

# Quarterly Report



vision  
commitment  
results



17 January 2011

ASX: PAN

## Quarterly Report for the period ending 31 December 2010

### Significant Points

#### GROUP

- Safety - two lost time incidents occurred, LTIFR increased from 7.7 to 8.0
- Cash and receivables - \$150 million, up 4% on the previous quarter
- Costs - Group payable Ni cash costs of US\$6.58/lb Ni (inclusive of freight, shipping and royalties)
- Group Production - 4,042t Ni, down marginally on the previous quarter

#### SAVANNAH

- Production - 1,392t Ni, 796t Cu and 80t Co
- Shipments - concentrate shipments totalled 19,062t containing 1,435t Ni
- Costs - aggregate site costs down 16% on the previous quarter, payable cash costs of US\$7.51/lb Ni

#### LANFRANCHI

- Production - Ni in ore produced up 16% on the previous quarter to 2,650t
- Costs - payable cash costs of US\$6.02/lb Ni
- Village - ruling by SAT in our favour enabling us to build an on-site accommodation village

#### EXPLORATION

- Savannah near- mine - EM conductors scheduled for drill testing in the March quarter
- Deacon/Helmut South - more hits within new high-grade mineralised zone discovery down plunge of Helmut South
- Lanfranchi Extension - commencement of down-plunge exploration drilling on the Lanfranchi orebody
- Cruickshank - better than anticipated results from infill drilling program
- East Kimberley JV - follow-up airborne VTEM surveys over residual gravity anomalies completed & interpretation underway
- Norrland (Sweden) - drill testing on five priority geophysical targets completed, final assay results awaited
- Tushtena (Alaska) - favourable alteration zones identified by drill program, results currently being modelled
- Drake (Scandinavia) - airborne VTEM surveys completed over two JV areas with 50+ anomalies identified for follow-up

#### CORPORATE

- Business Development - work continued on assessing opportunities



## Managing Director's Commentary

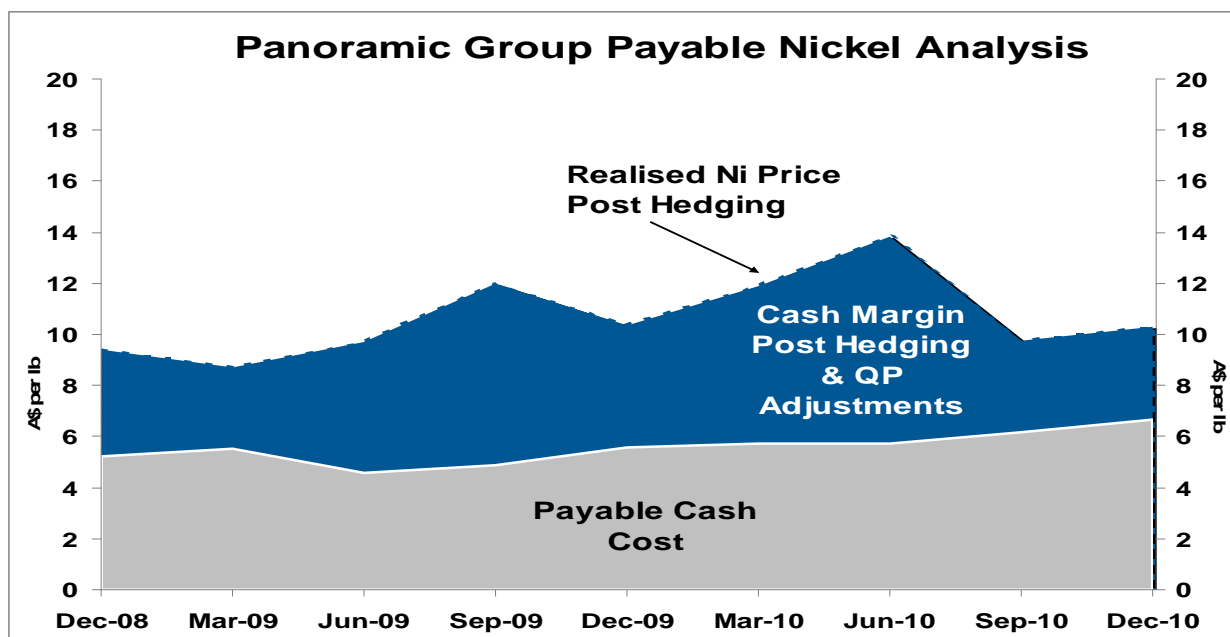
- **Safety and Environment** - We received a favourable ruling from the WA State Administrative Tribunal (SAT) in relation to the proposed on-site accommodation village at Lanfranchi, and can now proceed with this important initiative. An on-site village will significantly reduce daily travel time to and from work and will improve the morale of our personnel and contractors. Unfortunately, we had two lost time incidents at Savannah during the quarter. Fortunately, neither of these incidents was serious. On a positive note, it has been 12 months since Lanfranchi last recorded a lost time incident. We continue to work hard on our safety performance and have introduced further initiatives in the development of leadership teams and enhancing the quality and application of our integrated safety management system.
- **Production** - A total of 288,910 tonnes of ore was mined during the quarter at an average grade of 1.50% Ni. Total Group nickel production contained in concentrate/ore for the quarter was 4,042 tonnes, down 3% quarter-on-quarter. Lanfranchi had an excellent quarter with production of 2,650t Ni in ore, while mining operations at Savannah were affected by a lack of ventilation due to a series of exhaust fan blade failures which restricted underground activities. For the six months to December 2010, total Group nickel contained in concentrate/ore was 8,216 tonnes, which is 6% below our internal budget. Total Group nickel production for the second half of FY2011 year is forecast to exceed 9,700 tonnes, resulting in the Group nickel production guidance for the full year now being at the lower end of our original 18,000 to 19,000 tonne range.
- **Liquid Assets** - Cash on hand and receivables totalled \$150 million, up 4% from \$144 million at the end of the previous quarter. Cash payments during the quarter included an \$18 million payment in Company tax to the Australian Taxation Office for the 2009/10 tax year.
- **Exploration** – the Company is midway through its largest annual exploration program with over \$12 million budgeted to be spent over the year. The increase in focus and expenditure is reaping rewards as reflected in the following quarterly highlights:
  - Discovery of the new high grade mineralised zone down plunge from Helmut South, adjacent to the Deacon orebody.
  - Commencement of infill drill program on the large Cruickshank deposit at Lanfranchi with better grades and more consistent mineralisation than anticipated in the early drill results.
  - Commencement of down-plunge exploration of the Lanfranchi Channel from the new 17K hanging wall drill drive.
  - Completion of 16 airborne VTEM “max” System surveys over the East Kimberley JV ground, with processing and interpretation of data underway.
  - Completion of an initial drill program to test five priority geophysical targets along the Vindeln Nickel Belt in Sweden.
  - Received and interpreted final airborne VTEM survey data over the Drake Resources JV ground in Finland with +50 anomalies identified, a small subset of which are anticipated will be ranked as priority drill targets.
- **Cost Management** - The Group's average payable nickel cash cost for the December quarter was US\$6.58/lb, temporarily up on lower nickel production from Savannah due to the ventilation fan issues and the continued strength in the Australian dollar, which traded above parity against the US dollar for much of the quarter. Pleasingly, aggregate group costs were down and we remain focused on managing costs in all segments of our business.
- **Hedging** - Additional nickel and currency hedging was implemented during the quarter.
- **Business Development** – The Company has implemented an Optimisation Program to determine if aggregate annual production can be lifted to approximately 25,000 tonnes Ni contained per annum. The Business Development Team was very active during the quarter reviewing a number of interesting opportunities. The Company continues actively to seek potential acquisition and partnering opportunities in Australia and overseas. The primary interest is in nickel, copper, gold and PGM projects which have good prospectivity or a defined resource, through to operating assets.



## Group Summary

The Panoramic Group A\$ cash margin, on a payable nickel basis, is shown in Figure 1 which records the Panoramic Group payable nickel unit cash costs on a quarterly basis from the December quarter 2008, together with the Group net realised A\$ average quarterly nickel price (after hedging and quotational period sale adjustments).

