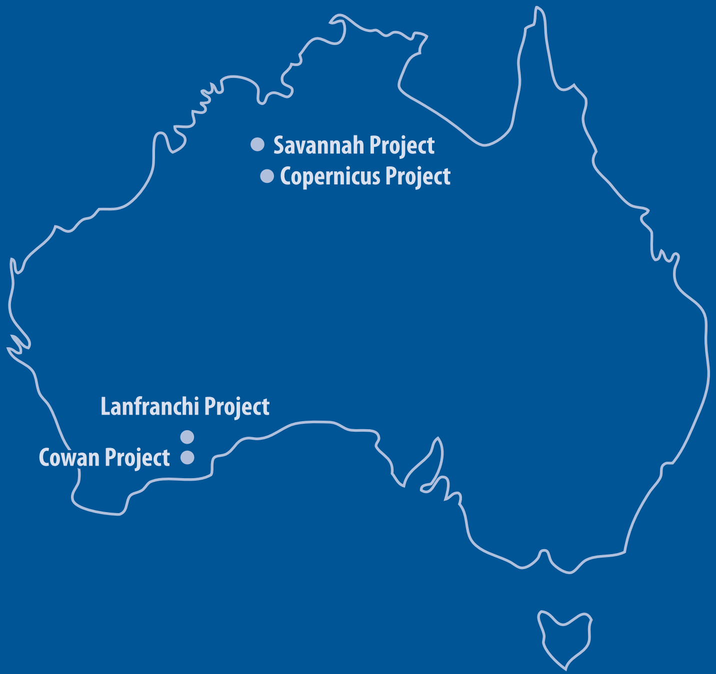
PANORAMIC
RESOURCES LTD

08 annual report

Panoramic Resources Limited

Panoramic is an established Western Australian nickel sulphide producer operating three mines. The company has two underground mines; the Savannah Project (100%) in The Kimberley and the Lanfranchi Project (75%) south of Kambalda, along with the Copernicus Project (60%) open pit mine which is a satellite operation under development near Savannah.



Mission Statement

We strive to achieve excellence in all aspects of our business 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 we operate in.

Contents

The 10 Year Plan

Improve our safety performance to better than the industry average

Increase production to an annual rate of at least 20,000 tonnes contained nickel

Grow our existing resource and reserve base to extend the mine life of both operations

Acquire additional assets to become a diversified mining house

Maintain a steady dividend steam and ultimately become an ASX Top 100 Company

Milestones 2008

- Record production of 14,883 tonnes nickel
- Net profit after tax of $53.3 million
- Deacon Resource increased to 2.2 million tonnes at 2.83% nickel for 63,500 tonnes contained nickel
- Total dividend payout of 12 cents per share (fully franked)
- Savannah Resource upgrade of 44% to 70,300 tonnes nickel
- Shareholders vote to change name to Panoramic Resources Limited
- Commencement of Copernicus Project mine development

2007

- Record net profit after tax of $88.1 million
- Maiden fully franked dividend of 12 cents per share
- Initial Deacon Reserve of 1.7 million tonnes at 2.54% nickel for 43,000 tonnes contained nickel
- Group production reaches 13,225 tonnes nickel
- Senior and subordinated project debt repaid
- Company admitted to the ASX/S&P 200 Index
- Initial Deacon Resource of 58,000 tonnes nickel
- Copernicus Resource increases to 852,000 tonnes at 1.24% nickel

2006

- Winner Mine approval
- Deacon mineralisation discovered
- Winner Resource upgrade to 110,000 tonnes at 5.56% nickel
- $20 million equity raised at $1.25 per share
- Copernicus joint venture (60%) confirmed

2005

- Maiden profit of $12.2 million
- First Lanfranchi Project ore delivered to BHP Billiton Nickel West

2004

- Lanfranchi acquisition finalised
- Savannah Plant commissioned
- Open pit mining commences at Savannah

2003

- $52 million project debt facility secured
- Offtake agreement signed with Jinchuan and Sino Mining

