of employment** - participation in the plan does not affect any rights which the Consolidated Entity may have to terminate the employment of any participant. Nothing in the terms and conditions, including participation in the plan, may be used to increase damages in any action brought against the Consolidated Entity in respect of any termination of employment with the Consolidated Entity.
- **Security holder entitlements** - rights do not confer on the holder any benefit or entitlement other than as specifically stated in the terms and condition or the rules. For the avoidance of all doubt there is no entitlement to dividends on rights or to any entitlements attaching to securities.

Performance rights holdings and grants

Set out below is a summary of the rights granted as compensation under the employee performance rights plan to key management personnel of the Consolidated Entity during the reporting period.

Name	**Number of rights granted during 2011**	**Grant date**	**Vesting date**	**Fair value per right at grant date**
	Number			**$**
James Tyers	800,000	24 Dec 2010	31 Dec 2011	0.135
	800,000	24 Dec 2010	31 Dec 2012	0.135
	800,000	24 Dec 2010	31 Dec 2013	0.135
Dean Young	500,000	24 Dec 2010	31 Dec 2011	0.135
	500,000	24 Dec 2010	31 Dec 2012	0.135
	500,000	24 Dec 2010	31 Dec 2013	0.135
Pamela Bardsley	350,000	24 Dec 2010	31 Dec 2011	0.135
	350,000	24 Dec 2010	31 Dec 2012	0.135
	350,000	24 Dec 2010	31 Dec 2013	0.135
Tracey Aitkin	350,000	24 Dec 2010	31 Dec 2011	0.135
	350,000	24 Dec 2010	31 Dec 2012	0.135
	350,000	24 Dec 2010	31 Dec 2013	0.135
	6,000,000			

Fair value of rights granted

The fair value at grant date is determined using the market price of shares of the Company as at the close of trading on the date the rights are granted.

F. Additional information

Remuneration, Company Performance and Shareholder Wealth

The development of remuneration policies and structures are considered in relation to the effect on company performance and shareholder wealth. They are designed by the Board to align director and executive behaviours with improving company performance and, ultimately, shareholder wealth. The table below sets out the Company's share price, earnings and dividends at the end of each of the last four financial years.

Financial year ended	Closing share price (cents)	Earnings per share (cents)	Dividends
30 June 2011	16.0	(0.09)	-
30 June 2010	4.0	(0.26)	-
30 June 2009	3.8	0.68	-
30 June 2008	9.4	(2.36)	-

This concludes the remuneration report, which has been audited

Signed in accordance with a resolution of the Directors.

Brian Johnson
Executive Chairman
29 September 2011

AUDITORS DECLARATION OF INDEPENDENCE

Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of PanTerra Gold Limited (formerly EnviroGold Limited) and the entities it controlled during the year.

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

Tim Sydenham

29 September 2011

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Revenue	4	31,668	41,065	1,482,584	1,167,559
Administrative and operating expenses	5	(1,454,450)	(620,781)	(986,226)	(600,882)
Occupancy costs		(2,965)	(44,934)	(2,965)	(44,934)
Legal and professional costs		(457,290)	(462,166)	(255,215)	(178,068)
Exploration and evaluation expenditure		(11,948)	(66,567)	(11,948)	(46,106)
Depreciation and amortisation expense	14	(122,744)	(78,648)	(24,095)	(29,712)
Finance costs	6	(322,270)	(270,305)	(171,287)	(92,112)
Foreign exchange gain/(loss)		2,433,536	(1,916,306)	(6,255,957)	768,111
Other expenses	7	(507,560)	2,536,254	-	-
(Loss) / profit before income tax expense		**(414,023)**	**(882,388)**	**(6,225,109)**	**943,856**
Income tax benefit/ (expense)	8	-	-	-	-
(Loss) / profit from continuing operations		(414,023)	(882,388)	(6,225,109)	943,856
(Loss) / profit for the period		**(414,023)**	**(882,388)**	**(6,225,109)**	**943,856**
Other comprehensive income					
Foreign currency translation movement	26	(10,034,715)	(233,667)	-	-
Movement relating to the (acquisition)/disposal of 30% interest in a subsidiary	26	(11,075,600)	9,403,657	-	-
Total other comprehensive income net of tax for the year		**(21,110,315)**	**9,169,990**	**-**	**-**
Total comprehensive income for the year		**(21,524,338)**	**8,287,602**	**(6,225,109)**	**943,856**
Attributable to:					
Equity holders of the Parent Entity		(21,524,338)	8,287,602	(6,225,109)	943,856
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		**(21,524,338)**	**8,287,602**	**(6,225,109)**	**943,856**
Basic loss per share (cents per share)	35	(0.09)	(0.26)		
Diluted loss per share (cents per share)	35	(0.09)	(0.26)		

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2011

	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT ENTITY 2011 $	PARENT ENTITY 2010 $
CURRENT ASSETS					
Cash and cash equivalents	9	6,765,519	851,634	425,929	603,075
Trade and other receivables	10	58,474	31,961	16,801	1,187
TOTAL CURRENT ASSETS		**6,823,993**	**883,595**	**442,730**	**604,262**
NON-CURRENT ASSETS					
Trade and other receivables	11	-	-	44,913,483	40,372,484
Other financial assets	12	-	-	5,392,321	5,435,427
Property, plant and equipment	14	44,342,721	338,241	71,535	89,292
Prepayments and deposits	15	70,538	8,939,477	15,849	10,943
Intangible assets	16	23,061,257	28,369,300	-	-
TOTAL NON-CURRENT ASSETS		**67,474,516**	**37,647,018**	**50,393,188**	**45,908,146**
TOTAL ASSETS		**74,298,509**	**38,530,613**	**50,835,918**	**46,512,408**
CURRENT LIABILITIES					
Trade and other payables	17	8,318,415	694,913	334,059	360,235
Provisions	18	168,987	76,999	139,963	72,093
Borrowings	19	5,567,535	-	-	-
Derivative financial instruments	20	1,470,366	-	-	-
TOTAL CURRENT LIABILITIES		**15,525,303**	**771,912**	**474,022**	**432,328**
NON-CURRENT LIABILITIES					
Trade and other payables	21	3,850,092	-	-	-
Provisions	22	145,624	17,517	-	-
Borrowings	23	8,277,242	1,892,112	-	1,892,112
Derivative financial instruments	24	19,776,477	-	-	-
TOTAL NON-CURRENT LIABILITIES		**32,049,435**	**1,909,629**	**-**	**1,892,112**
TOTAL LIABILITIES		**47,574,738**	**2,681,541**	**474,022**	**2,324,440**
NET ASSETS		**26,723,771**	**35,849,072**	**50,361,896**	**44,187,968**
EQUITY					
Contributed equity	25	49,517,290	38,775,907	49,517,290	38,775,907
Reserves	26	(18,065,692)	1,386,969	3,183,212	1,525,558
Accumulated losses	27	(4,727,827)	(4,313,804)	(2,338,606)	3,886,503
TOTAL EQUITY		**26,723,771**	**35,849,072**	**50,361,896**	**44,187,968**

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	CONSOLIDATED								
	Ordinary Shares $	Equity Reserve $	Options Reserve $	Performance Rights Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Owners of the Parent $	Non-Controlling Interest $	Total $
Balance as at 1 July 2010	38,775,907	-	1,525,558	-	(138,589)	(4,313,804)	35,849,072	-	35,849,072
Loss for the year	-	-	-	-	-	(414,023)	(414,023)	-	(414,023)
Other comprehensive income	-	(11,075,600)	-	-	(10,034,715)	-	(21,110,315)	-	(21,110,315)
Total comprehensive income for the year	-	(11,075,600)	-	-	(10,034,715)	(414,023)	(21,524,338)	-	(21,524,338)
Transactions with owners in their capacity as owners:									
Shares issued	10,867,275	-	-	-	-	-	10,867,275	-	10,867,275
Transaction costs on share issue	(125,892)	-	-	-	-	-	(125,892)	-	(125,892)
Share based payment	-	-	1,474,404	182,250	-	-	1,656,654	-	1,656,654
Rights issue	-	-	1,000	-	-	-	1,000	-	1,000
Balance as at 30 June 2011	**49,517,290**	**(11,075,600)**	**3,000,962**	**182,250**	**(10,173,304)**	**(4,727,827)**	**26,723,771**	**-**	**26,723,771**

	CONSOLIDATED								
	Ordinary Shares $	Equity Reserve $	Options Reserve $	Performance Rights Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Owners of the Parent $	Non-Controlling Interest $	Total $
Balance as at 1 July 2009	26,628,650	(9,403,657)	1,249,748	-	95,078	(3,431,416)	15,138,403	-	15,138,403
Loss for the year	-	-	-	-	-	(882,388)	(882,388)	-	(882,388)
Other comprehensive income	-	9,403,657	-	-	(233,667)	-	9,169,990	-	9,169,990
Total comprehensive income for the year	-	9,403,657	-	-	(233,667)	(882,388)	8,287,602	-	8,287,602
Transactions with owners in their capacity as owners:									
Shares issued	12,500,000	-	-	-	-	-	12,500,000	-	12,500,000
Transaction costs on share issue	(352,743)	-	-	-	-	-	(352,743)	-	(352,743)
Share based payment	-	-	89,366	-	-	-	89,366	-	89,366
Rights issue	-	-	186,444	-	-	-	186,444	-	186,444
Balance as at 30 June 2010	**38,775,907**	**-**	**1,525,558**	**-**	**(138,589)**	**(4,313,804)**	**35,849,072**	**-**	**35,849,072**

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	PARENT				
	Ordinary Shares $	**Options Reserve $**	**Performance Rights Reserve $**	**Retained Earnings/ (Accumulated Losses) $**	**Total $**
Balance as at 1 July 2010	38,775,907	1,525,558	-	3,886,503	44,187,968
Loss for the year	-	-	-	(6,225,109)	(6,225,109)
Other comprehensive income	-	-	-		
Total comprehensive income for the year	-	-	-	(6,225,109)	(6,225,109)
Transactions with owners in their capacity as owners:					
Shares issued	10,867,275	-	-	-	10,867,275
Transaction costs on share issue	(125,892)	-	-	-	(125,892)
Share based payment	-	1,474,404	182,250	-	1,656,654
Rights issue	-	1,000	-	-	1,000
Balance as at 30 June 2011	**49,517,290**	**3,000,962**	**182,250**	**(2,338,606)**	**50,361,896**

	PARENT				
	Ordinary Shares $	**Options Reserve $**	**Performance Rights Reserve $**	**Retained Earnings/ (Accumulated Losses) $**	**Total $**
Balance as at 1 July 2009	26,628,650	1,249,748	-	2,942,647	30,821,045
Profit for the year	-	-	-	943,856	943,856
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	943,856	943,856
Transactions with owners in their capacity as owners:					
Shares issued	12,500,000	-	-	-	12,500,000
Transaction costs on share issue	(352,743)	-	-	-	(352,743)
Share based payment	-	89,366	-	-	89,366
Rights issue	-	186,444	-	-	186,444
Balance as at 30 June 2010	**38,775,907**	**1,525,558**	**-**	**3,886,503**	**44,187,968**

The accompanying notes form part of these financial statements

STATEMENTS OF CASH FLOWS
YEAR ENDED 30 JUNE 2011

	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT ENTITY 2011 $	PARENT ENTITY 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Reimbursement of expenditures		(4,923)	(111)	125,824	(131)
Payments to suppliers and employees		(1,583,548)	(1,082,618)	(1,103,412)	(819,724)
Payments for exploration and evaluation activities		(6,214)	(451,486)	(6,214)	-
Interest received		31,652	40,685	28,765	39,442
Interest paid		(484,803)	(556,805)	(302,049)	-
NET CASH USED IN OPERATING ACTIVITIES	34	**(2,047,836)**	**(2,050,335)**	**(1,257,086)**	**(780,413)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(25,222,348)	(227,495)	(6,338)	(7,575)
Loans advanced to subsidiaries		-	-	(7,856,105)	(15,053,586)
Payments for project development activities		(1,975,065)	(13,406,827)	-	-
Purchase of investments		(3,028,800)	-	-	-
NET CASH USED IN INVESTING ACTIVITIES		**(30,226,213)**	**(13,634,322)**	**(7,862,443)**	**(15,061,161)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		10,867,275	11,000,000	10,867,275	11,000,000
Payment of share issue costs		(125,892)	(352,743)	(125,892)	(352,743)
Proceeds from non-renounceable rights issue		1,000	186,444	1,000	186,444
Proceeds from borrowings		29,253,150	3,300,000	-	3,300,000
Payment of borrowings		(1,800,000)	-	(1,800,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**38,195,533**	**14,133,701**	**8,942,383**	**14,133,701**
NET INCREASE/(DECREASE) IN CASH HELD		**5,921,484**	**(1,550,956)**	**(177,146)**	**(1,707,873)**
Cash at the beginning of the financial year		851,634	2,402,590	603,075	2,310,948
FX movement in opening balances		(7,599)	-	-	-
CASH AT THE END OF FINANCIAL YEAR		**6,765,519**	**851,634**	**425,929**	**603,075**

The accompanying notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for PanTerra Gold Limited as an individual entity as well as the Consolidated Entity consisting of PanTerra Gold Limited and its subsidiaries for the year ended 30 June 2011.