**Figure 1 - Cash Margin & Payable Costs**



**Table 1: Group Production & Unit Costs**

	Units	Savannah 3mths ending 31 Dec 2010	Lanfranchi 3mths ending 31 Dec 2010	Total Group 3mths ending 31 Dec 2010	Total Group Previous Qtr Sep 2010
Ore Mined	dmt	144,532	105,378	288,910	255,504
Ore Treated	dmt	159,453	98,848	258,301	256,659
Average Mined Nickel Grade	%	1.17	2.51	1.50	1.74
Nickel in Concentrate/Ore	tonnes	1,392	2,650	4,042	4,174
Copper in Concentrate/Ore	tonnes	796	202	998	1,200
Cobalt in Concentrate/Ore	tonnes	80	-	80	99
<b>Costs Per Pound Payable Nickel</b>					
Mining	A\$ per lb	4.44	4.23	4.31	3.87
Milling	A\$ per lb	1.81	1.17	1.41	1.46
Administration	A\$ per lb	2.47	0.29	1.12	1.02
Haulage	A\$ per lb	0.33	0.22	0.26	0.26
Port Charges/Shipping	A\$ per lb	0.20	-	0.08	0.14
Royalties	A\$ per lb	0.65	0.44	0.52	0.54
Net By-product Credits	A\$ per lb	(2.29)	(0.25)	(1.03)	(1.15)
<b>Payable Operating Cash Costs<sup>(a)</sup></b>	<b>A\$ per lb</b>	<b>7.61</b>	<b>6.10</b>	<b>6.67</b>	<b>6.14</b>
<b>Payable Operating Cash Costs<sup>(b)</sup></b>	<b>US\$ per lb</b>	<b>7.51</b>	<b>6.02</b>	<b>6.58</b>	<b>5.55</b>

(a) Group capital development cash cost for the quarter was A\$0.91/lb. This cost is not included in Table 1. Capital development costs represent capitalised mining cash costs for deposits in production. These costs do not include pre-production costs for deposits being developed for future mining.

(b) Average December 2010 quarter RBA US\$/A\$ settlement rate of US\$0.9874 (Average September 2010 quarter exchange rate was US\$0.9034).



## Safety

The safety, health and well being of all of our employees and contractors is the foundation of our Company's value system. Despite our focus in this area, we had two lost time incidents during the quarter, which increased the rolling 12 month LTIFR from 7.7 to 8.0.

There was a significant seismic event recorded at Lanfranchi during the quarter. All personnel were withdrawn from the underground mine workings whilst a thorough inspection was carried out. Only minor damage was reported and normal mine operations recommenced on the next shift.

During the quarter a number of safety improvement initiatives commenced. These initiatives are focused on the development of leadership teams, and enhancing the quality and application of our integrated safety management system.

These initiatives included:

- The implementation of a Safety Leadership Development Program at each operation
- The development of an over-arching integrated management system that incorporates the required site standard for all operations in Health, Safety, Environment and Quality.
- Ongoing training and development in Crisis Management and Operational Emergency Response and Preparedness
- A review of the contractor management system identified opportunities for improvement in the selection and supervision of contractors and this will provide a focus for improvements in 2011.

## Environmental

There were no breaches reported at either site during the quarter.

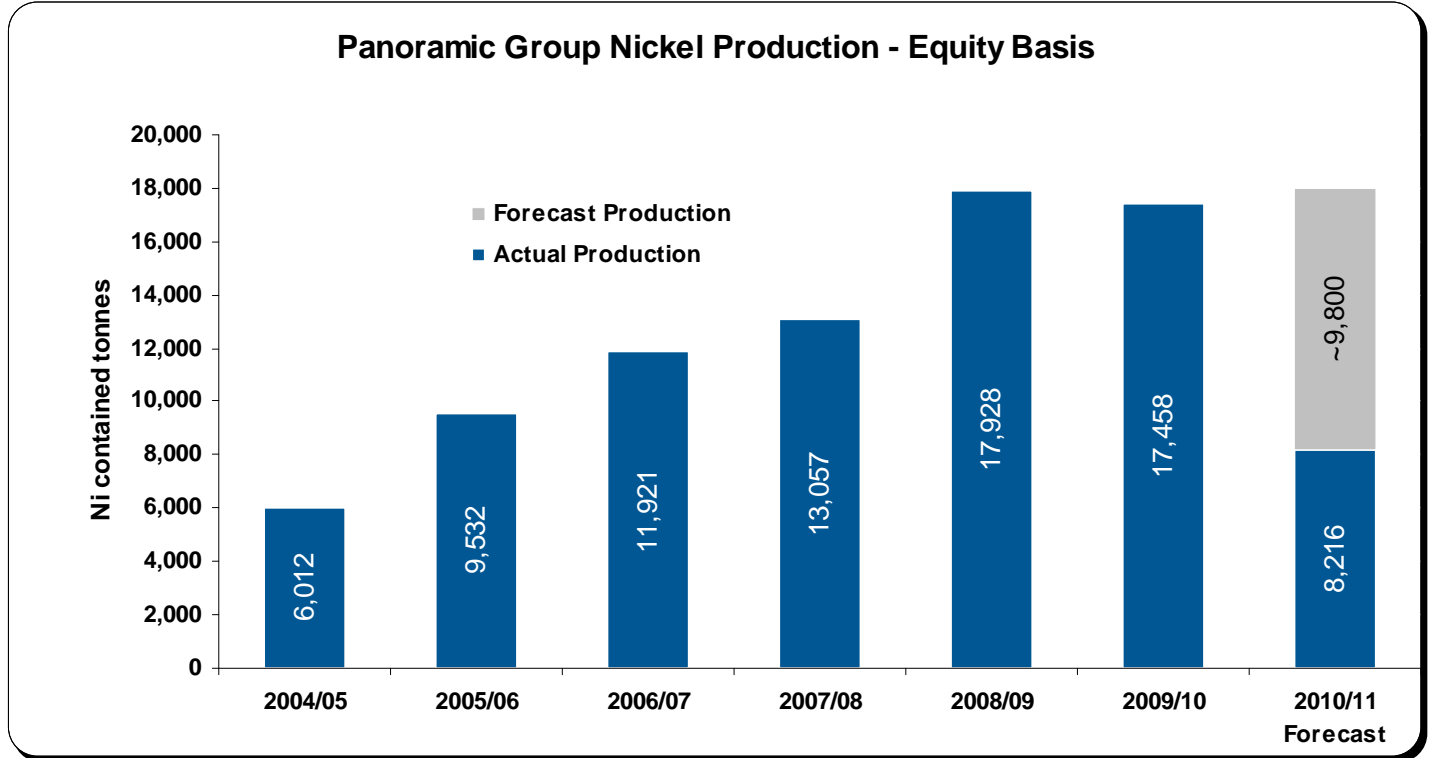
The Company is committed to the construction of a new concentrate storage shed at Wyndham. This will provide a superior system for storing of Savannah concentrate between ship loadings and ensure that there is no release of concentrate to the environment. Currently the site of the new shed is waiting for a rezoning application to be approved.

Earth works commenced at Savannah for construction of a 3m lift on the tailings storage facility and associated new dams for improved water management.



## Group Production – Actual & Forecast

**Figure 2 – Actual Group Production & Forecast for 2010/11**



**Notes**

1. Savannah production is based on nickel in concentrate
2. Lanfranchi production is based on nickel in ore
3. Copernicus production in 2009/10 was based on nickel in concentrate

## Savannah Project

The Savannah Project produced 1,392t Ni, 796t Cu and 80t Co contained for the quarter which was approximately 300t Ni below budget. The primary reason for the below budget production was the failure of a surface ventilation fan on three separate occasions. During the failures, underground activities were restricted and mining had to be re-scheduled into lower grade areas higher in the mine where ventilation was better until the fan was operating. The likely cause of the fan failures is a casting fault and site management is working with the fan supplier to rectify this problem. In the meantime, a spare fan is performing adequately.