2002

- Bankable feasibility study for the Savannah Project completed

2001

- Company listed on the ASX

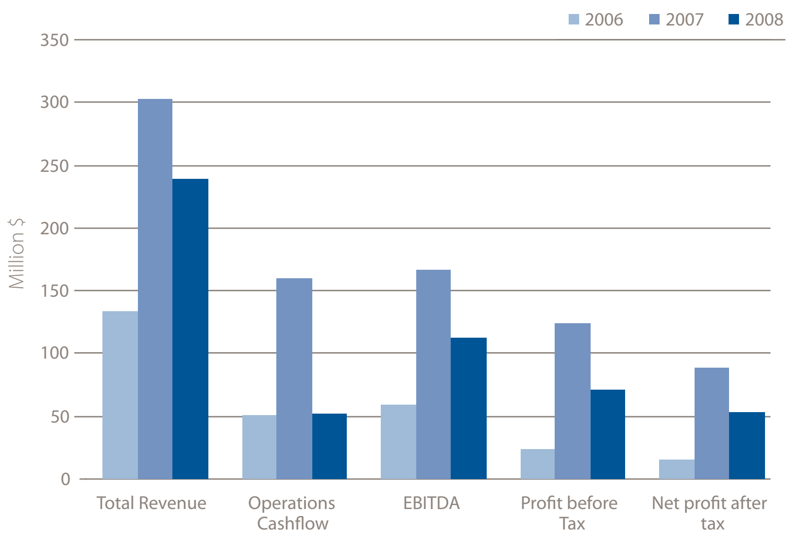
08 annual report

PANORAMIC RESOURCES LTD

Financial Highlights

- **Revenue of $238.4 million**
- **Strong cash and receivables of $128.6 million**
- **Net profit after tax of $53.3 million**
- **Total dividend payout of 12 cents per share (fully franked)**
- **Hedge Book $41.5 million "in the money" at 30 June 08**
- **Net assets of $231.7 million**

Panoramic Resources Limited Group Financial Performance



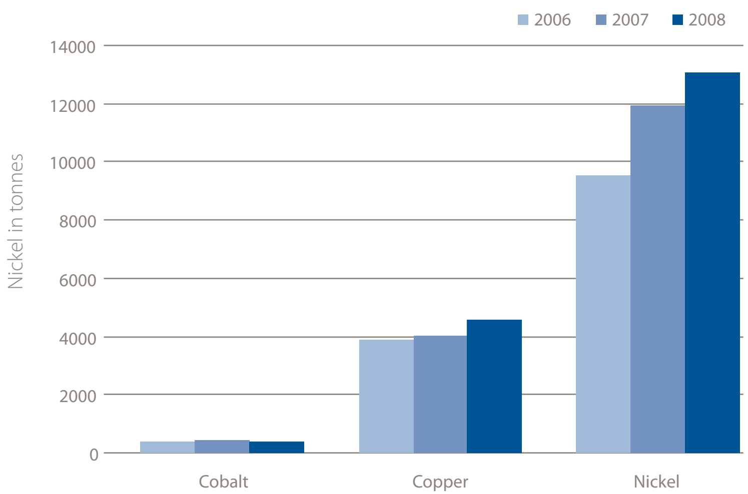
Financial Summary	2008	2007	2006
Total Revenue	$238.4M	$302.2M	$134.1M
D&A	$40.4M	$41.9M	$36.5M
EBITDA	$111.8M	$166.5M	$59.6M
Profit before Tax	$71.4M	$124.6M	$23.1M
Net profit after tax	$53.3M	$88.1M	$15.9M
Cash flow from operations	$51.9M	$165.7M	$14.7M
Total assets	$332.1M	$283.7M	$197.0M
Total liabilities	$100.4M	$161.8M	$148.0M
Shareholders equity	$231.7M	$121.8M	$48.9M
Return on equity	23%	72%	33%
Diluted earnings per share	28.4c	47.6c	9.6c
Dividend declared per share	12.0c	12.0c	-
Dividend pay-out ratio	42%	25%	-

Production & Reserve Highlights

- Record group metal production (equity basis) of 13,057 tonnes nickel, 4,544 tonnes copper and 409 tonnes cobalt
- Group C3 unit costs down 19% on previous year
- Savannah Project ore reserve increased to 2.9 million tonnes at 1.29% nickel for 37,750 tonnes contained nickel
- Lanfranchi Project ore reserve increased to 2.7 million tonnes at 2.42% nickel for 66,260 tonnes contained nickel