(a) Reporting Entity

PanTerraGold Limited (formerly EnviroGold Limited) (the 'Company') is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is Level 2, 12-14 O'Connell Street, Sydney.

(b) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Statement of Compliance
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of PanTerra Gold Limited complies with International Financial Reporting Standards (IFRS).

Parent Disclosures
The parent entity has applied the relief available to it under ASIC Class Order 10/654 and accordingly, it has chosen to retain parent disclosures in the Group financial report.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements were approved by the Board of Directors on 29 September 2011. The Directors have the power to amend and reissue the financial statements.

(c) New, revised or amending Accounting Standards and Interpretations

New accounting standards in issue not yet adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and Consolidated Entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date. None of these is expected to have a significant effect on the financial statements of the Company or the Consolidated Entity, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Consolidated Entity's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Consolidated Entity does not intend to adopt this standard early and the extent of the impact has not been determined.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standards

AASB No.	Title	Operative Date (Annual reporting periods beginning on or after)
9	Financial Instruments	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	1 Jul 2013
2009 – 11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].	1 Jan 2013
Revised AASB 124:	Related Party Disclosures (December 2009)	1 Jan 2011
2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].	1 Jan 2011
2010-2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 Jan 2013
2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	1 Jan 2011
2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 11, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132, & 1042]	1 Jan 2011
2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	1 Jul 2011
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	1 Jan 2012
2010-9	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	1 Jul 2011
2010-10	Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	1 Jan 2013
2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	1 Jul 2011
2011-2	Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	1 Jul 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Analysis of changes - Accounting Standards

The following standards are considered applicable to the Consolidated Entity and will be adopted during the first annual reporting period after the effective date of each pronouncement.

AASB 9 Financial Instruments

Simplifies the classifications of financial assets into two categories;

- Those carried at amortised cost; and
- Those carried at fair value

Simplifies requirements related to embedded derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately.

Removes the tainting rules associated with held-to-maturity assets.

Investments in equity instruments that are not held for trade can be designated at fair value through other comprehensive income, with only dividends being recognised in profit and loss.

Investments in unquoted equity instruments (and contracts on those instruments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.

AASB 1053 Application of Tiers of Australian Accounting Standards

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

- for-profit entities in the private sector that have public accountability (as defined in this Standard); and
- the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- all not-for-profit private sector entities; and
- public sector entities other than the Australian Government and State, Territory and Local Governments.

Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]

This standard gives effect to the consequential changes arising from the issuance of AASB 9: Financial Instruments.

Revised AASB 124 Related Party disclosures (December 2009):

Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition of a related party. Clarifies:

Related Parties	Not Related Parties
Subsidiaries and associates with same investors	Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person
Person or entity with joint control over a second entity and joint control or significant influence over a third party. The second and third parties are related parties.	

Partial exemption provided from the disclosure requirements of government related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]

AASB 2009-12 makes amendments to a number of 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.

It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

The subjects of the principal amendments to the Standards are set out below:

AASB 1 First-time Adoption of Australian Accounting Standards
- Accounting policy changes in the year of adoption
- Revaluation basis as deemed cost
- Use of deemed cost for operations subject to rate regulation

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 7 Financial Instruments: Disclosures
- Clarification of disclosures

AASB 101 Presentation of Financial Statements
- Clarification of statement of changes in equity

AASB 134 Interim Financial Reporting
- Significant events and transactions

Interpretation 13 Customer Loyalty Programmes
- Fair value of award credits

AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 11, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

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 IFRSs by the IASB.

The amendments have no major impact on the requirements of the amended pronouncements.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]

This Standard adds and amends disclosure requirements about transfers of financial assets, including in respect of the nature of the financial assets involved and risks associated with them.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

The Standard makes numerous amendments to Australian Accounting Standards and Interpretations listed above as a result of the amendments to AASB 9.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]

The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AASB 140 Investment Property. Under AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in AASB 140.

To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Interpretation 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets addresses similar issues involving non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment. The amendments incorporate Interpretation 121 into AASB 112 after excluding investment property measured at fair value from the scope of the guidance previously contained in Interpretation 121.

AASB 2101-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]

In respect of the removal of fixed dates, the amendments provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments in respect of severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian Accounting Standards financial statements or to present Australian Accounting Standards financial statements for the first time.

AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]

The amendments ultimately affect AASB 1 First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9 Financial Instruments as issued in December 2009) as it has been superseded by AASB 2010-7 for annual reporting periods beginning on or after 1 January 2013.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 an Interpretations 2, 112 & 113]

These amendments are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and the FRSB. Phase 1 has addressed the harmonisation of financial reporting requirements across the Tasman in relation to for-profit entities that assert compliance with International Financial Reporting Standards (IFRSs). The Boards were keen to first address differences from IFRSs and between Australian and New Zealand Standards as they apply to for-profit entities, on the basis that such entities are the most likely to claim compliance with IFRSs and trade across the Tasman. This Standard makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. In some instances, the AASB has removed guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements. These include the following deletions:

(a) definition of 'entity' (paragraph Aus7.1 of AASB 101 Presentation of Financial Statements);
(b) guidance relating to true and fair view (paragraph Aus15.1 of AASB 101); and
(c) footnote (attached to paragraphs 33 and 34 of AASB 132 Financial Instruments: Presentation) and guidance (paragraph Aus15C.1 of Interpretation 112 Consolidation – Special Purpose Entities) relating to the prohibition of a company acquiring shares in itself

The table below sets out Australian Accounting Standards and Interpretations affected by this Standard and outlines the corresponding amendment. The table provides the subject of the amendments, identifying whether an amendment is a deletion from a Standard/Interpretation, an addition to a Standard or a relocation from a Standard to AASB 1054.

Australian Accounting Standard or Interpretation	Subject of amendment
AASB 1 First-time Adoption of Australian Accounting Standards	Deletion of guidance relating to initial application of the Standard
AASB 5 Non-current Assets Held for Sale and Discontinued Operations	Deletion of guidance relating to the restatement of comparative information
AASB 101 Presentation of Financial Statements	Deletion of the definitions of 'entity' and 'related practice' and relocation to AASB 1054 of the definitions of 'annual reporting period' and 'special purpose financial statements'

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Deletion of additional guidance relating to a true and fair view Relocation to AASB 1054 of the disclosure requirement to assert whether the financial statements have been prepared in accordance with Australian Accounting Standards Relocation to AASB 1054 of the disclosure requirements to provide information on the statutory basis and other related information Relocation to AASB 1054 of the disclosure relating to general purpose financial statements or special purpose financial statements Deletion of the requirement relating to limited explicit and unreserved statements of compliance with IFRSs Addition of paragraphs relating to a departure from Standards in rare circumstances, and an 'Aus' paragraph limiting the application of those paragraphs Deletion of the requirement for presentation of financial statements in English Relocation to AASB 1054 of disclosure requirements relating to audit fees Relocation to AASB 1054 of disclosure requirements relating to imputation credits Deletion of disclosure requirements relating to capital and expenditure commitments
AASB 107 Statement of Cash Flows	Relocation to AASB 1054 of the disclosure requirement relating to reconciliation of net operating cash flow to profit or loss
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors	Deletion of guidance relating to the restatement of comparative information
AASB 121 The Effects of Changes in Foreign Exchange Rates	Deletion of guidance to present a financial report in one presentation currency

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 128 Investments in Associates	Deletion of guidance relating to the restatement of comparative information
AASB 132 Financial Instruments: Presentation	Deletion of guidance relating to the prohibition of a company acquiring shares in itself
AASB 134 Interim Financial Reporting	Amendment to the scope
Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	Deletion of guidance relating to the cancellation of membership of inactive members
Interpretation 112 Consolidation – Special Purpose Entities	Deletion of guidance relating to the prohibition of a company acquiring shares in itself
Interpretation 113 Jointly Controlled Entities – Non-monetary Contributions by Venturers	Deletion of guidance relating to recognition of a previously eliminated unrealised gain or loss

AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]

AASB 1054 contains the Australian-specific disclosures that are in addition to International Financial Reporting Standards. AASB 2011-1 contains the related amendments to other Australian Accounting Standards. For example, some of the disclosure requirements previously in paragraphs Aus15.1-Aus15.3 and other paragraphs of AASB 101 are now included in AASB 1054 instead.

This Standard makes amendments to AASB 1054 to introduce reduced disclosure requirements to that Standard for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. These reflect the reduced disclosure requirements originally specified in AASB 2010-2 for AASB 101 disclosures that are now in AASB 1054.

(d) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PanTerrra Gold Limited ("Company" or "PanTerra Gold") as at the 30 June 2011 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Consolidated Entity [refer to note 1(i)].

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intercompany transactions, balances and unrealised gains on transactions between companies in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Minority interests in the results and equity of the subsidiaries are shown separately in the consolidated Statement of Comprehensive Income and Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost, less any impairment in the Parent Entity.

(ii) Acquisition of additional shares in a subsidiary

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie. transactions with owners in their capacity as owners).

In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and fair value of the consideration paid or received shall be recognised in the Statement of Comprehensive Income and attributed to the owners of the parent.

(e) Segment reporting

The Consolidated Entity applies AASB 8 *Operating Segments* and determines its operating segments to be based on its projects as this is how the business is organised and reported internally. Operating segments are subject to risks and returns that are different to those of segments operating in other economic environments.

(f) Foreign currency translation

(i) Functional and presentation currency

All items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is PanTerra Gold Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the Statement of Comprehensive Income.

(iii) Companies in the Consolidated Entity

The results and financial position of all the Companies in the Consolidated Entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentational currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the day of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- all resulting exchange differences are recognised in the foreign exchange reserve in the Statement of Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken to foreign exchange reserve in equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(g) Revenue recognition

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset, and when there is control of the right to receive the interest payment.

(h) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributed to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

PanTerra Gold Limited and its wholly-owned Australian subsidiary, EnviroGold Technology Pty Ltd (previously known as EnviroGold Holdings Pty Ltd) implemented the tax consolidation legislation from 14 November 2005. PanTerra Gold Limited is the head entity in the tax consolidated group. On adoption of the tax consolidation legislation, the entities in the tax consolidated group did not enter into a tax sharing agreement.

(i) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

as the fair value of assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instrument is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less that the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a simular borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Intangibles

Development assets
When the technical and commercial feasibility of an undeveloped mining project has been demonstrated the project enters its development phase. The cost of the project assets are transferred from exploration and evaluation expenditure and reclassified into development phase and include past exploration and evaluation costs, development drilling, feasibility studies and other subsurface expenditure. Once full commercial operation commences capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being the finite life of the project (6.5 years for the Las Lagunas gold tailings project and 12 years for the Azuay gold project).