Stopes were accessed higher up in the orebody while the ventilation system was not at fully capacity, ensuring continuity of ore feed to the mill, however, ore grades were lower than scheduled which impacted on metal output. Ventilation was returned to full capacity by mid December allowing underground mining and the process plant to resume normal activities. As a consequence of the reduced mining activities and mill throughput, payable unit cash costs increased compared to the previous quarter due to the lower nickel metal production.

Site management remains confident that the full 2010/11 year production will be close to budget.





**Table 2 – Savannah Project Operating Statistics**

Area	Details	Units	3 mths ending 31 Dec 2010	3 mths ending 30 Sep 2010	2010/11 YTD	2009/10 Full Year
<b>Mining</b>	Ore mined	dmt	144,532	157,590	302,122	671,922
	Ni grade	%	1.17	1.38	1.28	1.25
	Cu grade	%	0.61	0.65	0.63	0.62
	Co grade	%	0.07	0.07	0.07	0.06
<b>Milling</b>	Ore milled	dmt	138,687	159,453	298,140	673,894
	Ni grade	%	1.19	1.36	1.28	1.25
	Cu grade	%	0.61	0.65	0.63	0.62
	Co grade	%	0.07	0.07	0.07	0.06
	Ni Recovery	%	84.5	87.2	86.0	86.3
	Cu Recovery	%	94.5	96.7	95.7	96.3
	Co Recovery	%	86.8	89.7	88.4	90.1
<b>Concentrate Production</b>	Concentrate	dmt	18,704	24,845	43,549	94,861
	Ni grade	%	7.44	7.62	7.54	7.67
	Ni metal contained	dmt	1,392	1,893	3,285	7,273
	Cu grade	%	4.26	4.08	4.16	4.24
	Cu metal contained	dmt	796	1,014	1,810	4,019
	Co grade	%	0.43	0.40	0.41	0.41
	Co metal contained	dmt	80	99	179	387
<b>Concentrate Shipments</b>	Concentrate	dmt	19,062	26,390	45,452	96,392
	Ni grade	%	7.53	7.59	7.56	7.69
	Ni metal contained	dmt	1,435	2,003	3,438	7,414
	Cu grade	%	4.15	4.15	4.15	4.16
	Cu metal contained	dmt	792	1,096	1,888	4,007
	Co grade	%	0.41	0.39	0.40	0.40
	Co metal contained	dmt	79	103	182	384

## Lanfranchi Project

Production from Lanfranchi was 105,378t of ore at 2.51% Ni for 2,650t Ni contained which is an excellent result. Nickel metal in ore was 16% above the previous quarter due to increased ore production and higher nickel grades. Importantly, the higher grades (above 2.50%Ni) are forecast to continue in the second half of FY2011.

Receiving the favourable decision from SAT in relation to the proposed on site accommodation village is a significant milestone for the Lanfranchi Project. Commissioning of the village may be possible during the second half of 2011.

**Table 3 – Lanfranchi Project Operating Statistics**

Area	Details	Units	3mths ending 31 Dec 2010	3mths ending 30 Sep 2010	2010/11 YTD	2009/10 Full Year
<b>Mining</b>	Ore mined	dmt	105,378	97,914	203,292	398,920
	Ni grade	%	2.51	2.33	2.43	2.54
	Ni metal contained	dmt	2,650	2,281	4,931	10,122
	Cu grade	%	0.21	0.19	0.20	0.21
<b>Ore Delivered</b>	Ore delivered	dmt	98,848	97,206	196,054	407,011
	Ni grade	%	2.47	2.33	2.43	2.48
	Ni metal contained	dmt	2,444	2,323	4,767	10,105
	Cu grade	%	0.21	0.20	0.21	0.21



## Copernicus Joint Venture (Panoramic 60%)

### Copernicus Open Pit

The open pit mine remains on care and maintenance pending a sustained improvement in the A\$ nickel price. The open pit is fully developed enabling mining to recommence at short notice.

## Exploration

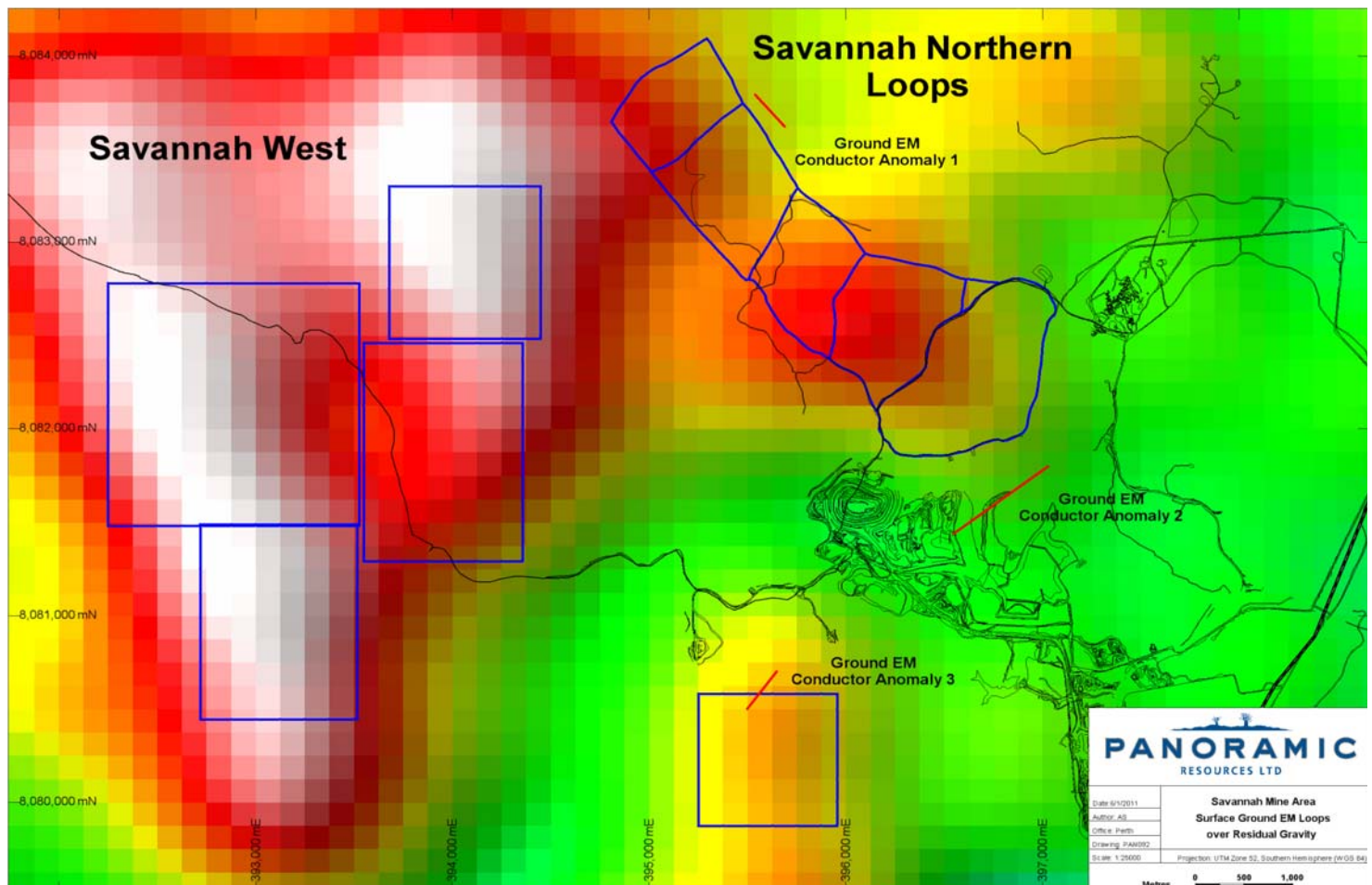
### Savannah & East Kimberley Regional

#### Savannah

Interpretation of the deep penetrating, fixed-loop ground electromagnetic (FLEM) surveys around the Savannah mine area was completed. The survey areas coincide with residual gravity highs identified from previously completed ground and airborne gravity surveys, and are considered to be the most prospective areas for the discovery of additional "Savannah style" Ni-Cu-Co mineralisation within the immediate mine area. Three high priority EM anomalies, ranging between 150 to 400m below the surface, were identified (Figure 3). Drill testing of the anomalies is scheduled to commence in the March 2011 quarter.