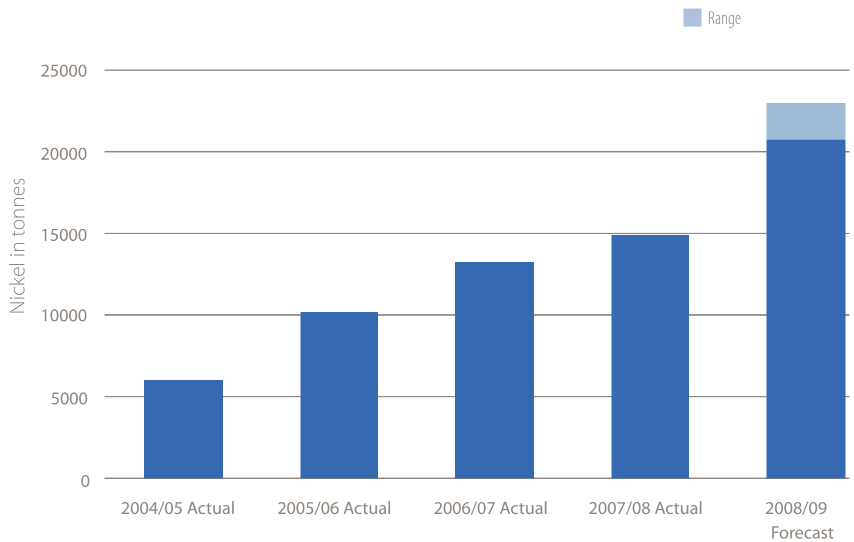
Panoramic Resources Limited Metal Production (Equity Basis)

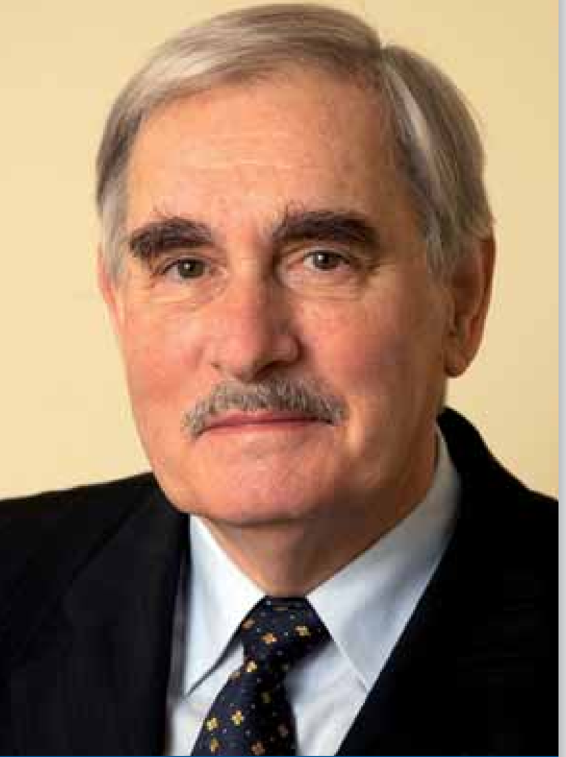
Savannah Project - Nickel in Concentrate • Lanfranchi Project - Nickel in Ore



Panoramic Resources Limited Nickel Production (100% Basis)

Savannah Project - Nickel in Concentrate • Lanfranchi Project - Nickel in Ore





08 Chairman's Report

Dear Shareholders,

The past year has been one of increased resources and higher production for your company, albeit in a retreating nickel price environment. As I foreshadowed last year, the high nickel prices experienced during 2007 created some of the problems our industry faces today. Notwithstanding this, the company is in great shape and can remain profitable even at the lower nickel prices we are currently experiencing, provided we achieve our stated production targets and manage our costs.

The company has adopted a new mission statement which is simply:

VISION, COMMITMENT, RESULTS

This mission statement applies to everything we do in our business in order to make it a profitable and sustainable company.