(k) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of any outstanding bank overdrafts.

(l) Trade and other receivables

All debtors are recognised at the amounts receivable as they are due for settlement.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is raised when some doubt as to collection exists.

(m) Property, plant and equipment

Cost

All classes of property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on all property, plant and equipment on a diminishing value basis to write-off the net cost amount of each item of property, plant and equipment over its expected useful life to the Consolidated Entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major depreciation periods are:

Leasehold Improvements	2 – 7 years
Plant and Equipment	2 – 7 years

(n) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is carried forward in the Statement of Financial Position where:

(i) rights to tenure of the area of interest are current; and

(ii) one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sales; or
- exploration and/or evaluation activities in the area of interest have not, at balance date, yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or relation to, the areas are continuing.

Expenditure relating to pre-exploration activities is written off to the Statement of Comprehensive Income during the period in which the expenditure is incurred. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated expenditure on areas that have been abandoned, or are considered to be of no value, are written off in the year in which such a decision is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(o) Derivative financial instruments

Derivative financial instruments are classified as financial assets or financial liabilities at fair value through profit or loss. Recognition of a financial asset or financial liability is at the point when the entity becomes a party to the contractual provisions of the instrument. 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. After initial recognition derivative financial instruments are measured at fair value and the change in fair value is recognised as a capitalised borrowing cost and included in the total cost of the underlying asset.

Derivatives are classified as current or non-current depending on the expected period of realisation.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using effective interest method. Fees paid on establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility. Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in expenses in the period in which they are incurred.

(r) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(s) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks that are specific to the liability most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

(t) Employee benefits

(i) Wages, salaries, annual and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in the Statement of Comprehensive Income when they are due.

(iii) Share based payments

Share based compensation benefits are provided to employees via the Consolidated Entity's Performance Rights Plan and the previous Employee Option Plan. Information relating to these schemes is set out in note 36 and in the Directors report.

The fair value of rights granted under the Performance Rights Plan and options granted under the Employee Option Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares or options (the "vesting period").

The fair value at grant date for performance rights is based on the closing price of PanTerra Gold Limited shares on that day. The fair value at grant date for options is independently determined using open pricing models that take into account the exercise price, the term of the share, the vesting conditions, share price at grant date and the expected dividend yield and the risk free interest rate for the term of the option.

At each balance date the Consolidated Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Non-employee share based payments

The Consolidated Entity has granted share options to suppliers as compensation for the provision of services and finance facilities. Information relating to these grants is set out in note 36. The fair value of options granted to suppliers is recognised as an expense or, where appropriate, is capitalised with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the services are rendered or when the supplier becomes unconditionally entitled to the options (the "vesting period").

The fair value at grant date is determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(w) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit/(loss) attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue.

(x) Going concern

At the reporting date the Consolidated Entity had a net loss for the period of $414,023 (2010: $882,388) and had net cash outflows from operations of $2,047,836 (2010: $2,050,335). Notwithstanding this the following events occurred during the year:

- the facility agreements with Macquarie Bank Limited for the provision of US$37.5 million four year project loan, and a US$7.5 million advance against a 3% gold production royalty payable for the 6.5 year life of the Las Lagunas gold tailings project were finalised;
- continued development of the Las Lagunas gold tailings project with construction of the processing plant expected to be completed in 3 months ; and
- gold production scheduled to begin on the Las Lagunas project in March/April 2012. The project is expected to generate over US$85 million of free cash flows between first gold pour and the end of 2013.

Based on the above, the directors believe the going concern basis of preparation of the financial report is appropriate.

(y) Impairment of assets

The carrying amounts of the Consolidated Entity's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets that have an indefinite useful life or that are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in the circumstances indicate that they might be impaired.

The recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of non-financial assets

The Consolidated Entity tests impairment of non-financial assets (other than goodwill and other indefinite life intangible assets) at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment, in accordance with the accounting policy stated in note 1(y). The carrying value of the intangible assets for the Las Lagunas gold tailings project is based on a discounted cash flow using a 10% discount rate (2010: 10%), an average gold price of US$1,250 (2010: US$ 1,010) and an AUD/USD foreign exchange rate of 1.06 (2010: 0.85).

Site restoration and rehabilitation provision

A provision has been made for the present value of anticipated costs for future restoration and rehabilitation of the Las Lagunas gold tailings mine site. The provision includes future cost estimates associated with the decommissioning of the mine and restoration of the site. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset, if applicable, and provision.

Fair value of derivative financial instruments

The Consolidated Entity determines the fair value of derivative financial instruments (liabilities for a price participation payment and a gold royalty agreement with Macquarie Bank Limited). The calculation of the fair values of these derivative financial instruments requires judgements, estimates and assumptions by management about the inputs to the discounted cash flow model. The judgements, estimates and assumptions required include variables such as gold production volumes, gold grades and gold prices across the life of the Las Lagunas gold tailings project. The projected cash flows in the discounted cash flow model are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of comprehensive income and in the liability.

3. SEGMENT REPORTING

The Company 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 operating segment is identified by management by project – discrete financial information about this operating segment is reported to the executive management team on at least a monthly basis.

Management have identified the Las Lagunas project and other projects as the group’s main operating segments.

The following table presents revenue and profit information for business segments for the years ended 30 June 2011 and 30 June 2010.

3. SEGMENT REPORTING
For the year ended 30 June 2011

	Las Lagunas Project		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue								
External revenue	16	-	-	380	-	-	16	380
Inter-segment revenue	-	1,488,653	2,269,337	2,402,739	(2,269,337)	(3,891,393)	-	-
Total Revenue	16	1,488,653	2,269,337	2,403,119	(2,269,337)	(3,891,393)	16	380
RESULT								
Segment result	1,417,633	3,449,106	(7,134,197)	(1,350,783)	5,593,159	(2,751,091)	(123,405)	(652,768)
Operating (loss) / profit							(123,405)	(652,768)
Income tax benefit/ (expense)							-	-
Interest expense							(322,270)	(270,305)
Interest income							31,652	40,685
Profit/(Loss)							(414,023)	(882,388)
OTHER INFORMATION								
Segment Assets	114,366,409	65,230,870	74,766,154	56,300,264	(114,834,054)	(83,000,521)	74,298,509	38,530,613
Consolidated total assets							74,298,509	38,530,613
Segment liabilities	111,138,955	63,755,884	27,996,060	14,175,694	(91,560,277)	(75,250,036)	47,574,738	2,681,541
Consolidated total liabilities							47,574,738	2,681,541
Foreign exchange gain/(loss)	2,064,453	(217,911)	(5,726,985)	(1,698,395)	-	-	(3,662,532)	(1,916,306)
Depreciation and amortisation	84,666	48,936	38,078	29,712	-	-	122,744	78,648
Prepaid royalty costs (write back)/write off	507,560	(586,390)	-	-	-	-	507,560	(586,390)
Oxygen plant written back to assets	-	(1,949,864)	-	-	-	-	-	(1,949,864)
Capital expenditure	29,270,919	17,551,823	1,681,565	432,624	-	-	30,952,484	17,984,447

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
4. REVENUE	$	$	$	$
Interest received	31,652	40,685	1,482,584	1,167,179
Other income	16	380	-	380
	31,668	**41,065**	**1,482,584**	**1,167,559**
5. ADMINISTRATIVE AND OPERATING EXPENSES				
Included in administrative and operating expenses are:				
Employee costs - salaries	268,939	248,355	268,939	248,355
Employee costs – defined contribution plan	19,790	23,521	19,790	23,521
Fringe benefits tax	13,753	8,689	13,753	8,689
Payroll tax	3,932	7,186	3,932	7,186
Equity settled share-based payments	188,015	38,937	188,015	38,937
	494,429	**326,688**	**494,429**	**326,688**
6. FINANCE COSTS				
Interest on convertible note	-	178,193	-	-
Interest on loan from related party	171,286	92,112	171,287	92,112
Interest on deferred settlement of share acquisition	150,984	-	-	-
	322,270	**270,305**	**171,287**	**92,112**
7. OTHER EXPENSES				
Prepaid royalty costs written off/(written back)	507,560	(586,390)	-	-
Deposit on equipment written back	-	(1,949,864)	-	-
	507,560	**(2,536,254)**	**-**	**-**

8. INCOME TAX

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

(Loss)/profit before income tax	(414,023)	(882,388)	(6,225,109)	943,856
Tax at the Australian tax rate of 30% (2010 - 30%)	(124,207)	(264,716)	(1,867,533)	283,157
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income	35,557	118,763	(20,816)	116,652
Tax losses not brought to account	88,650	145,953	1,888,349	(399,809)
Income tax benefit/(expense)	-	-	-	-

8. INCOME TAX (CONTINUED)

The Consolidated Entity is of the opinion that tax losses from prior periods will continue to be available to the tax group.

The Consolidated Entity and the Company have an estimated $6,077,449 (2010: $4,800,605) in carried forward revenue losses and $2,891,145 (2010: $2,891,145) in carried forward capital losses which have not been recognised as a deferred tax asset as there is uncertainty that future taxable profits will be available against which the losses can be utilised.

The future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be applied with; and

(c) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Cash at bank and on hand	4,829,804	627,983	202,278	379,424
Cash on deposit	1,935,715	223,651	223,651	223,651
	6,765,519	851,634	425,929	603,075

10. TRADE AND OTHER RECEIVABLES (CURRENT)

	$	$	$	$
Trade receivables	6,228	-	5,960	-
Other receivables	52,246	31,961	10,841	1,187
	58,474	31,961	16,801	1,187

11. TRADE AND OTHER RECEIVABLES (NON-CURRENT)

	$	$	$	$
Loans to subsidiaries	-	-	44,913,483	40,372,484

Interest has been charged by the Company on the intercompany loan balances at a rate of LIBOR + 3.5%. This rate equates to the rate charged by EnviroGold Technologies Pty Ltd (formerly EnviroGold Holdings Pty Ltd) to EnviroGold Las Lagunas Limited, in accordance with the Las Lagunas Shareholders Agreement. All intercompany loans are unsecured and only become repayable either on the sale of the asset or upon repayment of third party project funding.

12. OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2011 $	2010 $	2011 $	2010 $
Investment in subsidiaries	-	-	5,392,321	5,435,427

13. SUBSIDIARIES

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Entity 2011 %	2010 %
EnviroGold Technologies Pty Ltd (formerly EnviroGold Holdings Pty Ltd)	Australia	100	100
EnviroGold (Las Lagunas) Limited	Vanuatu*	100	70
EnviroGold (Dominicana) S.A.	Dominican Republic#	100	100
PanTerra Gold (Peru) S.A. (formerly EnviroGold (Peru) S.A.)	Peru#	100	100
PanTerra Mining Finance Inc. (formerly EnviroGold (Finance) Inc.)	BVI	100	100
PanTerra Gold Holdings Inc. (formerly EnviroGold (Holdings) Inc.)	BVI	100	100
PanTerra Gold (Latin America) Inc. (formerly EnviroGold (Latin America) Inc.)	BVI^	100	100
EnviroGold Azuay S.A.	BVI#	100	-

*Investment held by EnviroGold Technologies Pty Ltd (formerly known as EnviroGold Holdings Pty Ltd).

#Investment held by PanTerra Gold (Latin America) Inc. (formerly known as EnviroGold (Latin America) Inc.)

^Investment held by PanTerra Gold Holdings Inc. (formerly known as EnviroGold (Holdings) Inc.)

Acquisition of 30% interest in existing subsidiary
During the year EnviroGold Technologies Pty Ltd (“EVGT”) acquired the remaining 30% of the issued shares in EnviroGold (Las Lagunas) Limited (“EVGLL”) from Grimston World Inc. (“GWI”), for a purchase price of US$11,000,000 increasing EVGT’s holding of the equity interest in EVGLL from 70% to 100%.

