vision, commitment, results

PANORAMIC
RESOURCES LTD

Annual Report 2010


PANORAMIC HOUSE
553 HAY STREET

vision, commitment, results

Contents

Panoramic is a well established Western Australian nickel sulphide producer operating two, 100% owned, underground mines: the Savannah Project in the Kimberley and the Lanfranchi Project south of Kambalda. In addition, the Company has a significant exploration portfolio in Australia and overseas which is highly prospective for base metals and gold. Panoramic is also the operator of the Copernicus Project (60%), a satellite open pit nickel mine near Savannah, currently on care and maintenance.

Mission Statement

We strive to achieve excellence in all aspects of our business. Our aim is to provide long term capital growth and dividend return to our shareholders, a safe and rewarding work environment for our employees, and opportunities and benefits to the people in the communities in which we operate.

The 10 Year Plan

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

PANORAMIC RESOURCES LTD

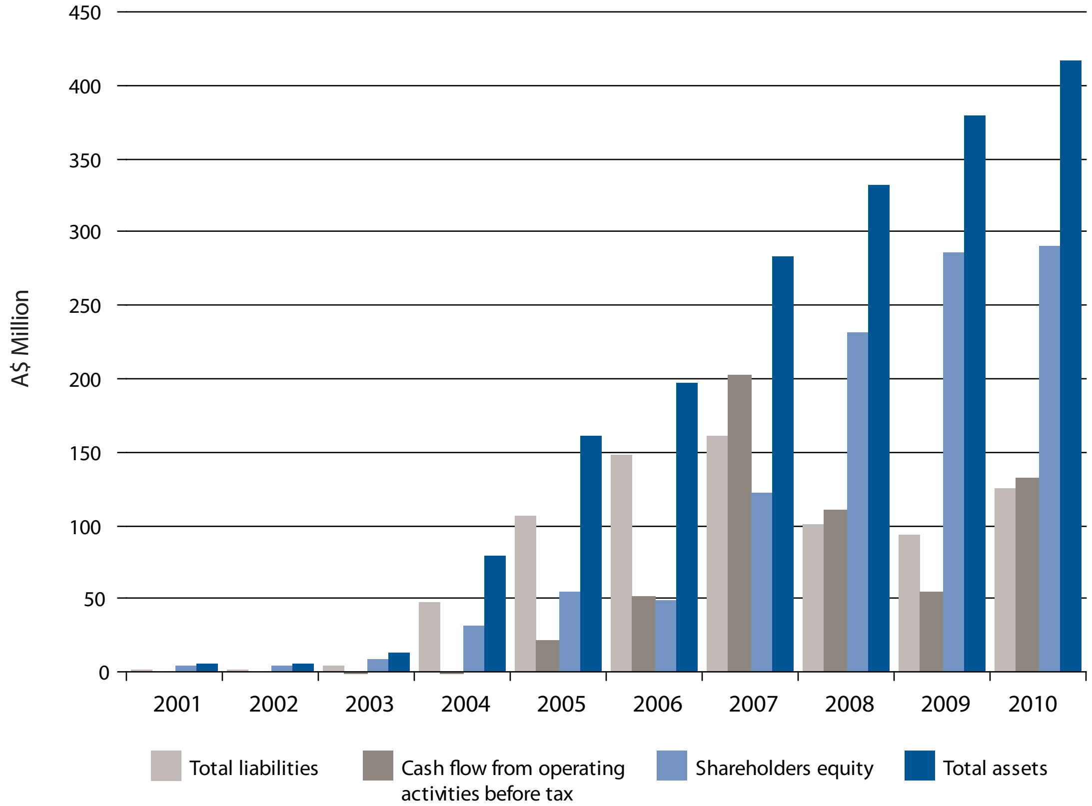
Significant Events 2009/10

- Continued improvements in safety culture and outcomes
- Production on an equity basis of 17,458 tonnes contained nickel, 4,900 tonnes contained copper and 387 tonnes contained cobalt
- Offtake agreement extended with Jinchuan for 100% of Savannah output for another 10 years
- Maiden Savannah Project Lower Zone Reserve of 43,200 tonnes contained nickel
- Net profit after tax of $56.2 million, our second highest on record
- Cash flow of $131.8 million from operations before tax
- Total dividend payout of 16.5 cents per share, fully franked
- Effective hedging program delivers revenue contribution of $34.1 million
- Strong cash position & receivables of $158.3 million
- New joint ventures signed to explore for base metals in Scandinavia and gold in Alaska

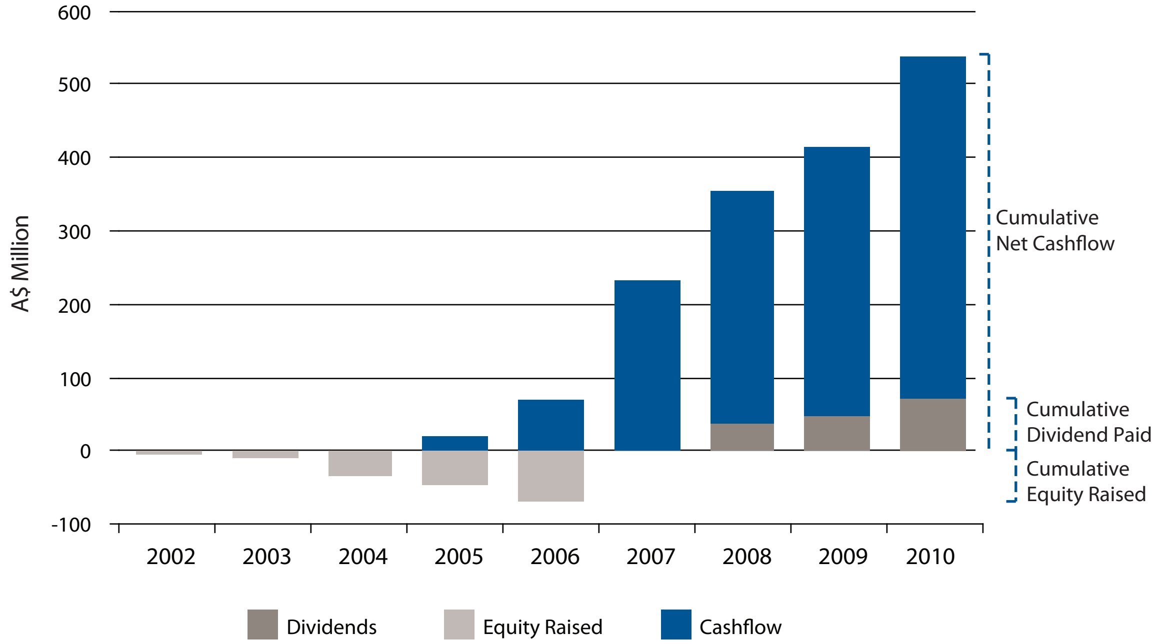
Financial Highlights

- Revenue of $287.8 million
- Cash and receivables of $158.3 million
- Net profit after tax of $56.2 million, a 900% increase on 2008/09 result, and earnings per share of 27.5 cents
- Total dividend of 16.5 cents per share (fully franked), a 60% payout ratio to after tax earnings
- Hedging contributes $34.1 million to pre-tax earnings
- Net assets of $291.1 million

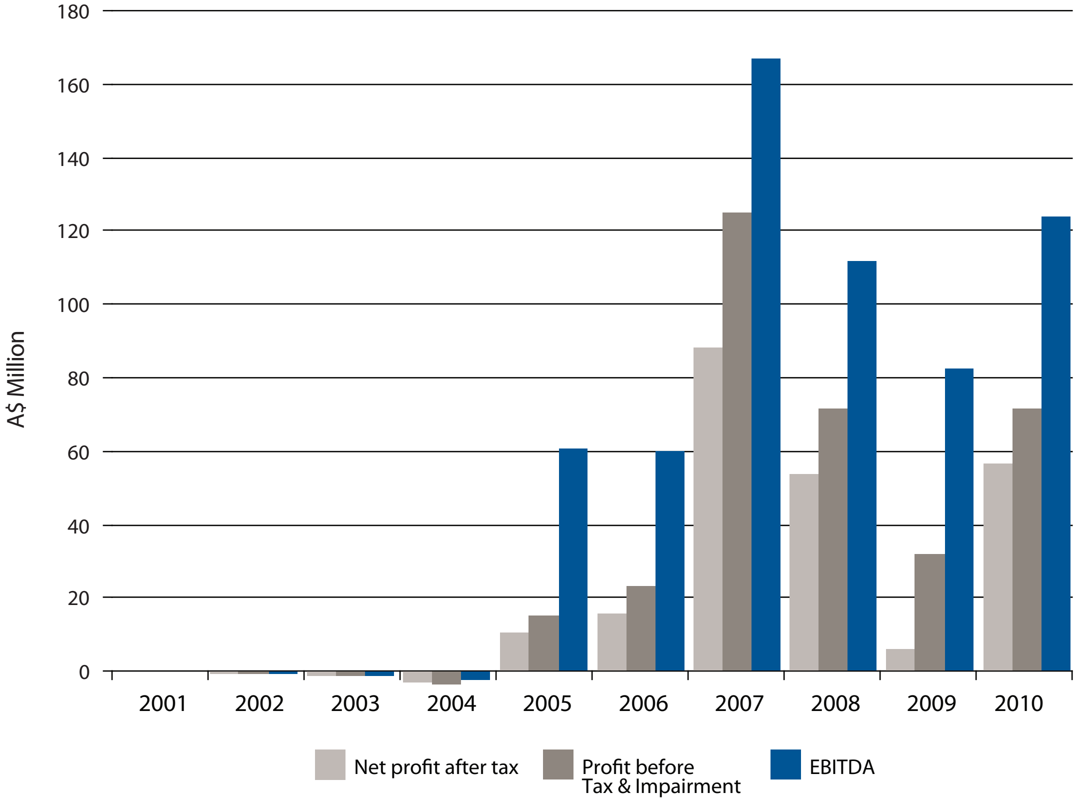
Shareholders Equity & Total Assets Growing



Dividends Paid > Equity Raised



Second Highest Profit On Record

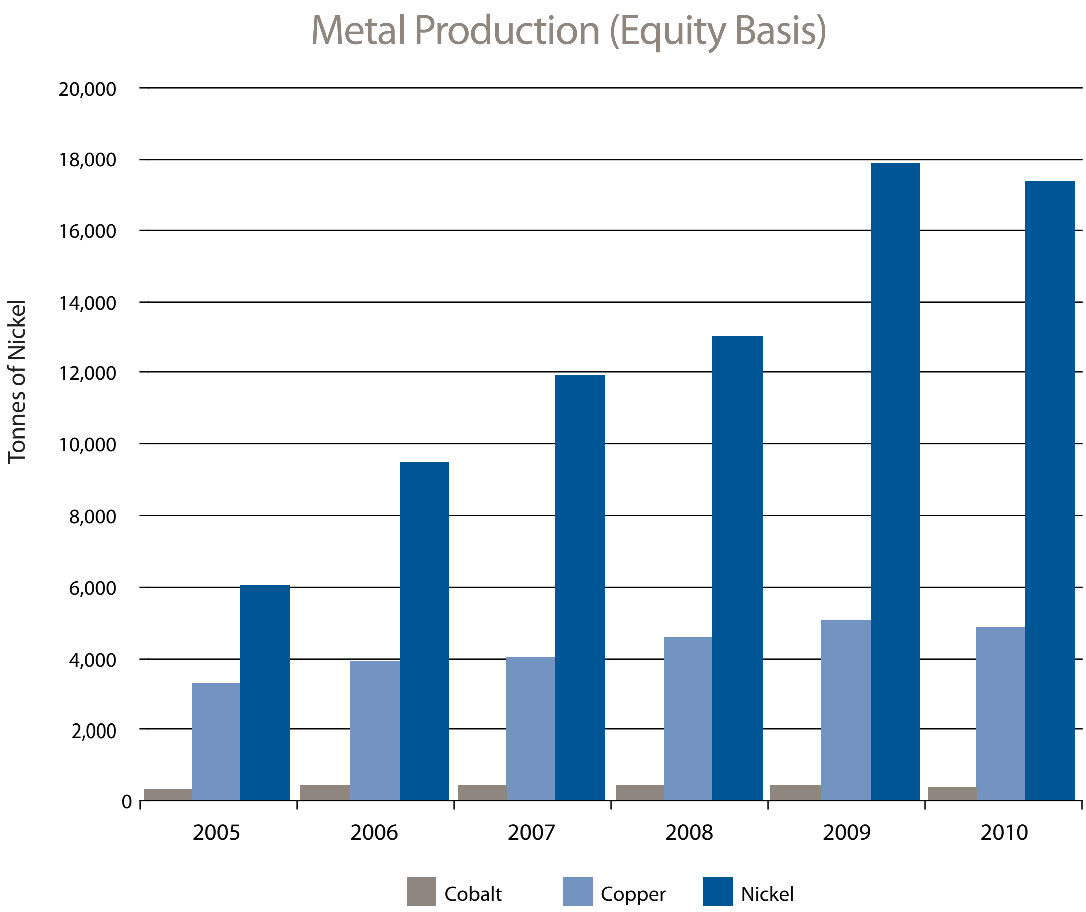


Summary Of Key Financials 2001-2010

Financial Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Net Revenue (inc. interest)			0.4	0.7	83.8	134.1	302.2	238.4	228.7	287.8
EBITDA (before impairment)		-0.6	-0.9	-2.0	60.2	59.6	166.5	111.8	82.2	123.8
D&A					39.7	36.5	41.9	40.4	49.5	52.7
Profit before Tax and impairment		-0.6	-1.3	-3.1	14.8	23.1	124.6	71.4	31.7	71.1
Profit after Tax and before impairment		-0.6	-1.3	-2.7	10.3	15.9	88.1	53.3	24.0	51.2
Net profit after Tax		-0.6	-1.3	-2.7	10.3	15.9	88.1	53.3	5.6	56.2
Cash Flow from operating activities (before tax)		-0.3	-1.0	-1.6	21.9	51.3	203.3	111.3	54.8	131.8
Net Cash Flows used in investing activities*		0.1	0.4	45.8	39.1	35.6	33.7	55.6	56.8	38.0
Exploration and evaluation expenditure		5.0	1.2	1.1	0.8	1.6	6.9	6.1	3.1	8.8
Cash (inc. term deposits)		0.2	4.3	9.0	15.3	30.6	119.6	110.9	67.2	137.4
Total Assets	5.5	5.5	13.6	79.1	161.2	196.9	283.6	332.1	380.3	416.8
Borrowings		0.7	2.8	38.5	59.2	48.1	13.1	8.4	6.5	4.7
Total Liabilities	1.1	1.1	4.1	47.8	107.0	148.0	161.8	100.4	94.0	125.7
Shareholders equity	4.4	4.4	9.5	31.3	54.2	48.9	121.8	231.7	286.3	291.1
Return on equity (%)		-11%	-13%	-7%	25%	27%	125%	71%	6%	55%
Basic Earnings per share (cents)	-1.2	-1.2	-1.9	-2.2	6.5	9.6	47.6	28.4	2.9	27.5
Dividend declared per share (cents)							12.0	12.0	3.0	16.5
Dividends Paid ($M)								36.1	11.5	33.9
Dividend pay-out ratio (%)							25%	42%	103%	60%

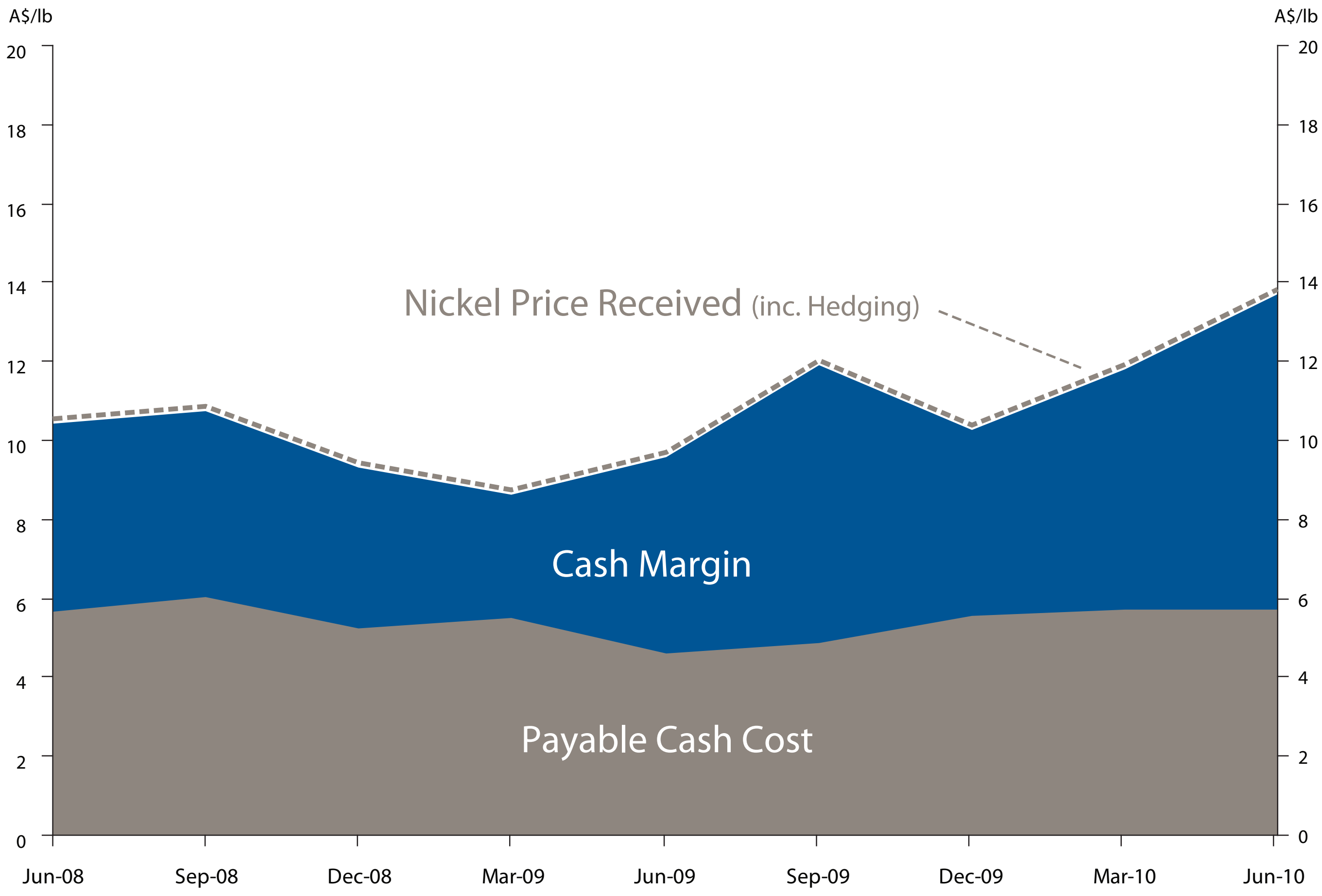
** Excluding exploration and evaluation expenditure.*

Production & Safety Highlights



- The LTIFR has decreased from 19.7 in 2005 to 6.9 in 2010
- Group metal production (equity basis) of 17,458 tonnes contained nickel, 4,900 tonnes contained copper and 387 tonnes contained cobalt
- Mining rates at Deacon ramped up to full production of 30,000 - 40,000 tonnes per month
- Group average payable nickel cash costs of A$5.46/lb, reflecting a tight control on operating costs

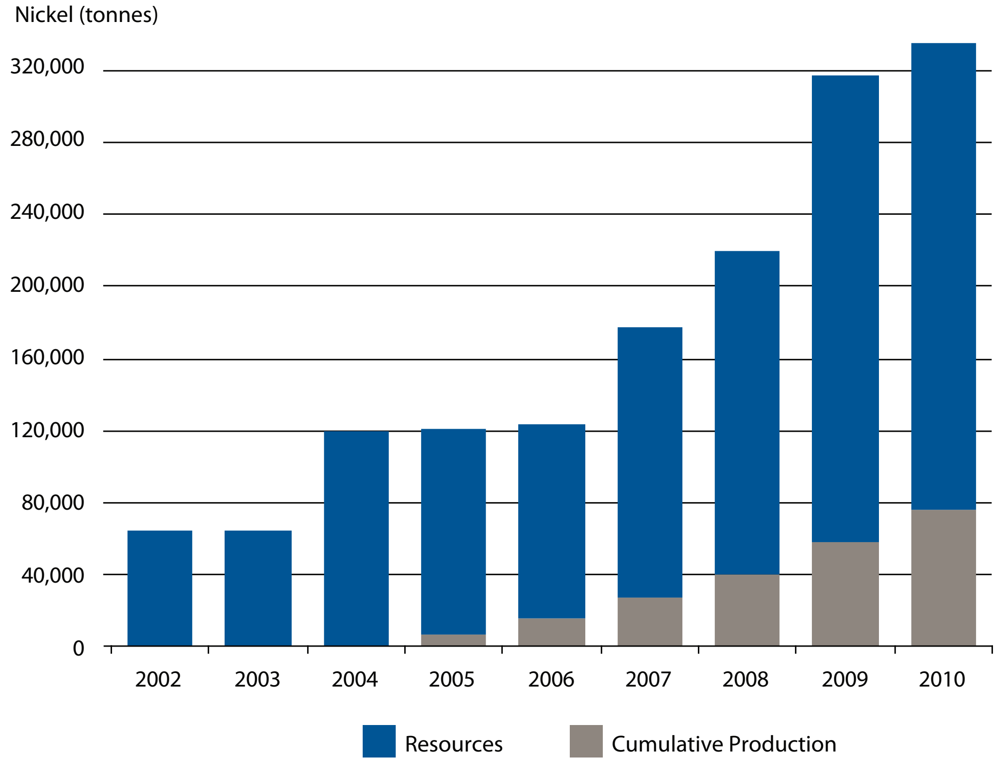
Group Payable Cash Cost & Margin



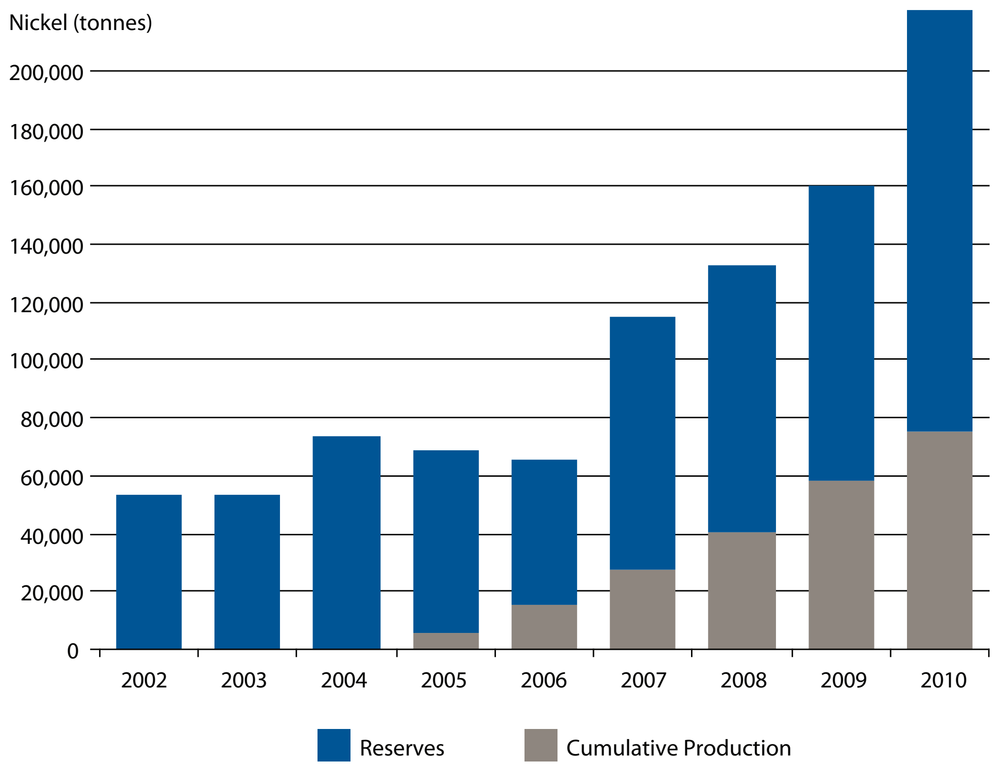
Resource & Reserve Highlights

- Maiden Savannah Project Lower Zone Ore Reserve of 43,200 tonnes contained nickel
- Total Savannah Ore Reserve now stands at 63,400 tonnes contained nickel
- Group Mineral Resources of 230,000 tonnes contained nickel
- Group Ore Reserves of 120,000 tonnes contained nickel

Mineral Resources Growth



Ore Reserves Growth



Mineral Resources (equity basis)

Resource	Equity	Metal	Date of Resource	Measured		Indicated		Inferred		Total		Metal Tonnes
				Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	Tonnes	Ni (%)	
Savannah Project	100%											
Savannah		Nickel	Jul-10	1,769,000	1.59	3,643,000	1.51	-	-	5,412,000	1.54	83,100
		Copper			0.77		0.78		-		0.78	42,000
		Cobalt			0.08		0.08		-		0.08	4,300
Copernicus Project	60%											
		Nickel	Jul-10	233,000	1.08	240,000	1.38	14,000	1.01	487,000	1.23	6,000
		Copper			0.66		0.99		0.70		0.82	4,000
		Cobalt			0.04		0.05		0.03		0.04	200
Lanfranchi Project	100%	Nickel										
Cruikshank			Jul-10	-	-	-	-	2,165,000	1.23	2,165,000	1.23	26,600
Deacon			Jul-10	1,438,000	2.97	502,000	2.63	-	-	1,940,000	2.88	55,900
Gigantus			Jul-10	-	-	-	-	999,000	1.34	999,000	1.34	13,400
Helmut South			Jul-10	96,000	2.73	-	-	-	-	96,000	2.73	2,600
John			Jul-10	-	-	-	-	606,000	1.08	606,000	1.08	6,500
Lanfranchi			Jul-10	4,000	4.35	66,000	5.82	11,000	5.24	80,000	5.67	4,500
Martin			Jul-10	-	-	44,000	3.88	6,000	3.50	50,000	3.83	1,900
McComish			Jul-10	-	-	-	-	1,012,000	1.47	1,012,000	1.47	14,900
Schmitz			Jul-10	24,000	4.75	55,000	4.72	0	3.68	79,000	4.73	3,700
Winner			Jul-10	-	-	14,000	4.40	-	-	14,000	4.40	600
Remnants			Jul-10	-	-	253,000	2.69	203,000	2.03	456,000	2.40	10,900
Total (Equity)		Nickel		3,564,000	2.17	4,815,000	1.81	5,016,000	1.33	13,395,000	1.72	230,800
		Copper		2,002,000	0.76	3,883,000	0.79	14,000	0.70	5,899,000	0.78	46,000
		Cobalt		2,002,000	0.08	3,883,000	0.08	14,000	0.03	5,899,000	0.08	4,500

Ore Reserves (equity basis)

Reserve	Equity	Metal	Date of Reserve	Proven		Probable		Total		Metal Tonnes
				Tonnes	(%)	Tonnes	(%)	Tonnes	(%)	
Savannah Project	100%									
Upper Zone		Nickel	Jul-10	-	-	1,607,000	1.26	1,607,000	1.26	20,200
		Copper			-		0.61		0.61	9,800
		Cobalt			-		0.06		0.06	1,000
Lower Zone		Nickel	Jul-10	-	-	3,694,000	1.17	3,694,000	1.17	43,200
		Copper			-		0.64		0.64	23,500
		Cobalt			-		0.06		0.06	2,200
Copernicus Project	60%									
		Nickel	Jul-10	-	-	219,000	1.03	219,000	1.03	2,300
		Copper			-		0.63		0.63	1,400
		Cobalt			-		0.04		0.04	100
Lanfranchi Project	100%									
Deacon		Nickel	Jul-10	-	-	2,041,000	2.42	2,041,000	2.42	49,300
Helmut South		Nickel	Jul-10	28,000	1.94	-	-	28,000	1.94	500
Lanfranchi		Nickel	Jul-10	-	-	92,000	3.11	92,000	3.11	2,900
Schmitz		Nickel	Jul-10	-	-	86,000	2.66	86,000	2.66	2,300
Total (Equity)		Nickel		28,000	1.94	7,740,000	1.55	7,767,000	1.55	120,700
		Copper		-	-	5,520,000	0.63	5,520,000	0.63	34,700
		Cobalt		-	-	5,520,000	0.06	5,520,000	0.06	3,300

- *Savannah Project Resource cutoff grades at 0.50% Ni*
- *Lanfranchi Project Resource cutoff grades at 1.00% Ni*
- *All resources are inclusive of reserves*
- *Savannah Upper Zone Reserve cutoff grade is 0.70% Ni*
- *Savannah Upper Zone Reserve cutoff grade is 1.05% Ni eq*
- *Copernicus Reserve cutoff grade is 0.50% Ni*
- *Lanfranchi Project Reserve cutoff grade is 1.00% Ni except the Deacon Longhole stopes which are 0.80% Ni*
- *Figures have been rounded and hence may not add up to the given totals*

Chairman's Report

Dear Shareholders,

Thankfully, 2010 was a much better year than 2009 in all aspects. The nickel price traded within the US$8-12/lb range and at these levels Panoramic has been able to operate profitably, thanks largely to the efforts of management and staff in optimising ore production, while at the same time keeping a close eye on costs. As the graph shows, our share price has maintained its relationship with the nickel price. The profitability of the Company has enabled us to return to a higher level of dividend payout, which rewards shareholders for their continued support.