Our business can only be successful if we provide a safe work environment for our people, contractors and support personnel. Our senior management are leading a program to re-focus the importance of safety at our operations. It is vital that our people can go to work comfortable in the knowledge that they have a safe environment in which to work. Our mission statement for safety is:

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

The high nickel prices we enjoyed last year caused a rush to increase nickel supply and conversely a rush to substitution by traditional nickel users, the stainless steel producers. Chinese production of nickel in pig iron rose to over 80,000 tonnes last year and the increased use of 200 series stainless steels together with an increase in mine supply resulted in nickel supply moving into surplus. Already the owners of some laterite nickel facilities have temporarily suspended operations, unable to cope with higher energy prices and falling nickel prices. If the current nickel price prevails, we expect the production of nickel in pig iron from China and other higher cost laterite nickel operations will be further curtailed. However, with these lower nickel prices we are confident that some stainless steel consumers will be encouraged back to 300 series stainless, which is a superior product for most applications and should help to support nickel demand recovery.

The deterioration in the Australian dollar equivalent nickel price over the past year has been severe, and as I advised last year, the company sought to protect its revenues with a modest hedging program covering our Australian dollar revenue with currency and nickel put options. That nickel and currency price protection is now a valuable asset of the Company with a mark to market valuation of $41.5 million at 30 June 2008.

Under the leadership of John Hicks, our Exploration Manager, the exploration programs at both Savannah and Lanfranchi have been very successful in significantly increasing resources at both operations. We will continue to explore on our tenements, including the new 500km^2 Cowan ground package, south of Lanfranchi, in order to provide a long term future for the company.

With our strong balance sheet we are in an excellent position to internally fund our modest capital investment programs at our mines to enable us to produce our target of over 20,000 tonnes of nickel contained per year for at least the next 10 years. In addition, we are continually reviewing our cost structure to ensure that we remain competitive, with a particular focus on identifying and implementing lower cost, lower carbon emission power solutions at Savannah.

The Board is aware that in these more difficult times opportunities will arise and we are constantly reviewing projects which have the capacity to increase the company's profits and presence in the industry. We will continue to seek diversification into other mineral products as well as consolidating our nickel investments with the objective of building a stronger and more profitable business.

As always our thanks are due to our Managing Director, Peter Harold, and the work of his senior management team including, Chris Williams (GM Operations), Trevor Eton (CFO) and their respective teams in Perth and at the operations, for successfully managing the company through the past year. Despite the changing environment, we were able to report another record year of contained nickel production of almost 15,000 tonnes which in turn generated significant profits and dividends for you, the shareholders.

Christopher J G de Guingand
Chairman
30 September 2008

08
Managing Director's Report

Dear Shareholders,

I am delighted to report another solid year of production, revenue, profits, dividends and exploration success for the company. Major milestones we achieved during the year were as follows:

- record total group production of 14,883 tonnes nickel contained;
- $238.4 million in revenue despite lower nickel prices and a stronger Australian dollar;
- $111.8 million in earnings before interest and tax, depreciation and amortisation;
- cash flow from operations of $51.9 million and net profit after tax of $53.3 million;
- strong cash and receivables of $128.6 million;
- 12 cents per share in fully franked dividends paid out during the year, representing a 42% pay-out ratio;
- net tangible assets increased 90% to $231.7 million or $1.21 per share;
- 44% resource increase at Savannah to 70,300 tonnes nickel contained;
- reserve upgrades at both operations;
- successful commission of the new Winner underground mine;
- approval to develop Copernicus open pit received and work commenced;
- additional exploration ground acquired near Lanfranchi significantly increasing our regional presence;
- signing of the Traditional Owner Co-existence Agreements for the Savannah and Copernicus projects; and
- shareholder approval to change the company name.

While we have again performed well in terms of nickel production and profitability, our safety performance in terms of Lost Time Injury Frequency Rates (LTIFR) is below the industry average and we must improve. We undertook a number of safety initiatives during the year including:

- re-focusing safety as the number one value in our business;
- forming a safety steering committee made up of board, senior management and site personnel; and
- commissioned an external consultant to review our safety culture.