Acquisition of new subsidiary
EnviroGold Azuay S.A. was incorporated on 18 September 2009. The capital of the company is represented by 10,000 shares having a par value of US$10,000 and all shares were subscribed and paid for by PanTerra Gold (Latin America) Inc. during the current reporting period.

14. PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED ENTITY			
	Mine buildings and plant under construction $	Leasehold Improvements $	Plant & Equipment $	Total $
2010				
Cost				
Balance 30 June 2009	-	71,955	242,947	314,902
Additions	-	2,989	215,373	218,362
Effect of FX Movement	-	-	(8,265)	(8,265)
Balance 30 June 2010	-	74,944	450,055	524,999
Accumulated Depreciation				
Balance 30 June 2009	-	(30,951)	(80,039)	(110,990)
Depreciation Expense	-	(16,405)	(62,243)	(78,648)
Effect of FX Movement	-	-	2,880	2,880
Balance 30 June 2010	-	(47,356)	(139,402)	(186,758)
Carrying Value 30 June 2010	-	27,588	310,653	338,241
2011				
Cost				
Balance 30 June 2010	-	74,944	450,055	524,999
Additions[1] [2]	43,540,511	-	627,552	44,168,063
Effect of FX Movement	-	-	(65,107)	(65,107)
Balance 30 June 2011	43,540,511	74,944	1,012,500	44,627,955
Accumulated Depreciation				
Balance 30 June 2010	-	(47,356)	(139,402)	(186,758)
Depreciation Expense	-	(11,544)	(111,200)	(122,744)
Effect of FX Movement	-	-	24,268	24,268
Balance 30 June 2011	-	(58,900)	(226,334)	(285,234)
Carrying Value 30 June 2011	**43,540,511**	**16,044**	**786,166**	**44,342,721**

[1]**Additions to Mine buildings & plant under construction** includes $4,952,602 which has previously been disclosed under the heading of “Intangible Assets – Development costs” and $7,842,428 which has previously been disclosed under the heading of “Prepayments and deposits – Deposits on equipment”. These amounts relate to the cost of site works, civil works, structural steel and capitalised borrowing costs which was previously recognised as an intangible asset pending finalisation of financing arrangements and commencement of project construction, and to the cost of equipment which was paid for in instalments in prior periods, but which has now been fully paid and is installed and ready for use, respectively.

14. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

[2] Capitalised borrowing costs

During the period an amount of $9,204,496 of borrowing costs was capitalised to the Las Lagunas project. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Security

At 30 June 2011 Macquarie Bank Limited held security in the form of a fixed a floating charge over all the assets and the undertaking (ie. Las Lagunas gold tailings project) of the borrower (EnviroGold Las Lagunas Limited) located in, or relating to the Dominican Republic.

	PARENT ENTITY		
	Leasehold Improvements $	**Plant & Equipment $**	**Total $**
2010			
Cost			
Balance 30 June 2009	71,955	106,269	178,224
Additions	2,989	4,585	7,574
Balance 30 June 2010	74,944	110,854	185,798
Accumulated Depreciation			
Balance 30 June 2009	(30,951)	(35,843)	(66,794)
Depreciation Expense	(16,405)	(13,307)	(29,712)
Disposals	-	-	-
Balance 30 June 2010	(47,356)	(49,150)	(96,506)
Carrying Value 30 June 2010	27,588	61,704	89,292
2011			
Cost			
Balance 30 June 2010	74,944	110,854	185,798
Additions	-	6,338	6,338
Balance 30 June 2011	74,944	117,192	192,136
Accumulated Depreciation			
Balance 30 June 2010	(47,356)	(49,150)	(96,506)
Depreciation Expense	(11,544)	(12,551)	(24,095)
Balance 30 June 2011	(58,900)	(61,701)	(120,601)
Carrying Value 30 June 2011	**16,044**	**55,491**	**71,535**

15. PREPAYMENTS AND DEPOSITS

	Note	Consolidated 2011 $	Consolidated 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Prepayments and bonds	(a)	70,538	1,097,049	15,849	10,943
Deposits on equipment	(b)	-	7,842,428	-	-
		70,538	8,939,477	15,849	10,943

a) Prepayments

(i) A prepayment of US$500,000 to Grimston World Inc. was written off against consultancy expense during the current period due to the acquisition by the consolidated entity of GWI's 30% interest in EVGLL.

(ii) Costs totalling AUD$425,000 which were prepaid by the Consolidated Entity in relation to its investment in the Ecuador project during the 2009/10 financial year have been reclassified from prepayments to investments in subsidiaries (EnviroGold Azuay S.A.) during the current financial year.

b) Deposits on equipment

Deposits on equipment relates to payments made in prior years against purchase orders which were entered into during 2007/08 for an Oxygen Plant, an Isa Mill and a Ball Mill. These items have been reclassified as Property, Plant & Equipment in the current reporting period as they are now delivered, installed and either ready for use or being prepared for use.

16. INTANGIBLE ASSETS

	Consolidated 2011 $	Consolidated 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
(a) Development costs				
Las Lagunas project (Dominican Republic)				
Balance at the beginning of the year	28,369,300	20,194,357	-	-
Effect of FX movement on opening balance	(4,736,150)	(1,008,986)	-	-
Costs written off	(507,560)	-	-	-
Costs transferred to property, plant & equipment	(4,952,602)	-	-	-
Current year costs	3,428,783	9,183,929	-	-
Closing balance	21,601,771	28,369,300	-	-
(b) Exploration and evaluation costs				
Balance at the beginning of the year	-	-	-	-
Effect of FX movement on opening balance	-	-	-	-
Costs written off	-	-	-	-
Current year costs	1,459,486	-	-	-
Closing balance	1,459,486	-	-	-
Total intangible assets	**23,061,257**	**28,369,300**	**-**	**-**

16. INTANGIBLE ASSETS (CONTINUED)

Exploration and evaluation costs incurred during the year related to the Azuay gold project in Ecuador ($1,367,453) and the Fuerte copper project in the Dominican Republic ($92,032).

Impairment of intangible assets

In accordance with note 1(y) the Group has assessed intangibles for impairment at year end.

The Consolidated Entity has calculated the recoverable amount of Las Lagunas development costs and related property, plant and equipment, being the smallest identifiable cash-generating unit ("CGU"). The recoverable amount of the CGU has been based on value in use. Value in use has been calculated using a discounted cash flow forecast which demonstrated a current NPV for the Las Lagunas project of A$141.2 million, which is significantly in excess of the current carrying value.

The following key statistics and assumptions were used in the discounted cash flow forecast:

Discount Rate	10%
Resource	5.137 Mt
Project Life	6.5 years
Annual Mining	790,000 tonnes
Gold Recovery	70.1%
Average Annual Gold Production	67,000 ounces
Total Gold Production	436,000 ounces
Average Gold Price (Not sold forward)	US$1,250/ounce
Gold Sold Forward Price (126,000 ounces)	US$1,330/ounce
Silver Recovery	62.3%
Average Annual Silver Production	610,000 ounces
Total Silver Production	3,967,000 ounces
Silver Price	US$31/ounce
Budgeted Operating Costs	US$301/oz Au
Government Royalties	3.2%
Government Share of Operating Profit	13.9%
Dominican Income Tax Rate	29.0%
Total Development Cost (including capitalised interest)	US$81.75 million
PanTerra Gold Advances	US$47.0 million
Project Financing – Macquarie Bank Limited	US$37.5 million
Advance on Gold Royalties – Macquarie Bank Limited	US$7.5 million
Standby Financing – Ban Reservas	US$5.0 million
A$:US$	1.06

No impairment loss has been recognised during the year in respect of the Las Lagunas development costs as the value in use of the project calculated using the discounted cash flow forecast is well in excess of its recoverable amount.

The carrying value of intangibles is sensitive to the following assumptions and potential impact has been determined when both sensitivities are applied simultaneously:

16. INTANGIBLE ASSETS (CONTINUED)

	Discount Rate	Average Gold Price (Not Sold Forward)	Value in Use $'000	+/- Value in Use $'000
Low	12%	-10%	113.8	(27.4)
High	8%	+10%	172.0	30.8

The low case scenario does not result in impairment.

17. TRADE & OTHER PAYABLES (CURRENT)

	Note	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT ENTITY 2011 $	PARENT ENTITY 2010 $
Trade creditors					
Other corporations	(a)	3,917,083	204,358	89,562	72,733
Director related entities		137,583	54,300	137,583	54,300
Deferred settlement – share acquisition	(b)	3,850,092	-	-	-
Accruals		413,657	436,255	106,914	233,202
		8,318,415	**694,913**	**334,059**	**360,235**

(a) Trade creditors – Other corporations includes $1,712,064 worth of orders which have been secured by the issue of Letters of Credit. The Letters of Credit have been offset against term deposits and the corresponding value of the term deposits is included in the Cash on deposit total shown at Note 10.

(b) Under the terms of the agreement entered into between EVGT and GWI for the acquisition of GWI's 30% interest in EVGLL (refer to Note 13), the consolidated entity paid an initial instalment of US$3,000,000 on 13 December 2010. The balance of US$8,000,000 (A$7,700,184) is payable in two instalments of $3,850,092 each, with the first instalment due by 31 December 2011 and the second instalment due by 31 December 2012. Interest is payable at the rate of 4% on each of the two instalments.

18. PROVISIONS (CURRENT)

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT ENTITY 2011 $	PARENT ENTITY 2010 $
Employee benefits	168,987	76,999	139,963	72,093

Movements:

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT ENTITY 2011 $	PARENT ENTITY 2010 $
Carrying amount at the start of the year	76,999	55,601	72,093	54,335
Provisions recognised during the year	91,988	21,398	67,870	17,758
Carrying amount at the end of the year	168,987	76,999	139,963	72,093

19. BORROWINGS (CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Loan from director related entity	-	1,892,112	-	-
Macquarie Bank facility loan	5,567,535	-	-	-
	5,567,535	**1,892,112**	**-**	**-**

Refer to note 28 for detailed information on financial instruments.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Price participation agreement	591,774	-	-	-
Gold smelter royalty	878,592	-	-	-
	1,470,366	**-**	**-**	**-**

Refer to note 28 for detailed information on financial instruments.

21. TRADE & OTHER PAYABLES (NON-CURRENT)

		CONSOLIDATED		PARENT ENTITY	
		2011	2010	2011	2010
		$	$	$	$
Deferred settlement – share acquisition	(b)	**3,850,092**	**-**	**-**	**-**

Refer to note 17(b) for detailed information on other creditors (non-current).

22. PROVISIONS (NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Site restoration and rehabilitation	145,624	17,517	-	-

22. PROVISIONS (NON-CURRENT) (CONTINUED)

Movements:

Carrying amount at the start of the year	17,517	18,644	-	-
Provisions recognised during the year	128,107	(1,127)	-	-
Carrying amount at the end of the year	**145,624**	**17,517**	**-**	**-**

Site restoration and rehabilitation

The non-current site restoration and rehabilitation provision allows for the decommissioning and restoration of the Las Lagunas gold tailings mine site on cessation of all activity at that site. The provision represents the present value of the estimated costs of site restoration and rehabilitation. The following assumptions were used in the calculation of the provision:

Undiscounted cost of restoration	US$200,000
Rate of inflation	6%
Term of provision	7 years
Discount rate	10%

23. BORROWINGS (NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Macquarie Bank facility loan	8,277,242	1,892,112	-	1,892,112

Refer to note 28 for detailed information on financial instruments.

24. DERIVATIVE FINANCIAL INSTRUMENTS (NON-CURRENT)

	CONSOLIDATED		PARENT ENTITY	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Price participation agreement	4,905,725	-	-	-
Gold smelter royalty	14,870,752	-	-	-
	19,776,477	**-**	**-**	**-**

Refer to note 28 for detailed information on financial instruments.

25. CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Issued and paid up capital				
Ordinary shares fully paid	49,517,285	38,775,902	49,517,285	38,775,902
Preference shares fully paid	5	5	5	5
	49,517,290	**38,775,907**	**49,517,290**	**38,775,907**

	2011		2010	
	Number	$	Number	$
Movements in ordinary shares on issue				
Beginning of the financial year	438,156,325	38,775,907	266,906,325	26,628,650
Issued at 5 cents	-	-	40,000,000	2,000,000
Issued at 8 cents	-	-	131,250,000	10,500,000
Issued at 11 cents	65,656,816	7,222,250	-	-
Issued at 15 cents (under placement)	7,000,000	1,050,000		
Issued at 15 cents (under exercise of options)	17,300,166	2,595,025		
Capital raising costs	-	(125,892)	-	(352,743)
Balance at end of year	**528,113,307**	**49,517,290**	**438,156,325**	**38,775,907**

Terms and conditions of contributed equity

Ordinary shares have no par value. Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in 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.

The five non-redeemable preference shares were issued to Balmoral Corporation Limited following approval by the members of an ultimately failed merger proposal. The dividend on these shares is 5% per annum and is cumulative.

Movements in options	Listed Options	Unlisted Options	Total	Weighted Average Exercise Price	Range of Exercise Price	Weighted Average Days to Maturity
Balance at the beginning of the year	206,457,097	6,000,001	212,457,098	0.1528	$0.15 to $0.25	545
Options issued	-	35,000,000	35,000,000	0.1250		
Options expired	-	(3,166,666)	(3,166,666)	0.2500		
Options exercised	(17,300,166)	-	(17,300,166)	0.1500		
Balance at end of year	**189,156,931**	**37,833,335**	**226,990,266**	**0.1474**	**$0.10 to $0.25**	**258**

26. RESERVES

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Foreign currency translation reserve:				
Balance at the beginning of the year	(138,589)	95,078	-	-
Current year movement	(10,034,715)	(233,667)	-	-
Closing balance	**(10,173,304)**	**(138,589)**	**-**	**-**
Option reserve:				
Balance at the beginning of the year	1,525,558	1,249,748	1,525,558	1,249,748
Current year movement	1,475,404	275,810	1,475,404	275,810
Closing balance	**3,000,962**	**1,525,558**	**3,000,962**	**1,525,558**
Performance rights reserve:				
Balance at the beginning of the year		-		-
Current year movement	182,250	-	182,250	-
Closing balance	**182,250**	**-**	**182,250**	**-**
Equity reserve:				
Balance at the beginning of the year	-	(9,403,657)	-	-
Current year movement	(11,075,600)	9,403,657	-	-
Closing balance	**(11,075,600)**	**-**	**-**	**-**
Total Reserves at end of year	**(18,065,692)**	**1,386,969**	**3,183,212**	**1,525,558**

Foreign currency translation reserve

Exchange differences arising on translation of the foreign subsidiaries are taken to the foreign currency translation reserve, as described in Note1(f). The reserve is recognised in profit and loss when the net investment is disposed of.

Option reserve

The option reserve records the following items:

i) Directors and employees options granted and recognised as expenses;
ii) Options granted to Macquarie Bank Limited under the terms of its funding agreement with the Consolidated Entity; and
iii) Proceeds received by PanTerraGold Limited from a non-renounceable rights issue in January 2010.

Fair value of options granted in items i) and ii) is independently determined using the Black Scholes option valuation methodology which takes into account the risk free interest rate and share price volatility.

Performance rights reserve

The performance rights reserve is used to recognise the fair value of performance rights issued to employees but not yet exercised.

Equity reserve

The ($11,075,600) movement in the Equity reserve during the period is a consequence of the Consolidated Entity acquiring 30% of the shares in EnviroGold (Las Lagunas) from Grimston World Inc. The increase in ownership from 70% to 100% has been accounted for as an equity transaction.

27. ACCUMULATED LOSSES

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Balance at the beginning of the year	(4,313,804)	(3,431,416)	3,886,503	2,942,647
Net (loss) / profit for the year	(414,023)	(882,388)	(6,225,109)	943,856
Closing balance	**(4,727,827)**	**(4,313,804)**	**(2,338,606)**	**3,886,503**

28. FINANCIAL INSTRUMENTS

The Consolidated Entity is focused on the development of projects which will allow for extraction of gold and silver from existing refractory mine concentrates or historic tailings owned by third parties based outside of Australia. As such, the Consolidated Entity is exposed to market risk (both commodity and foreign exchange), credit risk, interest rate risk and liquidity risk.

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes. The use of financial instruments and the overall risk management strategy of the Consolidated Entity is governed by the Board of Directors and is primarily focused on ensuring that the Consolidated Entity is able to finance its business plans.

Market risk

Commodity price risk management
The account balances that would be impacted by a change in commodity price at 30 June 2011 would be the derivative financial liabilities and the impairment testing of Intangible Assets. This is because the fair value of the derivatives and the impairment testing of the Intangible Asset are affected by the gold price as per the base case model, as discussed in note 16.

Commodity price sensitivity
The consolidated entity had derivative financial liabilities of $21,246,843 as at 30 June 2011 (2010: $0). Based on this exposure, had the gold spot price weakened by 10%/strengthened by 20% against the average gold spot price used in the discounted cash flow model (US$1,250) with all other variables held constant, the Consolidated Entity's derivative liabilities and capitalised borrowing costs at year end would have been fair valued at $1,510,858 lower/$3,039,863 higher. The percentage change is the expected overall volatility of the gold spot price, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months and the spot rate used in the discounted cash flow model at each reporting date.

Foreign exchange risk
The Consolidated Entity is developing projects internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar and to a lesser extent to the Dominican Peso and the Euro.

The major foreign exchange exposure of the Consolidated Entity is to the US dollar and the development cost of the international projects is specified in US dollars. When production begins revenue will also be in US dollars. The company therefore has a natural hedge on US dollars.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Consolidated Entity's and Parent Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

28. FINANCIAL INSTRUMENTS (CONTINUED)

	ASSETS		LIABILITIES	
	2011	2010	2011	2010
	$	$	$	$
Consolidated				
US Dollars	5,923,974	19,807	46,019,489	149,982
Dominican Pesos	19,005	18,834	121,556	107,316
Euros	-	-	248,087	
	5,942,979	38,641	46,389,132	257,298
Parent				
US Dollars	20,784	-	-	-

Foreign exchange sensitivity – Consolidated Entity
The consolidated entity had net liabilities denominated in foreign currencies of $40,446,153 (assets $5,942,979 less liabilities $46,389,132) as at 30 June 2011 (2010: $218,657 (assets $38,641 less liabilities $257,298)). Based on this exposure, had the Australian dollar weakened by 6%/strengthened by 4% (2010: weakened by 10%/strengthened by 10%) against the foreign currencies with all other variables held constant, the Consolidated Entity's post-tax profit for the year would have been $375,357 higher/$250,238 lower (2010: $221,914 higher/$221,914 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months and the spot rate at each reporting date. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2011 than 2010 because of the increased amount of US dollar denominated borrowings.

Interest rate risk
The main exposure of the Consolidated Entity to interest rate risk arises from long-term borrowings and the interest received on cash surpluses invested with banks. The Consolidated Entity’s fixed borrowings from Macquarie Bank carry a variable interest rate component in the form of fluctuations in the LIBOR rate. The main exposure of the Parent to interest rate risk arises from the interest received from intercompany loan accounts.

Interest rate sensitivity- Consolidated Entity
Based on the financial instruments held at 30 June 2011, had the interest rate increased/decreased by 0.5% (2010: 1%) with all other variables held constant, the Consolidated Entity's post-tax profit for the year would have been $2,539 higher/lower (2010 – $7,684 higher/lower), mainly as a result of cash and cash equivalents as detailed in the above table. The percentage change is based on the expected volatility of interest rates taking into consideration movements over the last 12 months

Interest rate sensitivity- Parent entity
Based on the financial instruments held at 30 June 2011, had the interest rate increased/decreased by 0.5% (2010: 1%) with all other variables held constant, the parent entity's post-tax profit for the year would have been $197,268 higher/lower (2010 – $246,930 higher/lower), mainly as a result of intercompany loans as detailed in the above table. Profit is less sensitive to movements in the interest rate in 2011 than 2010 because of the decrease in the percentage change.

Credit risk

The Consolidated Entity is exposed to credit risk if a counterparty to a financial instrument fails to meet its contractual obligation. Such a risk arises principally in relation to receivables due from related parties in regards to the parent and cash deposits with banks or other financial institutions.

Credit risk is managed on a Consolidated Entity basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

28. FINANCIAL INSTRUMENTS (CONTINUED)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There are no material amounts of collateral held as security at 30 June 2011. Credit risk is reviewed regularly. It arises from deposits with financial institutions.

The maximum credit risk exposure relating to financial assets is represented by their respective carrying values as at the statement of financial position date.

All financial assets held at the date of the Statement of Financial Position in respect of the Consolidated Entity and the Parent were neither past due nor impaired.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity and Parent Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity and Parent Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated		**Parent entity**	
	2011	**2010**	**2011**	**2010**
	US$	**US$**	**US$**	**US$**
Project loan – Macquarie Bank	14,000,000	-	-	-
Project loan – BanReservas (Dominican Republic)	2,500,000	-	-	-
Bank overdraft – BanReservas (Dominican Republic)	2,500,000	-	-	-
	19,000,000	-	-	-

Subject to ongoing compliance by the Consolidated Entity with the terms and conditions contained in the facility agreement, the balance of the project loan from Macquarie Bank (US$14,000,000) is available to be drawn down upon presentation to Macquarie of an approved Funding Notice. Funds drawn down are to be used for the completion of construction of the Las Lagunas gold tailings project.

The project loan and bank overdraft from BanReservas (totalling US$5,000,000) represents a standby credit facility in respect of cost over-runs and other working capital requirements for the Las Lagunas gold tailings project.

Derivative financial liabilities
The facility with Macquarie Bank Limited ("MBL") contains a non-derivative host contract being the US$37.5 million facility which is subject to interest rates and repayment terms of a normal loan. Under the terms of the Facility Agreement with MBL the Consolidated Entity was required to enter into:

(a) a Price Participation Payment ("PPP") with MBL whereby the Consolidated Entity shall pay to MBL a PPP during the life of the Las Lagunas gold tailings project ("Project") which is to be calculated in accordance with a formula as set out in the Agreement. The PPP has been identified as an instrument that meets the recognition criteria of a derivative on a stand-alone basis. The cash flows of the contract vary in response to changes in the price of gold. The derivative component of the loan is not transferable independently. The derivative has been fair valued using a discounted cash flow ("DCF") model based on the following:

28. FINANCIAL INSTRUMENTS (CONTINUED)

- future gold production and gold prices as per the Base Case Model for the Project (as disclosed in note 16); and
- a discount rate of 27.84% (weighted average cost of capital).

At 30 June 2011, the value of the embedded derivative was calculated to be A$5.497 million. On initial recognition in December 2010 the estimated fair value of this derivative (A$3.290 million) was split out from the US$37.5 million facility.

(b) a Gross Smelter Royalty Agreement ("GSR") which provides for an advance of US$7.5 million against a future stream of royalties payable at 3% on all gold produced from the Project. The GSR meets the definition of a derivative and has been valued using a DCF model using the same principles as the PPP. The net present value of the derivative as at 30 June 2011 is A$8.672 million. On initial recognition in December 2010 the estimated fair value of the derivative (A$6.015 million) was split out from the US$37.5 million facility.

A reconciliation of the derivative financial liabilities is shown below:

	Note	$
PPP		
Current	20	591,774
Non-current	24	4,905,725
Total		5,497,499
GSR		
Current	20	878,592
Non-current	24	14,870,752
Total		15,749,344
Current		1,470,366
Non-Current		19,776,477
Total		21,246,843

Non-derivative financial liabilities
During the current reporting period the Consolidated Entity commenced drawing down funds from the US$37.5 million facility. The amount drawn down as at balance date was US$23.5 million (A$22.2 million). The fair value adjustments of the derivative financial instruments at initial recognition (disclosed above) were offset against the outstanding loan balance.