A series of deep penetrating FLEM surveys was completed at Savannah West, approximately 3km west of the Savannah mine. The surveys were conducted over several, non-outcropping residual gravity anomalies. Numerous anomalous responses were identified and are being evaluated.

**Figure 3 – FLEM survey areas Savannah West and Savannah Mine**







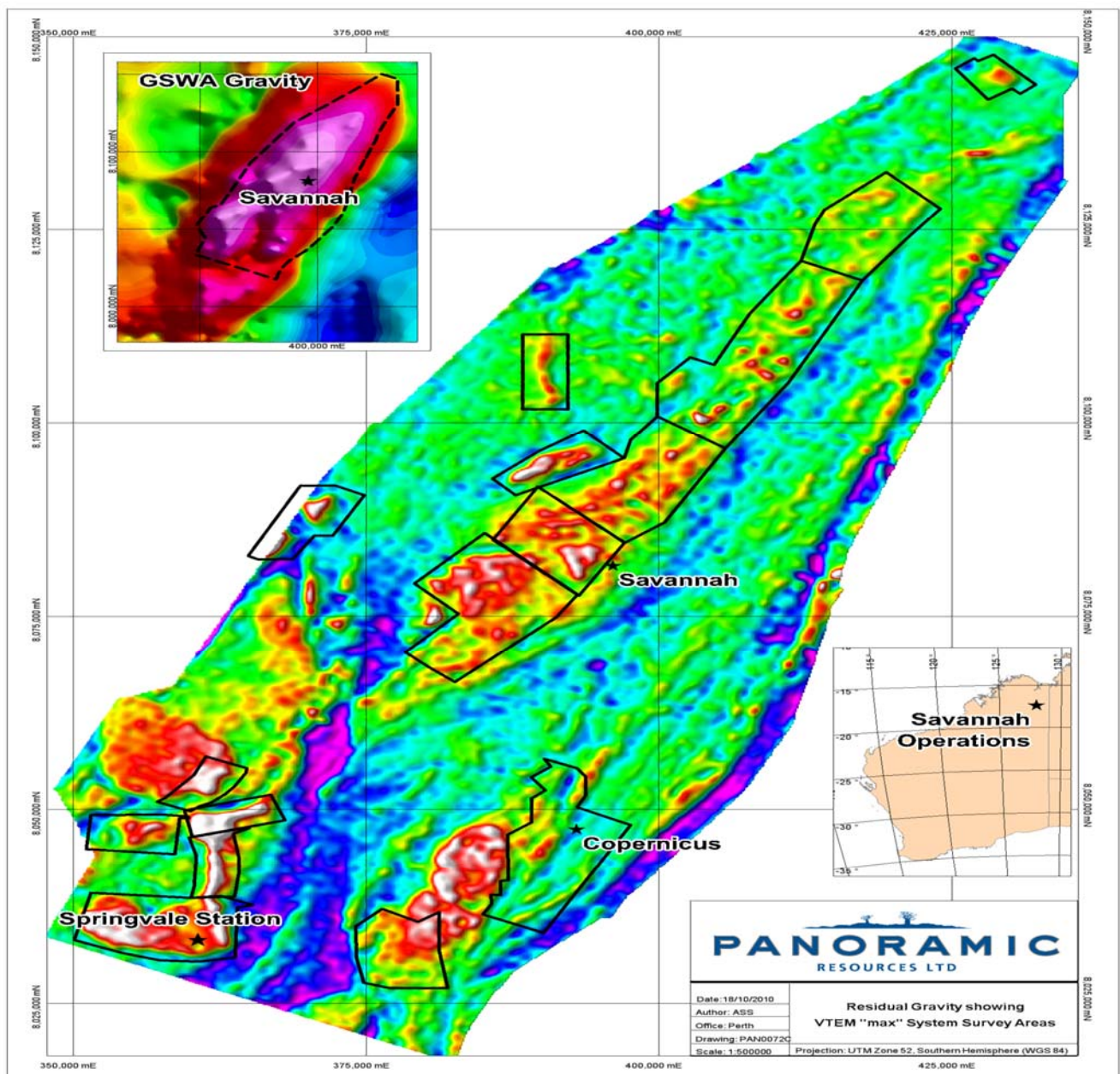
## East Kimberley JV (Panoramic earning 61%)

### *Regional*

Processing of the East Kimberley JV (EKJV) regional airborne gravity and magnetic survey data continued. Geotech Airborne Pty Ltd also completed the program of airborne electromagnetic (VTEM) "max" System surveys that had commenced in the September 2010 quarter. In all, sixteen individual VTEM survey areas containing residual gravity anomalies were flown for a total of 5,314 line kilometres (Figure 4). The Final processed data has been received for only one of the sixteen completed survey areas.

Field checking of anomalies identified from the preliminary VTEM survey data commenced. The Company has begun to combine all ground and airborne gravity, magnetic and VTEM survey data completed over the last 15 months to identify and prioritise drill targets for testing during 2011/12.