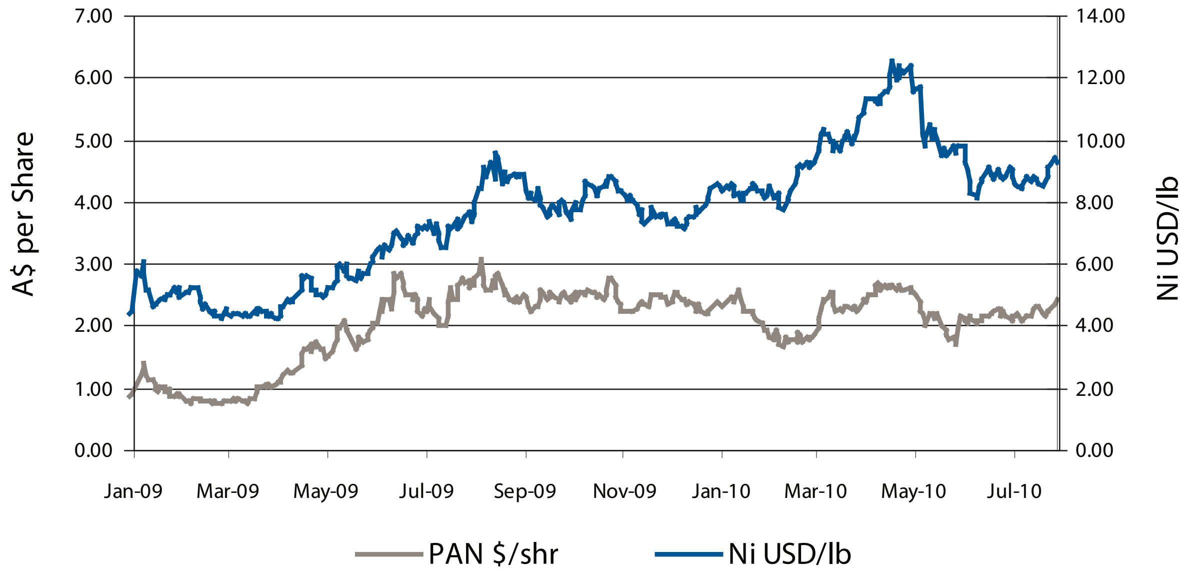
The nickel market has been interesting this year. There is no doubt that demand from China has dominated and now represents 40% of world nickel consumption, with Asia representing 54% of the world total. The use of nickel pig iron in China remains buoyant and existing facilities are being upgraded to reduce pollution. It is now estimated that nickel pig iron produced from laterite ores from the Philippines and Indonesia exceeds 170,000 tonnes per annum of contained nickel, or more than 35% of Chinese nickel consumption. How long the Philippines and Indonesia will continue to allow low grade ores to be exported as a raw material at extremely low prices must be a serious concern for the processors in China.

There is a definite effort on the part of some Chinese steel makers to switch from producing the high nickel containing "300 Series" grades of stainless steels to the lower nickel containing "200 Series". However, the properties of the lower nickel 200 Series do not meet the strict performance requirements of the 300 Series stainless steel, and it is still hard to determine what impact the move to lower nickel products will have on the overall demand for nickel.

It is encouraging to note that the reduction in nickel supply post the GFC more than matched the reduction in demand. With more positive signs on metal demand emerging this year, we have seen a continued drawdown in nickel stocks and while there are a number of new projects slated to come on stream in the next 12 months, it is predicted that nickel demand will outstrip supply for at least the next two years.

In view of the Company's strong cash position, management has been seeking opportunities to grow through the acquisition of

PAN Share Price v USD Nickel Price



projects or companies. The purchase of Brilliant Mining's 25% share of the Lanfranchi Project has enabled the Company to benefit from improved prices and reduce the cost of managing a complex joint venture. The Company is also actively looking to acquire other resource projects and to broaden our commodity exposure outside nickel. As part of this program, we have been supporting various companies by sharing in their exploration projects both in Australia and overseas. The Company has also made some direct investments in other companies where we see opportunities to make an attractive return on our strategic investments. We will continue to seek growth through exploration both on ground we control and by farming in on ground controlled by other companies.

We are maintaining our ambition to gain exposure to other minerals with the primary objective of acquiring nickel, copper and/or gold/PGM projects both in Australia and offshore. We are also prepared to consider other base metals and the more exotic materials. Your Board has considered many possible acquisitions over the past few years to grow the Company, but has yet to find any significant acquisitions which meet our objectives in terms of asset quality, purchase price, return on investment and our other investment criteria.

During the year the Board, along with our peers, was shocked by the move from the Labor Government to impose extremely high taxes on the mining industry. We are vehemently opposed to the concept of additional taxes on the mining industry and supported the industry bodies in fighting the new tax. There now has to be a significant effort by the industry to educate and inform the public about the importance of the mining industry to the Australian economy. We must educate the public on the risks and costs involved in finding, developing and operating resource extraction projects. Exploration is an expensive and inexact science. The search for resources no longer depends on stumbling on a gossan then developing it by digging a hole which is left to future generations to remediate. Today, the mining industry has to meet stringent conditions before exploring. If in the unlikely event a resource is discovered, we must then meet arduous development conditions before commencing operations, and then build the infrastructure. On completion of mining, the company is then required to undertake substantial rehabilitation, the estimated cost of which is covered by a bond before development is allowed to proceed. The poor understanding of the importance of the mining industry to the Australian economy and our environmental record by the general public, needs to be addressed so poor policy is not forced upon us again by naive government.

In closing, I would like to mention that the Board maintains a policy of visiting each operation once or twice a year. We are extremely impressed at the efforts made to ensure safety is the No.1 value at the operations. Thankfully, the results of these efforts have been demonstrated by an improved safety culture. The management and work force are to be complimented on the morale and team spirit which exists at both of our mines. In casual conversation with the operators and staff, one cannot help but be impressed with the way all employed at the operations are supportive of management and enjoy their work and conditions. It is a great compliment to Peter and his senior staff that such morale exists at our operations and in the Perth office. In a large way, this ensures that everyone is participating in a team effort to provide good results for the benefit of all shareholders.

Christopher J G de Guingand
Chairman
20 September 2010

Managing Director's Report

Dear Shareholders,

I am delighted to report that we have had a good year at Panoramic. We made the hard decisions in late 2008 to aggressively cut costs, optimise production and ensure our operations were profitable at lower commodity prices. While these were tough decisions, they were necessary to ensure our business survived the economic downturn. Fortunately, there has been a quicker and stronger recovery in commodity demand than most people expected and this, combined with another year of solid production from both sites, has resulted in us reporting a strong after tax profit of $56.2 million, our second highest on record.

Key milestones achieved during the year were as follows:

- continual improvement in safety culture and safety performance across both sites;
- group production of 17,458 tonnes contained nickel;
- maiden ore reserve for the Savannah Lower Zone of 43,200 tonnes contained nickel, 23,500 tonnes contained copper and 2,200 tonnes contained cobalt;
- new exploration joint ventures looking for base metals in Scandinavia and gold in Alaska;
- extension of the offtake agreement for Savannah concentrate with Jinchuan for a further 10 years;
- revenue of $287.8 million, a 26% increase on last year;
- net cash flow of $131.8 million, which included a $34.1 million contribution from our hedging activities;
- earnings before interest and tax, depreciation and amortisation of $123.8 million;
- cash and receivables increased 68% to $158.3 million;
- total assets grow to $416.8 million; and
- 16.5 cents per share in fully franked dividends, representing a 60% pay-out ratio.

We continue to work hard on improving our safety performance. However, we are still having the occasional Lost Time Injury which is unacceptable. We will continue to remain focused on all facets of safety in our business going forward to improve our performance in accordance with our safety mission statement:

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

On the production front, both operations again performed well. Savannah mined and milled over 670,000 tonnes of ore at a grade of 1.25% nickel and produced 7,273 tonnes contained nickel at a recovery of 86.3%. Lanfranchi mined 398,920 tonnes of ore at an average grade of 2.54% nickel for 10,122 tonnes contained nickel.

The Copernicus open pit remains on care and maintenance, however it could be re-started at relatively short notice, subject to sufficient tailings capacity and a nickel price that gives the project an acceptable economic return.

Going forward, the outlook for the Company remains extremely bright. On the production side, we are forecasting another solid year with nickel production in the 18,000-19,000 tonne range. On the exploration front, we will embark on our largest ever exploration expenditure program, budgeted at around $12 million, as we focus on adding to our resource and reserve base by:

- drill testing the strong EM response below the 900m level at Savannah to test depth extensions of the orebody;
- continuing to drill test around the Savannah Intrusion;
- undertaking a major EM survey of the gravity anomalies identified on the East Kimberley Joint Venture (EKJV) tenements;
- drilling down plunge of the Deacon, Helmut South, Schmitz, and Lanfranchi orebodies;
- continuing to drill test the Northern Dome structure at Lanfranchi for massive sulphide mineralisation;
- further drilling on the Cowan tenements and drill testing of the EM targets on the Norrland JV tenements in Sweden;
- testing the remaining two coincident magnetic/gravity anomalies on the Bluebush JV tenement in the Northern Territory;
- drilling at the Tushtena JV Gold Project in Alaska chasing high grade gold orebodies; and
- supporting Drake Resources in our strategic alliance for base and precious metals in Scandinavia.

On the acquisition front, we are well placed to make acquisitions with over $100 million in cash and good access to capital markets for the right projects. We will continue to assess opportunities to grow the business through quality acquisitions of projects and/or companies that would be complementary to the existing business, and to utilise management's experience and expertise. The primary focus is nickel, copper, and gold, and the preference is to buy assets at pre-feasibility stage through to operating mines. The Company is also interested in opportunities in other base metals, PGMs and selected bulk commodities. While Australia remains the preferred location, the Company is actively pursuing opportunities in selected overseas countries which have mining friendly regulatory regimes and established infrastructure.

Part of the Company's business development strategy is to take small and strategic equity positions when the opportunity arises. The Company will either look to exit these investments at the right time, or develop long-term relationships with companies seeking additional funding and/or technical expertise in order to bring projects into production.

The Board remains cautiously optimistic in relation to the short term outlook for the world economy, commodity prices and in particular nickel, however expects there to be continued volatility. The Company will continue to actively manage its exposure to commodity prices, diesel price and the US$/A$ exchange rate through its hedging program, and take opportunities when they arise to protect margins and optimise revenue. Longer term, the outlook for commodities remains very positive and we are committed to growing the Company in accordance with our 10 Year Plan:

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

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

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

Peter Harold
Managing Director
20 September 2010

Savannah Project

Overview

The Savannah Project is located 240 kilometres south of Kununurra in the East Kimberley region of Western Australia, and consists of a nickel sulphide orebody, underground mine, process plant and associated infrastructure.

At 30 June 2010, the Savannah Project Mineral Resource (Upper & Lower Zones) stood at 5.41 million tonnes at 1.54% nickel, 0.78% copper and 0.08% cobalt for 83,100 tonnes contained nickel, 42,000 tonnes contained copper and 4,300 tonnes contained cobalt.

The reported Savannah Ore Reserve as at 30 June 2010 was 5.30 million tonnes at 1.20% nickel, 0.63% copper, 0.06% cobalt for 63,400 tonnes contained nickel, 33,300 tonnes contained copper and 3,200 tonnes contained cobalt. Based on the current mine production schedule, the resource inventory, the exploration success to date and favourable economics, Panoramic believes that the Project could support a mine life beyond 2018.

Savannah Project

Geology

The Savannah sulphide rich nickel, copper and cobalt orebody is hosted by the layered mafic-ultramafic Savannah Intrusion which is enveloped by aluminous metasediments and para-gneisses of the Tickalara Metamorphics. The Savannah Orebody is mostly confined to a marginal norite unit up to 40 metres thick developed about the base of the intrusion. Areas of massive, matrix and disseminated sulphide mineralisation, dominated by pyrrhotite, chalcopyrite, pentlandite and minor pyrite occur throughout the marginal norite unit.

Prior to the development of the Savannah Open Pit, the marginal norite unit outcropped as a prominent 250 metre long limonite-goethite gossan with fresh sulphide mineralisation developing approximately 20 metres below surface. At approximately 500 metres below the surface, a significant sub-horizontal fault, the 500 Fault, cuts the orebody and offsets it 200 metres to the northwest. Mineralisation above the 500 Fault is referred to as the "Upper Zone" and below the 500 Fault as the "Lower Zone".

Mining

The majority of the ore is currently mined via long-hole open stoping, which is a highly mechanised and low cost method. Access to the top and bottom of the ore block is established with tunnels, a slot raise is created, and holes are then drilled to blast vertical slabs off the ore block. Once the ore block has been blasted and extracted, the stopes are filled with paste (tailings and cement mix) to stabilise the void and allow extraction of adjoining ore blocks. The minimal waste material mined is either stockpiled underground or trucked to surface.

Processing

The process plant at Savannah comprises a single stage crusher, SAG mill, flotation, thickening and filtering stages to produce a bulk nickel, copper, cobalt concentrate. Metallurgically the plant continues to perform extremely well. Nickel recovery averaged 86% for the year and cobalt averaged 90%, both well above design of 78% and 69% respectively. Copper recovery averaged 97% for the year, which is as designed. The plant was originally designed for a throughput of 750,000 tonnes per annum, but has consistently outperformed the design specifications. Process personnel are confident that the mill can operate up to a capacity of 900-950,000 tonnes per annum.

In January 2009, the operations adopted a campaign milling regime (15 days out of 21). This program has continued to deliver reduced costs to the operation in 2010.

Production

For the year ended 30 June 2010, the Savannah Project produced 7,273 tonnes contained nickel in concentrate, 4,019 tonnes contained copper and 387 tonnes contained cobalt.

Product & Logistics

The Savannah concentrate averages 7-8% nickel, 3-4% copper and 0.4-0.8% cobalt. The concentrate is trucked to Wyndham, 240 kilometres to the north of the Project. Bulk shipments to our customer in China are made on a monthly basis.

In February 2010, Savannah's management group decided to proceed with the construction of a purpose built concentrate storage shed to be located at Wyndham Port and managed by Savannah personnel. This decision was announced at the conclusion of a two year study that focused on optimising the efficiency of the handling and transport of concentrate between Savannah and Jinchuan.

The tender for the shed's construction and design was awarded to Ahrens Group. The design will allow road-trains to be completely enclosed within the shed for the unloading of concentrate. The shed will maintain negative pressure, and stored concentrate will be reticulated using a purpose built sprinkler system until the arrival of the monthly shipment. The new shed is scheduled to be fully operational by mid 2011.

A small fleet of containers will be used to transfer the concentrate to the wharf for loading. Discharge of the containers into the vessel will be completed by a tipping jig developed by CPC Engineering. To date, the prototype tipping jig has provided clear improvements to the way concentrates are loaded into vessels at Wyndham by eliminating spillage and reducing the amount of heavy machinery operating in close proximity to personnel. The jig has been well accepted by the stevedores at Wyndham, and has enabled them to achieve higher loading rates compared to previous methods.

Marketing

The Savannah concentrate is contracted for sale to the Jinchuan Group of China until April 2020. The terms of the Extended Concentrate Sales Agreement for 100% of the concentrate from the Savannah Project are similar to the terms of the original Concentrate Sales Agreement signed in 2003, and are considered by Panoramic to be very competitive in global terms. The Savannah concentrate will continue to be shipped from Wyndham to Jinchuan's smelter/refinery in the Gansu province, northwest China.

Savannah Project

The general terms and conditions of the new agreement include the following:

- product – sulphide concentrate with a typical specifications of 7-8% Ni, 4-5% Cu, 0.5-1.0% Co, 40% Fe, 0.5-1.0% MgO;
- quantity – approximately 100,000 wet metric tonnes per annum (no minimum or upper limit);
- payable metals – Ni, Cu and Co; and
- price basis – agreed % of LME cash price for Ni and Cu and agreed % of Metal Bulletin Co price.

Forecast Production

The Savannah Project is forecasting to mine the Savannah Orebody during 2010/11 at a similar rate to last year.

Resources & Reserves

At 30 June 2010, the Savannah Project Mineral Resource (Upper & Lower Zones) stood at 5.41 million tonnes at 1.54% nickel, 0.78% copper and 0.08% cobalt for 83,100 tonnes contained nickel, 42,000 tonnes contained copper and 4,300 tonnes contained cobalt.

The Savannah Ore Reserve at 30 June 2010 stood at 5.30 million tonnes for 1.20% nickel, 0.63% copper and 0.06% cobalt for 63,400 tonnes contained nickel, 33,300 tonnes contained copper and 3,200 tonnes contained cobalt.

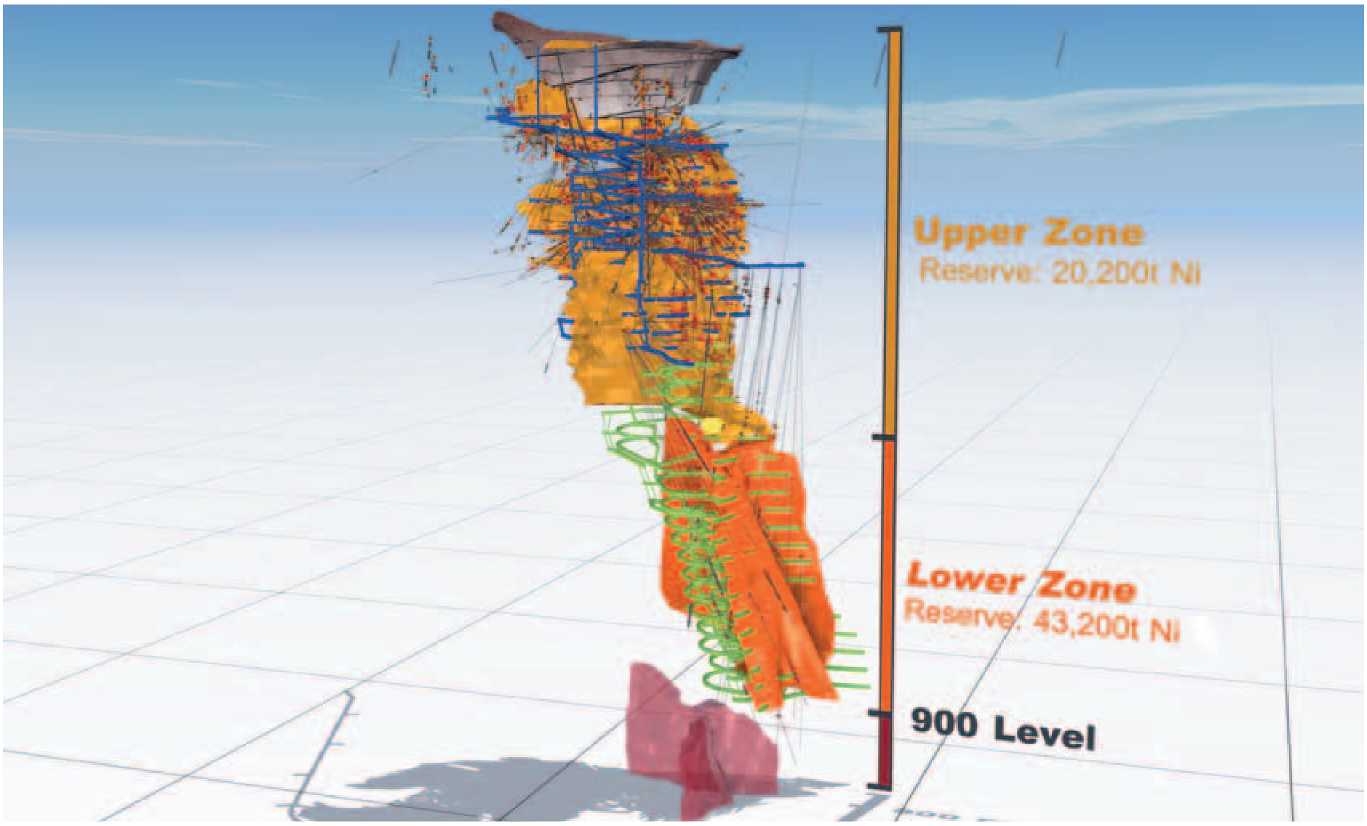
The Savannah Ore Reserve includes the maiden Savannah Lower Zone Ore Reserve of 43,200 tonnes contained nickel, 23,500 tonnes contained copper and 2,200 tonnes contained cobalt.

The addition of the Lower Zone Ore Reserve in 2010 has significantly increased the Savannah Project Ore Reserve, which subject to favourable commodity prices and statutory approvals, will extend the mine life beyond 2018.

The 2010 Savannah Ore Reserve incorporates all mineralisation down to a depth of approximately 900 metres below surface, and can be broken-down as follows:

Savannah Upper Zone Ore Reserve - 20,200 tonnes contained nickel (above the 500 Fault)

Savannah Lower Zone Ore Reserve - 43,200 tonnes contained nickel (below the 500 Fault)



Savannah Upper and Lower Zone Ore Reserve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Lanfranchi Project

Overview

The Lanfranchi Operations and associated Tramways Tenements (the Lanfranchi Project) are located 42 kilometres south of Kambalda, Western Australia. Panoramic acquired a 75% interest in the Lanfranchi Project from BHP Billiton Nickel West (formerly WMC Resources) in June 2004, and in 2009 purchased the remaining 25% from its joint venture partner in the project, Brilliant Mining Corp.

As at 30 June 2010, the Lanfranchi Project had a proven and probable Ore Reserve of 2.25 million tonnes at 2.45% nickel for 55,000 tonnes contained nickel. Based on the current mine production schedule, the Lanfranchi Project has a mine life of at least seven years. However, based on the significant resource base, exploration success, the prospectivity of the tenements and subject to favourable economics, Panoramic is confident the Lanfranchi Project could be operating for at least the next ten years.

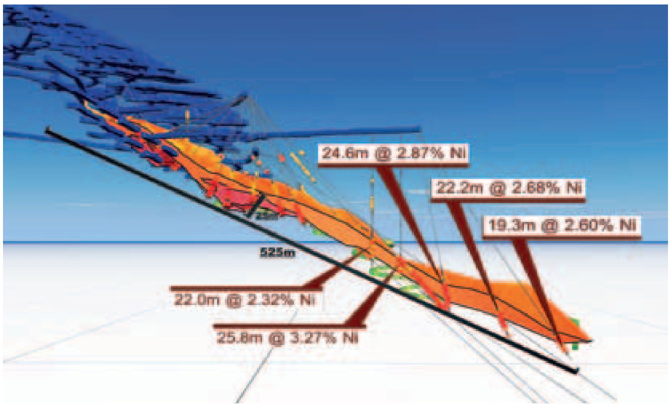
Lanfranchi Project

Geology

High-grade nickel sulphide deposits at Lanfranchi occur as ribbon-like shoots at the base of high magnesium komatiite lava flows or channels. The shoots and high-magnesium lava flows occupy channel structures developed in the underlying Lunnon (footwall) basalt. Above the high-magnesium komatiite flows is a thick sequence of progressively less magnesium-rich komatiite flows. Ten channel structures are recognised at Lanfranchi of which six have been mined historically.

Mining

Mining operations at the Lanfranchi Project during the year were conducted on separate orebodies; Deacon, Helmut South and Lanfranchi.



The Deacon Orebody

The Deacon Orebody is the engine room of the Lanfranchi operation and is now in full production, averaging 30,000 to 40,000 tonnes of ore a month. A combination of longhole open stopes and underhand cut and fill mining methods utilising paste have provided cost savings and improved mining efficiency at Deacon. Based on the Life of Mine Plan, it is anticipated that the Deacon Decline development will be completed by 2012, which will provide full access to the Deacon Orebody and greater production flexibility.

The Helmut South Orebody was mined using the underhand cut and fill mining method with paste and has now largely been mined out.

The small but high-grade Winner Orebody was developed by the Company in 2006 with first ore being delivered in 2007. Mining of the Winner Orebody was completed in September 2009.

Mining continued from the Lanfranchi Orebody during the year, producing high grade ore to blend with Deacon ore. Production was from the newly excavated 17K Level up to the now completed 16K production Level using airleg mining methods. Reserves below the 17K Level are designed to be mined by a narrow under hand cut and fill method utilising paste. This changed mining method will require an extension to the mine paste distribution system, but will increase the amount of ore that can be extracted from each level.

Mining recommenced from the Schmitz Orebody during the year. It is being mined by the narrow under hand cut and fill method utilising paste, from the paste system which is already in place. With production from the Schmitz and Lanfranchi Orebodies, there will be a consistent feed of higher grade ore to blend with Deacon for the next four years. The company is confident that this will be extended with further exploration being planned for these two orebodies.

All mining activities are owner operated, which provides financial benefits in terms of productivity and cost efficiency, and maintains and develops in-house underground mining expertise and capability.

Production

For the year ended 30 June 2010, the Lanfranchi Project produced 398,920 tonnes of ore averaging 2.54% nickel for 10,122 tonnes contained nickel.

Product & Logistics

The Lanfranchi Project produces run of mine ore and delivers it to BHP Billiton Nickel West's Kambalda Concentrator about 40 kilometres to the north of Lanfranchi by road.

Marketing

The ore from the Lanfranchi Project is processed through the Kambalda Nickel Concentrator. BHP Billiton Nickel West has extended the Ore Tolling and Concentrate Purchase Agreement until February 2019. Nickel West has a first right of refusal to take additional ore above the 350,000 tonne per annum level from the Lanfranchi Project.

Forecast Production

The Lanfranchi Project is forecasting to maintain mine production at approximately 400,000 tonnes of ore in 2010/11. The majority of production will come from the Deacon Orebody, which has ramped up to between 30,000 and 40,000 tonnes per month.

Lanfranchi Project

Resources & Reserves

As at 30 June 2010, the Lanfranchi Project Mineral Resource stood at 7.50 million tonnes at 1.89% nickel for 141,500 tonnes contained nickel. The Deacon Orebody represents 40% of this total Resource with 55,900 tonnes contained nickel. The Lanfranchi Ore Reserve at 30 June 2010 stood at 2.25 million tonnes at 2.45% nickel for 55,000 tonnes contained nickel. Of this total, Deacon accounts for 90% of the total Ore Reserve with 49,300 tonnes contained nickel.

Lanfranchi Project Channels

PANORAMIC
RESOURCES LTD

Copernicus Project

Overview

The Copernicus Project, a nickel sulphide orebody located 50 kilometres south of the Savannah Project, is currently on care and maintenance. Panoramic is the operator of the Copernicus Joint Venture (Panoramic 60%, Thundelarra 40%), and following the completion of a Feasibility Study, the joint venture partners agreed to develop the open pit mining operation at Copernicus and supply the ore to the Savannah Mill for toll treating.

The open pit and associated infrastructure are fully developed, and are ready to be re-opened at short notice when the nickel price recovers to a level that will provide both parties with an acceptable return on their investment.

Copernicus Project

Geology

The host unit of the Copernicus nickel sulphide deposit is the layered mafic-ultramafic Copernicus Intrusion. The intrusion, which has an overall gabbroic composition, is enveloped by amphibole rich meta-sediments and para-gneisses of the Tickalara Metamorphics. It outcrops as a lens-shaped body with maximum dimensions of 600 metres along strike by 100 metres thick. It dips moderately to the west and has a pronounced northward plunge of approximately 40 degrees.

Sulphide rich nickel, copper and cobalt mineralisation at Copernicus is confined to a discreet cumulate-textured meta-pyroxenite unit located within the Copernicus Intrusion. The pyroxenite unit is lens-shaped and dips west and plunges north with the Copernicus Intrusion. The sulphide mineralisation is preferentially developed at the northern end of the pyroxenite unit where it forms sulphide-bearing cumulates rich in pyrrhotite-chalcopyrite-pentlandite and pyrite. Sulphide textures vary from net (matrix) textured mineralisation containing 5-10% sulphides to coarse-grained blebs and massive sulphide-rich stringer mineralisation, containing upwards of 50-70% sulphide. The mineralised pyroxenite has a maximum thickness of 35 metres and a down dip extent of between 100-150 metres. The down-plunge (strike) dimension to the north has been drilled over a strike length of 750 metres.

Mining

Mining is by conventional open cut methods, involving drilling, blasting and excavation using contractors. The open pit operations commenced in September 2008, and mined a small amount of ore prior to being placed on care and maintenance in early 2009 due to low nickel prices.

Processing

The ore will be batch treated at the Savannah Mill to produce a combined nickel, copper and cobalt concentrate.

Product & Logistics

The Copernicus concentrate will be stockpiled, trucked and stored in Wyndham separately to the Savannah concentrate. The Copernicus concentrate will be joint shipped with Savannah concentrate to Jinchuan in China.

Marketing

The Copernicus Joint Venture partners have agreed to enter into separate offtake agreements to sell their respective share of Copernicus concentrate produced from the open pit to the Jinchuan Group in China. The Copernicus concentrate will be sold to Jinchuan under the same payment terms and conditions as Panoramic receives for the Savannah concentrate.