The entire company from board level down is fully committed to improving our safety performance. We have developed and commenced the roll out of the company's new safety mission statement:

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

Our commitment to safety is absolute and I am confident that with the re-focus on safety we will be able to report an improvement in our performance over the coming year.

On the production front, we have made considerable investment at both operations to increase group production targeting a 30-40% increase to in excess of 20,000 tonnes contained nickel.

At Lanfranchi, the majority of the increase will come from the Deacon Orebody where the joint venture has committed to spend $20 million on the new ventilation system to allow production rates to increase to 30,000 tonnes of ore per month. The capital works program is on track and we should be ramping up to full production in the first quarter of 2009. We are forecasting ore production of around 450,000 tonnes from Lanfranchi in 2008/09 which is a 60% increase on the previous year.

We have also invested significant capital at Copernicus to bring the open pit into production on schedule during October this year. Copernicus ore will be treated at the Savannah processing plant and should result in a significant increase in nickel and associated by-products from the Kimberley operations.

The company's financial position is extremely sound with no bank debt, significant cash on hand, in-the-money hedge book, and strong forecast cashflow with the production ramp up. We plan to use our cash to fund:

- our capital expenditure program at both sites;
- provide working capital for Copernicus until it generates cash flow;
- the ongoing resource and reserve drilling at Lanfranchi and Savannah;
- regional exploration programs at Cowan and in the Kimberley; and
- strategic acquisitions of exploration ground, development projects and/or operating assets that can enhance our business and assist us in achieving our stated goals.

Our new ten year plan is to:

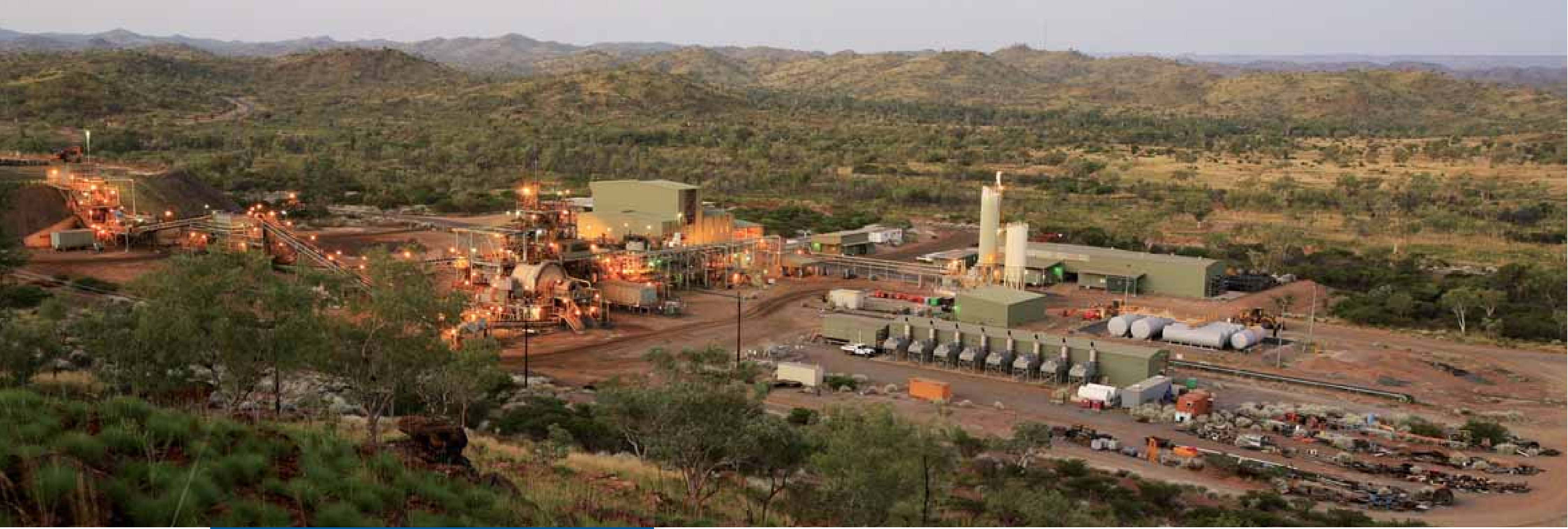
- improve our safety performance to better than the industry average;
- increase production to an annual rate of at least 20,000 tonnes nickel contained;
- grow our existing resource and reserve base to extend the mine life of both operations;
- acquire additional assets to become a diversified mining house;
- maintain a steady dividend steam and ultimately become an ASX Top 100 Company.