**Figure 4 – EKJV regional gravity gradiometer survey area showing VTEM survey areas**







## Lanfranchi Project

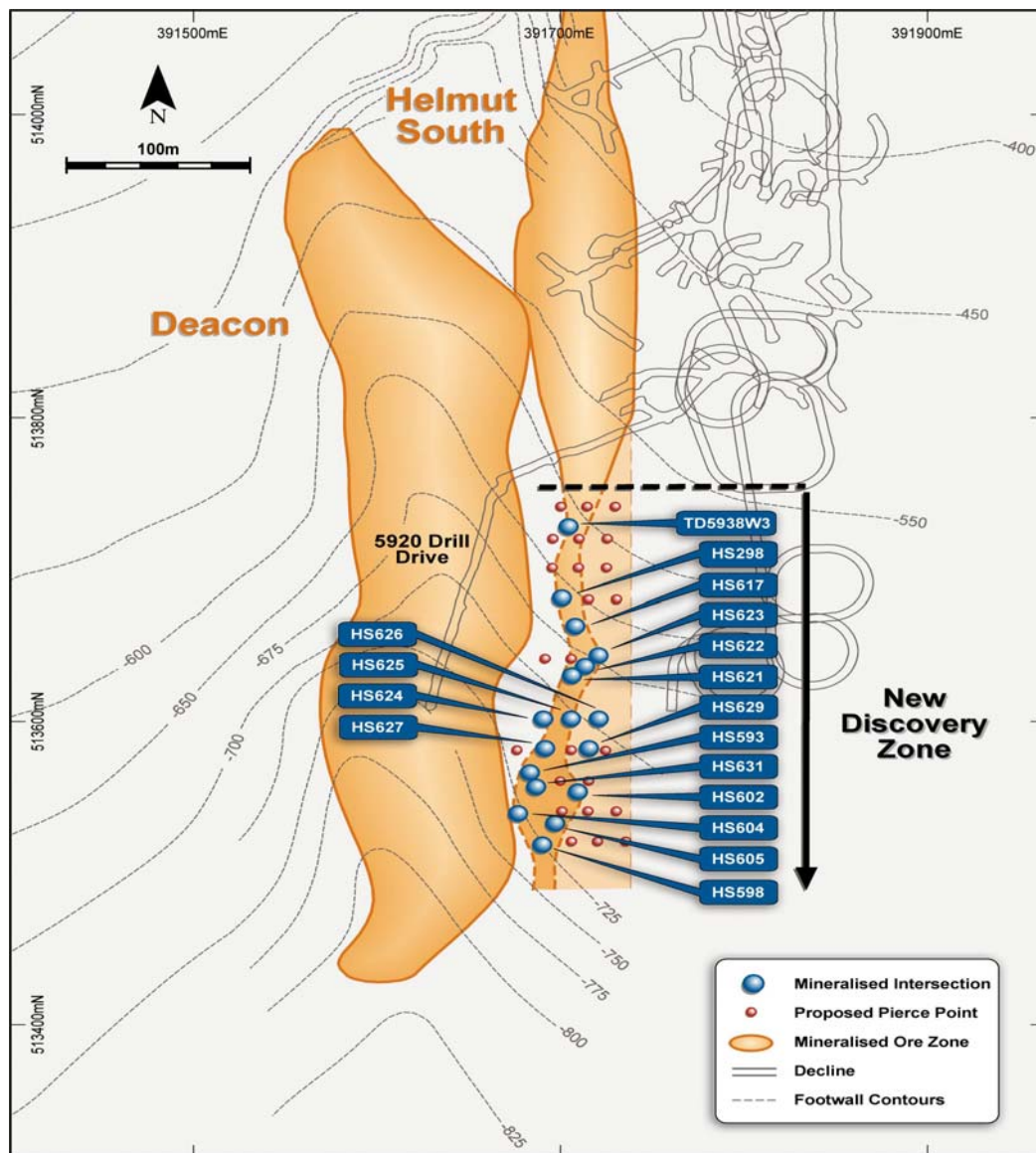
### Overview

Underground exploration drilling resumed at the Lanfranchi Project with initial drilling looking for extensions to the Lanfranchi orebody from the new 17K, hanging wall drill drive. Activity switched to the Helmut South area following the discovery of a new zone of high grade mineralisation down-plunge of Helmut South on the eastern flank of the Deacon orebody (Figure 5). This discovery was announced to the ASX on 18 November 2010.

### Helmut South Extension

19 exploration drill holes were completed on the new discovery zone at Helmut South for a total of 1,809 drill metres, with 15 drill holes intersecting significant mineralisation. See Figure 5 for the position on the mineralised drill holes and Table 4 for a summary of assay results. Drilling on the new discovery zone down-plunge of Helmut South is ongoing.

**Figure 5 – Helmut South Extensional Drilling**





## Lanfranchi Orebody Extension

Eight exploration drill holes were completed down-plunge of the Lanfranchi orebody for a total of 1,165 drill metres (Figure 6). Assay results for the Lanfranchi holes are summarised in Table 5. Down-hole electromagnetic surveys (DHTEM) were completed late in the quarter on drill holes LAN200, 201 and 205A. Anomalous responses, interpreted to be sourced by off-hole conductors were identified in all three holes and are being evaluated. Lanfranchi extensional drilling will resume in February 2011.

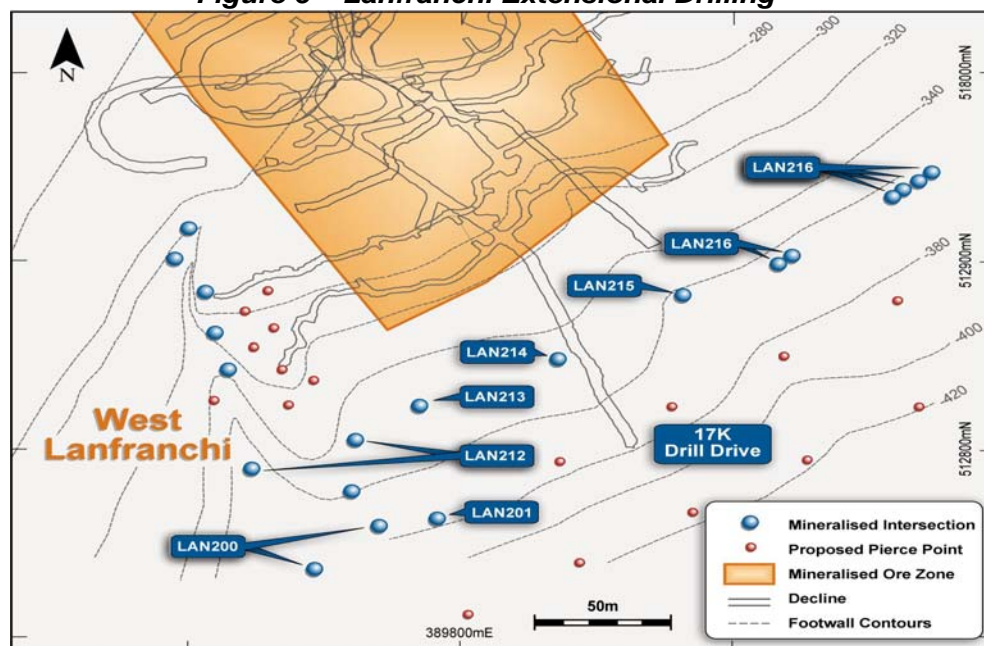
**Table 4 – Helmut South drill results**

Drill hole	Section (mN)	Interval (m)	Ni %
TD5938W3 *	513726	0.75	4.70
HS298 *	513680	2.10	3.64
HS617	513660	6.47	4.65
Including		3.16	7.66
HS621	513620	9.18	3.37
Including		2.13	7.43
HS622	513620	1.57	5.98
HS623	513620	3.26	2.45
HS624	513600	3.17	2.03
HS625	513600	2.97	6.83
HS626	513600	5.61	5.84
Including		2.98	8.86
HS627	513580	4.85	5.43
Including		2.75	8.59
HS629	513580	8.11	5.85
Including		4.70	8.59
HS593	513560	8.60	6.51
HS631	513555	2.26	1.74
HS602	513550	10.3	1.22
HS604	513540	7.30	7.44
HS605	513530	5.16	5.75
Including		3.58	6.07
HS598	513520	5.15	6.07

**Table 5 – Lanfranchi drill results**

Drill hole	Section (mN)	Interval (m)	Ni %
LAN212		0.13	1.03
LAN213		2.80	5.19
LAN214		1.74	6.98
LAN215		0.29	11.49
LAN216		0.30	1.41
And		3.33	2.34
And		1.56	1.36
And		0.77	1.14
And		0.38	1.08
And		0.35	2.60
LAN200		3.69	1.18
And		0.88	3.99
LAN201		NSR	