Forecast Production

When mining recommences at Copernicus, the 365,000 tonne open pit reserve will be mined over a twelve month period and batch treated through the Savannah mill once sufficient stockpiles are established to process the ore on a continuous basis for a reasonable period (ie. up to a week).

Resources & Reserves (100%)

As at 30 June 2010, the Copernicus Project Mineral Resource (100%) stood at 812,000 tonnes at 1.23% nickel, 0.82% copper and 0.04% cobalt for 10,000 tonnes contained nickel, 6,700 tonnes contained copper and 360 tonnes contained cobalt. The Mineral Resource is largely classified as Measured and Indicated due to the good continuity of the main mineralised zone, the adequate drill hole spacing, and the confidence gained from data validation. Small zones of isolated mineralisation have been classified as Inferred due to uncertainties in continuity of grade and extent. Within the confines of the open pit, the resource is classified as Measured due to the greater density of drilling, and forms the basis of the Project Mining Ore Reserve.

The Copernicus Mineral Resource (Measured category) has been converted into a Proven (open pit) Ore Reserve (100%) of 365,000 tonnes at 1.03% nickel, 0.63% copper and 0.04% cobalt for 3,800 tonnes contained nickel, 2,300 tonnes contained copper and 100 tonnes contained cobalt.

Exploration

Overview

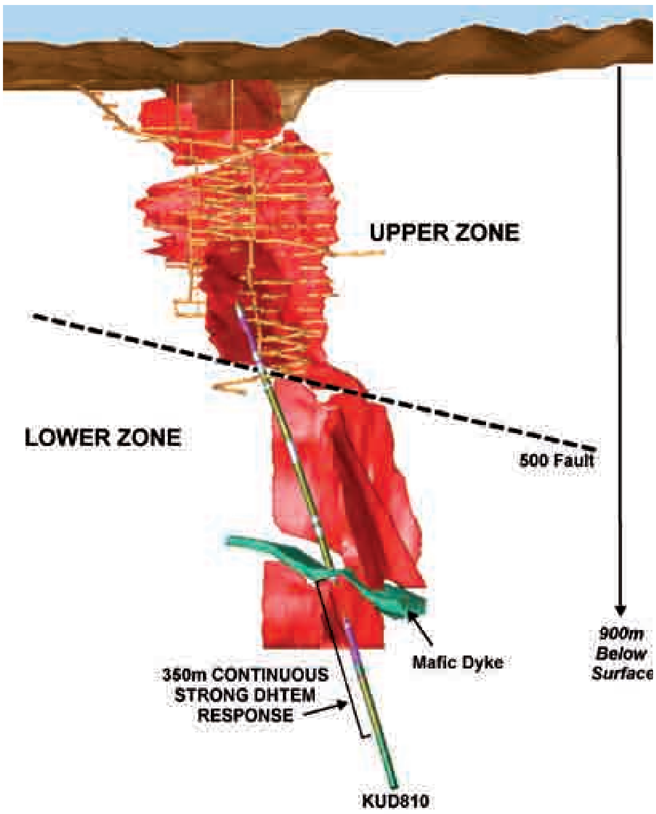
Panoramic has committed to spend at least $12 million on exploration in 2010/11, up from $7 million in 2009/10. Approximately 50 percent of the funds are allocated to the Savannah and Lanfranchi Projects with the goal of increasing the resource base through drilling and the application of the latest exploration techniques to develop new targets. The remaining funds have been allocated to diversified growth investments through joint ventures with other companies in Australia and around the world.

Exploration

The Kimberley

Savannah Project

In 2009/10, the Company reported on the drilling and delineation of the Lower Zone Resource below the 500 Fault at Savannah. At approximately 900m below surface, the drilling identified that a mafic dyke intruding a sub-horizontal fault (900 Fault) structure had displaced the Savannah Intrusion and Lower Zone Resource to the north and east by a distance of 100 to 150 metres. The Lower Zone Resource incorporates all mineralisation associated with the continuation of the Savannah Intrusion between the 500 and 900 Fault structures. Limited drilling (primarily KUD 810), and associated down-hole electromagnetic (DHEM) survey data, conducted below the 900 Fault to date provides strong evidence that the Savannah Orebody continues for at least 300 vertical metres below the 900 Fault.



The Savannah Mine Layout

In 2009/10, Panoramic released the Lower Zone Ore Reserve of 43,200 tonnes of contained nickel and extended the decline development down below the 500 Fault in to the Lower Zone. Grade control and stope definition drilling of the Lower Zone commenced during the year, but no mining has occurred to date. Grade control drilling from the decline as it entered the Savannah Intrusion (Lower Zone) below the 500 Fault has identified a zone of mineralisation on the eastern contact of the intrusion. This mineralisation, which is along strike to the east of the current Lower Zone Resource/Reserve, remains open at depth. It has been modeled to increase the overall Lower Zone Savannah Resource by approximately 150,000 tonnes grading 2.18% nickel, 0.75% copper and 0.14% cobalt.

In the second half of 2010/11, Panoramic intends to begin development of a new hanging wall drill drive from the Lower Zone decline out above the offset position of the Savannah Intrusion below the 900 Fault. If completed on schedule towards the end of 2010/11, the new drill drive will allow drilling of the Savannah Orebody below the 900 Fault to commence early in 2011/12.

East Kimberley Tenements Joint Venture with Thundelarra

In June 2009, Panoramic entered into an Exploration Farm-in Agreement with Thundelarra Exploration Limited ("Thundelarra") to earn up to 61% in Thundelarra's East Kimberley tenements. The East Kimberley tenements lie within the Halls Creek Mobile Belt which is highly prospective for nickel, copper, cobalt and PGM mineralisation. The Thundelarra tenements greatly expand Panoramic's land holding around the Savannah Project and the Copernicus Project (Panoramic 60% / Thundelarra 40%).

Through the East Kimberley Joint Venture (EKJV), Panoramic gains access to Thundelarra's large, and in some cases under-explored ground package in the vicinity of our Savannah operations, while Thundelarra benefits from Panoramic's commitment to spend significant exploration funds targeting new nickel sulphide discoveries, while still retaining a major interest in the project tenements. The strategic position of Panoramic's one million tonne per annum processing plant and associated infrastructure will allow for the rapid exploitation of any new discovery which will benefit both parties.

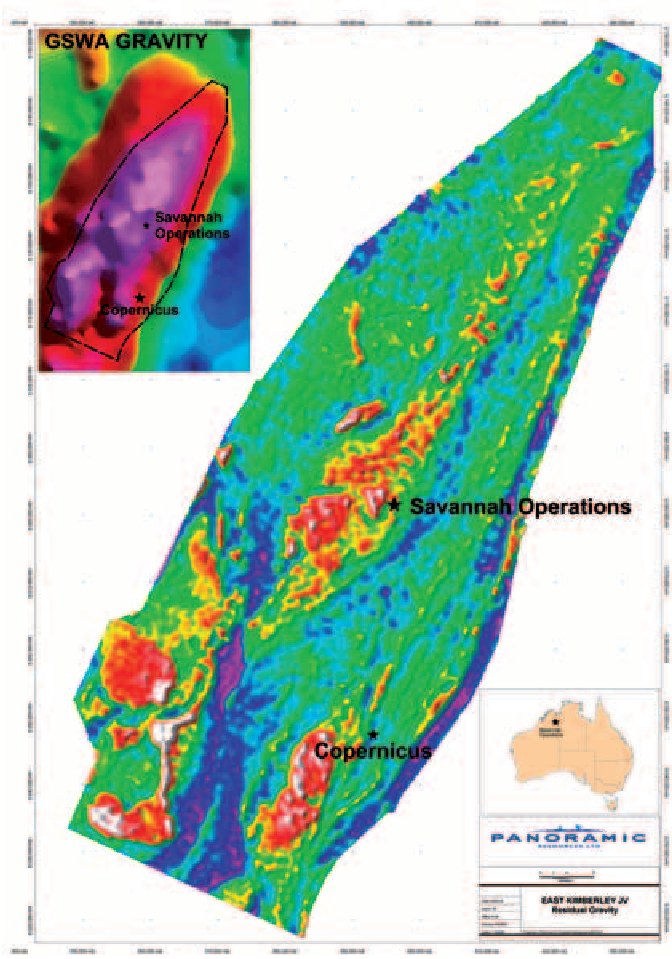
Panoramic is committed to spend $750,000 in the first twelve months, and a total of $3 million within four years to earn 61% of the project. Any new tenements acquired by either party within ten kilometres of any East Kimberley Agreement tenements (Area of Influence), will be included in the project tenements.

Panoramic commenced exploration work on the project tenements in the 2009 field season.

Between November 2009 and February 2010, Panoramic completed a detailed airborne gravity gradiometer geophysical survey over the EKJV area at a cost of $1.2 million. Enhanced processing of the gravity gradiometer survey data has enabled Panoramic to map areas of greater residual gravity. These areas of higher residual gravity reflect the distribution of the more dense mafic-ultramafic rock types throughout the area. Both the Savannah and Copernicus deposits are hosted by intrusive mafic-ultramafic bodies and knowing the

Exploration

distribution of similar rock types will help focus ongoing exploration in the region.



East Kimberley JV with Thundelarra - Residual Gravity Image

In 2010/11, Panoramic will embark on a systematic program of ground and airborne electromagnetic (EM) surveys and mapping over these residual gravity areas to identify possible buried sulphide bodies similar to Savannah. It is anticipated this program will take at least two years to complete. Panoramic's budget for the EKJV Project for 2010/11 is $2 million.

Kambalda

Lanfranchi Project – Underground Exploration

For the past few years, Panoramic has focused underground exploration at the Lanfranchi Project on extensions to ore shoots within the three main channel systems:

- Helmut (which contains the Deacon Orebody);
- Schmitz/Skinner/Winner; and
- Lanfranchi.

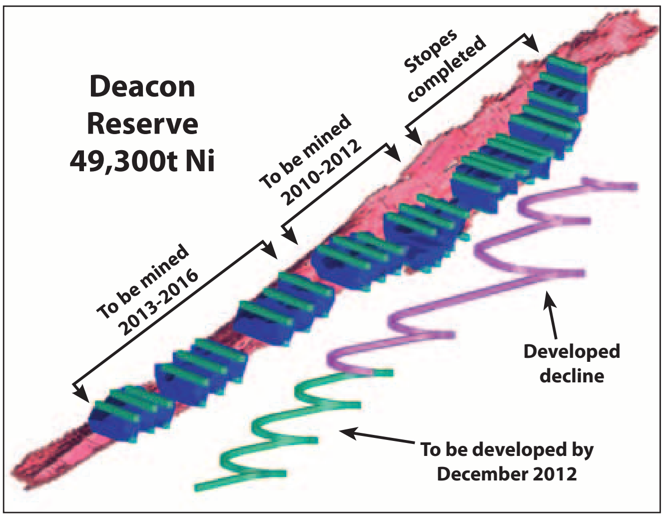
Drilling is typically conducted from dedicated drill platforms which are developed approximately 100 to 150 metres out into the hanging-wall above the channel positions. The three main channel systems at Lanfranchi and their existing resources have now been tested as far as possible from the existing hanging-wall drill platforms. New drill platforms will need to be developed in the coming years as deeper mine access permits.

The channels have varying metal endowments, but based on the historical production, tend to contain between 6,000 and 15,000 tonnes contained nickel per 100 vertical metres. Assuming the three main channel systems continue down-plunge, it is estimated that if their extensions are drilled for 300 metres vertical below the current resources, approximately 80,000 tonnes of contained nickel could potentially be identified.

In 2010/11, underground exploration drilling will focus on testing of the Lanfranchi channel which historically has produced approximately 6,000 nickel tonnes for every 100 vertical metres mined. Extensional drilling will also occur about Deacon and Schmitz with several platform EM drill holes to be drilled down-plunge of each channel.

Deacon Orebody

In September 2008, drilling commenced to test the down plunge extensions to Deacon and to convert the inferred portion of the resource into a reserve. The work culminated in the release of a revised Deacon Mineral Resource of 2.46 million tonnes at 2.92% nickel for 71,800 tonnes contained nickel in January 2009.



Deacon Resource Model and the Stoping and Decline Development Plan

Exploration

This was subsequently converted into a Mining Reserve of 2.5 million tonnes at 2.52% nickel for 63,100 tonnes contained nickel in May 2009.

The Deacon Orebody will underpin future production at the Lanfranchi Project which, with favorable economics, should extend the life of the Project beyond 2016. Based on the new Lanfranchi Life of Mine plan, it is anticipated that the Deacon decline development will be completed by 2012. This will provide full access to the Deacon Orebody and facilitate greater production flexibility. The deeper decline development will also allow development of a new hanging-wall drill drive, from which further down plunge drill testing of the highly prospective and metal endowed Helmut-Deacon channel system can continue.

Lanfranchi Orebody

In 2009/10, Panoramic drilled eleven exploration holes immediately to the west of the Lanfranchi Resource which had not been completely closed-off by earlier drilling. Most of the holes intersected significant mineralisation, including 5.27 metres at 3.81% nickel (LAN185), 7.45 metres at 3.96% nickel and 2.95 metres at 5.34% nickel (LAN186), 9.4 metres at 2.99% nickel (LAN188) and 7.13 metres at 4.4% nickel (LAN189). This mineralisation at West Lanfranchi remains outside the current Lanfranchi Resource. Drilling was not continued in this area at the time due to unfavourable drill angles.

Development has commenced on a new, 150m long hanging wall drill platform above the Lanfranchi Orebody. When completed in September 2010, exploration drilling will commence to evaluate the Lanfranchi Orebody for the next 300 metres down plunge below the existing resource, and to follow-up on the exciting West Lanfranchi drill intersection achieved in 2009/10. Once this phase of drilling has been completed, several much longer platform EM drill holes will be drilled down-plunge to test for the continuation of the Lanfranchi system some 500 to 600 metres below the base of the existing resource. The 2010/11 Lanfranchi drill budget is $1.5 million, and will comprise at least 10,000 drill metres.

Lanfranchi Project – Surface Exploration

In the period from April to December 2008, Panoramic undertook a major surface exploration drilling program at Lanfranchi, comprising 80 drill holes for a total of 32,297 drill metres. The principal objectives of the program were the comprehensive testing of the prospective basal contact of the Kambalda Komatiite in areas where historical drilling was sparse, and to follow up known nickel and geophysical anomalies. The program was about two thirds complete before being suspended due to the *global financial crisis*. Surface exploration drilling resumed in October 2009. In the period October 2009 to July 2010, a further 28 drill holes comprising 9,950 metres were completed on the Northern Dome, Cruickshank and at the 5S Prospect.

Northern Tramways Dome

In combination with earlier Panoramic drill holes, the latest drilling validates the overturned fold model for the Northern Tramways area and has identified two overturned channel facies zones. The overturned channel zones are believed to be the continuation of the Helmut and the Schmitz/Skinner/Winner channels located on the southern flank of the Tramways Dome. Drill hole TD8042, located in the western most overturned channel, returned the best intersection for the Northern Tramways area of 1.2 metres of massive sulphide mineralisation at 7.0% nickel.

In 2009/10, an additional 21 drill holes comprising 7,344 drill metres were completed on the Northern Dome. The program focused on infill drilling about the overturned Helmut and Schmitz channel zones. All but one of the 11 drill holes were successfully EM surveyed. The best intersections of the program were four metres at 2.2% nickel in TD8137 and three metres at 2.0% nickel in TD8147.

Cruickshank

Cruickshank is an undeveloped, low grade nickel sulphide at Lanfranchi containing an Inferred Resource of 26,600 tonnes contained nickel. In 2010/11, Panoramic intends to conduct a detail mining study on Cruickshank. To provide diamond drill core for a metallurgical test program, to be completed ahead of the mining study, Panoramic drilled four vertical holes in to the resource in June 2010. The four holes returned the following intersection grades:

- 5.60 metres at 0.98% nickel from 123.0 metres in TD8138
- 5.45 metres at 1.52% nickel from 214.8 metres in TD8139
- 7.00 metres at 1.72% nickel from 142.0 metres in TD8140
- 6.98 metres at 1.78% nickel from 173.1 metres in TD8141

Preliminary testwork conducted on a master composite involving drill holes TD8139, 8140 and 8141 indicate the Cruickshank mineralisation can achieve metallurgical recoveries of 90 percent and produce a concentrate grade of eight to ten percent nickel. Testwork on the Cruickshank cores will be completed in 2010/11.

5S Prospect

The 5S Prospect is located three kilometres due east of Deacon on the southern side of the Tramways Dome. Three unexplained DHEM anomalies were identified in the area during the April to December 2008 surface drilling program. Drill hole TD8098 of this program intersected 9.7 metres at 1.3% nickel on the basal contact position and also returned a large, off-hole EM response located to the north of the hole.

In June 2010, three holes were drilled to follow-up the unexplained 5S EM anomalies. Drill hole TD8142 was drilled 100 metres to the north of TD8098 and intersected anomalous nickel values over 11

Exploration

metres about the basal ultramafic contact. The tenor of TD8142 mineralisation was low with the best assay reporting 1.0% nickel over 1.15 metres. The remaining two 5S holes intersected iron rich (nickel poor) sulphide mineralisation on the basal ultramafic basalt contact position which does explain the origin of the EM anomalies that both holes targeted.

Cowan Project (100% Panoramic, Nickel Rights only)

The Cowan Nickel Project is located in the Widgiemooltha-Higginsville-Chalice-Democrat region of the Eastern Goldfields, Western Australia, and comprises two project areas over approximately 500 square kilometres. Panoramic commenced work on the Cowan Project in mid 2008.

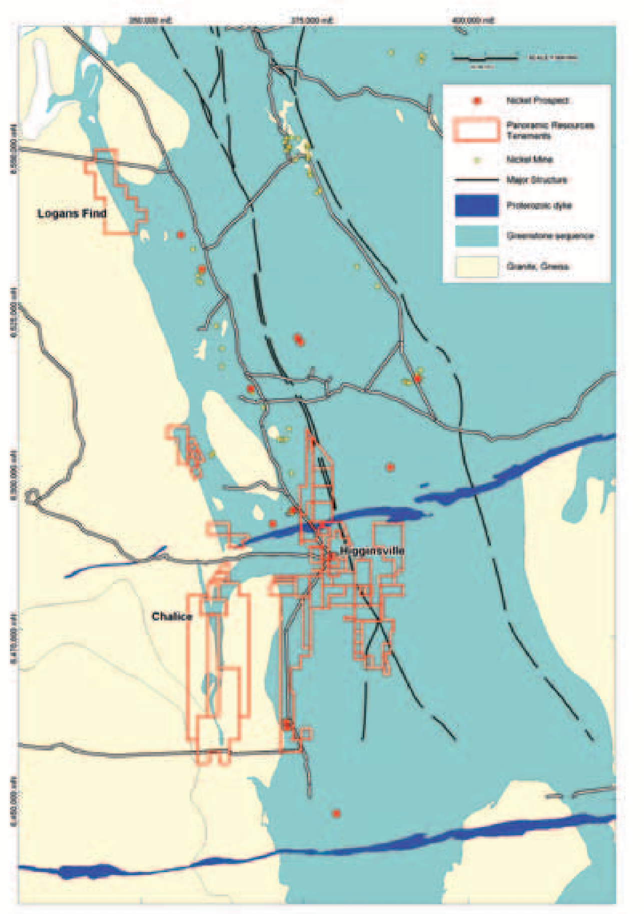
The Cowan Nickel Project contains large tracts of Archaean greenstone belts that comprise ultramafic (komatiite), mafic volcanics (basalt) and sedimentary sequences. The tenement package contains about 200 kilometres of komatiite volcanics that are interpreted as strike extensions or thrust repetitions of the sequence that host nickel sulphide deposits at Mariners, Miitel, Redross and Wannaway on the Widgiemooltha Dome, demonstrating the high prospectivity of the ground holding. The nickel deposits belong to the economically significant class of komatiite-associated nickel sulphide deposits, which are well represented in the Kambalda and Widgiemooltha areas.

Exploration over the past twenty years has focused on gold, with only four nickel-orientated programs recorded in the project areas since the nickel boom of the late 1960s. A significant opportunity has now been created through the application of modern geophysics, particularly ground EM, to assist in the detection of nickel sulphide orebodies.

Panoramic continued to explore the Cowan tenement package during 2009/10, principally via the application of moving-loop electromagnetics (MLEM) over prospective ultramafic horizons. In the past twelve months, an additional 203 line kilometres of MLEM survey have been completed at Cowan, bringing the total completed to date to 368 line kilometres.

An inaugural Cowan Project drill program was completed in December 2009, comprising 2,110 drill metres. Of the fourteen targets drilled, three tested geochemical targets and eleven tested MLEM targets. Five of the MLEM targets were determined to be due to conductive sulphidic sediments. The source of the other six MLEM targets remains unresolved. DHEM surveys were completed on these six holes in February 2010 ahead of further drilling on these targets in 2010/11.

Five strong MLEM anomalies located around the Lake Zot area were drill tested in June 2010. In this program, which comprised 988.5 drill metres, conductive sulphidic sediments were determined to be the source of all five anomalies. As at 30 June 2010, approximately 20 MLEM targets were ready for drill testing. This work will be completed by December 2010.



Cowan Nickel Project – Location Map

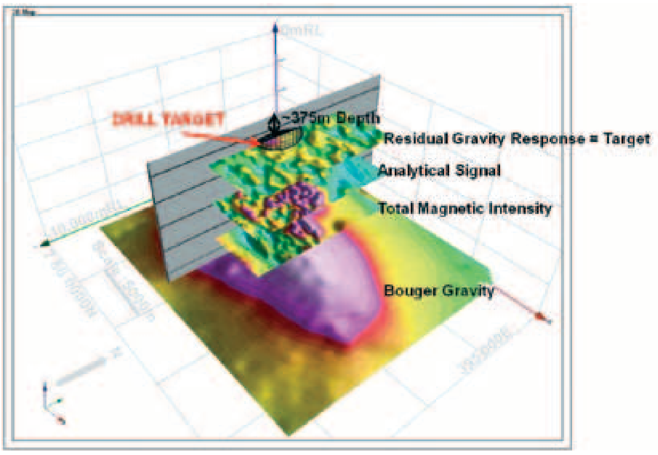
Other

Bluebush Copper-Gold Exploration Agreement with Territory Uranium Limited

In July 2009, Panoramic entered into a Farm-in Agreement with Territory Uranium Limited ("Territory") to earn up to 80% in the Bluebush copper-gold Project in the Tennant Creek region. The Bluebush Project is located between the Tennant Creek mineral field and the Rover mineral field where recent exploration success has provided renewed interest in an area which has historically produced over five million ounces of gold and 500,000 tonnes of copper.

Panoramic agreed to spend $500,000 in the first twelve months while Territory will manage the Project until Panoramic has earned 51% equity by spending $3 million over three years.

Exploration



Bluebush-gravity drill target

Panoramic can earn up to 60% by spending up to $6 million within five years and up to 80% by spending up to $9 million or completing a prefeasibility study within seven years. Territory maintains the right to participate when Panoramic has earned 60% or 80%.

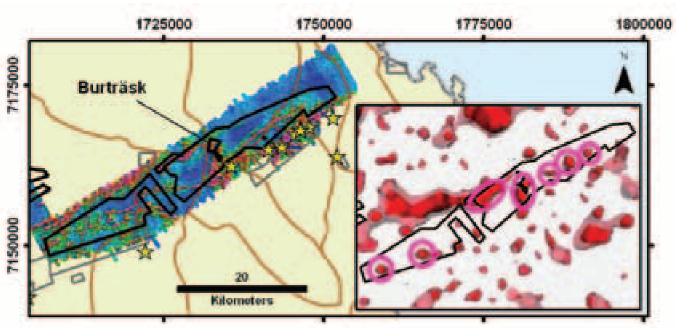
The focus of the Bluebush Joint Venture is to fund drilling based exploration to test a series of well defined geophysical targets, possibly analogous to Iron Oxide Copper Gold (IOCG) style systems. In 2009/10, three of five geophysical targets were tested without success. Testing of the remaining two coincident gravity/magnetic geophysical targets commenced in September 2010.

Norrland Exploration Joint Venture

In September 2008, Panoramic entered into a joint venture with Norrland Resources Ltd to explore for nickel sulphide mineralisation in the Vasterbotten Nickel-Copper-Cobalt-Platinum Group Metals district, Sweden. Norrland is owned by the Mitchell River Group, who were instrumental in the establishment of the nickel sulphide companies Panoramic, Albidon and Mirabela Nickel.

Norrland has secured over 1,000 square kilometres of exploration licences within the Vasterbotten District including surrounding areas of historical nickel sulphide mineralisation and advanced nickel sulphide projects held by other mining groups (Blackstone Ventures Inc, Lundin Mining). Vasterbotten is geologically similar to the East Kimberley in Western Australia which contains Panoramic's Savannah Project and the Thompson Nickel Belt in Canada which contains over 2 million tonnes of nickel metal. Vasterbotten is an excellent environment for EM geophysical surveys which was utilised as a first pass exploration tool with targets being defined using a combination of EM surveys, aeromagnetic data, and the distribution of nickel sulphide occurrences in boulders.

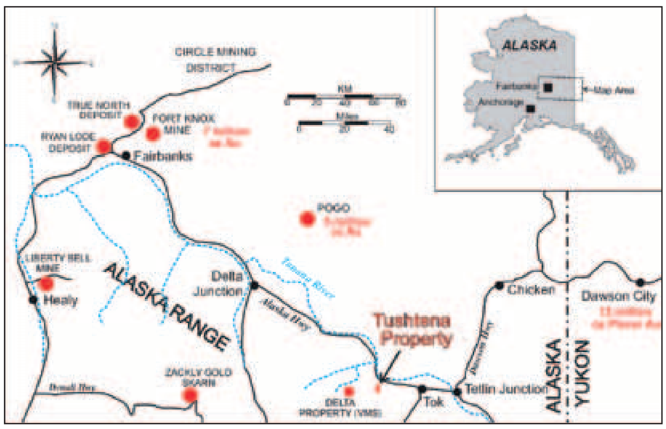
Field validation and the application of other geophysical techniques (principally gravity) in 2009/10 resulted in the generation of fourteen targets of interest. Additional follow-up programs involving ground EM, magnetics and gravity completed in 2009/10 reduced these targets to five drill targets. All five targets are located along the Vindeln Nickel Belt. Drill testing of the five remaining targets commenced in August 2010.



Norrland Regional EM & Gravity

Tushtena Gold Project – Alaska

In July 2010, Panoramic negotiated a farm in agreement with Triton Gold Limited and Tushtena Resources Inc to explore for high grade gold on the Tushtena Gold Project in Alaska. Panoramic can spend US$2.6 million prior to June 2013 to earn 51% in the project. Panoramic is required to fund the first phase of exploration for a maximum expenditure of US$1.0 million before it can withdraw from the project. Triton will manage the exploration on behalf of Panoramic.



Triton gold (Tushtena) project Alaska

The Tushtena Gold Project covers an area of 41.4 square kilometres in the 1,200 kilometres long Tintina Gold Belt, which stretches from northern British Columbia to south western Alaska. The province is

Exploration

host to world class gold deposits such as Pogo (5 Moz), Fort Knox (7 Moz), and Livengood (6.8 Moz) and remains a prime area for gold exploration.

An initial drill program, involving four diamond drill holes, commenced in July 2010. The targets in this program were modelled in 3D from structural and lithological mapping. While the primary objective is to discover high grade lodes at depth, it is possible that bulk tonnage low grade mineralisation could occur at shallow depth.

Previous work completed at the Tushtena Project by Triton includes geological mapping, surface sampling, multi-spectral alteration mapping and re-sampling of shallow historic drill holes. High-grade rock chips with peak value of 1,450g/t Au (Discovery Zone), 163 g/t Au (RS Zone) and coherent areas of greater than 1g/t gold in soils occur within a target zone extending for over three kilometres. Historic drilling intersected up to 2.9 metres at 24.6 g/t Au and 1.8 metres at 49.6 g/t Au.

Drake Resources Exploration Alliance - Scandinavia

In July 2010, Panoramic formed an alliance to identify, explore and develop base and precious metal opportunities with Drake Resources Limited. The primary area of focus for the alliance is Scandinavia.

The alliance will allow Panoramic to expand its portfolio of exploration projects and benefit from Drake's exploration expertise in the region. Drake has an experienced team of exploration geologists who have successfully generated a number of highly prospective projects.