We continue to strive to deliver as promised and I am looking forward to another rewarding year ahead. I would like to again thank all shareholders for their support and all employees and contractors for their hard work and dedication. I would also like to thank our two customers, the Jinchuan Group and BHP Billiton Nickel West, for their support. Special mention needs to be made to BHP Billiton Nickel West who, during their recent smelter shutdown, continued to accept and pay for ore deliveries from Lanfranchi.

Finally, I urge all our staff and contractors to adopt and embrace our new safety mission statement to ensure we get everybody "home safely everyday".

Yours faithfully,

Peter J Harold
Managing Director
30 September 2008



08 Savannah Project

Savannah Project

Overview

The Savannah Project is located 240 kilometres south of Kununurra in the East Kimberley district of Western Australia and consists of a nickel sulphide orebody, underground mine, process plant and associated infrastructure. The reported ore reserve as at 30 June 2008 was 2.9 million tonnes at 1.29% nickel, 0.62% copper, 0.07% cobalt for 37,750 tonnes contained nickel. 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 in excess of 10 years. Since commissioning in August 2004, the Savannah Project has produced over 2.6 million tonnes at 1.2% nickel for 30,600 tonnes contained nickel.

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

Savannah Project Operating Statistics Table 1

Area	Details	Units	2007/08	2006/07
Mining	Underground ore	dmt	689,324	722,553
	Ni grade	%	1.26	1.27
	Cu grade	%	0.62	0.52
	Co grade	%	0.07	0.06
Milling	Ore	dmt	688,486	731,484
	Ni grade	%	1.26	1.26
	Cu grade	%	0.62	0.52
	Co grade	%	0.07	0.06
	Ni Recovery	%	87.3	87.1
	Cu Recovery	%	96.1	96.6
	Co Recovery	%	89.2	91.2
Concentrate Production	Concentrate	dmt	96,082	98,299
	Ni grade	%	7.89	8.15
	Ni metal contained	dmt	7,579	8,010
	Cu grade	%	4.24	3.75
	Cu metal contained	dmt	4,072	3,688
	Co grade	%	0.43	0.44
	Co metal contained	dmt	409	430
Concentrate Shipments	Concentrate	dmt	97,657	97,022
	Ni grade	%	7.87	8.15
	Ni metal contained	dmt	7,681	7,906
	Cu grade	%	4.24	3.73
	Cu metal contained	dmt	4,141	3,620
	Co grade	%	0.42	0.44
	Co metal contained	dmt	412	426

paste (tailings and cement mix) to stabilize the void and allow extraction of adjoining ore blocks. The minimal waste material mined is either stockpiled underground or trucked to surface.

Panoramic commissioned its new paste plant in October 2007 and it is now fully commissioned. The use of paste has a number of advantages including:

- mitigates the need to leave large ore blocks behind in the mining process to stabilise the open voids, allowing for almost 100% ore extraction;
- improved ability to manage ground stress, especially as operations move deeper into the mine;
- reduced volume and rate of tailings reporting to the Tailings Storage Facility.; and
- increased mine life as more resource can be converted to reserve.

Savannah Project

Our mining activities at Savannah are owner operated, which Panoramic believes provides financial benefits in terms of productivity and cost efficiencies, maintains and develops in-house underground mining expertise and capabilities and fosters a company culture that we hope will reduce staff turnover and assist in improving safety performance.

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 87.3% for the year and cobalt averaged 89%, both well above design of 78% and 69% respectively. Copper recovery averaged 96% 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, and process personnel are confident that the mill can operate at an annual capacity of 900-950,000 tonnes. This additional capacity should provide more than sufficient capacity to accommodate the toll treatment of nickel ore from the Copernicus Project, which is scheduled to commence in October 2008.