**Figure 6 – Lanfranchi Extensional Drilling**





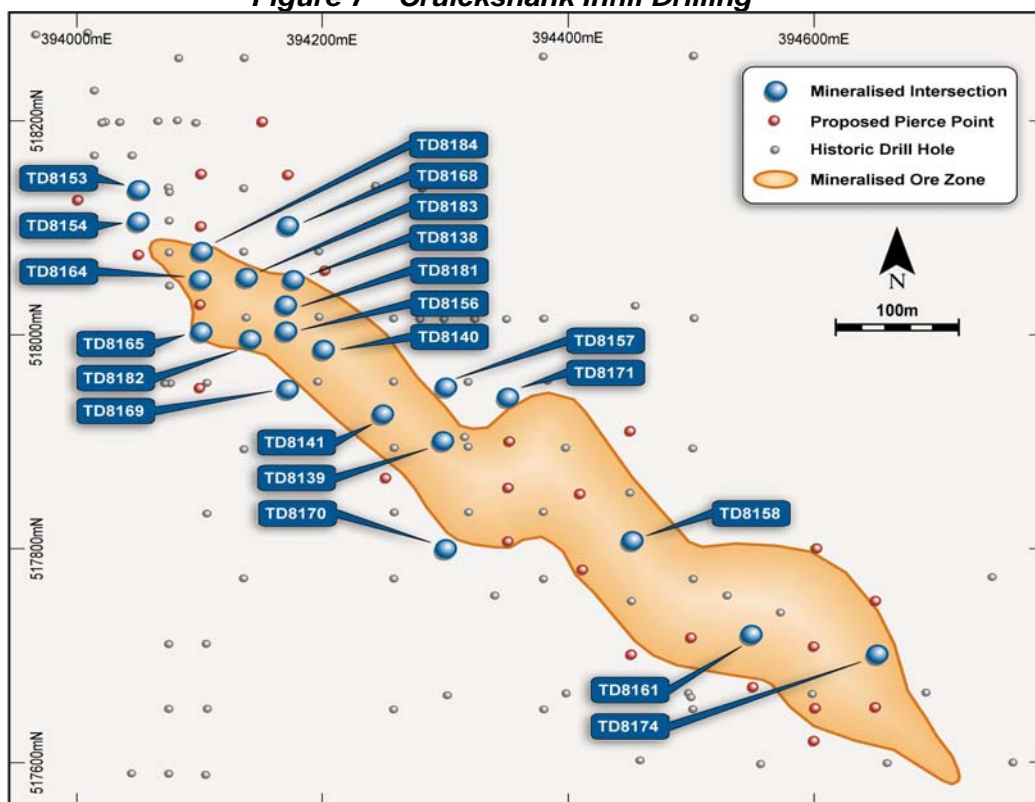
## Lanfranchi Surface Exploration

Surface exploration drilling at Lanfranchi focussed on infilling and upgrading the large Cruickshank deposit. Forty drill holes were completed for a total of 5,470 drill metres. Results to date at Cruickshank have been very positive, with a better than anticipated consistent zone of mineralisation being outlined. Assay results have been received for 21 mineralised intercepts, including the four metallurgical holes (TD8138, 8139, 8140 and 8141) drilled during the September 2010 quarter. Table 6 summarises the available assay data. Drilling is ongoing and is anticipated to be completed by the end of the March quarter.

## Northern Tramways Dome

No exploration was conducted on the Northern Tramways Dome during the quarter.

**Figure 7 – Cruickshank Infill Drilling**



**Table 6 – Cruickshank drill results**

Drill hole	Section (mE)	Interval (m)	Ni %
TD8153	394050	12.00	1.10
Including		7.00	1.30
TD8154	394050	2.00	1.20
TD8164	394100	3.40	0.95
and		4.50	1.40
TD8165	394100	2.30	1.85
TD8184	394100	2.00	2.12
and		2.00	1.24
TD8183	394135	1.00	0.80
and		5.00	1.34
TD8182	394135	5.00	1.11
TD8168	394170	1.40	0.87
TD8181	394170	4.00	1.37
TD8169	394170	4.60	2.03

Drill hole	Section (mE)	Interval (m)	Ni %
TD8156	394170	4.55	1.50
TD8138	394200	5.60	0.76
TD8140	394200	7.00	1.72
TD8141	394250	6.98	1.79
TD8139	394300	5.45	1.52
TD8157	394300	1.00	0.83
TD8170	394300	3.15	1.62
TD8171	394350	1.50	1.22
And		1.00	0.87
TD8158	394450	6.30	2.10
TD8161	394550	16.50	2.10
TD8174	394650	4.20	1.51
And		5.10	2.01





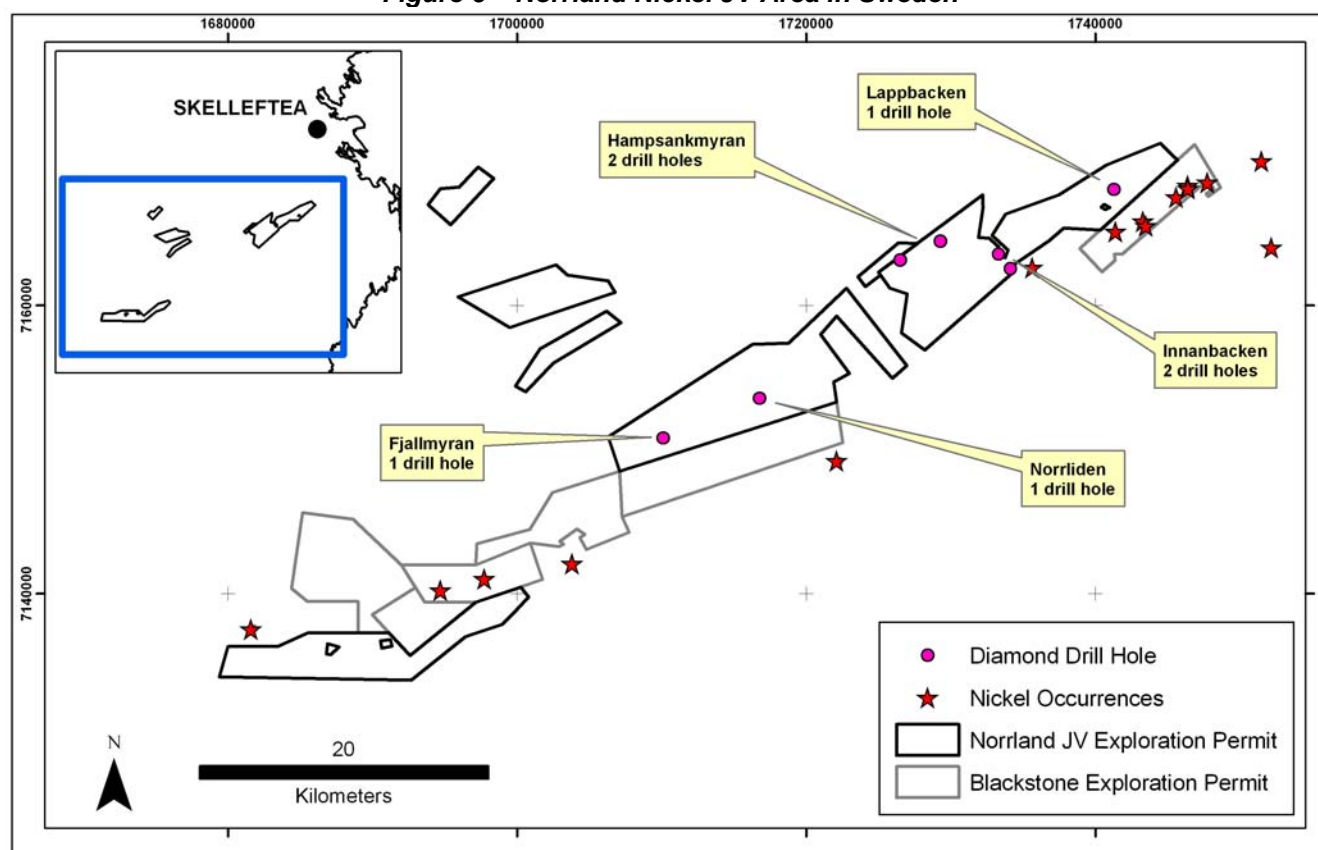
## Cowan Nickel Project W.A. (Panoramic holds 100% nickel rights)

A nine-hole RC program to drill test moving-loop electromagnetic (MLEM) anomalies identified within the Cowan Project area commenced. Five RC holes were completed for a total of 950 drill metres. Graphitic sediments were intersected in three of the five anomalies tested. One drill hole was terminated short of target due to excessive water, while the remaining hole failed to intersect a recognisable conductor. A subsequent DHTM survey of this hole returned a clear off-hole anomaly about the target depth. These two holes will be redrilled in the current March quarter.

## Norrand Nickel JV, Sweden (Panoramic earning up to 70%)

Exploration on the Norrand Project continued. Drill testing of the five priority geophysical targets along the Vindeln Nickel Belt was completed. The program comprised seven diamond drill holes for a total of 1,816 drill metres. Modelling of the magnetic and density measurements collected throughout the drill program indicates that the defined geophysical targets were tested and adequately explained by the drilling. Assay results have been received for all but three drill holes. A review of the project will be undertaken in the March quarter.

**Figure 6 – Norrand Nickel JV Area in Sweden**



## Bluebush Copper-Gold JV, Northern Territory (Panoramic earning up to 80%)

Drill testing of all the Bluebush Project geophysical drill targets is complete. A review of all the geophysical data measurements collected during of the drill program concluded that each of the geophysical targets was adequately tested and explained by the drilling. All but a few assays have now been received with no significant results to report. A review of the project will be completed in the March quarter.