The general terms of the agreement are as follows:

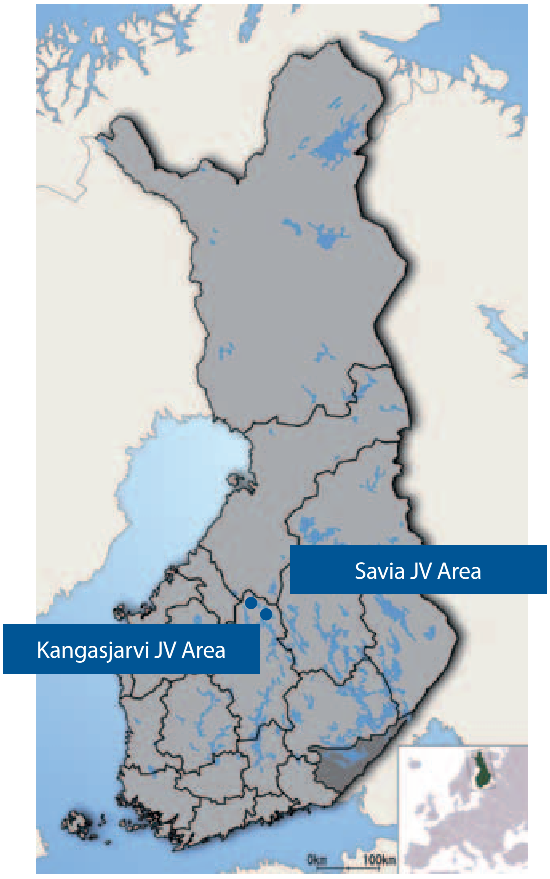
- Panoramic will have first right of refusal on any projects proposed by Drake. If Panoramic accepts an individual proposal, that proposal will form a joint venture project and Panoramic has the right to sole-fund exploration to earn a 70% interest in that project;
- Drake has the right to participate in each project at 30% or 10%, or revert to a 2% Net Smelter Return (NSR) royalty; and
- the alliance will be for an initial period of three years to July 2013, but may be extended or terminated by mutual agreement;

As part of the alliance, two joint venture areas have been finalised to explore for Palaeoproterozoic VMS style copper zinc mineralisation in Finland. The Kangasjarvi and Savia JV areas are located in the Pyhasalim-Vihanti region of the Fennoscandian Shield of Finland. The Fennoscandian Shield is one of the most intensely and varied mineralised Palaeoproterozoic terrains in the world, including VMS, iron oxide Cu-Au, orogenic gold and layered intrusions.

The Kangasjarvi target area measures approximately 300 square kilometres and contains three zinc prospects, the Kangasjarvi open pit mine, and the Korppisjarvi and Teerimaki prospects.

The Savia target area measures approximately 300 square kilometres and covers the Savia copper-zinc resource and the Puironniemi, Paloniemi, Saviankannas and Vauhkola zinc prospects.

A budget of A$1 million has been approved for the Finland JV for 2010/11. Work commenced in August 2010 with the flying of detailed airborne electromagnetic (VTEM) surveys over both JV areas. Geotech Airborne Pty Ltd was engaged to fly the surveys.



Drake Resources Exploration Alliance - Scandinavia

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by or reviewed by John Hicks. Mr Hicks is a full-time employee of Panoramic Resources Limited. Information in this report relating to the Savannah Mineral Resources has been either completed by or reviewed by Aongus Burke of Savannah Nickel Mine Pty Ltd and Mark Zammit of Cube Consulting Pty Ltd. Information in this report relating to the Lanfranchi Mineral Resources has been either completed by or reviewed by Bradley Robinson of Lanfranchi Nickel Mine Pty Ltd and Andrew Bewsher of BM Geological Services Pty Ltd. Each of the aforementioned persons is either a member of The Australian Institute of Geoscientists (AIG) or the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that 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 Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each of the aforementioned persons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report relating to Ore Reserves has been completed by or reviewed by Jonathon Bayley, Lilong Chen and Robert Thorburn. The aforementioned are full-time employees of Panoramic Resources Limited and are members of the Australian Institute of Mining and Metallurgy (AusIMM). The aforementioned have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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. The aforementioned consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Sustainability

Overview

Since the Company's incorporation in 2001, it has been our goal to use the principles of Sustainability to drive continuous improvement across the business. Our third Sustainability report demonstrates this ongoing commitment to delivering value through operating responsibly.

We think that this approach helps us to deliver value to our shareholders; helps us to provide a safe, productive, and stimulating work environment for our people; builds mutually beneficial community relations with our stakeholders; and minimises our impact on the environment and our use of natural resources.

In 2009/10, we have worked to streamline our data collection and reporting practices. This has enabled us to collect consistent and comparable indicator data across our operations. This approach will ensure that we are able to analyse trend data on our sustainability issues. It will also help us to look for additional continuous improvement opportunities across our operations.

Transparent disclosure of our performance is a key component of our "Towards Sustainability Strategy". We are committed to continuously improving and building maturity into our reporting practices to deliver on this goal.

Sustainability

Safety Performance

Our employees continue to demonstrate an ongoing commitment toward making the work place a safer and more productive environment for everyone. Despite these efforts, lost time injury frequency rates (LTIFR) have remained constant, with a slight increase in the LTIFR to 6.9.

Underpinning this ongoing commitment is a range of strategic initiatives that have resulted in professional growth and improved cultural outcomes across several key areas, as reported by independent consultants LJM and Associates in their 2010 Current State Analysis.

The most notable of these include:

- an aligned view of safety performance between management and the workforce;
- a genuine belief, held by the majority, that injuries are preventable;
- the frequency of and value for incident and near miss reporting has improved;
- the frequency and quality of communication between operations has improved;
- improvements in the day to day management of risks;
- management engagement and interaction with the workforce has been more positive; and
- employees and contractors are working to the same standards.

Looking ahead, the Management Safety Steering Committee has endorsed the implementation of a three year Health & Safety Improvement Plan. This plan will focus on delivering improved health and safety outcomes in:

- team Functioning and Leadership;
- integrated Management System Development; and
- organisational Learning and Communication.

This improvement plan seeks to support both employees and contractors to actively demonstrate their commitment to the 'VCR' safety mantra.

Vision: **Safety is a value not just a priority**
Commitment: **Safety improvement through leadership**
Results: **Safely home every day**

Our Employees

Performance Management

The Company recognises the importance of providing a work environment that encourages team and individual performance and achievement through performance management and professional development. The Company developed a new Performance, Planning and Review (PPR) process which was utilised in conjunction with the Professional Development Policy to further encourage team and individual performance and achievement.

Remuneration and Benefits

Senior management undertook a comprehensive review of all salaries across the Company. This review took into account the McDonald "Gold and General Mining Remuneration Report" published in October 2009 and other current market information for each position. The review had highlighted that the Company needed to make salary adjustments to reflect the current market. This was not surprising given that all employees took a 10% base pay reduction in February 2009, in response to the *global financial crisis*, in order to ensure our operations remained cash flow positive.

Performance Bonuses Paid for 2009/10

The Company reported a very solid annual profit for 2009/10. With this result, performance bonuses were paid to all employees employed through the financial period (including prorata), with the exception of employees who had already received monthly performance bonuses for the 2009/10 period.

Employee Contracts and Industrial Instruments

Significant improvements were made to the currency of Employment Contracts. During 2009, some 160 Australian Workplace Agreements (AWA's) were terminated by agreement between the Company and our employees, and 100% of eligible employees voted in support of variations to the existing Employee Collective Agreements. In addition, new Common Law Employment Contracts were developed for aboveground positions across the Company. This resulted in the Company having two industrial instruments in place, Common Law Employment Contracts and Employee Collective Agreements.

People Information and Management Reporting

The Human Resource Information System (HRIS) was upgraded throughout 2009/10 for improved reporting on records such as leave history, leave balance and pay transcripts. The Company has been progressing the development of a web-based interface. Through these enhancements, staff will be able to change personal information such as address and emergency contact details, and view records such as leave history and leave balance.

Workers' Compensation and Injury Management

The Company engaged OnSite Health Solutions to provide sustainable injury prevention programs and wellness solutions during 2009/10.

Throughout this period, the Company and OnSite Health Solutions have been strongly focused on safety and injury prevention through education and exercise programs. The results have been outstanding with a substantial decrease in workers' compensation claims and loss time injuries.

Indigenous Employment

Throughout 2009/10, Savannah worked towards increasing its employment numbers from the East Kimberley. During the year, Savannah and its contractors employed seven Indigenous East Kimberley residents in full time roles.

There has also been an increase in sourcing employees from the East Coast for trade related roles. The majority of our Savannah workforce reside in Broome, Derby, Darwin and Perth. Employees at Lanfranchi are predominantly based in Kambalda, Esperance and Perth.

Savannah encourages apprentice training and during 2009/10 we hosted five apprentices and one trainee at the mine. Four of the six apprentices and trainees are Indigenous individuals from Kimberley communities.

Scholarship in Metallurgy

In February 2010, our Group Process Manager, Steve Kelleher, tragically passed away.

In Steve's honour, the Company established the Steve Kelleher Memorial Scholarship.

This Scholarship will assist students who are disadvantaged through financial or personal hardship and encourage them to persevere and achieve their goals in becoming Metallurgical industry professionals.

The Company hopes the Scholarship will inspire the next generation of Metallurgical Engineers, Plant Managers and Production Managers, to achieve excellence through hard work and perseverance.

Code of Conduct (Including EEO and Harassment Training)

The Company's Code of Conduct was designed to outline policies and procedures as well as provide practical guidance to all levels of management and to employees in performance monitoring and disciplinary matters.

The Company acknowledges its responsibility to protect an employee's rights by ensuring that disciplinary practices and procedures are effective, fair, well understood and applied with consistency. With this in mind, the Code of Conduct was rolled out across the Company in February 2010 with each employee receiving a personal copy.

Additionally, throughout 2009/10, staff awareness sessions were delivered to supervisors, managers and staff on a range of EEO-related issues, including harassment awareness.

Employee Turnover

Average employee turnover during 2009/10 was 32 percent. This level of turnover is considered 'in range' for fly in/ fly out mining operations.

Employee exit interviews conducted at Lanfranchi identified that employees were resigning due to the travel distance between the camp and mine site. The return travelling time is approximately 90 minutes each day. With this knowledge, a feasibility study was developed during 2009/10 to build a camp at the mine site, and required approvals are currently being sought from relevant parties.

Group Salary Continuance Coverage

As an attraction and retention strategy, the Company established new coverage under a Group Salary Continuance Policy without the requirements of underwriting. This Group policy now provides automatic salary continuance insurance for all underground employees. Aboveground employees who are members of the Company's Super Fund also have automatic coverage. The project took twelve months to negotiate and was finalised in November 2009.

Sustainability

Community Engagement

We have progressed in meeting our commitments under our two Co-existence Agreements. We achieved our first Indigenous employment target of 10% employees and contractors by November 2009. In March 2010, we ran our first Work Readiness Program for fourteen participants from East Kimberley communities. Thirteen participants successfully completed the five week course and eight participants were offered employment at the mine after the program. Two other participants have commenced employment for other employers in the East Kimberley region.

To reinforce our commitment to Indigenous employment, we are currently developing a Group Indigenous Employment Policy. In March, we developed a Cultural Awareness Training Program in consultation with a local Gija person to deliver the training to all employees and contractors at the Savannah Project. One third of the workforce has completed this training, and we are now working on developing a two day training program for senior management and members of the Board.

Our operations continue to support their local communities including Warmun, Frog Hollow, Halls Creek, Broome, Wyndham and Kambalda with sponsorship for community events, local schools and sporting clubs.

Environmental Performance

Our projects continued to operate within all statutory regulations and licence conditions, with no significant non-compliances and/or incidents reported during the year. Reduced emissions and energy saving strategies continue to be a key area of focus for our operations, with Panoramic again reporting under the National Pollutants Inventory (NPI), Energy Efficiency Opportunities (EEO), and National Greenhouse Energy Reporting (NGER) programs.

To assist in meeting our ongoing compliance requirements under the NGER Act, a third party internal compliance audit was completed for all activities under operational control of Panoramic. The purpose of this audit was to assess our activities compliance with the NGER Act and more importantly, identify any gaps in our measurement and recording processes and procedures.

During the year, the concentrate handling review was completed; with the preferred option for the long-term handling and storage of nickel concentrate at the Port of Wyndham being the construction of a purpose build concentrate storage shed.

Consultation with our key stakeholders continued during the year to progress the Savannah Tailings Amendment Strategy. Due to the technical nature of the amendment strategy, Savannah has undertaken to submit a 'staged assessment' to ensure that an appropriate and agreed long term tailings management strategy is developed. The Savannah Stage One proposal, involving construction of a single, three metre lift of the current tailings storage facility and construction of two lined water storage facilities, is currently being assessed by the relevant government agencies.

An independent environmental management systems audit was completed at our Savannah Operation during the year to:

- describe the current status of the mine operations environmental management system in relation to the requirements specified in the ISO14001:2004 Standard;
- allow managers and personnel at the mine to make the decision to progress with the formal development, implementation, maintenance and improvement of the environmental management system; and
- develop an action plan and/or corrective actions to address these report findings, inclusive of defining relevant responsibilities and timeframes for their completion.

A key outcome of the audit was the decision to move away from implementing two discrete environmental and OHS management systems, and instead to develop an integrated OHSE management system that will be implemented across the Panoramic Group.

An environmental education program was implemented at our Savannah Operation, with an initial survey completed to identify the existing level of environmental awareness and knowledge across the operation. The survey identified knowledge gaps and highlighted the specific environmental educational requirements for each department across the operation. Additionally, the survey highlighted a high proportion of employees who expressed interest in being involved as Department Environmental Representatives, with this pilot program to commence in 2010/11.

The complete 2009/10 Sustainability Report will be made available on our website (www.panoramicresources.com) when it is completed in late 2010.

Directors' Report

Brian M Phillips
Non-Executive Director

Trevor R Eton
Company Secretary

Peter J Harold
Managing Director

PANORAMIC
RESOURCES LTD

John Rowe
Non-Executive Director

Christopher D J Langdon
Non-Executive Director

Christopher J G de Guingand
Non-Executive Chairman

Directors' Report

For the financial year ended 30 June 2010

The directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during the financial year ended 30 June 2010.

DIRECTORS

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

Christopher J G de Guingand (Non-Executive Chairman)

77 years | FCPA | Appointed 8 July 2005

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

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

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

Peter J Harold (Managing Director)

47 years | B.AppSc(Chem), AFAICD | Appointed 16 March 2001

Peter Harold is a process engineer with over 22 years corporate experience in the minerals industry specialising in financing, marketing, business development and general corporate activities. Peter has extensive experience with the development and operation of both sulphide and laterite nickel projects having been responsible for metals marketing and various corporate functions relating to the Cawse nickel laterite project and the Silver Swan and Mt Keith nickel sulphide projects prior to the acquisition, development and operation of the Savannah Nickel Project.

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

- Alloy Resources Limited (Non-Executive Chairman from 15 September 2005)*
- Territory Uranium Company Limited (Non-Executive Chairman from 1 March 2007)*

**Denotes current directorship*

Christopher D J Langdon (Non-Executive Director)

47 years | B.Com (Econ) | Appointed 4 August 2004

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

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

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

**Denotes current directorship*

Directors' Report

For the financial year ended 30 June 2010

John Rowe (Non-Executive Director)

61 years | BSc (Hons), ARSM, MAusIMM | Appointed 5 December 2006

John Rowe is a geologist who has had extensive mining industry experience over a 40 year period. Until August 2006, John was General Manager, Business Development with LionOre Australia responsible for assessing new business, divesting assets and negotiating nickel ore and concentrate sales contracts. Prior to joining LionOre, he spent 12 years with MPI Mines Limited in various group executive roles and was involved in the evaluation, development and production of the high grade Silver Swan Nickel Sulphide Project as well as the Stawell Gold Mine in Victoria. John started his career with Metals Exploration Limited as a mine geologist at the Nepean Nickel Mine in the early 1970's before taking on senior executive roles with Consolidated Goldfields, Agnew Mining, and North Kalgurli Mines. Following a short stint with R&I Gold Bank in their technical division, Mr Rowe set up his own geological consultancy in the early 1990's and then joined MPI Mines Limited in mid 1993. Mr Rowe is also the Principal of John Rowe and Associates which provides geological and business development advice to the mining industry.

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

- Perseverance Corporation Limited (Non-Executive Director from 19 September 2007 to 18 February 2008)
- Catalpa Resources Limited (Non-Executive Director from 12 October 2006 to 30 January 2008, Non-Executive Chairman from 30 January 2008 to 10 December 2009, and Non-Executive director from 10 December 2009.)*
- Southern Cross Goldfields Ltd (Non-Executive Director from 14 April 2010)*

**Denotes current directorship*

Brian M Phillips (Non-Executive Director)

67 years | AWASM-Mining, FAusIMM, MIMMM, | Appointed 27 March 2007

Brian Phillips is a mining engineer who has had extensive mining industry experience in operational and management roles over a 45 year period. Brian has worked as an executive, and on the boards of mining companies in Australia and overseas involved with copper, gold, nickel, mineral sands and coal. He is a former non-executive director of the Australian Gold Council and past President of the Victorian Chamber of Mines (now the Minerals Council of Australia – Victorian Division).

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

- Perseverance Corporation Limited (Non-Executive Vice Chairman from 24 January 2007 to 18 February 2008)
- Tawana Resources NL (Non-Executive Chairman from 4 April 2005 to 20 June 2008. Non-Executive Director from 20 June 2008 to 24 July 2009)
- Rex Minerals Limited (Non-Executive Director from 12 February 2010 to 15 June 2010)
- Indophil Resources NL (Non-Executive Director from 1 April 2005 and Non-Executive Chairman from 21 April 2005)*

**Denotes current directorship*

COMPANY SECRETARY

Trevor R Eton

50 years | B.A (Hons)(Econ), PostGradDip (Man), AFAIM | Appointed 12 March 2003

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

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

Directors' Report

For the financial year ended 30 June 2010

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director are as follows:

		Meetings of Committees		
	Directors' Meetings	Audit	Remuneration	Environment, Safety & Risk
Number of meetings held:	**9**	**2**	**8**	**1**
Number of meetings attended:				
Christopher J G de Guingand	9	2	8	1
Peter J Harold	9	-	8	1
Christopher D J Langdon	8	2	8	1
John Rowe	9	2	8	1
Brian M Phillips	9	2	8	1

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit Committee, a Remuneration Committee, and an Environment, Safety and Risk Committee.

Members acting on the committees of the Board during the year were:

Audit	Remuneration	Environment, Safety and Risk
Christopher D J Langdon (c)	Christopher J G de Guingand (c)	Christopher J G de Guingand (c)
Christopher J G de Guingand	Christopher D J Langdon	Christopher D J Langdon
John Rowe	John Rowe	John Rowe
Brian M Phillips	Brian M Phillips	Brian M Phillips
	Peter J Harold	Peter J Harold

(c) Designates the Chairman of the Committee. The Company Secretary, Trevor Eton, acts as the Secretary on each of the committees of the Board.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of signing is as follows:

Name of Director	Ordinary Direct	Shares Indirect	Performance rights over ordinary shares
Christopher J G de Guingand	-	150,366	-
Peter J Harold	669,006	3,230,785	500,000
Christopher D J Langdon	-	25,000	-
John Rowe	-	10,000	-
Brian M Phillips	-	10,000	-

PRINCIPAL ACTIVITIES

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

Directors' Report

For the financial year ended 30 June 2010

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial period were as follows:

- On 30 July 2009, BHP Billiton Nickel West Pty Ltd exercised its option to extend the "2004 Tramways Ore Tolling and Concentrate Purchase Agreement" on the same terms and conditions for a further nine years from 27 February 2010.
- In March 2010, the Company announced the maiden Savannah Project Lower Zone Ore Reserve of 43,200 tonnes contained nickel, 23,500 tonnes contained copper, and 2,200 tonnes contained cobalt. The Lower Zone Ore Reserve incorporates mineralisation below the 500 Fault to approximately 900 metres below surface, resulting in the Savannah Project mine life extending beyond the 2013 financial year. Production from the Lower Zone is still subject to final statutory approval on a proposed increase in tailings dam capacity. Importantly, mineralisation is open at depth below the Lower Zone Ore Reserve, with further drill testing of the new Lower Zone Offset Block (below 900 metres) to be carried out during the 2011 financial year.
- On 26 March 2010, the Company signed the "Extended Concentrate Sales Agreement" ("Agreement") with Sino Mining Pty Ltd (a joint venture company owned 60% by Jinchuan Group Limited and 40% by Sino Mining International Limited). The terms of the Agreement are similar to the terms of the original Concentrate Sales Agreement signed in 2003, and is for 100% of the nickel concentrate from the Savannah Project for a further ten years, from 1 April 2010.
- As part of the Company's new strategy to take small equity positions in exploration companies with quality assets in Australia and overseas, in February and May 2010 respectively, the Company made investments in the following ASX listed companies:
  - Ampella Mining Limited – 3,467,000 shares at an average cost of $0.91 per share; and
  - Magma Metals Limited - 6,311,000 shares at a cost of $0.55 per share.

  The Company will review these, and other existing/future equity investments on a regular basis, and will look to exit these investments at the right time, or develop long term relationships with those companies seeking additional funding and/or technical and management expertise, to assist in bringing financially robust and long life projects into production.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The Group's profit after tax for the financial year ending 30 June 2010 was $56,195,000 (2009: $5,610,000).

Financial Performance

The Group's performance during the 2010 financial year and for the four previous financial years, are set out in the table below. The financial results shown below were all prepared under International Financial Reporting Standards (IFRS).

Year Ended 30 June	2010	2009	2008	2007	2006
Net profit/(loss) after tax ($'000)	56,195	5,610	53,332	88,109	15,922
Earnings per share (cents)	27.5	2.9	28.4	47.6	9.6
Dividends per share (cents)	16.5	3.0	12.0	12.0	-
Dividends pay out ratio (%)	59.9	103.3	42.2	25.2	-
Market capitalisation ($'000)	447,473	463,052	775,108	777,379	215,528
Closing share price	2.18	2.27	4.04	4.14	1.18
Return on equity (%)	55.3	6.2	70.7	125.0	27.4

DIVIDENDS

On 1 September 2009, the Directors declared a fully franked final dividend of 2.0 cents per share, which was paid on 22 September 2009 in relation to the year ended 30 June 2009.

On 25 February 2010, the Directors declared a one-off fully franked special dividend of 5.0 cents per share, in addition to an interim fully franked dividend of 5.0 cents per share, which were both paid on 26 March 2010.

The Directors have resolved to declare a fully franked final dividend of 6.5 cents per share in respect of the year ended 30 June 2010. The financial effect of this dividend has not been bought to account in the financial statements for the year ended 30 June 2010, and will be recognised in subsequent financial reports.

Directors' Report

For the financial year ended 30 June 2010

REVIEW OF OPERATIONS

Located 42 kilometres south of Kambalda in Western Australia, the Company's 100% owned and operated Lanfranchi Nickel Project produced 398,920 (2009: 405,770) tonnes of ore grading 2.54% (2009: 2.63%) nickel containing 10,122 (2009: 10,690) tonnes of nickel. The nickel ore is treated at Nickel West's Kambalda nickel concentrator under an Ore Tolling and Concentrate Purchase Agreement.

In the East Kimberley region of Western Australia, the Company owns and operates the Savannah Nickel Project and is the 60% owner and operator of the Copernicus Nickel Project. This year the Savannah Project produced 7,273 (2009: 8,062) tonnes of nickel in concentrate together with 4,019 (2009: 4,246) tonnes of copper and 387 (2009: 424) tonnes of cobalt. The concentrate is shipped from the port of Wyndham to the Jinchuan Group in China and is sold under the Extended Concentrate Sales Agreement.

At the Copernicus Project, mining of nickel sulphide ore from the open pit commenced in July 2008. In January 2009, due to the weakness of the nickel price, the Copernicus Project open pit was placed on indefinite care and maintenance. Ore that had been mined up until the closure of the open pit and stockpiled at the Savannah process plant was processed in October 2009, and the resulting 105 tonnes of nickel in concentrate (Panoramic share of 63 tonnes) was sold to the Jinchuan Group under a separate off-take sales arrangement. As at the date of this report, the Copernicus Nickel Project remains under indefinite care and maintenance.

REVIEW OF FINANCIAL CONDITION

Capital Structure

The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2010 was 4.6% (2009: 6.5%).

Hedging Policy

The consolidated entity has an active policy of limiting the exposure to nickel price risk and currency risk through limited hedging, namely:

- For nickel price risk of both the Savannah Project and the Lanfranchi Project, by hedging no more than 80% (2009 80%) of the payable nickel forecast in any month to be produced over a rolling two year horizon through a combination of nickel forward sales contracts and nickel put and call options, with the percentage of the combined nickel forward sales contracts and written nickel call options to be no more than 40% (2009: 40%) of the payable nickel forecast to be produced in any month over the same rolling two year horizon; and
- For currency risk, sufficient hedging on a month to month basis to match the net United States dollar proceeds from nickel hedging using nickel forward sales contracts.

None of the existing nickel forward sale contracts that have been entered into by the consolidated entity are subject to margin calls.

As at 30 June 2010, the consolidated entity had sold forward:

- 2,496 tonnes of nickel at an average weighted nickel price of US$7.59 per pound for delivery between July 2010 and June 2011, which represents approximately 22% of forecast payable nickel production; and
- 1,200 tonnes of nickel at an average weighted nickel price of US$11.25 per pound for delivery between July 2011 and June 2012, which represents approximately 10% of forecast payable nickel production.

As at 30 June 2010, except for a net favourable in the money position on open United States dollar denominated foreign exchange bought put and sold call options that expire between July 2010 and June 2011 as detailed further in Note 13 of the Notes to the Financial Statements, the consolidated entity had no outstanding committed United States dollar denominated forward currency hedging contracts.

CORPORATE

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

EMPLOYEES

At the end of the financial year, the Group had 328 full time employees (2009: 331).

Directors' Report

For the financial year ended 30 June 2010

EVENTS SUBSEQUENT TO BALANCE DATE

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

On 26 July 2010, the "Tushtena Gold Project–Farm in and Joint Venture Agreement" was executed between the Company, Triton Gold Limited ("Triton"), and Tushtena Resources Inc ("Tushtena"), whereby Triton and Tushtena have agreed to the Company earning a 51% interest in the Tushtena Gold project located in Alaska by spending US$2,600,000 on the project before 30 June 2013. The Company is required to spend US$1,000,000 before it can withdraw from the project.

On 3 August 2010, the Company announced that a General Meeting of shareholders is to be held on 3 September 2010 to consider resolutions in regard to a granting of performance share rights under a new employee share plan.

On 12 August 2010, the Company purchased 2,000,000 shares in Magma Metals Limited at a cost of $0.48 per share.

On 26 August, 2010, the Directors resolved to declare a fully franked final dividend of 6.5 cents per share in respect of the year ended 30 June 2010.

In the interval between the end of the financial year and the date of this report, apart from the events mentioned above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity will continue with the production of nickel concentrate at the Savannah Project while at the same time continue with the mining of nickel sulphide ores from the Lanfranchi Project. In addition, the consolidated entity will continue to supervise care and maintenance operations at the Copernicus Project open pit and regularly consult with its 40% joint venture partner as to when open pit mining operations are able to recommence.

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

Further information about likely developments in the operations of the Company and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the Company.

SHARE OPTIONS

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

Expiry Date	Exercise Price ($)	Number of Shares
31 December 2010	2.20	1,412,500
31 December 2012	1.50	3,000,000

During the financial year, option holders have exercised the option to acquire 275,000 (2009: 129,500) fully paid shares in Panoramic Resources Limited at a weighted average exercise price of $2.20 (2009: $1.23). During the financial year the Company has not cancelled any options through forfeiture (2009: 40,500 options at a weighted average exercise price of $2.10).

In the interval between the end of the financial year and the date of signing, no option holders have exercised the option to acquire fully paid shares in Panoramic Resources Limited.

Directors' Report

For the financial year ended 30 June 2010

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current directors and senior executives, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors and officers of the Company except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities including costs and expenses.

During or since the financial year, the Company has paid premiums of $29,312 (2009: $34,485) in respect of contracts insuring all the directors and officers against legal costs incurred in defending proceedings. The insurance premiums relate to:

1. Costs and expenses incurred by the relevant officers in defending legal proceedings, both civil and criminal and whatever the outcome; and
2. Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

2010 REMUNERATION REPORT (AUDITED)

This 2010 remuneration report outlines the remuneration arrangements in place for the directors and executives of the Company and the Group in accordance with the *Corporations Act 2001 and its Regulations (the Act)*. The information provided in the remuneration report has been audited as required by section 308 (3C) of the Act.

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Company and the Group receiving the highest remuneration.

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

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

(i) Directors	
Christopher De Guingand	Chairman (Non-Executive)
Peter Harold	Managing Director
Christopher Langdon	Director (Non-Executive)
John Rowe	Director (Non-Executive)
Brian Phillips	Director (Non-Executive)
(ii) Named Executives	
Trevor Eton	Chief Financial Officer
Christopher Williams	General Manager – Operations
Terry Strong	Operations Manager – Savannah Project
Simon Jessop	Manager – Projects
Robert Thorburn (from 1 November 2009)	Operations Manager – Lanfranchi Project
Stephen Kelleher (from 1 July 2009 to 8 February 2010)*	Group Process Manager

** Deceased on 8 February 2010*

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value and company profits;
- Significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate and demanding performance hurdles in relation to variable executive remuneration

Directors' Report

For the financial year ended 30 June 2010

Remuneration Committee

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

Fixed Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

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

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

Each director receives a fee for being a director of the Company. An additional fee is also paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The remuneration of non-executive directors for the period ending 30 June 2010 is detailed in Table 1 on page 52 of this report. Fees for the non-executive directors' are determined within an aggregate directors' fee pool limit of $600,000, which was last approved by shareholders on 20 November 2007.