A reconciliation of movements in the Macquarie Bank facility loan account follows:

	$
Funds drawn during the period	22,175,775
Less: Fair Value adjustment for GSR Royalty	(6,015,043)
Less: Fair Value adjustment for Price Participation Agreement	(3,290,117)
Add: Adjustment for interest at effective interest rate	974,162
	(13,844,777)

28. FINANCIAL INSTRUMENTS (CONTINUED)

Disclosed as:		
Borrowings (Current)	(5,567,535)	– *Note 19*
Borrowings (Non-Current)	(8,277,242)	– *Note 23*
	(13,844,777)	

Remaining contractual maturities

The following tables detail the Consolidated Entity's and Parent Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2011	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	4,468,323	-	-	-	4,468,323
Other payables	-	3,850,092	3,850,092	-	-	7,700,184
Interest-bearing						
Macquarie Bank loans	4.55	6,580,755	15,740,830	1,724,844	-	24,046,429
Non-bank loans	-	-	-	-	-	-
Total non-derivatives		14,899,170	19,590,922	1,724,844	-	36,214,936
Derivatives						
Gross smelter royalty	-	878,592	3,612,229	10,113,718	6,627,265	21,231,804
Price participation	-	591,774	2,384,498	6,050,413	3,861,579	12,888,264
Total Derivatives		1,470,366	5,996,727	16,164,131	10,488,844	34,120,068

Consolidated - 2010	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	694,913	-	-	-	694,913
Interest-bearing						
Macquarie Bank loans	-	-	-	-	-	-
Non-bank loans	10.00	-	1,892,112	-	-	1,892,112
Total non-derivatives		694,913	1,892,112	-	-	2,587,025

Parent - 2011	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	334,059	-	-	-	334,059

28. FINANCIAL INSTRUMENTS (CONTINUED)

Parent - 2010	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	360,235	-	-	-	360,235
Interest-bearing						
Non-bank loans	10.00	-	1,892,112	-	-	1,892,112
Total non-derivatives		360,235	1,892,112	-	-	2,252,347

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Techniques such as estimated discounted cash flows, are used to determine fair value of the financial instruments. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

The following table details the Consolidated Entity's fair values of financial instruments categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
Consolidated - 2011				
Derivatives				
Gross smelter royalty	-	-	15,749,344	15,749,344
Price participation	-	-	5,497,499	5,497,499
	-	-	21,246,843	21,246,843

There were no financial assets or financial liabilities to be measured at fair value in 2010 for the Consolidated Entity. There were no financial assets or financial liabilities to be measured at fair value in 2010 or 2011 for the Parent Entity. There were no transfers between levels during the financial year.

Changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

Movements in level 3 financial instruments
Movements in level 3 financial instruments during the current financial year are set out below:

28. FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated - 2011	Derivatives $	Total $
Opening balance	-	-
Gross smelter royalty advance funds received	7,077,375	7,077,375
Amounts recorded on initial recognition	9,305,160	9,305,160
Fair value adjustments capitalised to cost of project construction	4,864,308	4,864,308
Closing balance	**21,246,843**	**21,246,843**
Total gains for the year included in capitalised project expenditure that relate to level 3 liabilities at the end of the year	4,864,308	4,864,308

Capital risk management

The Consolidated Entity's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, maximise returns for shareholders and to reduce the cost of capital. To ensure that all financial obligations are met when required, the Consolidated Entity maintains a rolling cash forecast for the Consolidated Entity as part of its capital risk management strategy.

The Consolidated Entity's capital structure is as follows:

	2011	**2010**
	$	**$**
Capital employed	49,517,290	38,775,907
Cash and cash equivalents	6,765,519	851,634
Total equity - funds	56,282,809	39,627,541

29. KEY MANAGEMENT PERSONNEL

Directors
The following persons were directors of PanTerra Gold Limited during the financial year:

Brian Johnson	Executive Chairman
James Tyers	Executive Director
Angela Pankhurst	Non-Executive Director (Resigned 20 June 2011)
Ugo Carrio	Non-Executive Director (Appointed 25 March 2011)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Pamela Bardsley	Company Secretary/In-House Legal Counsel
Dean Young	Manager Metallurgy
Jose Sena	Director, EnviroGold (Las Lagunas) Limited
Tracey Aitkin	Chief Financial Officer

29. KEY MANAGEMENT PERSONNEL (CONTINUED)

Compensation of Key Management Personnel
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Short-term employee benefits	1,367,351	1,249,435	1,228,211	1,110,215
Post-employment benefits	63,964	57,790	63,964	57,790
Share-based payment	157,916	54,470	157,916	54,470
	1,589,231	**1,361,695**	**1,450,091**	**1,222,475**

The Company has applied the option under Corporations Amendment Regulation 2008 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus25.4 to Aus25.7.2 to the Remuneration Report section of the Directors' report. The transferred disclosures have been audited.

29. KEY MANAGEMENT PERSONNEL (CONTINUED)

Option holdings of Key Management Personnel

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Held at 30 June 2009	Expired	Acquired	Held at 30 June 2010	Expired	Acquired	Exercised	Held at 30 June 2011
Brian Johnson	38,488,200	(38,488,200)	44,065,465	44,065,465	-	-	(17,300,000)	26,765,465
James Tyers	4,000,000	(3,000,000)	1,933,761	2,933,761	(500,000)	-	-	2,433,761
Angela Pankhurst	1,000,000	(500,000)	-	500,000	-	-	-	500,000
Jose Sena	750,000	(750,000)	-	-	-	-	-	-
Dean Young	2,000,000	-	-	2,000,000	(666,666)	-	-	1,333,334
Pamela Bardsley	500,000	-	3,500	503,500	(166,667)	-	-	336,833

Options Vested and Exercisable as Ordinary Shares, and Options Unvested and Unexercisable

	Vested 31 December 2010, Exercisable 31 December 2011 at 25 cents	Fully Vested Exercisable 31 December 2011 at 15 cents	Vesting 31 December 2011, Exercisable 31 December 2012 at 25 cents	Total
Brian Johnson	-	26,765,465	-	26,765,465
James Tyers	500,000	1,933,761	-	2,433,761
Dean Young	666,667	-	666,667	1,333,334
Pamela Bardsley	166,667	3,500	166,666	336,833

29. KEY MANAGEMENT PERSONNEL (CONTINUED)

Shareholdings of Key Management Personnel
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2011 *Ordinary shares*	**Balance at start of year**	**Received as part of remuneration**	**Additions**	**Disposals**	**Balance at end of the year**
Brian Johnson	51,320,230	-	26,142,300	-	77,462,530
James Tyers	867,522	-	-	-	867,522
Angela Pankhurst	1,017,199	-	-	-	1,017,199
Ugo Cario	-	-	383,040	-	383,040
Dean Young	200,000	-	-	-	200,000
Pamela Bardsley	7,000	-	-	-	7,000
2010					
Ordinary shares					
Brian Johnson	35,892,436	-	15,427,794	-	51,320,230
James Tyers	867,522	-	-	-	867,522
Angela Pankhurst	1,017,199	-	-	-	1,017,199
Dean Young	-	-	200,000	-	200,000
Pamela Bardsley	-	-	7,000	-	7,000

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

Related party transactions
Related party transactions are set out in note 33.

30. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by PKF, the auditor of the company, and its related practices:

	CONSOLIDATED		**PARENT ENTITY**	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Audit services - PKF				
Audit or review of the financial report	53,320	56,500	53,320	56,500
Other services - PKF				
Preparation of the tax return	17,500	12,500	17,500	12,500
Tax consulting services	7,350	18,840	7,350	18,840
	24,850	31,340	24,850	31,340
	78,170	87,840	78,170	87,840

30. REMUNERATION OF AUDITORS (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Audit services – related practices				
Audit or review of the financial report	30,000	26,860	-	-
	30,000	26,860	-	-

31. CONTINGENT LIABILITIES

Dispute with Intermet Engineering Pty Ltd

On 1 December 2008, EnviroGold (Las Lagunas) Limited, a wholly owned subsidiary of PanTerra Gold Limited, filed a Statement of Claim ("Claim") in the Federal Court of Australia against Intermet Engineering Pty Ltd ("IME"), having previously terminated its contract with IME for the provision of engineering design and procurement services. The Claim alleges breach of contract and misleading and deceptive conduct and seeks damages in the amount of US$9.094 million and A$5.509 million respectively. IME has filed a counter claim against EnviroGold (Las Lagunas) for A$1.876 million alleging unpaid fees and a claim for misleading and deceptive conduct. Both claims are being refuted by EnviroGold (Las Lagunas), and as such, are not included in current creditors.

PanTerra Gold Limited has to date provided bank guarantees totalling A$119,101 in settlement of an application for security of costs with IME provided up to, but not including the first day of trial.

In the view of the directors, the outcome is unknown and they cannot estimate the likelihood of an unfavourable decision. As a result, no provision has been made at 30 June 2011.

32. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Capital commitments – Property, plant and equipment				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	16,113,369	6,042,504	-	-
One to five years	-	-	-	-
	16,113,369	**6,042,504**	**-**	**-**
Capital commitments – Intangible assets				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	2,204,826		-	-
One to five years	**-**	-	-	-
	2,204,826	**-**	**-**	**-**

32. COMMITMENTS FOR EXPENDITURE (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Capital commitments – Exploration and evaluation				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	3,499,979	1,326,469	-	-
One to five years	-	6,263,442	-	-
	3,499,979	**7,589,911**	**-**	**-**
Lease commitments - operating				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	75,510	134,048	75,510	113,167
One to five years	22,360	101,280	22,360	101,280
Total lease commitments	**97,870**	**235,328**	**97,870**	**214,447**

Operating lease commitments relate to leased offices in Australia which are used by the Parent Entity as its head office and its administrative office. A portion of the rent paid for these offices is reallocated to the subsidiaries of the parent and is currently capitalised against the relevant project under development by the respective subsidiaries. The balance is included and reported as an expense of the parent entity.

33. RELATED PARTY TRANSACTIONS

Parent entity
PanTerra Gold Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 13.

Key management personnel
Disclosures relating to directors and specified executives are set out in note 29 and the directors' report.

Transactions with related parties

Fees were paid during the year to Western Ventures Consulting Pty Ltd ("WVCPL") for accounting and administrative services. Mrs Pankhurst is the sole shareholder and director of WVCPL. Services provided by WVCPL were on the same basis as that provided to other entities.

Payments were made during the year to Tristar Holdings Pty Ltd ("THPL") for reimbursement of expenditures incurred by THPL on behalf of PanTerra Gold and for management fees charged by Brian Johnson. Corresponding payments in 2010 were made to Ferrous Metals Pty Ltd ("FMPL"). Brian Johnson is a director and shareholder of FMPL and his wife is a director and shareholder of THPL. Services provided by THPL (2010: FMPL) were on the same basis as that provided to other entities.

PanTerra Gold made payments to OTR Properties Pty Ltd ("OTR") during the year for rental of an apartment owned by OTR and used by Brian Johnson during business trips to Sydney on behalf of PanTerra Gold. Brian Johnson and his wife are directors of OTR.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

Fees were charged during the year by Cario Family Trust ("CFT") for directors fees of Ugo Cario. Mr Cario and his wife are the trustees of CFT. Services provided by CFT were on the same basis as that provided to other entities.

Transactions which occurred with related parties during the year are shown in the table below:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Charges for services provided by:				
Western Ventures Consulting – Directors fees	20,417	35,000	20,417	35,000
Western Ventures Consulting – Administrative services	1,660	33,293	160	21,343
Tristar Holdings – Management fees	470,000	-	470,000	-
Tristar Holdings – Expense reimbursements	894	-	519	-
Ferrous Metals – Management fees[1]	156,667	276,433	156,667	276,433
Ferrous Metals – Expense reimbursements	-	19,300	-	9,855
TransPacific Capital – Management fees	-	67,600	-	67,600
OTR Properties – Rental	21,600	28,800	21,600	28,800
Cario Family Trust – Directors fees	8,333	-	8,333	-
	679,571	460,426	677,696	439,031
Income from:				
Ferrous Metals – Expense reimbursements	232	1,245	232	1,245

[1] The payment made to Ferrous Metals for Management Fees during the year related to services provided during the previous financial year and which were accrued for during that period.