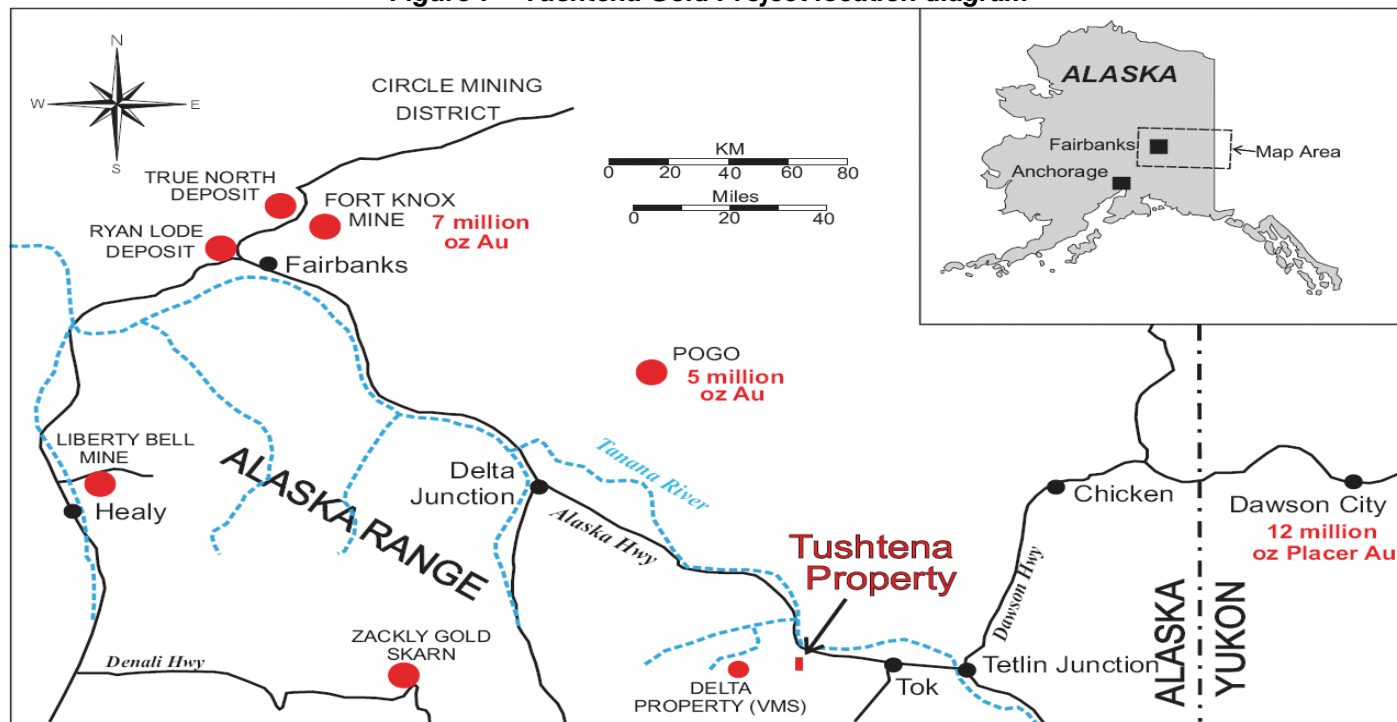


## Tushtena Gold Project - Alaska

Processing of the data collected from the 2010 northern summer diamond drill program at Tushtena is continuing despite delays associated with assay data being reported by the laboratory. All other analyses have been completed and the 2010 drill program results are currently being integrated into the geological model. The geological map data from the exploration programs completed during the 1980's is also being re-interpreted in light of the 2010 drill information.

The preliminary findings from the 2010 drill program are that the area contains wide, favourable zones of visible sericite-carbonate-sulphide alteration and early, thin massive sulphide lenses and skarn-like pegmatitic veins. Multispectral analyses of the drill core show high temperature clays are present in the alteration zones associated with many of the intersected faults and shear zones. The geochemistry of these alteration zones is similar to the gold mineralisation identified in the surface sampling and historic drill holes. This phase of geological modelling work is expected to be completed by the end of January 2011 and will lead to the next program of proposed work for the 2011 field season.

**Figure 7 – Tushtena Gold Project location diagram**



## Drake Resources Exploration Alliance – Scandinavia

In July 2010, Panoramic negotiated an alliance with Drake Resources Limited (Drake) to identify, explore and develop base and precious metal opportunities. 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 experienced exploration geologists who have generated a number of highly prospective projects.

As part of the alliance, two joint ventures 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 Pyhasalmi-Vihanti region of the Fennoscandian Shield of Finland (Figure 9). 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.