Variable Remuneration

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

Executive Remuneration

Objective

The Company aims to reward executives with a level of mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- reward executives for Company, operating segment and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and the performance of the Company; and
- ensure total remuneration is competitive by market standards.

Directors' Report

For the financial year ended 30 June 2010

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee takes due consideration of the current market levels of remuneration for comparable executive roles.

It is the Remuneration Committee's policy that employment contracts are entered into with the Managing Director and other key management personnel. Details of these KMP contracts are provided on pages 49 to 51.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration Committee. Table 1 on page 52 details the variable component (%) of the Group's key management personnel which includes the five most highly remunerated executives. STI Bonuses paid and accrued do not include the statutory requirement from 1 July 2009 for the payment of 9% employer superannuation.

Fixed Remuneration

Objective

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

Structure

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

The fixed remuneration component of the Group's key management personnel is detailed in Table 1 on page 52.

Variable Remuneration – Short Term Incentive Bonus (STIB)

Objective

The objective and intention of the executive STIB scheme is to encourage and provide a further incentive to executives to:

(a) maximise the financial performance of the Company on a regular and consistent basis that is also consistent with the Company's Core Values; and

(b) create and maintain a culture within all levels of the Company and Group such that the Company's Core Values are accepted, supported and actively promoted by all the employees of the Company and Group.

The STIB scheme has been designed so as to provide sufficient incentive to the executives such that the cost to the Company is reasonable in the circumstances.

Structure

The structure of the executive STIB scheme was significantly changed during the 2010 financial year. The changes on the previous financial year were made during the process undertaken by the Remuneration Committee to negotiate a new employment agreement with the Managing Director, Peter Harold. The new Managing Director's employment agreement was finalised in January 2010, and commenced from 1 January 2010.

Directors' Report

For the financial year ended 30 June 2010

Calculation of the STIB

The STIB is calculated annually at the end of the relevant financial year ("**Relevant Financial Year**"). The STIB comprises two parts - the first part is based on the Company's financial performance; the second part is discretionary and based on the extent to which the Company, Managing Director, executives, and all employees have acted and performed in a manner consistent with the Company's Core Values (see below) during the Relevant Financial Year.

STIB First Part - Financial Performance

A maximum Cash bonus (excluding statutory superannuation) will be paid to the executives if certain financial thresholds are met by the Company during the Relevant Financial Year ("**Cash Bonus**"). The maximum Cash bonus will be calculated at the end of the Relevant Financial Year using figures obtained from the audited consolidated financial statements of the Company for the Relevant Financial Year, in accordance with the following formula:

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

where

C_{EXEC}	=	the maximum Cash bonus to be paid to executives for the Relevant Financial Year;
P	=	Earnings Before Interest and Tax ("**EBIT**") of the Company (on a consolidated basis) for the Relevant Financial Year;
E	=	the average of (1) the "Total Assets" line item of the audited consolidated balance sheet of the Company (on a consolidated basis) for the Relevant Financial Year and (2) the "Total Assets" line item of the audited consolidated balance sheet of the Company for the year immediately preceding the Relevant Financial Year. "Total Assets" includes current and non-current assets.

STIB Second Part - Core Values

In addition to the first part maximum STIB Cash bonus, the Company (in the sole and absolute discretion of the Remuneration Committee) may pay each executive on a case by case basis, a discretionary Cash bonus ("**Discretionary Cash bonus**"). The Discretionary Cash bonus will be determined at the end of the Relevant Financial Year by taking into account the extent to which the Company, Managing Director, executives, and all employees have acted and performed in a manner consistent with the Company's Core Values during the Relevant Financial Year.

The Company's Core Values are the core values of the Company as announced to the Australian Stock Exchange ("ASX") from time to time by the Company, which as listed in the Managing Director's employment contract, are to:

- maintain and improve the Company's safety culture so every employee believes that safety is the Company's most important value in line with the Company's safety mantra: Vision, Commitment, Results;
- optimise the Company's metal production by focus on operations and the performance of the management team;
- maintain a programme to grow the Company's existing resource and reserve base;
- seek to acquire additional assets so the Company pursues its aim to become a diversified mining house; and
- maintain a steady return to Shareholders through dividends and/or increase in the value of the Company's shares.

Maximum STIB

In addition to the executive STIB scheme, and subject to the financial and operational performance of the Company and Group in the Relevant Financial year, the Company may make discretionary STIB cash payments to the remaining employees of the Company and Group. These payments are typically in the range of one to two months base salary (excluding statutory superannuation).

To take account of the aggregation of the two annual STIB cash payments, for the 2010 financial year, the Remuneration Committee has set a maximum aggregate STIB Cash pool (including statutory superannuation) for the Company and Group to be calculated at the end of the Relevant Financial Year using figures obtained from the audited consolidated financial statements of the Company for the Relevant Financial Year, in accordance with the following formula:

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

where

C_{max}	=	the maximum aggregate Cash bonus to be paid to all Company and Group employees for the Relevant Financial Year;
P	=	Earnings Before Interest and Tax ("EBIT") of the Company (on a consolidated basis) for the Relevant Financial Year.

Directors' Report

For the financial year ended 30 June 2010

Accrued executive STIB

Actual STIB payments granted to each executive are made after the end of the Relevant Financial Year in October (60%) and the following April (40%) when the audited consolidated financial statements of the Company for the Relevant Financial Year are known and the maximum executive STIB Cash pool (C_{EXEC}) has been determined.

For the 2010 financial year, the Remuneration Committee will consider the actual amount of each executive's annual STIB cash payments between the date of this report and October 2010. An executive STIB Cash bonus of $1,394,000 was accrued in the financial year using the C_{EXEC} calculation formula. Any variance between the C_{EXEC} accrual estimate, and the aggregate of the actual STIB cash payments to be paid, will be brought to account in the following financial period.

For the 2009 financial year, the Remuneration Committee determined in September 2009 that there would be no STI annual cash bonus pool (excluding the Managing Director's retention cash payments) allocated to executives and paid in the 2010 financial year.

In July 2009, a retention cash payment of $125,000 was made to the Managing Director, Peter Harold. This payment was part of a single $500,000 retention payment that was previously approved in May 2007 for payment in January 2009, but subsequently deferred and split into four retention cash payments of $125,000 each, to be paid in April 2009, July 2009, January 2010 and July 2010. The last two payments of $125,000 each, scheduled to be made in January 2010 and July 2010, were cancelled following the negotiation and commencement, from 1 January 2010, of a new employment contract for Peter Harold.

The short term incentive variable remuneration component of the Group's key management personnel, which includes the five most highly remunerated executives, is detailed in Table 1 on page 52.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI program is to reward and incentivise executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The Company's performance during the 2010 financial year and for the previous four financial years, and its impact on shareholder wealth, is summarised in the table below.

Year Ended 30 June	2010	2009	2008	2007	2006
Net profit/(loss) after tax ($'000)	56,195	5,610	53,332	88,109	15,922
Earnings per share (cents)	27.5	2.9	28.4	47.6	9.6
Dividends per share (cents)	16.5	3.0	12.0	12.0	-
Dividends pay out ratio (%)	59.9	103.3	42.2	25.2	-
Market capitalisation ($'000)	447,473	463,052	775,108	777,379	215,528
Closing share price	2.18	2.27	4.04	4.14	1.18
Return on equity (%)	55.3	6.2	70.7	125.0	27.4

Structure

LTI grants to executives are delivered in the form of performance rights to shares, issued under the 2007 Panoramic Resources Limited Employee Share Plan (2007 ES Plan) approved by the Company's shareholders on 20 November 2007. During the financial year, no LTI grants were allocated to executives or to other employees of the Company. In previous financial years, LTI grants to executives in the form of unlisted options were delivered under the 2004 Employee Share Option Plan, and a separate LTI grant was made to the Managing Director, Peter Harold, during the 2007 financial year through the shareholder approved Managing Director's Long Term Share Plan (LTSP).

Subsequent to the end of the 2010 financial year, the Company is seeking shareholder approval for the granting of performance rights to shares under a new LTI plan, the 2010 Panoramic Resources Limited Employee Share Plan (2010 ES Plan). The proposed 2010 ES Plan is materially identical to the 2007 ES Plan, save for some minor definitional amendments, and will replace the 2007 ES Plan if shareholder approval is obtained at a general meeting of shareholders on 3 September, 2010.

Table 2 on page 53 and Table 3 on page 54, provides details of options and performance rights to shares granted, the value of options and performance rights to shares, and vesting periods under the unlisted share option LTI and unlisted performance rights to shares LTI. Details of the LTSP and 2007 ES Plan and the performance hurdle are provided under the terms of Peter Harold's employment contract on page 49.

Directors' Report

For the financial year ended 30 June 2010

No Hedging Contracts on LTI Grants

The Company does not permit executives to enter into contracts to hedge their exposure to options or performance shares granted as part of their remuneration package. This policy is strictly enforced by the Managing Director under the rules for trading in Company securities detailed in the Corporate Governance Statement on page 60.

Employment Contracts

Non-Executive Chairman

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

- Christopher de Guingand may resign from his position and thus terminate his directorship on written notice;
- The Company must provide 6 months' written notice or provide payment in lieu of the notice period ($83,903, based on the fixed component of Christopher de Guingand's remuneration) if termination is initiated by the Company, except where termination is from serious misconduct; and
- The Company may terminate his directorship at any time without notice if serious misconduct has occurred. In this situation, the Non-Executive Chairman is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

Non-Executive Directors

All other non-executive directors conduct their duties under the following terms:

- A non-executive director may resign from his position and thus terminate this contract on written notice; and
- The Company may terminate a directorship by providing 6 months' written notice or provide payment in lieu of the notice period (based on the fixed component of the non-executive director's remuneration) if termination is initiated by the Company, except where termination is from serious misconduct. The fixed components of the non-executive director's remuneration are:

Non-Executive Director	Termination Payment
Christopher Langdon	$58,478
John Rowe	$58,478
Brian Philips	$58,478

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

Managing Director

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

- The term of the Contract is for a minimum of 12 months, and thereafter, is able to be terminated on 6 months notice from Peter Harold, and 12 months notice from the Company. Termination is immediate (with no payment in lieu of notice) under certain events. On and from 1 January 2011 and for each successive year during the Contract, the fixed remuneration per annum of Peter Harold's Contract will be subject to review; and
- The Company may make STIB payments to Peter Harold, firstly, up to a maximum of 75% of Peter Harold's fixed remuneration per annum under the First Part (Financial Performance) of the executive STIB scheme, and secondly, up to a maximum of 25% of Peter Harold's fixed remuneration per annum under the discretionary Second Part (Core Values) of the executive STIB scheme. The Cash bonus under the First Part (Financial Performance) of the executive STIB scheme will be calculated at the end of the Relevant Financial Year using figures obtained from the audited consolidated financial statements of the Company for the Relevant Financial Year, in accordance with the following formula:

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

where

C_{PH} = the Cash bonus to be paid to Peter Harold for the Relevant Financial Year;
P = Earnings Before Interest and Tax ("EBIT") of the Company (on a consolidated basis) for the Relevant Financial Year;
E = the average of (1) the "Total Assets" line item of the audited consolidated balance sheet of the Company (on a consolidated basis) for the Relevant Financial Year and (2)

Directors' Report

For the financial year ended 30 June 2010

the "Total Assets" line item of the audited consolidated balance sheet of the Company for the year immediately preceding the Relevant Financial Year. "Total Assets" includes current and non-current assets.

- Peter Harold may resign from his position and thus terminate the Contract by giving 6 months written notice. Any vested unlisted options not exercised, if applicable, will be forfeited 4 weeks after notice of resignation. Peter Harold will not receive any accrued benefits of the executive STIB scheme in the event that he gives notice;

- If the Company terminates Peter Harold's Contract, other than lawfully in accordance with its terms, Peter Harold will be entitled to be paid his accrued First Part (Financial Performance) executive STIB at the time notice of the termination is given based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Remuneration Committee. If Peter Harold works out the whole or any part of his notice period, he will be entitled to his accrued First Part (Financial Performance) executive STIB during the period after the notice is given until such time as he stops working;

- If there is a Change of Control Event, Peter Harold will be entitled to paid his accrued First Part (Financial Performance) executive STIB at the time of the Change of Control based on the calculated STIB at the end of the previous quarter in the Relevant Financial Year, up to the maximum of 75% of Peter Harold's fixed remuneration per annum. Any payment of a Cash bonus under the Second Part (Core Values) of the executive STIB scheme will be at the discretion of the Board of Directors. If the Board of Directors is unable to determine for any reason the accrued and discretionary benefits to Peter Harold under the executive STIB scheme, Peter Harold will be entitled to be paid the an accrued STIB based on 100% of Peter Harold's fixed remuneration per annum;

- Under the 2007 ES Plan, Peter Harold will be entitled to be issued a maximum of 500,000 shares in the Company on 31 December 2010 at zero cost, dependent upon the performance of the Company relative to a group of selected peers over a three year period commencing on 1 January 2008 and ending on 31 December 2010 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index at the commencement of the Performance Period. The peer group is to be ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for the share rights holder. Shares will be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period is at or above the 50th percentile of the peer group. At the 50th percentile, Peter Harold will be entitled to 50% of the shares, increasing proportionately to 100% at the 75th percentile;

- Subject to shareholder approval on 3 September 2010, under Tranche 1 of the proposed 2010 ES Plan, Peter Harold will be entitled to be issued a maximum of 525,000 shares in the Company on 1 July 2012 at zero cost, dependent upon the performance of the Company relative to a group of selected peers over a two year period commencing on 1 July 2010 and ending on 1 July 2012 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index at the commencement of the Performance Period. The peer group is to be ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for the share rights holder. Shares will be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period is at or above the 50th percentile of the peer group. At the 50th percentile, Peter Harold will be entitled to 25% of the shares, increasing proportionately to 50% at the 60th percentile. At the 60th percentile, Peter Harold will be entitled to 50% of the shares, increasing proportionately to 100% at the 75th percentile;

- Subject to shareholder approval on 3 September 2010, under Tranche 2 of the proposed 2010 ES Plan, Peter Harold will be entitled to be issued a maximum of 525,000 shares in the Company on 31 December 2013 at zero cost, dependent upon the performance of the Company relative to a group of selected peers over a 30 month period commencing on 1 July 2011 and ending on 31 December 2013 (Performance Period). The peer group comprises those companies within the S&P / ASX 300 Metals & Mining Index at the commencement of the Performance Period. The peer group is to be ranked in terms of relative total shareholder return (TSR), which is the percentage increase in each Company's share price plus reinvested dividends over the Performance Period adjusted for bonus issues, subdivisions and consolidations of capital. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for the share rights holder. Shares will be allotted to Peter Harold provided that the TSR ranking, as determined by an independent external advisor on behalf of the Remuneration Committee, of the Company at the end of the Performance Period is at or above the 50th percentile of the peer group. At the 50th percentile, Peter Harold will be entitled to 25% of the shares, increasing proportionately to 50% at the 60th percentile. At the 60th percentile, Peter Harold will be entitled to 50% of the shares, increasing proportionately to 100% at the 75th percentile; and

- If the Company terminates Peter Harold's Contract, or Peter Harold is terminated after a Change of Control of the Company, other than lawfully in accordance with its terms, then, subject to the performance of the Company relative to the applicable peer group for the Performance Period ending on the date that notice of termination is given or employment ceases, Peter Harold will be entitled to a pro-rata portion (calculated on a daily basis) of his performance rights vesting earlier than the dates originally set down.

Directors' Report

For the financial year ended 30 June 2010

Other Named Executives

All other named executives are employed under individual open common law employment contracts. These executives and the commencement date of their contracts are as follows:

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

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

- Each may resign from his position and thus terminate his contract by giving 3 months written notice. Any vested unlisted options not exercised will be forfeited 4 weeks from the date of resignation;
- The Company may terminate a named executive's employment contract by providing 4 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of the notice period. In the event of a termination in employment through a Change in Control of the Company, the Company will provide 6 months written notice or provide payment based on each named executive's fixed remuneration per annum in lieu of notice. Upon either notice of termination by the Company, any unlisted LTI options that have vested, or will vest during the notice period will be able to be exercised until the expiry date. Any unlisted LTI options that have not yet vested will vest immediately upon the date that notice of termination is given, unless termination is from serious misconduct in which case the options not yet vested will be forfeited;
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. When termination with such cause occurs, the named executive is only entitled to that portion of remuneration which is fixed, and only up to the date that notice of termination is given. On termination with such cause, any unvested options or LTI grants in the form of performance rights will immediately be forfeited. Any vested unlisted options not exercised within 4 weeks of such notice of termination will be forfeited; and
- Subject to shareholder approval of the proposed 2010 ES Plan on 3 September 2010, the named executives have been given LTI grants at zero cost in relation to the proposed LTI grant of 5,925,000 performance share rights over two tranches to certain employees of the Company (including 1,050,000 LTI grants to the Managing Director, Peter Harold):

Named Executive	Tranche 1	Tranche 2	
	LTI Grants	LTI Grants	Total LTI Grants
Trevor Eton	300,000	300,000	600,000
Christopher Williams	300,000	300,000	600,000
Terry Strong	202,500	202,500	405,000
Simon Jessop	202,500	202,500	405,000
Robert Thorburn	202,500	202,500	405,000
Total LTI grants	1,207,500	1,207,500	2,415,000

The terms and conditions of the proposed LTI grants under the 2010 ES Plan are provided under the terms of Peter Harold's employment contract on page 49.

Directors' Report

For the financial year ended 30 June 2010

Table 1: Remuneration of Directors and Executives Officers

2010	Short-term incentive benefits				Post-employment benefits		Long-term incentive Plans			
Name	Cash salary and fees	Paid Bonus	Accrued Bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Executive Options	Employee Share Options	Long Term Shares	Total
	$	$	$	$	$	$	$	$	$	$
Executive Directors										
P J Harold (a)	536,496	125,000	499,000	7,500	23,379	-	-	-	1,156,662	2,348,038
Non-Executive Directors										
C J G de Guingand	158,154	-	-	2,821	-	-	-	-	-	160,975
C D J Langdon	110,228	-	-	2,821	-	-	-	-	-	113,049
J Rowe	110,228	-	-	2,821	-	-	-	-	-	113,049
B M Phillips	108,092	-	-	2,821	2,136	-	-	-	-	113,049
Executives										
T R Eton	274,919	-	80,000	7,500	24,743	-	-	-	-	387,162
C J Williams	274,919	-	80,000	2,821	24,743	-	-	-	-	382,482
S G Kelleher (b)(c)	152,205	-	-	1,645	13,698	180,491	-	-	-	348,040
T J Strong	242,010	-	60,000	2,821	23,731	-	-	-	-	328,561
S A Jessop	256,708	-	60,000	2,821	23,104	-	-	-	-	342,632
R J Thorburn (d)	142,539	-	60,000	1,175	12,829	-	-	-	-	216,542
	2,366,497	125,000	839,000	37,567	148,362	180,491	-	-	1,156,662	4,853,579

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

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

(c) Benefits are for untaken annual leave and long service leave, paid to the family of S G Kelleher following his death on 8 February 2010

(d) From 1 November 2009

2009	Short-term incentive benefits				Post-employment benefits		Long-term incentive Plans			
Name	Cash salary and fees	Paid Bonus	Accrued Bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Executive Options	Employee Share Options	Long Term Shares	Total
	$	$	$	$	$	$	$	$	$	$
Executive Directors										
P J Harold (a)(b)	507,741	422,000	211,805	10,196	31,881	-	-	-	1,426,050	2,609,673
Non-Executive Directors										
C J G de Guingand	158,125	-	-	2,688	-	-	-	-	-	160,813
C D J Langdon	110,208	-	-	2,688	-	-	-	-	-	112,896
J Rowe	110,208	-	-	2,688	-	-	-	-	-	112,896
B M Phillips	105,461	-	-	2,688	4,748	-	-	-	-	112,896
Executives(c)										
T R Eton	263,102	120,000	-	9,011	28,484	-	-	98,363	-	518,960
C J Williams	263,102	120,000	-	5,168	28,484	-	-	26,136	-	442,890
S G Kelleher (d)	317,180	100,000	-	5,168	35,142	-	-	19,673	-	477,163

Directors' Report

For the financial year ended 30 June 2010

2009	Short-term incentive benefits				Post-employment benefits		Long-term incentive Plans			
Name	Cash salary and fees	Paid Bonus	Accrued Bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Executive Options	Employee Share Options	Long Term Shares	Total
	$	$	$	$	$	$	$	$	$	$
T J Strong	261,976	105,000	-	5,168	18,380	-	-	19,673	-	410,197
S A Jessop	240,917	105,000	-	5,168	26,346	-	-	13,115	-	390,546
	2,338,021	972,000	211,805	50,631	173,465	-	-	176,959	1,426,050	5,348,930

(a) Accrued Bonus of $211,805 represents the non-cash amortisation expense from 1 February 2009 to 30 June 2009 for future cash incentive bonus payments

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

(c) Executive bonus payments were in relation to bonuses awarded for the 2007/08 reporting period

(d) Cash salary includes a $60,243 one-off payment for accrued annual leave entitlements

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

(i) Options
No options were granted during 2009/10.
(ii) Performance Rights to Shares
No performance rights to shares were granted during 2009/10.

(i) Options
No options were granted during 2008/09.
(ii) Performance Rights to Shares
No performance rights to shares were granted during 2008/09.

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

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

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

Performance rights to shares granted as a part of the Managing Director's remuneration have been valued using a Monte-Carlo simulation model, which takes account of factors including the current level and volatility of the underlying share price, the risk free rate, expected dividends on the underlying share, the current market price of the underlying share and Total Shareholder Return (TSR) hurdles that must be met before the Share Based Payment vest to the holder. This method of valuation has also been used to value performance rights to shares granted to other employees of the Company during the year under the 2007 ES Plan.

There have been no options granted over unissued ordinary shares to key management personnel since 30 June 2010.

Directors' Report

For the financial year ended 30 June 2010

Table 3 : Securities holdings of directors and specified executives

2010	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2010		
	1 July 2009				30 June 2010	Total	Not Exercisable	Exercisable
(i) Options								
Directors								
C J G de Guingand	-	-	-	-	-	-	-	-
P J Harold	-	-	-	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-	-
Executives								
T R Eton	750,000	-	(200,000)	-	550,000	550,000	-	550,000
C J Williams	100,000	-	-	-	100,000	100,000	-	100,000
S A Jessop	50,000	-	-	-	50,000	50,000	-	50,000
R J Thorburn	-	-	-	-	-	-	-	-
S G Kelleher	75,000	-	-	(75,000)	-	-	-	-
T J Strong	75,000	-	-	-	75,000	75,000	-	75,000
Total	1,050,000	-	(200,000)	(75,000)	775,000	775,000	-	775,000
(ii) Performance Rights								
Directors								
P J Harold	1,500,000		(1,000,000)	-	500,000	-	-	-
Total	1,500,000	-	(1,000,000)	-	500,000	-	-	-

2009	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2009		
	1 July 2008				30 June 2009	Total	Not Exercisable	Exercisable
(i) Options								
Directors								
C J G de Guingand	-	-	-	-	-	-	-	-
P J Harold	-	-	-	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-	-
Executives								
T R Eton	750,000	-		-	750,000	750,000	-	750,000
C J Williams	100,000	-		-	100,000	100,000	-	100,000
S A Jessop	50,000	-		-	50,000	50,000	-	50,000
S G Kelleher	75,000	-		-	75,000	75,000	-	75,000
T J Strong	75,000	-		-	75,000	75,000	-	75,000
Total	1,050,000	-	-	-	1,050,000	1,050,000	-	1,050,000

Directors' Report

For the financial year ended 30 June 2010

2009	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2009		
	1 July 2008				30 June 2009	Total	Not Exercisable	Exercisable
(ii) Performance Rights								
Directors								
P J Harold	1,500,000		-	-	1,500,000	-	-	-
Total	1,500,000	-	-	-	1,500,000	-	-	-

Table 4: Securities granted and exercised as part of remuneration for the year ended 30 June 2010

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

2009	Value of securities granted during the year $	Value of securities exercised during the year $	Value of securities lapsed during the year $	Remuneration consisting of securities for the year %
(i) Options				
T R Eton	-	-	-	-
C J Williams	-	-	-	-
S A Jessop	-	-	-	-
S G Kelleher	-	-	-	-
T J Strong	-	-	-	-
(ii) Performance Rights				
P J Harold	-	-	-	-

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

There were no forfeitures during the period.

Directors' Report

For the financial year ended 30 June 2010

Table 5: Shares issued on exercise of securities

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

2009
No shares were issued on the exercise of securities

Table 5 is at the end of the 2010 Remuneration Report.

Directors' Report

For the financial year ended 30 June 2010

ENVIRONMENTAL REGULATION

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mining and exploration activities. The Group's management monitors compliance with the relevant environmental legislation. The directors are not aware of any breaches of the legislation during the period covered by this report.

ROUNDING

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

CORPORATE GOVERNANCE

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

AUDITORS INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Panoramic Resources Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2010. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

NON-AUDIT SERVICES

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

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

Tax Compliance	$116,740

Signed in accordance with a resolution of the directors

Peter Harold
Managing Director
Perth, 26 August 2010

Corporate Governance Statement

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

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

Principle 1: Lay Foundations for Management and Oversight

Primary Role of the Board

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

Board Operation

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

Board Processes

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

Evaluation of Managing Director and Executive Performance

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

Principle 2: Structure the Board to Add Value

Composition of the Board

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

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

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

The Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial, financial and mining skills, technical expertise, industry experience, and

Corporate Governance Statement

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

Independence

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

Conflict of Interest

In accordance with Section 191 of the *Corporations Act 2001* and Article 10.13 of the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Board Performance

There is no formal performance appraisal system in place for Board performance on a director by director basis. However, membership of the Audit Committee by non-executive directors is initially for a three year period, with an annual renewal review thereafter with performance being a criteria in order to retain office.

Director Education

The non-executive directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Company operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors visit the Panoramic mining operations at least once a year, and meet with executives on a regular basis to enable directors to maintain an understanding of the roles and responsibilities of executives and of the culture and values within the Company.

Independent Professional Advice and Access to Company Information

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

Board Committees

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

- **Audit Committee**

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

- **Remuneration Committee**

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

Corporate Governance Statement

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

- **Environment, Safety and Risk Committee**

  The Environment, Safety and Risk Committee consist of all directors. The role of the Environment, Safety and Risk Committee is to oversee and monitor the effectiveness of the Group's strategies and systems to ensure that the Company complies with external and internally accepted standards for the impact of business activities on the environment, the safety and well being of employees, and on the control and management of the key risks facing the business. Where possible, the Committee meets during Board visits to the mining operations whereby the members of the Committee are able to directly inter face with the senior managers responsible for environmental issues, occupational health and safety and the control and mitigation of non financial risks. The Committee also nominates a non-executive director to attend and be actively involved in the Group's safety conferences.

- **Nomination Committee**

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

Principle 3: Promote Ethical and Responsible Decision Making

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

Code of Conduct

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

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

Diversity Policy

The Company has yet to establish a formal written policy on diversity. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. Over the 2011 financial year, the Company is to review and consider the recently announced (June 2010) CGC Recommendations on diversity, and in particular on gender diversity in senior executive positions and on the Board. The Company will formulate a written Diversity Policy in time for disclosure in the 2011 Corporate Governance Statement. The Company has, and is proud of the strong relationship it has established with the local indigenous community located in the East Kimberley township of Warmun. The Company is committed to achieving the various financial and employment obligations/targets established under the 2007 Savannah Co-Existence Agreement, and will be incorporating the positive impact this relationship has had on the Company's corporate culture and values when formulating the diversity policy.

Trading in Company securities by directors, officers and employees

The Company has established rules for the trading in Company securities by directors, officers and employees to ensure compliance with Section 1002G of the Corporations Law (on insider trading) and Part 2D.1 of the *Corporations Act 2001* (on the proper duties in relation to the use of inside information). The Managing Director has been appointed to ensure that the following rules for the trading in Company's securities are strictly adhered to by all directors, officers and employees:

- Trading in Company securities is only permitted following the notification of the intention to trade with the Managing Director;
- Trading in Company securities is prohibited at any time when in possession of unpublished information, which if generally available, might materially affect the price or value of those securities, or for a period of 2 business days following the making of a public announcement in relation to that inside information ("the due notice period");
- Active trading in Company securities, which involves frequent and regular trading in those securities with a view to derive profit related income from that activity, is prohibited;
- The entering into contracts to hedge exposure to equity-based remuneration, is prohibited; and
- Only in exceptional circumstances, can approval be obtained in advance from the Managing Director, to trade outside the due notice period.

Corporate Governance Statement

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

Discrimination, Harassment and Bullying Policy

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

Principle 4: Safeguard Integrity in Financial Reporting

The Managing Director and Chief Financial Officer are required to state in writing to the Audit Committee and the Board that the Company's and Group's financial reports present a true and fair view, in all material aspects, of the Company's and Group's financial condition and that operational results are in accordance with relevant accounting standards. The Audit Committee reviews all final draft external financial reports with the external auditor and makes recommendations on their adequacy to the Board prior to their release to shareholders, investors and other public forums. There is regular communication between the Audit Committee, management and external auditor. In accordance with Section 324DA of the *Corporations Act 2001*, the audit partner of the external auditor is required to be rotated after 5 successive financial years. It is the role of the Audit Committee to select the new audit engagement partner as nominated by the external partner after considering each nominated individual's experience, reputation and independence.