At the end of the reporting period the following invoiced amounts were outstanding:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Current Payables:				
Western Ventures Consulting	-	6,417	-	4,917
OTR Properties	-	4,800	-	4,800
Ferrous Metals	-	43,085	-	43,085
Tristar Holdings	117,500	-	117,500	-
Cario Family Trust	8,333	-	8,333	-
	125,833	54,302	125,833	52,802

At the end of the reporting period the following amounts were incurred but not yet invoiced:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
Accrued Payables:				
Western Ventures Consulting	14,583	-	14,583	-
Ferrous Metals	-	156,667	-	156,667
Cario Family Trust	4,167	-	4,167	-
	18,750	156,667	18,750	156,667

All amounts disclosed above for related party transactions are exclusive of Goods & Services Tax.

34. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES:

	CONSOLIDATED		PARENT ENTITY	
	2011	2010	2011	2010
	$	$	$	$
(Loss)/Profit after income tax	(414,023)	(882,388)	(6,225,109)	943,856
Add/(Less) Non-cash Items				
Depreciation	122,744	78,648	24,095	29,712
Foreign exchange movement	(2,433,536)	1,916,307	6,255,957	(768,112)
Share-based payments	212,729	89,365	193,749	58,606
Write off/(write back) prepaid royalty	507,560	(586,390)	-	-
Oxygen plant write back	-	(1,949,864)		-
Related entity – expense reimbursement	-	-	18,979	30,759
Accrued Interest – Subsidiary loans	-	-	(1,453,819)	(1,127,736)
Changes in operating assets and liabilities				
(Increase)/Decrease in receivables	(26,577)	9,602	(15,614)	10,756
(Increase)/Decrease in deferred project expenditure	-	(425,049)	-	(425,049)
(Increase)/Decrease in other assets	(5,213)	3,891	(4,906)	3,891
(Decrease)/Increase in payables	(11,520)	(304,457)	(50,418)	11,418
Net cash flows used in operating activities	**(2,047,836)**	**(2,050,335)**	**(1,257,086)**	**(1,231,899)**

35. EARNINGS PER SHARE ("EPS")

	CONSOLIDATED	
	2011	2010
	$	$
Numerator used for basic and diluted EPS:		
Loss for the year	(414,023)	(882,388)
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares outstanding during the year used in calculating the basic and diluted EPS.	480,603,289	341,560,434

For the current year, all options were antidilutive because conversion would reduce loss per share, therefore these have been excluded from the weighted average number of ordinary shares for the purposes of calculating diluted EPS.

36. SHARE-BASED PAYMENTS

Directors, Officers, Employees and Other Eligible Persons Option Plan

On 24 November 2006 Shareholders approved the Option Plan to:

- recognise the ability and efforts of eligible persons who have contributed to the success of the Company; and
- provide eligible persons with an incentive to achieve the long term objectives of the Company and improve the performance of the Company.

The Board determines the eligibility of persons to participate and the extent of that participation after considering:

- the seniority and position of the eligible person;
- the length of service and record of employment of the eligible person;
- the potential future contribution of the eligible person; and
- any other matters which the Board considers relevant.

During the year no options were granted under the Option Plan and none were exercised. At the end of the period there were 2,000,001 options exercisable.

Fair value of options granted is independently determined using the Black Scholes option valuation methodology which takes into account the risk free interest rate and share price volatility. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the employee options plan are as follows:

Fair value of share options and assumptions	**Key Management Personnel**	**Senior employees**	**Consultants**
Fair value at grant date	$0.0327 – $0.0488	$0.066	$0.069
Share price at grant date	$0.073 - $0.13	$0.16	$0.165
Exercise price	$0.25	$0.25	$0.25
Expected volatility (weighted average volatility)	92.45% - 107.51%	75%	75%
Option life (expected weighted average life)	1.62	1.62	1.62
Expected dividends	0%	0%	0%
Risk-free interest rate (based on government bonds)	5.7% - 6.9%	6.3%	6.3%

An expense of $30,479 (2010: $120,125) has been recognised during the reporting period for options granted under the Option Plan in prior periods.

Employee Performance Rights Plan

Approval was obtained from Shareholders at the 2010 Annual General Meeting for the establishment of the Employee Performance Rights Plan. The object of the plan is to:

- provide participants with an incentive plan which recognises ongoing contribution to the achievement by the Company of long term strategic goals;

36. SHARE-BASED PAYMENTS (CONTINUED)

- establish an employee incentive scheme within the meaning of the Tax Act and an employee share scheme within the meaning of Class Order 03/184 issued by the Australian Securities and Investments Commission;
- align the interests of participants with security holders through the sharing of a personal interest in the future growth and development of the Company as represented in the price of its securities; and
- provide a means of attracting and retaining skilled and experienced employees.

Under the plan, eligible employees of the Company (and its subsidiaries) are provided with performance rights over the Company's ordinary shares. These performance rights will vest and convert into shares, subject to the fulfilment of certain conditions which are determined by the Board.

An employee's eligibility to participate in the plan is subject to the discretion of the Board of Directors of the Company. The Board may from time to time invite an eligible employee to participate in the plan and grant rights to an eligible employee, as part of their remuneration.

Set out below is a summary of performance rights granted during the year:

Financial year of grant	Financial year of vesting date	Balance at start of year	Granted	Vested and converted	Forfeited	Balance at end of year
		Number	Number	Number	Number	Number
30 June 2011	30 June 2012	-	2,700,000	-	-	2,700,000
	30 June 2013	-	2,700,000	-	-	2,700,000
	30 June 2014	-	2,700,000	-	-	2,700,000
		-	8,100,000	-	-	8,100,000

The fair value at grant date is determined using the market price of shares of the Company as at the close of trading on the date the rights are granted. An expense of $182,250 (2010: $0) has been recognised during the year for options granted under the Performance Rights Plan.

Other Share-Based Payments

During the reporting period 35,000,000 unlisted options were granted to Macquarie Bank Limited under the terms of the facility agreement entered into by the Consolidated Entity. The first tranche consists of 17,500,000 options expiring on 18/10/2012 with an exercise price of 10 cents. The second tranche consists of 17,500,000 options expiring on 18/10/2013 with an exercise price of 15 cents.

An amount of $1,443,926 (2010: $0), being the fair value of the options granted and calculated by reference to the Black Scholes option valuation methodology, has been recognised during the reporting period as a capitalised cost of borrowing in accordance with AASB 123 *Borrowing Costs*.

There were no other share based payments made during the reporting period.

37. SUBSEQUENT EVENTS

Since year end the following subsequent events should be noted:

i) 15,320,000 new shares were issued at 14 cents each to raise $2,144,800

ii) 17,109,570 listed share options were converted to shares at 15 cents each to raise $2,566,435

iii) On 26 July 2011 a wholly owned subsidiary of PanTerra Gold Limited entered into an Agreement with Vancouver based Novus Gold Corporation which will allow PanTerra Gold, at its option, to progressively subscribe for up to US$10 million of shares in Novus subsidiary, Invercropolis S.R.L. to effect a 50% shareholding.

PanTerra Gold has committed to an initial subscription of US$3.0 million over the period to 30 June 2012 to effect a 15% shareholding in Invercropolis and its two exploration concessions in the Dominican Republic. The funds subscribed by PanTerra Gold will be spent on exploration of these highly prospective areas for copper and gold.

An option to take up a further 15% shareholding for US$3.0 million must be exercised by 31 December 2012, and a final 20% shareholding for US$4.0 million by 31 December 2013.

iv) A further US$5.8 million has been drawn down from the Macquarie Bank loan facility between July and September 2011. The balance in the bank accounts of the Consolidated Entity at the date of signing this report is US$2.55 million.

v) Commitments for expenditure as disclosed in note 32 includes the following amounts which have been paid during the period between July and September 2011:

- Commitments for property, plant & equipment - US$6.5 million
- Commitments for intangible assets - US$1.4 million
- Commitments for exploration & evaluation - US$0.4 million

The directors of PanTerra Gold Limited declare that:

(a) In the Directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on pages 19 to 27, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's and the company's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in note 1; and

(c) there are reasonable grounds to believe that the consolidated entity and the company will be able to pay their debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Executive Chairman and Chief Financial Officer for the financial year ended 30June 2011.

Signed in accordance with a resolution of the directors.

Brian Johnson
Executive Chairman
29 September 2010

Chartered Accountants
& Business Advisers

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PANTERRA GOLD LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of PanTerra Gold Limited (formerly EnviroGold Limited), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of PanTerra Gold Limited (the company) and the consolidated entity. The consolidated entity comprises 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), 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 judgement, 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 control 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 control. 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*.

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INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Chartered Accountants
& Business Advisers

Opinion

In our opinion:

(a) the financial report of PanTerra Gold Limited and the consolidated entity is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their 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(b).

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 PanTerra Gold Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001.*

PKF

PKF

Tim Sydenham
Partner

29 September 2011
Sydney

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows. The information is current as at 28 September 2011.

(a) Twenty largest shareholders

The names of the twenty largest holders of quoted Shares are:

	Listed Ordinary Shares	
	Number of Shares	**Percentage of Ordinary Shares**
Denman Income Limited	40,000,000	7.14%
Moonstar Investments Pty Ltd <The Pemberley A/C>	40,000,000	7.14%
Hawthorne Pty Ltd <BGJ Super Fund A/C>	30,000,000	5.35%
Macquarie Bank Limited	30,000,000	5.35%
Sinom Investment Limited	29,000,000	5.17%
Lujeta Pty Ltd <The Margaret Account>	21,800,000	3.89%
Shairco for Trading Industry & Contracting	20,000,000	3.57%
Mr John Michael Moore <The Mike Moore S/F A/C>	10,009,735	1.79%
National Nominees Limited	7,129,063	1.27%
Jubilee Company Ltd	7,000,000	1.25%
Vison Pty Ltd <Philip Garratt Family A/C>	7,000,000	1.25%
Mr Willem van Dongen	6,880,037	1.23%
Goncang Pty Ltd <DGA Superannuation Fund A/C>	5,750,000	1.03%
PT Asia Pacific Mineral Resources	5,210,648	0.93%
ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	4,794,217	0.86%
Mr David Maurice Hodson	4,000,000	0.71%
JP Morgan Nominees Australia Limited <Cash Income A/C>	3,888,594	0.69%
MF Custodians Ltd	3,800,000	0.68%
Vector Nominees Pty Limited <The Vector Super Fund A/C>	3,500,000	0.62%
UBS Wealth Management Australia Nominees Pty Ltd	3,253,840	0.58%
Total for Top 20	**283,016,134**	**50.50%**

(b) Twenty largest option holders

The names of the twenty largest holders of quoted Options are:

	Listed Options	
	Number of Options	**Percentage of Options**
Macquarie Bank Limited	10,000,000	5.81%
Lujeta Pty Ltd <The Margaret Account>	9,500,000	5.52%
UBS Wealth Management Australia Nominees Pty Ltd	8,240,159	4.79%
Armco Barriers Pty Ltd	6,105,000	3.55%
UBS Nominees Pty Ltd	4,663,000	2.71%
Hawthorne Pty Ltd <BGJ Super Fund A/C>	4,274,200	2.48%
PT Asia Pacific Mineral Resources	3,600,000	2.09%
Mr Gary William Wilson <The Wilson Family A/C>	3,180,716	1.85%
Mr David Maurice Hodson	3,000,000	1.74%
Francis Corrigan & Debra Kay Corrigan <The Siesta A/C>	2,500,000	1.45%
Crate Recovery Services Pty Ltd <Terpet Marketing S/Fund A/C>	2,500,000	1.45%
Mr Ian Adair Black	2,303,555	1.34%
Mr Sergio Braga & Mr Victor Braga <Braga Superannuation A/C>	2,000,000	1.16%
Crimson Holdings Pty Ltd <Crimson Holdings A/C>	2,000,000	1.16%
Mr Graham Anthony Pfeiffer	2,000,000	1.16%
Noble Investments Superannuation Fund Pty Ltd <Noble Investments S/F A/C>	1,950,000	1.13%
Laceglen Holdings Pty Ltd <Cadly Superfund A/C>	1,846,770	1.07%
Noble Investments Pty Ltd <Noble Account>	1,800,000	1.05%
Beachcombers Pty Ltd <Bonker Super Fund A/C>	1,750,000	1.02%
Dubotu Pty Ltd	1,750,000	1.02%
Total for Top 20	**74,963,400**	**43.55%**

(c) Substantial shareholders

The names of Substantial Shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Ordinary Shares
Denman Income Limited	40,000,000	7.16%
Moonstar Investments Pty Ltd <Pemberley A/C>	39,895,430	7.14%
Macquarie Bank Limited	30,000,000	5.37%
Sinom Investment Limited	29,000,000	5.19%
Hawthorne Pty Ltd <BGJ Super Fund>	28,725,800	5.14%

(d) Distribution of equity securities

The number of Shareholders, by size of holding, in each class of Share as at 30 June 2011 are:

	Ordinary Shares		Non-redeemable Preference Shares	
	Number of Holders	Number of Shares	Number of Holders	Number of Shares
1 - 1,000	142	58,847	1	5
1,001 - 5,000	673	2,518,415	-	-
5,001 - 10,000	759	6,525,080	-	-
10,001 - 100,000	2,319	85,459,015	-	-
100,001 and over	429	433,551,950	-	-
Total	**4,322**	**528,113,307**	**1**	**5**
The number of shareholders holding less than a marketable parcel of shares are:	**423**	**781,332**	**1**	**5**

The number of Option holders, by size of holding as at 30 June 2011, are:

	Options	
	Number of Holders	Number of Shares
1 - 1,000	12	5,970
1,001 - 5,000	45	175,849
5,001 - 10,000	89	773,673
10,001 - 100,000	410	18,379,892
100,001 and over	216	169,821,547
Total	**772**	**189,156,931**
The number of option holders holding less than a marketable parcel of options are:	**185**	**1,442,420**

(e) Voting rights

Ordinary shares
On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote.

On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

Non-redeemable preference shares
One vote for each share, but limited to matters affecting the rights of such shares.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

The Board of Directors of PanTerra Gold Limited ("Company") is committed to achieving the highest standards of corporate governance. In determining those standards, the Company has considered the eight principles set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition ("Principles").

The Company is pleased to advise that while there are a number of recommendations in the Principles with which the Company does not comply due to the size of the Company and the Board and its practical management requirements, the Company's corporate governance practices are generally in accordance with the recommendations. Where the Company has not adopted a specific Principle, that departure is stated along with the reasons for not complying as required by the 'if not, why not' approach of the ASX Corporate Governance Council.

Principle 1 – Lay solid foundations from management and oversight

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1*: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.*

The Company has a small Board of four members, two of whom are also executives of the Company and a small management team so both Board and management functions have been formalised and approved by the Board.

The Board is responsible for:

- charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- monitoring the implementation of those policies and strategies and the achievement of those financial objectives and performance against the strategic plan and budgets;
- monitoring compliance with control and accountability systems, significant disclosures to the market regulatory requirements and ethical standards;
- ensuring the preparation of accurate financial reports and statements;
- reporting to Shareholders and the investment community on the performance and state of the Company;
- ensuring that appropriate audit arrangements are in place;
- ensuring that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately.

Recommendation 1.2*: Companies should disclose the process for evaluating the performance of senior executives.*

The Board undertakes a review of the performance of senior executives at least annually. Performance targets are established by the Board as appropriate. These targets are aligned to overall business goals and the Company's requirements of the position.

Principle 2 – Structure the board to add value

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1*: A majority of the board should be independent directors.*

The majority of the Board is not independent. The membership and structure of the Board is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The Board considers that the Company is not currently of a size to justify the appointment and further expense of additional independent Non-Executive directors and believes that the individuals on the Board can, and do, make quality and independent judgments in the best interests of the Company on all relevant issues.

The Board currently consists of 4 members, two of whom are non-independent.

The Directors in office at the date of this statement are:

Brian Johnson	Executive Chairman
James Tyers	Executive Director
John Dentice	Non-executive Director
Ugo Cario	Non-executive Director

Refer to the Directors' Report for details of each Director's skills, experience, and term of office.

Recommendation 2.2*: The chair should be an independent director.*

The Chairman is not an independent director.

Recommendation 2.3*: The roles of the chair and chief executive officer should not be exercised by the same individual.*

The Chairman is not an independent director and the Company does not have a Chief Executive Officer. Mr Brian Johnson and Mr James Tyers manage the daily operations of the Company, so that the Company maximises its benefits from the extensive but different skills and experience. As the Company grows the management structure will be reviewed and changed to maximise shareholder value and corporate governance.

Recommendation 2.4*: The board should establish a nomination committee.*

The Board has not established a nomination committee. The Board, as a whole, deals with areas that would normally fall within the charge of the nomination committee. These include matters relating to the renewal of Board members and Board performance.

The policy and procedures for the selection and appointment of new directors is that candidates for the Board are considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, and credibility within the Company's scope of activities. Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting.

At each Annual General Meeting the following Directors (excluding the Executive Chairman) automatically retire and are eligible for re-appointment:

- One-third of the Directors or, if their number is not a multiple of three then the nearest to but not more than one-third of the Directors.
- Any Director who has been longest in office since their last election or appointment. Directors elected or appointed on the same day may agree among themselves or determine by lot which of them must retire.
- A Director at the conclusion of the third Annual General Meeting since their last election or appointment, even if his or her retirement results in more than one-third of all Directors retiring from office.
- Any Director who was appointed by the Directors during the year to fill a casual vacancy or as an addition to the existing Directors.

Recommendation 2.5*: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*

The Board undertakes ongoing self-assessment and review of its performance that:

- compares the performance of the Board with the requirements of its charter; and
- effects any improvements to the Board charter and corporate governance policies and procedures deemed necessary or desirable.

Given the specific nature of the Company's activities, evaluation is an ongoing process. Achievement of goals and business development and compliance issues is evaluated regularly on an informal basis.

The Board is provided with the information it needs to discharge its responsibilities effectively. The Directors also have access to the Company Secretary for all Board and governance-related issues and the appointment and removal of the Company Secretary is determined by the Board.

Principle 3 – Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1*: Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

- *The practices necessary to maintain confidence in the company's integrity*
- *The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders*
- *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices*

The Company has established a Board Code of Conduct and separate Employee Code of Conduct. The Codes require that Directors and employees maintain high standards of integrity by ensuring that all business activities are conducted legally and ethically in compliance with the letter and spirit of both the law and Company policies.

Recommendation 3.2*: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them,*

The Company has a diversity policy which is in the process of being formalised in accordance with this recommendation. On completion and after formal approval by the Board, the formal Policy will be disclosed on the Company's website.

Recommendation 3.3*: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*

The Company's measurable objectives for achieving gender diversity will be established as part of its diversity policy. The Company has no female Directors as at the date of this report, Mrs Angela Pankhurst having resigned as a Director on 20 June 2011. The Company has 33% female participation at Senior Management Group level.

Across the organisation, 36% of the Company's employees are female.

Recommendation 3.4*: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

The proportion of females currently employed by the Company is outlined above.

Principle 4 – Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1*: The board should establish an audit committee.*

The Board considers that given the size of the current Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a separate audit committee.

Recommendation 4.2*: The audit committee should be structured so that it:*

- *consists of only non-executive directors*

- *consists of a majority of independent directors*
- *is chaired by an independent chair, who is not chair of the board*
- *has at least three members.*

The full Board participates in the audit committee function, executive and non-executive Directors included.

Recommendation 4.3*: The audit committee should have a formal charter.*

The Board has not established a formal charter for an audit committee.

Principle 5 – Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1*: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*

The Company has a policy to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*. The policy sets out the procedures for identifying and disclosing material and price sensitive information in an accurate and timely manner.

The Company Secretary is responsible for communications with, and coordinating disclosure of information to the ASX.

Directors receive copies of all announcements released to the ASX and copies of announcements, including related information, such as financial statements and public presentations, are placed on the Company website, www.panterragold.com.

Principle 6 – Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1*: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

The Company is committed to informing shareholders of all major developments affecting the operations of the Company and the state of its affairs, and the Board has established written procedures to that effect.

The Company publishes corporate information on its website, including Annual and Half Year Reports, ASX announcements and media releases.

The Company encourages shareholder participation at its AGMs including by making notices of meetings available on its website. PanTerra Gold's external auditor attends the Company's AGMs and is available to answer any questions which shareholders may have about the conduct of external audit for the relevant financial year and the preparation and content of the Audit Report.

Principle 7 – Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1*: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;

- formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and

- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Recommendation 7.2*: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management, inter alia, by benchmarking the Company's performance against industry standards.

The risk profile of the Company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, investments in new projects.

To mitigate these risks, the Company has in place an experienced Board, regular Board meetings, six monthly financial and internal audits, rigorous appraisal of new investments, and advisers familiar with the Company.

Recommendation 7.3*: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The Executive Chairman and the Chief Financial Officer confirm in writing to the Board that the financial reports of the Company for the financial year:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given in paragraph (a) above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1*: The board should establish a remuneration committee.*

The Board has not established a remuneration committee. The Board considers that given the size of the current Board, this function is efficiently achieved with full Board participation.

Recommendation 8.2*: The remuneration committee should be structured so that it:*

- *consists of a majority of independent directors*
- *is chaired by an independent chair*
- *has at least three members.*

The Board has not established a remuneration committee,

Recommendation 8.3*: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The Company's remuneration policy ensures that:

- remuneration policies and systems support the Company's wider objectives and strategies;

FOR THE YEAR ENDED 30 JUNE 2011

- Directors' and Senior Executives' remuneration is aligned to the long-term interests of Shareholders within an appropriate control framework; and
- there is a clear relationship between the executive's performance and remuneration.

The policy defines the overall remuneration structure and document the structure of remuneration for three main groups:

- Executive Directors;
- Senior Executives; and
- Non-Executive Directors.

Further information on Directors' and executives' remuneration is set out in the Directors' Report.

Departure from Best Practice Recommendations

From 1 July 2010 to 30 June 2011, the Company complied with each of the Eight Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition published by the ASX Corporate Governance Council, other than in relation to the table below.

Recommendation	Notification of Departure	Explanation from Departure
2.1	A majority of the Board are not independent directors.	The Board believes that the individuals on the Board can, and do, make quality and independent judgements in the best interests of the Company on all relevant issues.
2.2	The chair is not an independent director.	
2.4	The Board has not established a nomination committee.	The whole Board carries out the duties which would otherwise be undertaken by the nomination committee. The need for a nomination committee will be reviewed annually.
3.2, 3.3, & 3.4	The Board has not established a diversity policy.	The Board notes that compliance with these Principles is not obligatory for this financial year, The Company is implementing changes to ensure compliance at the earliest opportunity with the ASX Corporate Governance Council's recommendations to transition to the new Principles when they take effect next financial year.
4.1, 4.2 & 4.3	The Board has not established an audit committee.	The whole Board carries out the duties which would otherwise be undertaken by an audit committee. The need for an audit committee and formal charter will be reviewed annually.
8.1 & 8.2	The Board has not established a remuneration committee.	The whole Board carries out the duties which would otherwise be undertaken by the remuneration committee. The need for a remuneration committee will be reviewed annually.