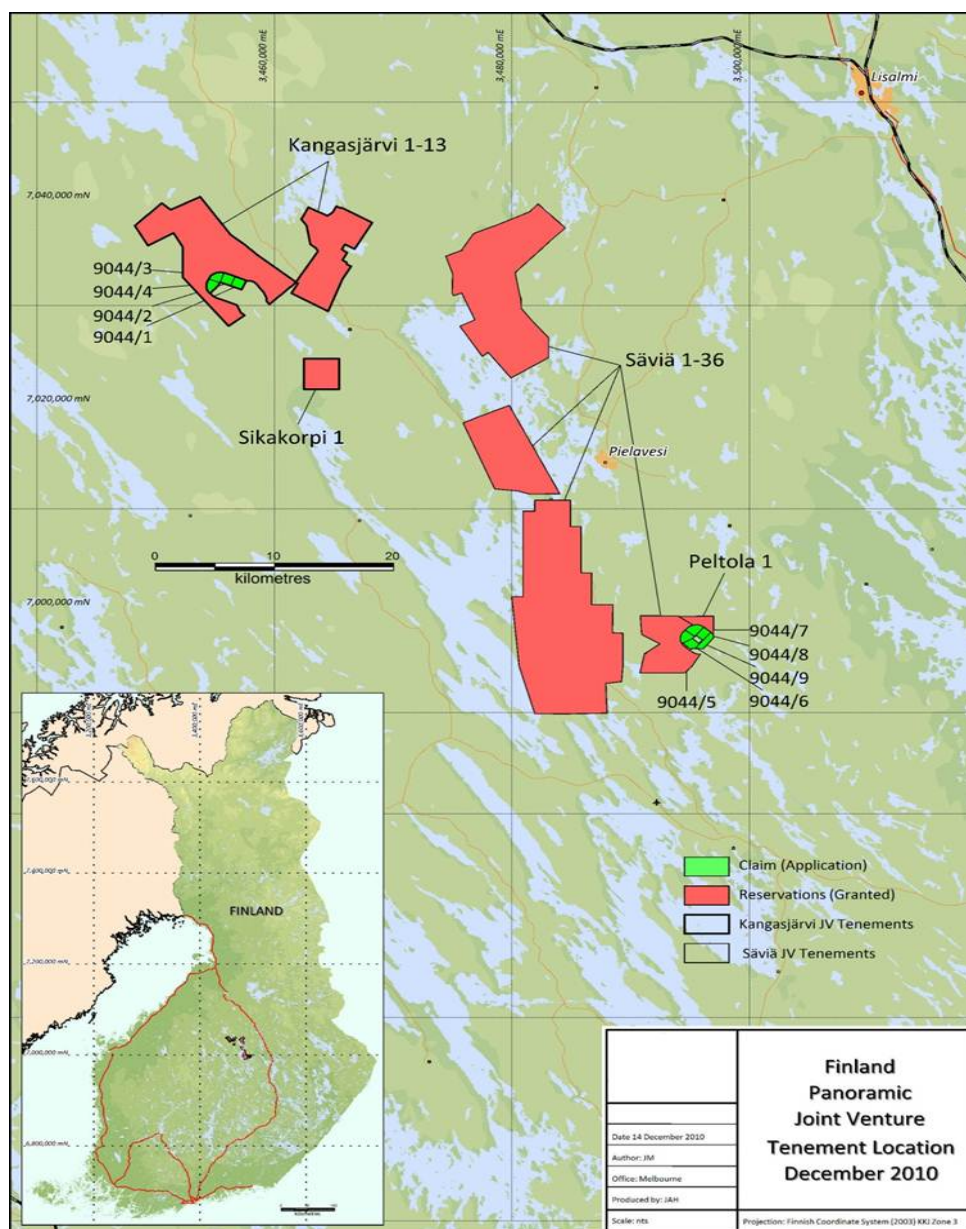
## Current Exploration

The final processed data from the detailed airborne electromagnetic (VTEM) survey that was flown over the two JV areas during the previous quarter was received, and detailed interpretation of this high quality dataset commenced during the December quarter. In addition, a database of historical drilling and geochemistry was acquired and compiled for integration with the VTEM data. Preliminary interpretation of the VTEM data has identified in excess of 50 geophysical anomalies which are currently being integrated with the geological and geochemical databases for ranking and prioritisation of targets for ground follow up. It is anticipated that a small subset of these anomalies will be ranked as high priority drill targets. It is expected that field crews will be able to access some of these targets during the northern winter drilling season (Q1 2011), however access for drilling will be contingent on completion of ground truthing and permitting. Reservations and claims totalling 400km<sup>2</sup> have been applied for over the two JV areas (Figure 9).

## Other

The Panoramic/Drake Generative Alliance is completing technical and commercial due diligence on a number of opportunities elsewhere in Scandinavia and it is expected to finalise during the March quarter.

**Figure 8 – JV Reservation and Claim Areas in Finland**





## Corporate

### Liquid Assets & Debt

Cash on hand at the end of the quarter was \$110 million plus receivables of \$40 million, for a total of **\$150 million in current liquid assets**. Cash payments included \$18 million in Company tax to the Australian Taxation Office for the 2009/10 tax year.

The Panoramic Group debt totalled \$2.9 million for finance leases on mobile equipment and financed insurance premiums.

### Investment in Listed Entities

As at 31 December 2010, the Company had investments in the following listed entities:

- Ampella Mining (ASX: AMX) – 0.5M shares (1.8M shares sold during the quarter);
- Magma Metals (ASX & TSX: MMW) – 18.4M shares;
- Thundelarra Exploration (ASX: THX) – 2.5M shares; and
- Liontown Resources (ASX: LTR) – 2.8M shares.

The market value of these equity investments as at 31 December 2010 was approximately \$13.6 million.

### Hedging

During the December quarter, the Company added the following hedging:

#### *Nickel*

- Sold forward on an unsecured basis, 300 tonnes of nickel hedge contracts at an average weighted forward price of US\$22,573/t (US\$10.24/lb) for delivery from July 2011 to June 2012; and
- Purchased 600t of Ni Put Options at US\$18,000/t for delivery January to June 2011.

#### *US\$/A\$ FX Rate*

- Purchased US\$12 million of put options at an average exercise US\$/A\$ FX rate of US\$1.017 for delivery January to June 2011.

The Company's metal, diesel and currency hedge book as at 31 December 2010 is summarised in Appendix 1.

Excluding the bought nickel put options (which can be exercised by the Company if the US\$ nickel price falls below US\$18,500/t), and assuming the sold nickel call options are all exercised against the Company, based on current forecast production (on a payable nickel basis), the Company is approximately 30% hedged for the remainder of FY2011 and approximately 13% hedged for FY2012.



**Table 7: Group Hedge Book – A\$ Mark-to-Market Valuation as at 31 December 2010**

Commodity	Mark-to-Market 31 Dec 2010	Mark-to-Market 30 Sep 2010
Nickel Forwards	(\$9.8 million)	(\$10.2 million)
Bought Nickel Put Options	\$0.1 million	\$0.4 million
Sold Nickel Call Options	(\$0.6 million)	(\$1.2 million)
Bought Diesel Call Options	\$0.8 million	\$0.7 million
Sold Diesel Put Options	-	(\$0.1 million)
Bought US\$ Currency Put Options	\$1.2 million	\$1.9 million
Sold US\$ Currency Call Options	-	-
<b>Total Mark-to-Market</b>	<b>(\$8.3 million)</b>	<b>(\$8.5 million)</b>

## About the Company

Panoramic Resources Limited (ABN:47 095 792 288) is an established Western Australian based nickel sulphide producer with two 100% owned underground mines, the Savannah Project in the Kimberley, and the Lanfranchi Project, 42kms south of Kambalda. In FY2010 our operations produced 17,458t Ni contained on an equity basis and is forecasting to produce at the lower end of 18-19,000t Ni in FY2011. Panoramic has significant exploration portfolios in the Kimberley and at Lanfranchi and is expanding exploration activities in order to grow the resource base and to increase the operations' mine life. Panoramic is continuing to assess opportunities to grow the Company through exploration, the acquisition of projects and/or companies that would be complementary to its existing business, and which can benefit from the Company's commodity expertise, management, financial and technical capabilities and risk profile.

*The information in this report that relates to Exploration Results has been compiled by Mr John Hicks who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Hicks is full time employee of Panoramic Resources Limited, 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. Mr Hicks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*





## Appendix 1: Panoramic Group Hedge Book as at 31 December 2010

Commodity	Quantity 31 Dec 2010	Average Price/Rate 31 Dec 2010	Quantity 30 Sep 2010	Average Price/Rate 30 Sep 2010
<b><u>Nickel -</u></b>				
Nickel Forwards (delivery Jan 2011-Jun 2011)	1,248t	US\$16,770/t US\$7.61/lb	1,872t	US\$16,793/t US\$7.62/lb
Nickel Forwards (delivery Jul 2011-Jun 2012)	1,500t	US\$24,350/t US\$11.04/lb	1,200t	US\$24,794/t US\$11.25/lb
Bought Nickel Put Options (delivery to Dec 2010)	-	- -	600t	US\$18,000/t US\$8.16/lb
Bought Nickel Put Options (delivery Jan 2011-Jun 2011)	1,200t	US\$18,250/t US\$8.28/lb	600t	US\$18,500/t US\$8.39/lb
Sold Nickel Call Options (delivery to Dec 2010)	-	- -	450t	US\$24,000/t US\$10.89/lb
Sold Nickel Call Options (delivery Jan 2011-Jun 2011)	438t	US\$25,513/t US\$11.57/lb	438t	US\$25,513/t US\$11.57/lb
<b><u>Diesel -</u></b>				
Bought Diesel Call Options (delivery Jan 2011-Sep 2011)	375,000litres/mth	US\$0.60/litre	375,000litres/mth	US\$0.60/litre
Bought Diesel Call Options (delivery Jan 2011-Mar 2012)	375,000litres/mth	US\$0.60/litre	375,000litres/mth	US\$0.60/litre
Bought Diesel Call Options (delivery Apr 2012-Sep 2012)	375,000litres/mth	US\$0.60/litre	375,000litres/mth	US\$0.60/litre
Sold Diesel Put Options (delivery Jan 2011-Sep 2011)	375,000litres/mth	US\$0.434/litre	375,000litres/mth	US\$0.434/litre
Sold Diesel Put Options (delivery Oct 2011-Mar 2012)	375,000litres/mth	US\$0.440/litre	375,000litres/mth	US\$0.440/litre
Sold Diesel Put Options (delivery Apr 2012-Sep 2012)	375,000litres/mth	US\$0.440/litre	375,000litres/mth	US\$0.440/litre
<b><u>US\$/A\$ FX -</u></b>				
Bought US\$ Put Options (delivery to Dec 2010)	-	-	US\$15.0 million	US\$0.9250
Bought US\$ Put Options (delivery to Dec 2010)	-	-	US\$7.5 million	US\$0.8500
Bought US\$ Put Options (delivery Jan 2011 to Jun 2011)	US\$48.0 million	US\$1.0170	US\$36.0 million	US\$1.0170
Sold US\$ Call Options (delivery to Dec 2010)	-	-	US\$22.5 million	US\$0.8300