In addition, the Audit Committee reviews, assists and assesses the adequacy of the Company's internal control and financial risk management systems, and accounting and business policies.

Principle 5: Make Timely and Balanced Disclosure

The Company is committed to providing relevant up to date information to its shareholders and the broader investment community in accordance with the continuous disclosure requirements under the ASX Listing Rules and the Corporations Law.

The Company has a Continuous Disclosure Policy that all shareholders and investors have equal access to the Company's information. This policy document and all material announcements provided to the ASX can be accessed on the Company's website at www.panoramicresources.com.

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

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

Principle 6: Respect the Rights of Shareholders

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

Principle 7: Recognise and Manage Risk

The Board believes that risk management and compliance are fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Company has a formal, standardised approach to risk management through the production each year of a Panoramic Risk Management Guideline and the requirement of having the Board approve the guideline on an annual basis. This approach is in accordance with Australian/New Zealand Standard for Risk Management (*AS/NZS 4360 2004*) and is based on the control framework for enterprise risk management prepared by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in 2001. The process involves the

Corporate Governance Statement

Company undertaking an annual comprehensive review at the Company's mine sites and Perth office on identifying the risks faced at each location and the appropriate risk management internal controls, systems and response procedures to mitigate their impact on strategic, operational and financial performance. There are a number of risks the Company's sites are exposed to that are both common to the mining industry and unique due to location such as, but not limited to:

- exposure to fluctuations in commodity prices and the United States currency exchange rate;
- customer declaration of force majeure;
- health, safety, industrial and environment matters;
- production capacity;
- future delivery against committed financial derivatives;
- regulatory constraints, compliance and the impact of climate change; and
- natural disasters.

The review also includes examining on the effectiveness of internal controls, systems and response procedures that were in place for the previous year. A summary of the Company's Risk Management Guideline can be accessed on the Company's website at www.panoramicresources.com.

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

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

Principle 8: Remunerate Fairly and Responsibly

Board Remuneration

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

Executive Remuneration

The Board has established a committee of the Board, the Remuneration Committee. The Remuneration Committee provides recommendations and direction for the Company's remuneration practices. The Committee ensures that a significant proportion of each executive's remuneration is linked to his or her performance and the Company's performance. Performance reviews are conducted regularly to determine the proportion of remuneration that will be at 'risk' for the upcoming year. The Company's executives can participate in a performance share rights plan that is linked to the Company's performance against its peers in the resources industry. The Committee also ensures that there is no discrimination on remuneration in respect to gender.

Further details in relation to director and executive remuneration are set out in the 2010 Remuneration Report on pages 44 to 56.

Directors' Declaration

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

1. In the opinion of the directors:

   (a) The financial report and the additional disclosures included in the directors report designated as audited of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) Giving a true and fair view of the Consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

   (b) There are reasonable grounds to believe that the parent entity will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ending 30 June 2010.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 36 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Peter Harold
Managing Director
Perth, 26 August 2010

Independent Auditor's Report

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

Report on the Financial Report

We have audited the accompanying financial report of Panoramic Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

GB:MB:PANORAMIC:126

Independent Auditor's Report

ERNST & YOUNG

1. the financial report of Panoramic Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

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

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 56 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Panoramic Resources Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A Buckingham
Partner
Perth
26 August 2010

GB:MB:PANORAMIC:126

Auditor’s Independence Declaration

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

In relation to our audit of the financial report of Panoramic Resources Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin A Buckingham

Gavin A Buckingham
Partner
Perth
26 August 2010

GB:MB:PANORMIC:125

Financial Report

Consolidated Income Statement

For the year ended 30 June 2010

		Consolidated	
		2010	2009
	Notes	$'000	$'000
Revenue from continuing operations	4	**287,806**	228,747
Other income	5	**147**	1,167
Cost of sales of goods	6	**(191,574)**	(172,176)
Other expenses	6	**(11,563)**	(11,726)
Reversal of impairment/(impairment) of assets	17,18	**7,221**	(26,285)
Exploration and evaluation expenditure		**(7,113)**	(7,606)
Mark to market of derivatives	6	**(5,859)**	(5,954)
Finance costs	6	**(762)**	(772)
Profit/(loss) before income tax		**78,303**	5,395
Income tax benefit/(expense)	7	**(22,108)**	215
Profit/(loss) from continuing operations		**56,195**	5,610
Profit/(loss) is attributable to:			
Equity holders of Panoramic Resources Limited		**56,195**	5,610
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	41	**27.5**	2.9
Diluted earnings per share	41	**27.2**	2.8

Consolidated Statement Of Comprehensive Income

For the year ended 30 June 2010

	Consolidated	
	2010	2009
	$'000	$'000
Profit for the year	**56,195**	5,610
Other comprehensive income		
Revaluation of assets, net of tax	**38**	31,252
Changes in the fair value of available for sale financial assets, net of tax	**1,417**	(569)
Changes in the fair value of cash flow hedges, net of tax	**(2,980)**	39,536
Transfer from cash flow hedge reserve to net profit, net of tax	**(27,457)**	(37,896)
Other comprehensive income/(loss) for the year, net of tax	**(28,982)**	32,323
Total comprehensive income for the year	**27,213**	37,933
Total comprehensive income for the year is attributable to:		
Owners of Panoramic Resources Limited	**27,213**	37,933
	27,213	37,933

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

Consolidated Statement Of Financial Position

As at 30 June 2010

		Consolidated	
		2010	2009
	Notes	$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**49,778**	49,982
Term deposits	10	**87,601**	17,300
Trade and other receivables	9	**20,942**	26,861
Inventories	12	**12,286**	14,811
Derivative financial instruments	13	**3,769**	42,516
Current tax receivables	14	**-**	3,578
Prepayments	11	**3,222**	1,791
Total current assets		**177,598**	156,839
Non current assets			
Receivables	15	**1,876**	1,792
Available for sale financial assets	16	**9,229**	481
Property, plant and equipment	17	**51,978**	58,957
Exploration and evaluation	18(a)	**14,267**	18,704
Development properties	18(b)	**85,933**	61,711
Mine properties	18(c)	**68,555**	79,033
Derivative financial instruments	13	**6,858**	2,529
Other non current assets	20	**523**	262
Total non current assets		**239,219**	223,469
Total assets		**416,817**	380,308

Consolidated Statement Of Financial Position

As at 30 June 2010

		Consolidated	
		2010	2009
	Notes	$'000	$'000
LIABILITIES			
Current liabilities			
Trade and other payables	21	**23,913**	27,441
Borrowings	22	**3,295**	4,329
Derivative financial instruments	13	**11,189**	1,438
Provisions	23	**8,269**	3,408
Current tax liabilities	24	**18,496**	-
Total current liabilities		**65,162**	36,616
Non current liabilities			
Borrowings	25	**1,422**	2,249
Deferred tax liabilities	26	**35,672**	45,207
Provisions	27	**23,331**	9,960
Derivative financial instruments	13	**106**	-
Total non current liabilities		**60,531**	57,416
Total liabilities		**125,693**	94,032
Net assets		**291,124**	286,276
EQUITY			
Contributed equity	28	**101,953**	101,348
Reserves	29	**44,203**	71,574
Retained earnings	29	**144,968**	113,354
Total equity		**291,124**	286,276

Consolidated Statement Of Changes In Equity

For the year ended 30 June 2010

Consolidated	Notes	Issued capital	Share based payment reserve	Retained earnings	Cash flow hedge reserve	Other reserves	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2008		78,424	5,898	119,259	27,588	569	231,738
Revaluation of assets, net of tax	29	-	-	-	-	31,252	31,252
Changes in the fair value of available for sale financial assets, net of tax	29	-	-	-	-	(569)	(569)
Changes in the fair value of cash flow hedges, net of tax	29	-	-	-	39,536	-	39,536
Transfer to net profit, net of tax	29	-	-	-	(37,896)	-	(37,896)
Net income/(expense) recognised directly in equity		-	-	-	1,640	30,683	32,323
Profit for year		-	-	5,610	-	-	5,610
Total recognised income and expense for the year		-	-	5,610	1,640	30,683	37,933
Contributions of equity	28	22,924	-	-	-	-	22,924
Dividends provided for or paid	28	-	-	(11,515)	-	-	(11,515)
Options issued for business combination		-	3,120	-	-	-	3,120
Employee share options - charged to the consolidated entity	29	-	2,032	-	-	-	2,032
Employee share options - charged to joint venture partners	29	-	44	-	-	-	44
Balance at 30 June 2009		101,348	11,094	113,354	29,228	31,252	286,276
Balance at 1 July 2009		101,348	11,094	113,354	29,228	31,252	286,276
Revaluation of assets, net of tax	29	-	-	-	-	38	38
Changes in the fair value of available for sale financial assets, net of tax	29	-	-	-	-	1,417	1,417
Changes in the fair value of cash flow hedges, net of tax	29	-	-	-	(2,980)	-	(2,980)
Transfer to net profit, net of tax	29	-	-	-	(27,457)	-	(27,457)
Net income/(expense) recognised directly in equity		-	-	-	(30,437)	1,455	(28,982)
Profit for year		-	-	56,195	-	-	56,195
Total recognised income and expense for the year		-	-	56,195	(30,437)	1,455	27,213
Contributions of equity	28	605	-	-	-	-	605
Dividends provided for or paid	28	-	-	(24,581)	-	-	(24,581)
Employee share options charged to the consolidated entity	29	-	1,611	-	-	-	1,611
Balance at 30 June 2010		101,953	12,705	144,968	(1,209)	32,707	291,124

Consolidated Statement Of Cash Flows

For the year ended 30 June 2010

		Consolidated	
		2010	2009
	Notes	$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**284,230**	209,333
Payments to suppliers and employees (inclusive of goods and services tax)		**(144,966)**	(146,233)
Income tax refund/(paid)		**3,972**	(24,915)
Payments for exploration and evaluation expense		**(7,113)**	(7,606)
Borrowing cost paid		**(340)**	(700)
Net cash (outflow) inflow from operating activities	39	**135,783**	29,879
Cash flows from investing activities			
Payments for investments		**(6,669)**	-
Interest received		**4,358**	3,624
Payments for property, plant and equipment		**(8,058)**	(15,839)
Payments for exploration expense		**(1,656)**	(3,070)
Payment of development costs		**(25,215)**	(39,825)
Payments for mineral properties		**-**	(1,932)
Payments for other financial assets - term deposits		**(70,301)**	(17,300)
Proceeds from sale of plant and equipment		**957**	109
Cash outlfow on acquisition of subsidiary	33(b)	**-**	(499)
Net cash (outflow) inflow from investing activities		**(106,584)**	(74,732)
Cash flows from financing activities			
Proceeds from issues of ordinary shares		**605**	159
Repayment of borrowings		**(5,425)**	(4,737)
Dividends paid to company's shareholders	30	**(24,581)**	(11,515)
Net cash (outflow) inflow from financing activities		**(29,401)**	(16,093)
Net decrease in cash and cash equivalents		**(202)**	(60,946)
Cash and cash equivalents at the beginning of the financial year		**49,978**	110,926
Cash and cash equivalents at the end of year	8	**49,776**	49,980

Notes to the consolidated financial statements

30 June 2010

1 Summary of significant accounting policies

The financial report of Panoramic Resources Limited (the Parent or the Company) and its subsidiaries (the Group) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 26 August 2010.

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

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

(a) Basis of preparation

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

(b) New accounting standards and interpretations

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

Australian Accounting Standards that have recently been issued or amended and are not yet effective have not been adopted for the annual reporting period ending 30 June 2010.

(c) Basis of consolidation

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

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

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

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

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

(d) Significant accounting judgements, estimates and assumptions

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

Determination of mineral resources and ore reserves

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

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

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

Impairment of capitalised exploration and evaluation expenditure

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Notes to the consolidated financial statements

30 June 2010

Factors which could impact the future recoverability include the level of proved and probable reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment of capitalised mine development expenditure

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Capitalised mine development expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment of property, plant and equipment

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Property, plant and equipment that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Provisions for decommissioning and restoration costs

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

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

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

Notes to the consolidated financial statements

30 June 2010

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a Black Scholes model and a Binomial model, using the assumptions detailed in note 39.

(e) Revenue recognition

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

(i) Sale of concentrates/ore

A sale is recorded when control of the concentrates/ore has passed to the buyer.

(ii) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(f) Borrowing costs

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

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

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

(g) Leases

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

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

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

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

(h) Cash and cash equivalents

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

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

(i) Term deposits

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

Notes to the consolidated financial statements

30 June 2010

(j) Trade receivables

(i) Nickel concentrate

Mining revenue from nickel concentrate sales exported from the Savannah Nickel Project is recognised at its provisional price on the day the product has been shipped from port. 100% of the provisional value is payable in approximately 7 working days from issue of a provisional invoice. At each reporting date, provisional priced nickel is marked to market based on forward selling price for the quotational period stipulated in the contract until the quotational period expires and change in fair value is recognised as revenue. Increments and decrements in both final measured contained nickel in nickel concentrate delivered to the customer are brought to account upon presentation of the final invoice.

(ii) Nickel ore

Mining revenue from Lanfranchi nickel ore delivered to the Kambalda concentrator is recognised at its provisional price net of the amount goods and services tax (GST) payable to the taxation authority. 70% of the provisional invoice is payable one month after issue. Revenue is recognised based on estimated fair value of the consideration received and the embedded derivative is included within trade receivable. At each reporting date, provisional priced nickel is marked to market based on forward selling price for the quotational period stipulated in the contract until the quotational period expires and change in fair value is recognised as revenue.

(iii) Other receivables

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

(k) Inventories

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

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

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

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

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

(ii) Spares for production

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

(l) Derivative financial instruments and hedging

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

Derivatives are not held for speculative purposes.

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

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

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

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

(i) Cash flow hedges

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

Notes to the consolidated financial statements

30 June 2010

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

The Group tests each of the designated cash flow hedges for effectiveness at the inception of the hedge and then at each reporting date both prospectively and retrospectively using the dollar offset method. This is done by comparing the changes in the present value of the cash flow arising from hedged forecast sale at the forward rate, compared to changes in the fair value of the forward contract. Measurement of the cash flow changes is based on the respective forward curve over the hedge horizon for the US Dollar Nickel concentrate transacted on the London Metals Exchange.

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

(ii) Derivatives that do not qualify for hedge accounting

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

(m) Foreign currency translation

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

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

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

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

(n) Interest in jointly controlled assets

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

(o) Investments

(i) Available for sale financial assets

After initial recognition available for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

Investments which are not classified as held for trading or held to maturity are treated as available for sale financial assets.

(p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets and liabilities are reassessed at each balance sheet date and reduced to the extent that it is no longer probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Panoramic Resources Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Panoramic Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Panoramic Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Company. Details about the tax funding agreement are disclosed in note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(q) Other taxes

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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(r) Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of plant and equipment constructed for and by the consolidated entity, where applicable, includes the cost of materials and direct labour. The proportion of overheads and other incidental costs directly attributable to its construction are also capitalised to the cost of plant and equipment.

Costs incurred on plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives. Costs incurred on plant and equipment that do not meet the criteria for capitalisation are expensed as incurred.

Depreciation and amortisation

Depreciation and amortisation is calculated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives used for each class of asset are as follows:

Office equipment	3 4 years
Office furniture and fittings	5 years
Plant and equipment under hire purchase	over the lease term
Plant and equipment under finance lease	over the lease term
Process plant and buildings	lesser of life of mine and life of asset

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Property, plant and equipment that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Exploration, evaluation, development, mine properties and rehabilitation expenditure

(i) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area or, alternatively, by its sale.

Exploration and evaluation in the area of interest that have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are expensed as incurred.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation is assessed for impairment.

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Impairment

The carrying value of capitalised exploration expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(ii) Mine development expenditure

Mine development expenditure represents the costs incurred in preparing mines for production, and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Impairment

The carrying value of capitalised mine development is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Capitalised mine development expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(iii) Mine properties

Mine properties expenditure represents the cost incurred in the acquisition of a mining lease, and represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired mining lease at the date of acquisition. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases Once production commences, these costs are amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Impairment

The carrying value of capitalised mine properties is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine properties expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the

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asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Mine property expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(iv) Provisions for decommissioning and rehabilitation

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided in the period in which obligation arise. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. Over time, the liability is increased for the change in net present value based on a risk adjusted pre tax discount rate appropriate to the risk inherent in the liability. The unwinding of the discount is included in financing cost. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in the Income Statement on a prospective basis over the remaining life of the operation.

(t) Impairment of non financial assets

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

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

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

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

(u) Trade and other payables

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

(v) Interest bearing loans and borrowings

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

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

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

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(w) Provisions

Provisions are recognised when the economic entity has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

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

(x) Employee benefits

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

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

(ii) Long service leave

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

(iii) Share based payments

Equity settled transactions

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

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes model.

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

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

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

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

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

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

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

(iv) Bonus plans

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

(y) Contributed equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(z) Dividends

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

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Business combinations

Subsequent to 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009

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

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

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

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

2 Financial risk management

The Group's principal financial instruments comprise receivables, payables, finance leases, hire purchase contracts, cash and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

To manage exposure to commodity prices and exchange rates the Group uses derivative instruments, principally forward sales contracts and put and call options. The purpose is to manage the commodity price and currency rate risks arising from the Group's operations. These derivatives provide economic hedges and qualify for hedge accounting and are based on limits set by the board. The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rate and foreign exchange risk and assessments of market forecasts for commodity prices and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for the identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for hedging cover of commodity prices, foreign currency and interest rate risk, credit allowances and future cash flow forecast projections.

(a) Foreign exchange risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases in a currency other than the entity's functional currency. Approximately 100% of the Group's sales are denominated in United States Dollars, whilst most of the costs are denominated in Australian Dollars. The Group's functional currency is Australian Dollars.

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

It is the Group's policy to enter into derivative instruments to hedge foreign currency exposure once the likelihood of such exposure is highly probable and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness. The Group will follow its current policy of matching and hedging up to 80% of sales revenues in US$.

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

At 30 June 2010, the Group had the following exposure to US$ foreign currency that is not designated in cash flow hedges.

	2010	2009
	$'000	$'000
Cash at bank	**21,590**	14,991
Trade receivables	**6,400**	15,766
Net exposure	**27,990**	30,757

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The +/-10% (2009: +/-5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the Australian dollar to the US dollar, for the preceding 5 years and management's expectation of future movements.

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At 30 June 2010, had the US Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	Impact on post tax profit		Impact on equity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
AUD to USD +10% (2009: +5%)	**2,412**	1,010	**(102)**	1,120
AUD to USD -10% (2009: -5%)	**(4,616)**	(1,246)	**124**	(1,238)

The movements in profit are greater in 2010 due to the sensitivity increasing from +/-5% to +/-10% and changes to the provisional invoicing terms at Savannah. The movements in equity have reduced due to a fall in the value of forward commodity contracts. Management believes the balance sheet date risk exposures are representative of the risk exposure inherent in the financial instruments.

(b) Interest rate risk

The Group has put in place a Cash Management Policy to ensure that up to 180 days (2009: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investments. The Group policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non scheduled debt repayments when excess cash is available.

	30 June 2010		30 June 2009	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Cash at bank and in hand	4.7%	39,398	4.9%	28,554

The following sensitivity is based on the interest rate risk exposures in existence at the balance sheet date. The sensitivity used is +/-50 basis points which is based on reasonably, possible changes, over a financial year, using the observed range of actual historical Australian short term deposit rate movements over the last 3 years and management's expectation of future movements.

Judgements of reasonably possible movements		Interest rate risk			
		- 0.5%		+0.5%	
	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2010 Financial assets					
Cash and cash equivalents	39,394	(11)	-	11	-
Total increase/ (decrease)		(11)	-	11	-
Judgements of reasonably possible movements		**Interest rate risk**			
		- 0.5%		**+0.5%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2009 Financial assets					
Cash and cash equivalents	28,554	(10)	-	10	-
Total increase/ (decrease)		(10)	-	10	-

(c) Fair value measurements

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

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As of 1 July 2009, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

(d) At 30 June 2010 the Group does not have any level 3 instruments

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Group as at 30 June 2010	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Assets				
Financial assets at fair value through profit or loss				
Derivative instruments	-	3,769	-	3,769
Derivatives in an effective hedge relationship	-	6,857	-	6,857
Available for sale financial assets				
Equity securities	9,229	-	-	9,229
Total assets	9,229	10,626	-	19,855
Liabilities				
Financial liabilities at fair value through profit and loss				
Derivative instruments	-	3,158	-	3,158
Derivatives in an effective hedge relationship	-	8,137	-	8,137
Total liabilities	-	11,295	-	11,295

The available for sale financial assets are traded in active markets. Their fair value is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of derivative financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These techniques include comparing contracted rates to market rates with the same length of maturity to determine the value of forward contracts and use of option pricing models to value put options. These instruments are included in level 2. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

(d) Commodity Price Risk

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

The Groups profit and loss account and balance sheet can be affected significantly by movements in nickel prices on the LME. The Group seeks to mitigate the effect of its nickel prices exposure by using derivative instruments, principally forward sales contracts and put and call options.

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

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk. The +/-30% (2009: +/-10%) sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding 5 year period and management's expectation of future movements.

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Judgements of reasonably possible movements		Price risk			
		-30%		+30%	
	Carrying amount	Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'000
2010					
Accounts receivable	17,250	(16,922)	-	16,137	-
Derivatives cash flow hedges	(1,596)	-	(18,136)	-	(18,136)
Total increase/ (decrease)		(16,922)	(18,136)	16,137	(18,136)

Judgements of reasonably possible movements		Price risk			
		-30%		+30%	
	Carrying amount	Profit	Other Equity	Profit	Other Equity
	$'000	$'000	$'000	$'000	$'000
2009					
Accounts receivable	28,652	(4,423)	-	872	-
Derivatives cash flow hedges	33,588	-	(4,002)	-	4,002
Total increase/ (decrease)		(4,423)	(4,002)	872	4,002

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of these assets as indicated in the balance sheet.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in relation to these is the total mark to market gain, should the counterparties not honour their obligations.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

The Group's sales are to two major customers and believe that given these companies standing and credit worthiness credit risk is almost negligible.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk, other than the two major customers, within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(f) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available for sale. The fair value of these investments are based on quoted market prices.

The group hold investments of shares in several listed entities who are joint venture partners or potential joint venture partners. The board has not reacted to short term price fluctuations as it has a medium to long term view on these investments. These investments represent 2% (2009: 1%) of total assets and have yet to generate any revenue.

The following sensitivity is based on the equity price risk exposures in existence at the balance sheet date. The sensitivity used is +/-30% which is based on reasonably, possible changes, over as financial year, based on the share price fluctuations of the last 12 months and management's expectation of future movements.

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	-30%		+30%	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Impact on post tax profit				
Available for sale financial investment	**(557)**	(101)	**-**	76
Impact on equity				
Available for sale financial investment	**(1,381)**	-	**1,938**	25

(g) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding when necesary and the ability to close out market positions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans(when required), finance leases and committed available credit lines.

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow.

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2009: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. This policy is reviewed and approved by the Board on an annual basis. When bank loans are used the Group's policy is to reduce and manage cash flow interest rate risk by ensuing a timely reduction in debt obligations through scheduled debt repayments and non scheduled debt repayments when excess cash is available.

Financing arrangements

At reporting date, there are hedging facilities and a performance bond facility available. The performance bond facility is $8 million (2009: $8 million) with a drawdown amount at reporting date of $3.37 million (2009: $3.37 million) and $4.63 million (2009: $4.63 million) available to be used.

Maturities of financial liabilities

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

Group - At 30 June 2010	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Non derivatives				
Trade payables	23,913	-	23,913	23,913
Borrowings	2,592	-	2,592	2,474
Finance lease liabilities	956	1,521	2,477	2,244
Total non derivatives	27,461	1,521	28,982	28,631
Derivatives				
Gross settled (forward commodity contracts cash flow hedges)				
- (inflow)	(109)	(7,553)	(7,662)	-
- outflow	7,767	-	7,767	1,595
Gross settled (foreign exchange put options cash flow hedges)				
- (inflow)	(48)	-	(48)	(681)
Commodity put options				
- outflow	-	-	-	(3,403)

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Group - At 30 June 2010	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Foreign exchange call options				
- outflow	-	-	-	1,767
Commodity call options				
- outflow	-	-	-	1,391
Total derivatives	7,610	(7,553)	57	669

Group - At 30 June 2009	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Non derivatives				
Trade payables	27,441	-	27,441	27,441
Borrowings	1,399	-	1,399	1,360
Finance lease liabilities	3,214	2,488	5,702	5,218
Total non derivatives	32,054	2,488	34,542	34,019
Derivatives				
Gross settled (forward commodity contracts cash flow hedges)				
- (inflow)	(31,855)	-	(31,855)	(33,588)
- outflow	-	548	548	-
Gross settled (foreign exchange put options cash flow hedges)				
- (inflow)	(9,436)	-	(9,436)	(11,457)
Foreign exchange call options				
- outflow	-	-	-	1,438
Total derivatives	(41,291)	548	(40,743)	(43,607)

3 Segment information

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

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

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

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

The Group has two major customers to which it delivers Nickel concentrate and ore. The Groups most significant client accounts for $127.298 million (2009: $113.573 million) of external revenue. The next most significant client accounts for $93.383 million (2009: $68.594 million) of external revenue.

Notes to the consolidated financial statements

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4 Revenue

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Revenue		
Sale of goods	**283,448**	225,123
Other revenue		
Interest	**4,358**	3,624
	287,806	228,747

5 Other income

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Sundry income	**147**	1,167

6 Expenses

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Profit before income tax includes the following specific expenses:		
Cost of sales of goods		
Cost of production	**(126,544)**	(113,604)
Royalties	**(12,598)**	(9,250)
Depreciation - property, plant and equipment	**(12,558)**	(12,186)
Amortisation - finance lease and hire purchase assets	**(5,256)**	(7,260)
Amortisation - deferred development costs	**(24,101)**	(27,015)
Amortisation - mine properties	**(10,517)**	(2,861)
	(191,574)	(172,176)
Finance costs		
Interest and finance charges paid/payable	**(366)**	(508)
Unwinding of discount rehabilitation	**(422)**	(250)
Facility costs	**26**	(14)
	(762)	(772)
Derivative financial instruments		
Mark to market of derivative instruments which are not in an effective hedge relationship	**(5,859)**	(5,954)
	(5,859)	(5,954)

Notes to the consolidated financial statements

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	Consolidated	
	2010	2009
	$'000	$'000
Other		
Corporate and marketing costs	**(10,363)**	(3,678)
Employee benefit expense	**-**	(7,030)
Impairment of available for sale financial assets	**-**	(765)
Impairment of inventories	**(972)**	-
Depreciation - property, plant and equipment	**(228)**	(202)
Net loss (gain) on disposal of property, plant and equipment	**-**	(51)
	(11,563)	(11,726)
Breakdown of employee benefits expense		
Salaries and wages	**(34,287)**	(32,061)
Payroll tax	**(2,057)**	(1,924)
Superannuation	**(3,086)**	(2,885)
Share-based payments expense	**(1,611)**	(2,039)
Other	**(4,843)**	(4,857)
	(45,884)	(43,766)

7 Income tax expense

	Consolidated	
	2010	2009
	$'000	$'000
(a) Income tax expense		
Current tax	**19,221**	(1,516)
Deferred tax	**2,864**	6,795
Adjustments for current tax of prior periods	**23**	(5,494)
	22,108	(215)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit (loss) from continuing operations before income tax expense	**78,303**	5,395
Tax at the Australian tax rate of 30% (2009 : 30%)	**23,491**	1,619
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Donations	**83**	-
Investment allowance	**(219)**	(140)
Entertainment	**6**	10
Foreign exploration	**169**	186
Sundry items	**-**	260
Share based payments	**483**	612
Research and development	**(1,928)**	(2,762)
Adjustments for current tax of prior periods	**23**	-
Income tax expense/(benefit)	**22,108**	(215)

Notes to the consolidated financial statements

30 June 2010

	Consolidated	
	2010	2009
	$'000	$'000
(c) Amounts recognised directly in equity		
Relating to financial instruments	**13,044**	(702)
Relating to equity securities available for sale	**(623)**	244
Relating to asset revaluation reserve	**-**	(13,394)
Relating to capital raising	**-**	384
	12,421	(13,468)

(d) Tax consolidation legislation

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

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

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

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

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

Nature of tax funding and tax sharing arrangements

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

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

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

8 Current assets - Cash and cash equivalents

	Consolidated	
	2010	2009
	$'000	$'000
Cash at bank and in hand	**39,398**	28,557
Deposits at call	**10,380**	21,425
	49,778	49,982

Notes to the consolidated financial statements

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

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

	Consolidated	
	2010	2009
	$'000	$'000
Balances as above	**49,778**	49,982
Balances per statement of cash flows	**49,778**	49,982

(b) Cash at bank and on hand

Generally cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 4.6% (2009: 4.9%).

(c) Deposits at call

Short term deposits are made for varying periods of between 30 and 90 days, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The weighted average interest rate achieved for the year was 5.6% (2009: 6.7%).

(d) Fair value

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

9 Current assets - Trade and other receivables

	Consolidated	
	2010	2009
	$'000	$'000
Net trade receivables		
Trade receivables	**17,793**	21,374
Other receivables	**3,149**	5,487
	20,942	26,861

(a) Trade receivables

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

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

The amount of derivative embedded within provisionally priced sales at 30 June 2010 was $6.240 million (2009: $9.094 million) and the amount of fair value changes recognised in the income statement for 2010 was $2.853 million (2009: ($6.817) million).

All receivables are current.

(b) Other receivables

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

(c) Foreign exchange and interest rate risk

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

All trade receivables are non-interest bearing in 2009 and 2010.

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

(d) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value, at 30 June 2009 and 2010.

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

Information on credit risk is provided in note 2.

10 Current assets - Term deposits

	Consolidated	
	2010	2009
	$'000	$'000
Term deposits	**87,601**	17,300

Term deposits are made for varying periods of between 90 and 270 days, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The weighted average interest rate achieved for the year was 6% (2009: 4%).

11 Current assets - Prepayments

	Consolidated	
	2010	2009
	$'000	$'000
Prepayments	**3,222**	1,791

12 Current assets - Inventories

	Consolidated	
	2010	2009
	$'000	$'000
Spares for production		
- at cost	**8,053**	8,123
- at net realisable value	**287**	-
Nickel ore stocks on hand		
- at cost	**899**	3,472
Concentrates stocks on hand		
- at cost	**3,047**	3,216
	12,286	14,811

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13 Derivative financial instruments

	Consolidated	
	2010	2009
	$'000	$'000
Current assets		
Foreign exchange put options ((a)(ii))	**681**	11,457
Commodity put options ((a)(i))	**3,088**	-
Forward commodity contracts ((a)(i))	**-**	31,059
Total current derivative financial instrument assets	**3,769**	42,516
Non current assets		
Forward commodity contracts ((a)(i))	**6,542**	2,529
Commodity put options ((a)(i))	**316**	-
Total non current derivative financial instrument assets	**6,858**	2,529
Current liabilities		
Foreign exchange call options ((a)(ii))	**1,767**	1,438
Forward commodity contracts ((a)(i))	**8,137**	-
Commodity call options ((a)(i))	**1,285**	-
Total current derivative financial instrument liabilities	**11,189**	1,438
Non current liabilities		
Commodity call options ((a)(i))	**106**	-
Total non current derivative financial instrument liabilities	**106**	-
Total derivative financial instrument (liabilities) assets	**(668)**	43,607

(a) Instruments used by the Group

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

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

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

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

(i) Commodity hedges - cash flow hedges

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

The Group has entered into contracts for nickel forward and put options at the reporting date designated as hedges of anticipated future receipts from sales to occur over the next two years that will be denominated in United States currency.

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

Notes to the consolidated financial statements

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Consolidated	Tonnes Hedged	Average USD Price	Tonnes Hedged	Average USD Price
	30 June 2010	30 June 2010	30 June 2009	30 June 2009
		$		$
Nickel Sell Call Options				
Not later than one year	**1,338**	**24,496**	-	-
Nickel Buy Put Options				
Not later than one year	**1,800**	**18,167**	-	-
Nickel Fixed Forward				
Not later than one year	**2,496**	**16,734**	2,400	26,780
Later than one year	**1,200**	**24,803**	600	15,268

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

Consolidated	Kilolitres Hedged	Average USD Price	Kilolitres Hedged	Average USD Price
	30 June 2010	30 June 2010	30 June 2009	30 June 2009
Diesel Buy Call Options				
Not later than one year	**4,125**	**0.60**	-	-
Later than one year	**3,750**	**0.60**	-	-
Diesel Sell Put Options				
Not later than one year	**4,500**	**0.43**	-	-
Later than one year	**3,375**	**0.44**	-	-
Consolidated	**Tonnes Hedged**	**Average USD Price**	**Tonnes Hedged**	**Average USD Price**
	30 June 2010	**30 June 2010**	**30 June 2009**	**30 June 2009**
Copper Sell Put Options				
Not later than one year	**300**	**6,000**	-	-

(ii) Foreign exchange contracts - cash flow hedges

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

The Group has entered into foreign exchange contracts for forwards and put and written call options at the reporting date designated as hedges of anticipated future receipts from sales to occur over the next two years that will be denominated in United States currency.

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

Consolidated	USD Hedged	Average Rate	USD Hedged	Average Rate
	30 June 2010	30 June 2010	30 June 2009	30 June 2009
	$'000	$	$'000	$
Foreign Exchange Calls				
Not later than one year	**45,000**	**0.83**	125,270	0.63
Foreign Exchange Puts				
Not later than one year	**45,000**	**0.90**	125,270	0.78

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

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(b) Risk exposures

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

14 Current assets - Current tax receivables

	Consolidated	
	2010	2009
	$'000	$'000
Current tax receivable	-	3,578

15 Non-current assets - Receivables

	Consolidated	
	2010	2009
	$'000	$'000
Other receivables	**1,876**	1,792

(a) Fair values

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

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Other receivables - Group	**1,876**	**1,876**	1,792	1,792

These receivables are non-interest bearing as such their carrying value is assumed to approximate their fair value.

(b) Interest rate risk

All non-current receivables are non-interest bearing in 2010 and 2009.

(c) Credit risk

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

16 Non-current assets - Available-for-sale financial assets

	Consolidated	
	2010	2009
	$'000	$'000
At beginning of year	**481**	1,743
Additions	**6,669**	316
Losses from impairment	-	(765)
Revaluation surplus(deficit) transfer to equity	**2,079**	(813)
At end of year	**9,229**	481

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	Consolidated	
	2010	2009
	$'000	$'000
Securities - listed	**9,229**	481

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

17 Non-current assets - Property, plant and equipment

	Construction in progress	Plant and equipment	Leased plant & equipment	Total
	$'000	$'000	$'000	$'000
At 1 July 2008				
Cost	1,614	82,186	32,087	115,887
Accumulated depreciation	-	(36,897)	(16,923)	(53,820)
Net book amount	1,614	45,289	15,164	62,067
Year 30 June 2009				
Opening net book amount	1,614	45,289	15,164	62,067
Acquisition of business	5	2,795	2,889	5,689
Additions	9,904	6,350	4,720	20,974
Transfers between asset class	(8,174)	8,174	-	-
Impairment charge recognised in profit and loss	(775)	(8,568)	(621)	(9,964)
Disposals	-	(150)	(11)	(161)
Depreciation charge	-	(12,388)	(7,260)	(19,648)
Closing net book amount	2,574	41,502	14,881	58,957
At 30 June 2009				
Cost	3,349	99,177	39,670	142,196
Accumulated depreciation and impairment	(775)	(57,675)	(24,789)	(83,239)
Net book amount	2,574	41,502	14,881	58,957
Year 30 June 2010				
Opening net book amount	2,574	41,502	14,881	58,957
Additions	6,529	1,529	-	8,058
Transfer (to) from other asset class	(4,572)	11,086	(6,514)	-
Disposals	-	(1,008)	(161)	(1,169)
Impairment reversal	331	3,743	101	4,175
Depreciation charge	-	(12,786)	(5,257)	(18,043)
Closing net book amount	4,862	44,066	3,050	51,978
At 30 June 2010				
Cost	5,306	121,860	18,266	145,432
Accumulated depreciation and impairment	(444)	(77,794)	(15,216)	(93,454)
Net book amount	4,862	44,066	3,050	51,978

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Impairment

In 2009, due to a significant drop in commodity prices, an impairment loss of $9.964 million was recognised in the income statement to reduce the carrying amount of the plant and equipment to recoverable amount.

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

The recoverable amount of each mine operation at the cash generating unit level has been determined based on a value in use calculation using cash flow projections based on financial budgets covering life of the mine incorporating current market assumptions approved by the Directors. The cash generating unit comprises the plant and equipment, mine development and mine properties. A discount rate of 13.4% (2009: 13.4%) pretax was used in the calculation of the assets' recoverable amount.

(a) Non-current assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The carrying amounts of assets pledged as security for current and non-current borrowings are $3.050 million (2009: $14.881 million).

Included in the balances of plant and equipment are assets of Donegal Resources Pty Ltd over which two mortgages have been granted as security in relation to a rehabilitation bank guarantee. The terms of the mortgages preclude the assets being sold or being used as security for new finance without the permission of the mortgage holder. The mortgages also require plant and equipment that form part of the security to be fully insured at all times.

The carrying amounts of assets of Donegal Resources Pty Ltd pledged as security for current and non-current borrowings and the bank guarantee are:

	Consolidated	
	2010	2009
	$'000	$'000
Plant and equipment	**4,266**	2,702
Plant and equipment under hire purchase and finance lease	**221**	2,770
Capital works in progress	**29**	148
Net book amount	**4,516**	5,620

18 Non-current assets - Exploration and evaluation, development expenditure and mine properties

(a) Exploration and evaluation

	Consolidated	
	2010	2009
	$'000	$'000
Total exploration and evaluation	**14,267**	18,704

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or the sale of the respective mining areas.

Exploration and evaluation - reconciliation

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

Notes to the consolidated financial statements

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	Consolidated	
	2010	2009
	$'000	$'000
Carrying amount at start of year	**18,704**	13,068
Expenditure incurred during the year	**1,657**	3,070
Acquired through business combination	**-**	2,566
Transfer to mine development expenditure	**(6,094)**	-
Carrying amount at end of year	**14,267**	18,704

(b) Mine development expenditure

	Consolidated	
	2010	2009
	$'000	$'000
Cost		
Opening balance	**195,268**	153,375
Expenditure incurred	**25,215**	39,825
Transfer from exploration and evaluation	**6,094**	-
Acquired through business combination	**-**	1,600
Increase in rehabilitation cost capitalised	**14,011**	468
Disposals	**(39)**	-
Closing balance	**240,549**	195,268
Accumulated depreciation and impairment		
Opening balance	**(133,557)**	(95,116)
Amortisation for the year	**(24,101)**	(27,015)
Impairment reversal	**3,006**	-
Amortisation on disposals	**36**	-
Impairment charge	**-**	(11,426)
Closing balance	**(154,616)**	(133,557)
Total development properties	**85,933**	61,711

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(c) Mine properties

	Consolidated	
	2010	2009
	$'000	$'000
Cost		
Opening balance	**97,068**	25,884
Acquired through business combination	**-**	24,605
Revaluation of asset	**-**	44,646
Mine properties expenditure incurred	**-**	1,933
Closing balance	**97,068**	97,068
Accumulated depreciation and impairment		
Opening balance	**(18,035)**	(10,282)
Amortisation for the year	**(10,517)**	(2,861)
Impairment charge	**-**	(4,892)
Impairment reversal	**39**	-
Closing balance	**(28,513)**	(18,035)
Total mine properties	**68,555**	79,033

Valuation of mineral properties

On 26 May 2009, the Group acquired Brilliant Mining Corporation's wholly owned Australian subsidiary, Donegal Resources Pty Ltd which has a 25% joint venture interest in the Lanfranchi Project. This acquisition gives rise to a business combination and the Group gaining control of the Lanfranchi Project. Pursuant to the requirements of accounting standards this has resulted in the Group recognising their existing 75% interest in the Lanfranchi Joint Venture assets at their fair values on the date they obtained control of the Lanfranchi Joint Venture. The revaluations were made by the directors on 26 May 2009 resulting in a revaluation increase of $44.646 million to the Group's 75% interest in mineral properties on the date they gained control of the Lanfranchi Joint Venture. The revaluation surplus net of applicable deferred income taxes was credited to reserves in shareholders' equity (refer note 29 for further details).

Reversals of impairment

In 2009, due to the significant drop in commodity prices, an impairment loss of $16.318 million was recognised in the income statement to reduce the carrying amount of the mine development and the mine properties to recoverable amount.

During the year, the significant recovery of the commodity prices and an increase in reserves in the Group's Savannah Project (subject to statutory approval) had led the Group to make an assessment of the recoverability of its assets. As a result, an impairment loss reversal of $3.045 million was recognised in the income statement to increase the carrying amount of the mine development and mine properties to recoverable amount.

The recoverable amount of each mine operation at the cash generating unit level has been determined based on a value in use calculation using cash flow projections based on financial budgets covering life of the mine incorporating current market assumptions approved by the Directors. The cash generating unit comprise of the plant and equipment, mine development and mine properties. A discount rate of 13.4% (2009: 13.4%) pretax was used in the calculation of the assets' recoverable amount.

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19 Non-current assets - Deferred tax assets

	Consolidated	
	2010	2009
	$'000	$'000
The balance comprises temporary differences attributable to:		
Employee benefits	**1,918**	1,588
Provisions	**6,797**	2,698
Tax losses	**-**	1,515
Business related costs	**-**	72
Foreign exchange	**-**	276
Investments	**-**	122
Financial instruments at fair value	**3,552**	-
Superannuation	**5**	-
Trading Stock	**291**	-
Other	**-**	14
Total deferred tax assets	**12,563**	6,285
Set off of deferred tax liabilities pursuant to set off provisions (note 26)	**(12,563)**	(6,285)
Net deferred tax assets	**-**	-
Movements:		
Opening balance at 1 July	**6,285**	3,339
Credited/(charged) to the income statement	**6,278**	2,946
Closing balance at 30 June	**12,563**	6,285

20 Non-current assets - Other non-current assets

	Consolidated	
	2010	2009
	$'000	$'000
Cash backed bonds	**523**	262

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

21 Current liabilities - Trade and other payables

	Consolidated	
	2010	2009
	$'000	$'000
Trade payables	**9,211**	13,985
Accrued expenses	**14,702**	13,456
	23,913	27,441

Trade payables are non interest bearing and are normally settled on 30 day terms.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

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22 Current liabilities - Borrowings

	Consolidated	
	2010	2009
	$'000	$'000
Secured		
Lease and hire purchase liabilities	**821**	2,969
Insurance finance liability	**2,474**	1,360
Total secured current borrowings	**3,295**	4,329

(a) Risk exposures

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

(b) Fair value disclosures

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

(c) Security

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

23 Current liabilities - Provisions

	Consolidated	
	2010	2009
	$'000	$'000
Employee benefits	**8,269**	3,408

24 Current liabilities - Current tax liabilities

	Consolidated	
	2010	2009
	$'000	$'000
Income tax	**18,496**	-

25 Non-current liabilities - Borrowings

	Consolidated	
	2010	2009
	$'000	$'000
Secured		
Lease hire purchase liabilities (note 34)	**1,422**	2,249

(a) Assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

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The carrying amounts of assets pledged as security for current and non-current borrowings are $3.050 million (2009: $14.881 million)

(b) Other loans

Hire Purchase Contracts

Hire purchases have an average term of 4.5 years (2009: 4.5 years). The average discount rate implicit in the hire purchase liability is 7.2% (2009: 7.4%). Secured hire purchase liabilities are secured by a charge over the asset.

Financing facilities available

At reporting date, there is a performance bond facility available. The performance bond facility is $8 million (2009: $8 million) with a drawdown amount at reporting date of $3.37 million (2009: $3.37 million) and $4.63 million (2009: $4.63 million) available to be used.

(c) Interest rate risk exposures

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

		Fixed interest rate					
2010	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities (notes 22, 25 and 34)	-	821	834	589	-	-	2,244
Trade and other payables (note 21)	-	-	-	-	-	28,038	28,038
Other loans (note 22)	-	2,474	-	-	-	-	2,474
	-	3,295	834	589	-	28,038	32,756
Weighted average interest rate	-%	7.2%	7.2%	7.3%	-%	-%	
		Fixed interest rate					
2009	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (note 21)	-	-	-	-	-	27,441	27,441
Lease liabilities (notes 22, 25 and 34)	-	2,969	821	834	594	-	5,218
Other loans (note 22)	-	1,360	-	-	-	-	1,360
	-	4,329	821	834	594	27,441	34,019
Weighted average interest rate	-%	7.5%	7.2%	7.2%	7.3%	-%	

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(d) Fair value

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

	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
On-balance sheet				
Non-traded financial liabilities				
Other loans	**2,474**	**2,474**	1,360	1,360
Lease liabilities	**2,244**	**2,244**	5,218	5,218
	4,718	**4,718**	6,578	6,578

(i) On-balance sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

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

26 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2010	2009
	$'000	$'000
Financial instruments at fair value	**1,696**	12,526
Receivables	**-**	(173)
Prepayments	**-**	10
Inventories	**2,411**	2,437
Borrowing costs capitalised	**-**	72
Accrued income	**474**	-
Foreign exchange	**408**	-
Investments	**523**	-
Depreciation and amortisation	**42,723**	36,620
Total deferred tax liabilities	**48,235**	51,492
Set-off of deferred tax liabilities pursuant to set-off provisions (note 19)	**(12,563)**	(6,285)
Net deferred tax liabilities	**35,672**	45,207
Movements:		
Opening balance at 1 July	**51,492**	29,798
(Credited)/charged to the income statement	**9,164**	8,226
Charged/(credited) to equity (notes 28 and 29)	**(12,421)**	13,468
Closing balance at 30 June	**48,235**	51,492

Notes to the consolidated financial statements

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27 Non-current liabilities - Provisions

	Consolidated	
	2010	2009
	$'000	$'000
Employee benefits - long service leave	**820**	1,883
Rehabilitation	**22,511**	8,077
	23,331	9,960

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

A provision for rehabilitation is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the rehabilitation are based on the anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislations in relation to rehabilitation of such mines in the future.

Provision for rehabilitation	2010	2009
	$'000	$'000
Movements:		
Carrying amount at start of year	**8,077**	6,969
- additional provisions recognised	**14,012**	858
- unwinding of discount	**422**	250
Carrying amount at end of year	**22,511**	8,077

28 Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	2010	2009	2010	2009
	No. of shares	No. of shares	$'000	$'000
Ordinary shares fully paid	**205,262,842**	203,987,842	**101,953**	101,348

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(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 July 2008	Opening balance	191,858,342	78,424
	Excercise of unlisted options - 4 Jul 08	15,000	11
	Excercise of unlisted options - 22 Aug 08	5,000	4
	Excercise of unlisted options - 29 Aug 08	15,000	13
	Excercise of unlisted options - 9 Sep 08	22,500	19
	Excercise of unlisted options - 16 Sep 08	7,500	7
	Excercise of unlisted options - 18 Sep 08	27,000	23
	Deferred tax credit recognised directly in equity	-	384
	Issued for consideration of business acquisition - 26 May 09	12,000,000	22,380
	Excercise of unlisted options - 16 Jun 09	37,500	83
30 June 2009	Balance at end of year	**203,987,842**	**101,348**
1 July 2009	Opening balance	203,987,842	101,348
	Exercise of unlisted options - 23 Oct 09	25,000	55
	Employee share scheme issues - 16 Feb 10	1,000,000	-
	Exercise of unlisted options - 1 Apr 10	200,000	440
	Exercise of unlisted options - 22 Apr 10	50,000	110
30 June 2010	Balance at end of year	**205,262,842**	**101,953**

(c) Movements in share options issued over ordinary shares

Date	Details	Number of shares	Issue Price $
1 July 2008	Opening balance	1,857,500	
	Issued 26 May 2009	3,000,000	1.50
	Exercised 2008/9	(7,500)	0.75
	Exercised 2008/9	(7,500)	0.75
	Exercised 2008/9	(2,500)	0.85
	Exercised 2008/9	(25,000)	0.85
	Exercised 2008/9	(21,000)	0.85
	Exercised 2008/9	(28,500)	0.85
	Exercised 2008/9	(37,500)	2.20
	Cancelled 2008/9	(1,500)	0.85
	Cancelled 2008/9	(1,500)	0.85
	Cancelled 2008/9	(37,500)	2.20
30 June 2009	Balance at end of year	**4,687,500**	
	Exercised 2009/10	(25,000)	2.20
	Exercised 2009/10	(200,000)	2.20
	Exercised 2009/10	(50,000)	2.20
30 June 2010	Balance at end of year	**4,412,500**	

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(d) Ordinary shares

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

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

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2010, the Group paid dividends of $24.581 million (2009: $11.515 million). The Group's target dividend payments each financial year is to payout between 40-50% of net profits.

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

Management monitor capital through the gearing ratio (total borrowings / contributed equity). The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2010 was 4.6% (2009: 6.5%).

The Group has put in place a Group Cash Management Policy to ensure that up to 180 days (2009: 180 days) excess cash holdings are invested with a range of institutions that have sufficient financial strength to ensure the security of the investment. (Refer to note 2 Financial risk management)

The Group is not subject to any externally imposed capital requirements.

Management consider that the total equity of the Group (contributed equity, reserves and retained earnings) plus borrowings (current and non-current) is what it manages as capital. At June 2010 this was $295.839 million (2009: $292.852 million).

29 Reserves and retained profits

	Consolidated	
	2010	2009
	$'000	$'000
Reserves		
Mineral properties revaluation reserve, net of tax	**31,290**	31,252
Available-for-sale investments revaluation reserve, net of tax	**1,417**	-
Hedging reserve - cash flow hedges, net of tax	**(1,209)**	29,228
Share based payments reserve	**12,705**	11,094
	44,203	71,574

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	Consolidated	
	2010	2009
	$'000	$'000
Mineral properties revaluation reserve		
Balance 1 July	**31,252**	-
Revaluation - gross(note 18(a)(c))	**54**	44,646
Deferred tax (note 26)	**(16)**	(13,394)
Balance 30 June	**31,290**	31,252
Available for sale investments revaluation reserve		
Balance 1 July	**-**	569
Revaluation - gross	**2,024**	(812)
Deferred tax	**(607)**	243
Balance 30 June	**1,417**	-
Hedging reserve - cash flow hedges		
Balance 1 July	**29,228**	27,588
Remeasurement of cash flow hedges net of tax	**(2,980)**	39,536
Transfer to net profit - net of tax	**(27,457)**	(37,896)
Balance 30 June	**(1,209)**	29,228
Share-based payments reserve		
Balance 1 July	**11,094**	5,898
Options issued to Brilliant Mining Corporation	**-**	3,120
Employee share plan expense - charged to the consolidated entity	**1,611**	2,032
Employee share plan expense - charged to joint venture partners	**-**	44
Balance 30 June	**12,705**	11,094

Asset revaluation reserve

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

Share-based payments reserve

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration. The reserve is also used to record share based payments provided to third parties as part of the acquisition of an entity.

Cash flow hedge reserve

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

Available-for-sale investments revaluation reserve

This reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

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Retained earnings

Movements in retained earnings were as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Opening retained earnings	**113,354**	119,259
Profit (loss) for the year	**56,195**	5,610
Dividends	**(24,581)**	(11,515)
Balance 30 June	**144,968**	113,354

30 Dividends

(a) Ordinary shares

	Consolidated entity	
	2010	2009
	$'000	$'000
Final dividend for the year ended 30 June 2009 of 2 cents (2009: 3 cents) per fully paid share paid on 22 September 2009 (2008: 17 September 2009)		
Fully franked based on tax paid @ 30% - 2 cents (2009: 3 cents) per share	**4,080**	9,593
Interim dividend for the half year ended 31 December 2009 of 5 cents (2009: 1 cent) per fully paid share paid on 26 March 2010 (2008: 9 March 2009)		
Fully franked based on tax paid @ 30% - 5 cent (2009: 1 cents) per share	**10,251**	1,922
One off special dividend of 5 cents (2009: nil) per fully paid share paid on 26 March 2010		
Fully franked based on tax paid @ 30% - 5 cent (2009: nil) per share	**10,250**	-
Total dividends provided for or paid	**24,581**	11,515

(b) Dividends not recognised at year end

	Consolidated	
	2010	2009
	$'000	$'000
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 6.5 cents per fully paid ordinary share, (2009: 2 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid at 30 June 2010, but not recognised as a liability at year end, is	**13,342**	4,080

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(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2010 will be franked out of existing franking credits.

	Consolidated	
	2010	2009
	$'000	$'000
Franking account balance as at the end of the financial year at 30% (2009 : 30%)	**14,940**	26,140
Franking credits that will arise from payment of income tax payable as at end of the financial year	**18,496**	(4,315)
Impact on franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as distribution to equity holders during the period	**(5,718)**	(1,748)
	27,718	20,077

The tax rate at which paid dividends have been franked is 30% (2009: 30%).

Dividends proposed will be franked at the rate of 30% (2009: 30%).

31 Key management personnel disclosures

(a) Directors

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

(i) Chairman - non-executive

C J G de Guingand

(ii) Executive directors

P J Harold, Managing Director

(iii) Non-executive directors

C D J Langdon

J Rowe

B M Phillips

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:		
T R Eton	Chief Financial Officer	Panaromic Resources Limited
C J Williams	General Manager - Operations	Panaromic Resources Limited
S A Jessop	Manager Projects	Panaromic Resources Limited
T J Strong	Operations Manager - Savannah Project	Savannah Nickel Mines Pty Ltd
R J Thorburn (from 1 November 2009)	Operations Manager - Lanfranchi Project	Lanfranchi Nickel Mines Pty Ltd
S G Kelleher (from 1 July 2009 to 8 February 2010) deceased	Group Process Manager	Savannah Nickel Mines Pty Ltd

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(c) Key management personnel compensation

	Consolidated	
	2010	2009
	$'000	$'000
Short-term employee benefits	**3,368**	3,572
Post-employment benefits	**329**	173
Share-based payments	**1,157**	1,603
	4,854	5,348

(d) Equity instrument disclosures relating to key management personnel

(i) Securities provided as remuneration

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

(ii) Security holdings

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

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

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

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2009							
Name	Balance at start of the year	Granted as compensa-tion	Exercised	Other changes	Balance at end of the year	Unvested and not exercisable	Vested and exercisable
Directors of Panoramic Resources Limited							
C J G de Guingand	-	-	-	-	-	-	-
P J Harold	1,500,000	-	-	-	1,500,000	1,500,000	-
P J Harold - performance shares	-	-	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-
B M Philips	-	-	-	-	-	-	-
Other key management personnel of the Company							
T R Eton	750,000	-	-	-	750,000	-	750,000
C J Williams	100,000	-	-	-	100,000	-	100,000
S A Jessop	50,000	-	-	-	50,000	-	50,000
S G Kelleher (deceased)	75,000	-	-	-	75,000	-	75,000
T J Strong	75,000	-	-	-	75,000	-	75,000

(iii) Share holdings

The number of shares in the company held during the financial year by each director of Panoramic Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

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

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2009				
Name	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at the end of the year**
Ordinary shares				
Directors of Panoramic Resources Limited				
P J Harold	3,640,785	-	(33,320)	3,607,465
C J G de Guingand	160,366	-	(10,000)	150,366
C D J Langdon	85,000	-	-	85,000
J Rowe	10,000	-	-	10,000
B M Philips	10,000	-	-	10,000
Other key management personnel of the Company				
T R Eton	200,000	-	-	200,000
C J Williams	180,000	-	-	180,000
S A Jessop	60,000	-	21,800	81,800
R J Thorburn	-	-	-	-
S G Kelleher (deceased)	75,000	-	-	75,000
T J Strong	188,000	-	-	188,000

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

(e) Other transactions with key management personnel

Mr C De Guingand (Non-Executive Chairman) is a Director of Mineral Commerce Services Pty Ltd which, during the year was paid $109k (2009: $188k) by shiping owners, Spliethoff (Amsterdam), for shipping brokerage services provided to the Group on normal commercial terms and conditions

Mr J Rowe is Director of John Rowe Consulting Pty Ltd which during the year was paid $77k (2009: $65k) for geological consulting services based on normal commercial terms and conditions.

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

32 Remuneration of auditors

	Consolidated	
	2010	**2009**
	$	**$**
Amounts received or due and receivable by Ernst & Young for:		
Audit and review of financial reports of the Company and other entity of the consolidated entity	**244,469**	214,202
Other services in relation to the Company and any other entity in the consolidated entity		
Other	**-**	43,033
Tax compliance services	**116,740**	134,183
	361,209	391,418

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33 Business combination

(a) Summary of acquisition

On 26 May 2009, the Group acquired Brilliant Mining Corporation's wholly owned Australian subsidiary, Donegal Resources Pty Ltd which has a 25% joint venture interest in the Lanfranchi Project. The Group as at reporting date owns 100% of the Lanfranchi Project.

The acquired business contributed revenues of $2,150,000 and net profit of $331,000 to the Group for the period from 26 May 2009 to 30 June 2009 . If the acquisition had occurred on 1 July 2008, consolidated revenue and consolidated loss for the year ended 30 June 2009 would have been $247,129,000 and ($862,000) respectively.

Details of the fair value of the assets and liabilities acquired are as follows:

	$'000
Purchase consideration (refer to (b) below):	
Cash paid	**1,616**
Fair value of shares issued (note 26b)	**22,380**
Fair value of options issued (note 26c)	**3,120**
Direct costs relating to the acquisition	**1,767**
Net receivables from Donegal at the date of acquisition	**2,108**
Total purchase consideration	**30,991**
Fair value of net identifiable assets acquired (refer to (c) below)	**30,991**

(b) Cash flow information

	Consolidated	
	2010	2009
	$'000	$'000
Cash consideration paid	-	1,616
Less: Balances acquired		
Cash	-	1,117
Outflow of cash	-	499

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(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	$'000	$'000
Cash	**1,117**	**1,117**
Trade and other receivables	**11,799**	**313**
Prepayments	**207**	**207**
Inventories	**614**	**613**
Plant and equipment	**5,689**	**5,689**
Development properties	**1,600**	**1,600**
Exploration and evaluation	**2,567**	**2,567**
Mine properties	**9,725**	**24,605**
Trade payables	**(29,434)**	**(3,401)**
Provision	**(740)**	**(740)**
Interest bearing liabilities	**(3,284)**	**(842)**
Provision for income tax payable	**-**	**(737)**
Net identifiable assets acquired	**(140)**	**30,991**

34 Commitments

(a) Capital commitments

	Consolidated	
	2010	2009
	$'000	$'000
Property, plant and equipment		
Not later than one year	**43,257**	16,468
	43,257	16,468
Mineral tenements expenditure commitments		
Not later than one year	**2,691**	2,301
Later than one year but not later than five years	**7,835**	6,261
Later than five years	**7,802**	8,689
	18,328	17,251

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Hire purchase and finance lease rental commitments

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

	Consolidated	
	2010	2009
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**956**	3,214
Later than one year but not later than five years	**1,521**	2,488
Total minimum lease payments	**2,477**	5,702
Less future hire purchase finance charges	**(233)**	(484)
Present value of minimum lease payments	**2,244**	5,218

The weighted average interest rate implicit in the hire purchase for the Group is 7.2% (2009: 7.4%).

(b) Operating lease commitments as lessee

(i) Power Supply

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

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

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

(ii) Corporate office

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

Future minimum rentals payable under non-cancellable operating leases at 30 June 2010 are as follows:

	Consolidated	
	2010	2009
	$'000	$'000
Within one year	**635**	603
Later than one year and not later than five years	**1,533**	2,059
	2,168	2,662

(c) Remuneration commitments

	Consolidated	
	2010	2009
	$'000	$'000
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**1,315**	701

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35 Subsidiaries

The consolidated financial statements include the financial statements of Panoramic Resources Limited and the subsidiaries listed in the following table.

Cherish Metals Pty Ltd*	Australia	Ordinary	**100%**	100%
Savannah Nickel Mines Pty Ltd	Australia	Ordinary	**100%**	100%
Pindan Exploration Company Pty Ltd (formerly Sally Malay Exploration Pty Ltd)	Australia	Ordinary	**100%**	100%
SMY Copernicus Pty Ltd**	Australia	Ordinary	**100%**	100%
Copernicus Nickel Mine Pty Ltd	Australia	Ordinary	**60%**	60%
Donegal Resources Pty Ltd	Australia	Ordinary	**100%**	100%
Donegal Lanfranchi Pty Ltd	Australia	Ordinary	**100%**	100%
Lanfranchi Nickel Mine Pty Ltd	Australia	Ordinary	**100%**	100%

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

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

36 Deed of cross guarantee

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

As a condition of the Class Order, Panoramic Resources Limited and Savannah Nickel Mines Pty Ltd (the "Closed Group"), entered into a Deed of Cross Guarantee on 29 June 2005. The effect of the deed is that Panoramic Resources Limited has guaranteed to pay any deficiency in the event of winding up of its controlled entity or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entity has also given a similar guarantee in the event that Panoramic Resources Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

On 23 June 2009, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd have joined as parties to the Deed of Cross Guarantee. As at reporting date, the "Closed Group" comprise of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2010 of the Closed Group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

	2010	2009
	$'000	$'000
Consolidated income statement		
Profit from continuing operations before income tax	**82,737**	22,204
Income tax (benefit) expense	**23,603**	4,417
Profit for the year	**59,134**	17,787
Retained earnings at the beginning of the financial year	**124,568**	118,296
Net profit for the period	**59,134**	17,787
Dividends provided for or paid	**(24,581)**	(11,515)
Retained profits at the end of the financial year	**159,121**	124,568

Notes to the consolidated financial statements

30 June 2010

(a) Balance sheet

Set out below is a consolidated balance sheet as at 30 June 2010 of the Closed Group consisting of Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cherish Metals Pty Ltd and Donegal Resources Pty Ltd.

	2010	2009
	$'000	$'000
Current assets		
Cash and cash equivalents	**51,485**	49,617
Term deposits	**85,850**	17,300
Trade and other receivables	**25,527**	30,368
Inventories	**11,011**	14,197
Derivatives	**3,768**	42,516
Current tax receivables	**-**	3,578
Total current assets	**177,641**	157,576
Non-current assets		
Receivables	**21,925**	19,915
Available-for-sale investments	**9,106**	413
Property, plant and equipment	**51,747**	58,716
Deferred exploration and evaluation expenditure	**10,384**	14,838
Development expenditure	**151,819**	137,802
Derivatives	**6,857**	2,529
Total non-current assets	**251,838**	234,213
Total assets	**429,479**	391,789
Current liabilities		
Trade and other payables	**28,937**	30,764
Provisions	**20,066**	-
Interest bearing loans and borrowings	**3,295**	4,329
Derivatives	**11,190**	1,438
Total current liabilities	**63,488**	36,531
Non-current liabilities		
Interest bearing loans and borrowings	**1,422**	2,249
Deferred tax liabilities	**36,421**	46,035
Provisions	**22,803**	9,483
Derivatives	**106**	-
Total non-current liabilities	**60,752**	57,767
Total liabilities	**124,240**	94,298
Net assets	**305,239**	297,491
Equity		
Contributed equity	**101,953**	101,348
Reserves	**44,165**	71,574
Retained profits	**159,121**	124,569
Total equity	**305,239**	297,491

Notes to the consolidated financial statements

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37 Interests in joint ventures

The Group has a 60% (2009: 60%) interest in the unincorporated Copernicus Joint Venture, which is involved with the exploration, evaluation, development and production of mineral deposits in the Kimberley region of Western Australia.

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

	Consolidated	
	2010	2009
	$'000	$'000
Current assets	**299**	2,123
Non-current assets	**2,733**	1,238
Total assets	**3,032**	3,361
Current liabilities	**1**	40
Non-current liabilities	**2,477**	2,463
Total liabilities	**2,478**	2,503
Net assets	**554**	858

	Consolidated	
	2010	2009
	$'000	$'000
Revenues	**6**	22
Expenses	**(1,180)**	(8,555)
Profit before income tax	**(1,174)**	(8,533)

Contingencies and committments

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

38 Events occurring after the balance sheet date

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

On 26 July 2010, the "Tushtena Gold Project–Farmin and Joint Venture Agreement" was executed between the Company, Triton Gold Limited ("Triton"), and Tushtena Resources Inc ("Tushtena"), whereby Triton and Tushtena have agreed to the Company earning a 51% interest in the Tushtena Gold Project located in Alaska by spending US$2,600,000 on the project before 30 June 2013. The Company is required to spend US$1,000,000 before it can withdraw from the project.

On 3 August 2010, the Company announced that a General Meeting of shareholders is to be held on 3 September 2010 to consider resolutions in regard to a granting of performance share rights under a new employee share plan.

On 12 August 2010, the Company purchased 2,000,000 shares in Magma Metals Limited at a cost of $0.48 per share.

On 26 August, 2010, the Directors resolved to declare a fully franked final dividend of 6.5 cents per share in respect of the year ended 30 June 2010.

In the interval between the end of the financial year and the date of this report, apart from the events mentioned above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

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39 Reconciliation of profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Profit (loss) for the year	**56,195**	5,610
Depreciation property, plant and equipment	**12,786**	12,386
Amortisation of finance lease and hire purchase assets	**5,256**	7,260
Amortisation of deferred development costs	**24,101**	27,015
Amortisation of mine properties	**10,518**	2,861
Fair value adjustment to derivatives	**1,179**	5,954
Non cash employee benefits expense - share-based payments	**1,611**	2,032
Interest income	**(4,358)**	(3,624)
Net (loss) profit on sale of non-current assets	**215**	51
Impairment of available-for-sale financial assets	**-**	765
Impairment (reversal of impairment) of assets	**(7,221)**	26,285
Decrease (increase) in trade debtors and others	**5,922**	(19,655)
Decrease in prepayments	**2,133**	2,664
(Decrease) increase in trade payables and others	**(2,631)**	(4,145)
Decrease (increase) in inventories	**3,799**	(3,023)
Increase in other assets	**(346)**	(8,176)
Increase in other provisions	**929**	709
Increase in deferred taxes	**3,189**	6,939
Decrease in derivative financial instruments	**(384)**	-
Increase (decrease) in provision for income taxes payable	**22,890**	(32,029)
Net cash (outflow) inflow from operating activities	**135,783**	29,879

40 Non-cash investing and financing activities

	Consolidated	
	2010	**2009**
	$'000	**$'000**
Acquisition of plant and equipment under hire purchase and finance leases	-	(4,720)
Shares issued as part of an acquisition of subsidiary	-	22,380
Options issued as part of acquisition of a subsidiary	-	3,120
	-	20,780

Notes to the consolidated financial statements

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41 Earnings per share

(a) Basic earnings per share

	Consolidated	
	2010	2009
	Cents	Cents
Profit from continuing operations attributable to the ordinary equity holders of the company	**27.5**	2.9
Basic earnings per share attributable to the ordinary equity holders of the company	**27.5**	2.9

(b) Diluted earnings per share

	Consolidated	
	2010	2009
	Cents	Cents
Profit from continuing operations attributable to the ordinary equity holders of the company	**27.2**	2.8
Diluted earnings per share attributable to the ordinary equity holders of the company	**27.2**	2.8

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

	Consolidated	
	2010	2009
	$'000	$'000
Basic earnings per share		
Profit from continuing operations	**56,195**	5,610
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**56,195**	5,610
Diluted earnings per share		
Profit from continuing operations	**56,195**	5,610
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**56,195**	5,610

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

	Consolidated	
	2010	2009
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	**204,078,184**	193,082,509
Effect of dilution:		
Share options	**4,662,329**	4,687,500
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**208,740,513**	197,770,009

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

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42 Share-based payments

(a) Employee Option Plan

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

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

Grant Date	Vesting date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
				Number	Number	Number	Number	Number	Number	Number
Consolidated 2010										
22/01/07	30/11/07	31/12/10	$2.20	562,500	-	(275,000)	-	-	287,500	287,500
22/01/07	30/11/08	31/12/10	$2.20	1,125,000	-	-	-	-	1,125,000	1,125,000
Total				1,687,500	-	(275,000)	-	-	1,412,500	1,412,500
Weighted average exercise price				$2.20	$-	$2.20	$-	$-	$2.20	$2.20
Consolidated 2009										
16/06/05	20/09/05	20/09/08	$0.75	7,500	-	(7,500)	-	-	-	-
16/6/05	20/09/06	20/09/08	$0.75	7,500	-	(7,500)	-	-	-	-
08/05/06	20/09/06	20/09/08	$0.85	2,500	-	(2,500)	-	-	-	-
08/05/06	20/09/07	20/09/08	$0.85	25,000	-	(25,000)	-	-	-	-
12/07/06	20/09/06	20/09/08	$0.85	22,500	-	(21,000)	(1,500)	-	-	-
12/07/06	20/09/07	20/09/08	$0.85	30,000	-	(28,500)	(1,500)	-	-	-
22/01/07	30/11/07	31/12/10	$2.20	562,500	-	-	-	-	562,500	562,500
22/01/07	30/11/08	31/12/10	$2.20	1,200,000	-	(37,500)	-	(37,500)	1,125,000	1,125,000
Total				1,857,500	-	(129,500)	(3,000)	(37,500)	1,687,500	1,687,500
Weighted average exercise price				$2.13	$-	$1.23	$0.85	$2.20	$2.20	$2.20

During the year ended 30 June 2010, no options were forfeited (2009: 37,500 options).

The weighted average share price at the date of the exercise of options exercised during the year ended 30 June 2010 was $2.20 (2009: $1.23).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.86 years (2009: 3.97 years).

Fair value options granted				
Grant Date	Vested date	Fair Value/option	Options	Fair Value
		$		$
24 August 2004	31 Dec 2004	0.31	100,000	31,000
24 August 2004	31 Dec 2005	0.31	100,000	31,000
2 December 2004	20 Sep 2006	0.46	55,000	25,300
28 January 2005	20 Sep 2005	0.40	28,750	11,457
28 January 2005	20 Sep 2006	0.40	21,250	8,468
16 June 2005	20 Sep 2005	0.34	15,000	5,100

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Fair value options granted				
Grant Date	Vested date	Fair Value/option	Options	Fair Value
		$		$
8 May 2006	20 Sep 2006	0.72	162,500	117,130
8 May 2006	20 Sep 2007	0.72	162,500	117,130
12 July 2006	20 Sep 2006	0.66	206,625	135,897
12 July 2006	20 Sep 2007	0.66	206,625	135,897
22 January 2007	30 Nov 2007	1.17	1,112,500	1,296,953
22 January 2007	30 Nov 2008	1.17	1,112,500	1,296,953

The fair value of each option is estimated on the date of grant using a Black Scholes option pricing model with the following assumptions used for grants made on the following dates:

	Dividend yield	Expected Volatility	Historical Volatility	Risk free rate	Expected life
	%	%	%	%	yrs
24 August 2004	0.00	46	46	5.59	3.45
2 December 2004	0.00	46	46	5.25	2.76
28 January 2005	0.00	46	46	5.40	3.08
16 June 2005	0.00	46	46	5.28	3.26
8 May 2006	0.00	49	49	5.70	2.37
12 July 2006	0.00	42	42	5.88	2.19
22 January 2007	0.00	47	47	6.55	3.86

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Performance Shares

Managing Director's Long Term Share Plan (LTSP)

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

The performance shares granted under the plan are as follow:

- 1,000,000 performance shares were granted on 30/11/2006
- Vesting date 31/12/2009
- Expiry date 30/11/2011
- 1,000,000 performance shares were exercised 16/02/2010

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Employee Share Plan (ESP)

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

The performance shares granted under the plan are as follow:

- 1,484,800 performance shares were granted on 01/01/2008
- Vesting date 31/12/2010
- Expiry date 31/12/2013
- Forfeited shares during the year 342,900
- Remaining shares on issue at balance date 1,078,900

Fair value of Performance Shares

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

The following assumptions were used for grants made and the resulting fair values per performance share for those on issue at 30 June 2008 are:

	Employee Share Plan (ESP)	Managing Director's Long Term Share Plan (LTSP)
Shares issued under the plan	1,484,800	1,000,000
Grant date	01/01/2008	30/11/2006
Vesting date	31/12/2010	31/12/2009
Share price at grant date	$5.35	$2.00
Risk free rate	6.59%	5.80%
Dividend yield	3.50%	0.00%
Volatility	56%	47%
Fair Value	$3.57	$1.65

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

(c) Expenses arising from share based payment transactions

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

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

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

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

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

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

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

Options issued under employee option plan including $1,611,000 (2009: $535,000) of performance shares amount to $1,611,000 (2009: $2,032,000)

Separate Co-Existence Agreements were signed on 14 November 2007 by the Company and the other 40% joint venturer in the Copernicus Project, together with East Kimberley Purnululu and Malarngowen People, the Traditional Owners residing in Warmun in relation to long term benefits that will flow to all parties as consequence of mining on the Savannah and Copernicus mineral leases. Pursuant to the terms of agreement, 447,505 fully paid ordinary shares were issued to the Traditional Owners at no consideration on the 6th of February 2008 in lieu of net smelter return (NSR) based royalties for the 2005 and 2006 financial years. The market value of these shares at grant date amounted to $2,332,000. This amount was capitalised and recognised in the balance sheet as at reporting date.

Pursuant to the terms of the Donegal Resources Pty Ltd Share Sale and Purchase Agreement (note 29),12,000,000 fully paid ordinary shares and 3,000,000 unlisted options were issued on the 26th of May 2009. The market value of these shares at grant date amounted to $22.380 million and $3.120 million respectively. These amounts were capitalised and recognised in the balance sheet as at reporting date.

43 Parent entity financial information

(a) Summary financial information

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

	Parent entity	
	2010	2009
	$'000	$'000
Balance sheet		
Current assets	**22,857**	7,094
Non-current assets	**105,923**	132,726
Total assets	**128,780**	139,820
Current liabilities	**9,964**	2,049
Non-current liabilities	**856**	351
Total liabilities	**10,820**	2,400
Shareholders' equity		
Contributed equity	**104,083**	103,478
Reserves	**14,968**	11,094
Retained earnings	**(1,092)**	22,848
Capital and reserves attributable to owners of Panoramic Resources Limited	**117,959**	137,420
Profit or loss for the year	**643**	21,711
Total comprehensive income	**643**	21,711

(b) Guarantees entered into by the parent entity

The parent entity has given financial guarantees in respect of:

(i) leases of subsidiaries amounting to $500,000 (2009 : $600,000)

(ii) the bank facilities of a subsidiary amounting to $190,000 (2009 : $45,000)

(iii) a rehabilitation bank guarantee of a subsidiary (see note 37) amounting to $750,000 (2009 : $800,000)

No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees, as the fair value of the guarantees is immaterial.

Notes to the consolidated financial statements

30 June 2010

There are cross guarantees given by Panoramic Resources Limited, Savannah Nickel Mines Pty Ltd, Cheish Metals Pty Ltd and Donegal Resources Pty Ltd as described in note 35. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent entity or the Group in relation to the cross guarantees.

(c) Contingent liabilities of the parent entity

The parent entity and Group had contingent liabilities at 30 June 2010 in respect of a bank guarantee put in place with a financial institution with a face value of $360,632 (2009: $210,000) in respect to the leasing of the office space in Perth CBD.

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

As at 30 June 2010, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $150,000 (2009: $100,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

44 Contingencies

(a) Contingent liabilities

The Company had contingent liabilities at 30 June 2010 in respect of:

The Company has in place a bank guarantee with a financial institution with a face value of $360,632 (2009: $210,000) in respect to the leasing of the office space in the Perth CBD.

Controlled entities

Under the terms of Deeds of Cross Guarantees with several finance institutions, the Company has agreed to become a covenantor with Savannah Nickel Mines Pty, Cherish Metals Pty Ltd and Donegal Resource Pty Ltd in regard to indebtedness and liabilities resulting from the lease and hire purchase of mobile equipment and mine buildings. As at reporting date, the Closed Group has lease liabilities amounting to $2,243,163 (2009: $5,218,000).

The Company has guaranteed the bank facilities of controlled entities.

The Company has guaranteed the rehabilitation bank guarantee of Donegal Resources Pty Ltd with a financial institution for $162,500 (2009: $162,500).

(b) Contingent assets

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

Additional Shareholder Information

Stock Exchange Listing

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

Substantial Shareholders (Holding Not Less Than 5%)

As at 20 September 2010

Name of Shareholder	Total Number of Voting Shares in Panoramic Resources Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
J P Morgan Nominees Australia Limited	50,409,414	24.52
HSBC Custody Nominees (Australia) Limited	42,316,586	20.58
National Nominees Limited	22,383,846	10.89
ANZ Nominees Limited <Cash Income A/C>	13,487,980	6.56
Citicorp Nominees Pty Limited	9,906,776	4.82

Class of Shares and Voting Rights

At 20 September 2010, there were 5,413 holders of 205,587,842 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

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

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

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

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

Unmarketable Shares

At 20 September 2010, the number of parcels of shares with a value of less than $500 was 275.

Distribution of Shareholders

As at 20 September 2010

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1-1,000	1,765	1,038,762
1,001-5,000	2,245	6,383,202
5,001-10,000	732	5,945,614
10,001-100,000	619	16,642,639
100,001-and over	52	175,577,625
Total:	5,413	205,587,842

Additional Shareholder Information

Listing of 20 Largest Shareholders

As at 20 September 2010

Name of Ordinary Shareholder		Number of Shares Held	Percentage of Shares Held
1	J P Morgan Nominees Australia Limited	50,409,414	24.52
2.	HSBC Custody Nominees (Australia) Limited	42,316,586	20.58
3.	National Nominees Limited	22,383,846	10.89
4.	JP Morgan <Cash Income A/C>	13,487,980	6.56
5.	Citicorp Nominees Pty Limited	9,906,776	4.82
6.	AMP Life Limited	6,106,875	2.97
7.	ANZ Nominees Limited <Cash Income A/C>	4,951,429	2.41
8.	Cogent Nominees Pty Ltd	4,181,333	2.03
9.	RBC Dexia Investor Services Australia Nominees Pty Limited <GSAM A/C>	2,584,770	1.26
10.	Cogent Nominees Pty Limited <SMP Accounts>	2,057,815	1.00
11.	Equity Trustees Limited <SGH20>	2,040,000	0.99
12.	UBS Nominees Pty Ltd	1,776,278	0.86
13.	Springway Investments Pty Ltd <Allnutt Ventures Family A/C>	1,459,227	0.71
14.	HSBC Custody Nominees (Australia) Limited – A/C 2	1,432,131	0.70
15.	Winton Vale Pty Ltd <Harold Super Fund A/C>	990,000	0.48
16.	UBS Wealth Management Australia Nominees Pty Ltd	834,780	0.41
17.	Queensland Investment Corporation	769,024	0.37
18.	Merrill Lynch (Australia) Nominees Pty Limited	663,799	0.32
19.	Mr Peter John Harold & Ms Ariane Harold <Allnutt Ventures Family A/C>	645,000	0.31
20.	Citicorp Nominees Pty Limited <Cwlth Small Co FD 9 A/C>	502,026	0.24
	Total:	**169,499,089**	**82.45**

Unquoted Equity Securities

As at 20 September 2010

Securities	Number of Securities	Exercise Price $	Expiry Date	Number of Holders
Options	1,087,500	2.20	31 December 2010	16
Options	3,000,000	1.50	31 December 2012	1

Cash Usage

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

Schedule of Tenements

As at 30 September 2010

Project	Tenement		Area Type	Area (ha)	Equity (%)	Tenement Manager	Panoramic Resources Commitment	Current Registered Tenement Holder(s)
Copernicus	L80/52	141	ha	141	60%	PanRes	60% all rights -60% Rents & Rates	SMY Copernicus Pty Ltd 60/100 & Thundelarra Exploration Ltd 40/100
Copernicus	M80/540	120	ha	120	60%	PanRes	60% all rights -60% Rents & Rates	SMY Copernicus Pty Ltd 60/100 & Thundelarra Exploration Ltd 40/100
Cowan Ni Project	E15/740		bk	600	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/821		bk	1200	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/822		bk	1200	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/828		bk	7800	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/829		bk	900	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/838		bk	2100	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/860		bk	300	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E15/932		bk	4200	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E63/1064		bk	6600	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Resources Ltd
Cowan Ni Project	E63/1071		bk	13800	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	E63/873		bk	3300	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/1790		ha	623	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Chalice Gold Mines Ltd
Cowan Ni Project	M15/338	130	ha	130	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/352	24	ha	24	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/375	398	ha	398	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/507	481	ha	481	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/580	962	ha	962	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/581	481	ha	481	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/620	120	ha	120	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/629	121	ha	121	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/639	847	ha	847	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/640	727	ha	727	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/642	963	ha	963	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/680	686	ha	686	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/681	944	ha	944	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/682	877	ha	877	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/683	815	ha	815	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/684	815	ha	815	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/685	837	ha	837	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/786	955	ha	955	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/815	948	ha	948	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/817	919	ha	919	100% Ni Rights only	Avoca	100% Ni Rights-20% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	M15/820	968	ha	968	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/4808	2	ha	2	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/4809	134	ha	134	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/4844	2.16	ha	3	100% Ni Rights only	Avoca	100% Ni Rights-50% Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5414	200	ha	200	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5416	185	ha	185	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd

Schedule of Tenements

As at 30 September 2010

Project	Tenement		Area Type	Area (ha)	Equity (%)	Tenement Manager	Panoramic Resources Commitment	Current Registered Tenement Holder(s)
Cowan Ni Project	P15/5417	191	ha	191	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5418	193	ha	193	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5419	197	ha	197	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5425	192	ha	197	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5426	199	ha	199	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5427	179	ha	179	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5428	188	ha	188	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5429	147	ha	147	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5431	58	ha	58	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5432	31	ha	31	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5433	197	ha	197	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5434	33	ha	33	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5444	71	ha	71	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5445	185	ha	185	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P15/5446	182	ha	182	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P63/1732	200	ha	200	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P63/1733	194	ha	193	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P63/1785	194	ha	194	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P63/1787	158	ha	158	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
Cowan Ni Project	P63/1788	182	ha	182	100% Ni Rights only	Avoca	100% of Ni Rights - 100% of Rents & Rates	Avoca Mining Pty Ltd
EKJV	E80/2290		bk	6900	Earning 49%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd 50/100 Kimberley Mining Pty Ltd 50/100
EKJV	E80/2559		bk	1200	Earning 49%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd 80/100 Hawthorn Resources Limited 20/100
EKJV	E80/2601		bk	2400	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2607		bk	2400	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2716		bk	3600	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2748		bk	12900	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2749		bk	11400	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2817		bk	2100	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2866		bk	2100	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/2878		bk	5400	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3499		bk	1200	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3525		bk	1800	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3673		bk	4500	Earning 55%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3704		bk	11700	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3705		bk	6000	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3858		bk	1200	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3861		bk	3300	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3873		bk	1800	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3876		bk	300	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/3877		bk	900	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd

Schedule of Tenements

As at 30 September 2010

Project	Tenement		Area Type	Area (ha)	Equity (%)	Tenement Manager	Panoramic Resources Commitment	Current Registered Tenement Holder(s)
EKJV	E80/3878		bk	4200	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4049		bk	900	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4065		bk	9600	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4191		bk	4200	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4196		bk	300	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4210		bk	5100	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4225		bk	5400	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	E80/4249		bk	3600	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
EKJV	P80/1742		ha	26	Earning 60%	PanRes	100% or Commit, Rents & Rates	Thundelarra Exploration Ltd
East Kimberley	E80/4412		bk	14700	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4413		bk	7500	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4414		bk	38100	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4415		bk	3900	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4416		bk	19500	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4417		bk	4500	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4418		bk	20100	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4419		bk	2100	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4420		bk	11700	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4421		bk	1500	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4422		bk	18300	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4423		bk	60000	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4424		bk	27300	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4425		bk	900	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
East Kimberley	E80/4426		bk	900	60%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
Lanfranchi	M15/1295	40	ha	40	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	M15/473	982	ha	982	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/346	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/347	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/367	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/368	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/369	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/370	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/371	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/372	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/375	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/376	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/377	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/378	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/379	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/380	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd

Schedule of Tenements

As at 30 September 2010

Project	Tenement		Area Type	Area (ha)	Equity (%)	Tenement Manager	Panoramic Resources Commitment	Current Registered Tenement Holder(s)
Lanfranchi	ML15/381	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/382	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/383	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/384	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/385	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/386	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/387	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/388	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/389	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/482	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/483	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/484	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/485	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/486	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/487	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/488	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/489	72	ha	72	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/490	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/491	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/492	120	ha	120	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	ML15/493	121	ha	121	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Lanfranchi	P15/3752	40	ha	40	100%	PanRes	100% or Commit, Rents & Rates	BHP Billiton Nickel West Pty Ltd
Logans Find	E15/849		bk	1500	100%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd
Pioneer	E63/1030		bk	9000	80%	PanRes	100% or Commit, Rents & Rates	Pindan Exploration Company Pty Ltd 80/100 & Pioneer Nickel Limited 20/100
Savannah	M80/179	242	ha	242	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/180	961	ha	961	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/181	960	ha	960	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/182	600	ha	600	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Savannah	M80/183	960	ha	960	100%	PanRes	100% All Rights	Savannah Nickel Mines Pty Ltd
Tennant Creek	EL24966		bk	13800	earning 80%	TUC	earning 80% All Rights	Territory Uranium Company Ltd
Tennant Creek	EL24967		bk	67200	earning 80%	TUC	earning 80% All Rights	Territory Uranium Company Ltd

COMPANY DIRECTORY

As at 30 September 2010

BOARD OF DIRECTORS

Christopher J G de Guingand
Non-Executive Chairman

Peter J Harold
Managing Director

Christopher D J Langdon
Non-Executive Director

Brian M Phillips
Non-Executive Director

John Rowe
Non-Executive Director

SENIOR MANAGEMENT

Trevor R Eton
Chief Financial Officer & Company Secretary

Christopher J Williams
General Manager Operations

John D Hicks
Exploration Manager

Wade J Evans
Business Development Manager

Simon A Jessop
Projects Manager

Jason B Grover
Financial Controller

David J Swain
Environmental Manager

Tracey M Ram
Human Resources Manager

Vera Waldby
Administration Manager & Asst Company Secretary

REGISTERED OFFICE

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Email: info@panres.com
Website: www.panoramicresources.com

Australian Business Number:

47 095 792 288

SAVANNAH PROJECT

Terry J Strong
Operations Manager

LANFRANCHI PROJECT

Robert J Thorburn
Operations Manager

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Perth WA 6000

BANKERS

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Perth WA 6000

SHARE REGISTRY

Computershare Investor Services
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Perth WA 6000

SOLICITORS

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152 St George's Terrace
Perth WA 6000

TAX ADVISORS

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West Pennant Hills NSW 2125

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