Production

For the year ended 30 June 2008, the Savannah Project produced 7,579 tonnes of nickel contained in concentrate, 4,072 tonnes of copper and 409 tonnes of 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, 240km to the north of the Project via road trains. In Wyndham the concentrate is stored in bulk in a dedicated enclosed storage facility. Bulk shipments to our customer in China are made on a monthly basis. During 2008, the company undertook a review of the storage and ship loading operations at Wyndham in response to a state wide audit of bulk mineral concentrate port facilities. We are now in the process of finalising the preferred option for future bulk stockpiling and ship loading operations to ensure we have an environmentally first class, cost effective and sustainable operation at Wyndham.

Marketing

The Savannah concentrate is contracted for sale to the Jinchuan Group of China through until March 2010 (the original life of the project based on the 2003 Feasibility Study). Jinchuan pay us a set percentage of the contained nickel, copper and cobalt based on LME pricing and reimburse the ocean freight costs which recognises the saleability of our concentrate. Panoramic intends to commence negotiations with Jinchuan in the last quarter of 2008 for concentrate offtake beyond March 2010, given that the mine life now extends until at least 2014.

Forecast Production

The Savannah Project is forecasting to mine the Savannah Orebody during 2008/09 at similar rates as last year, however nickel production from the Savannah Mill will increase to approximately 9-10,000 tonnes per annum while ore from Copernicus is being treated. (refer to Copernicus Project section)

Savannah Project Financials Table 2

Area	Units	2007/08	2006/07
Nickel Produced	lbs	16,707,801	17,660,064
Mining Costs	A$ per lb	2.58	2.02
Milling Costs	A$ per lb	1.23	1.00
Concentrate Haulage	A$ per lb	0.19	0.17
Administration	A$ per lb	1.08	0.53
Less Capitalised Site Costs	A$ per lb	-0.84	-0.50
Total Cash Cost at Mine Gate	A$ per lb	4.24	3.22
Smelting/shipping Costs	A$ per lb	7.31	8.88
By-product Credits	A$ per lb	-4.36	-3.23
Total C1 Cash Costs	A$ per lb	7.19	8.87
Total C1 Cash Costs	US$ per lb	6.45	7.05
Royalty Cost	A$ per lb	0.56	0.60
Depreciation/ Amortisation Costs	A$ per lb	1.59	1.53
Net Finance Costs/Other	A$ per lb	0.03	0.11
Total C3 Costs	A$ per lb	9.37	11.11
Total C3 Costs	US$ per lb	8.40	8.83
Net Nickel Revenue (inc hedging)	A$ per lb	13.48	14.62

Note: Net Nickel Revenue is a notional cash figure based on Ni metal produced (including actual hedge book deliveries).

Savannah Project

Resources & Reserves

As at 30 June 2008, the Savannah Project Mineral Resource stood at 4.74 million tonnes at 1.48% nickel, 0.72% copper and 0.08% cobalt for 70,300 tonnes contained nickel, 34,050 tonnes contained copper and 3,760 tonnes contained cobalt. Historically, the Savannah Mineral Resource has only been reported for the Upper Zone mineralisation. For the first time, the 2008 Mineral Resource includes mineralisation both above and below the 500 Fault. The breakdown is as follows:

- Savannah Upper Zone Resource - 49,600 tonnes nickel
- Savannah Lower Zone Resource - 20,700 tonnes nickel

The Lower Zone Resource is a preliminary estimate. Drilling is ongoing at depth where the resource remains open. Mine design and engineering work has already converted the new Upper Zone Resource into a reserve while work on the Lower Zone Reserve will be completed early in 2009, once the current resource drilling is completed. The 30 June 2008 Savannah Reserve of 2.9 million tonnes @ 1.29% nickel, 0.62% copper and 0.07% cobalt holds 37,750 tonnes contained nickel, 18,140 tonnes contained copper and 2,050 tonnes contained cobalt.

Importantly, the updated mining reserve confirms that drilling during the year above the 500 Fault has replaced the reserve mined this year. Based on the new reserve, production from the Savannah Project is now expected to continue well past the original 4½ year mine life established in 2004 with the current mine plan now supporting production to around 2014. Our target is to prove up additional resources and reserves to support operations until 2020.

Savannah Project Resources and Reserves Table 3

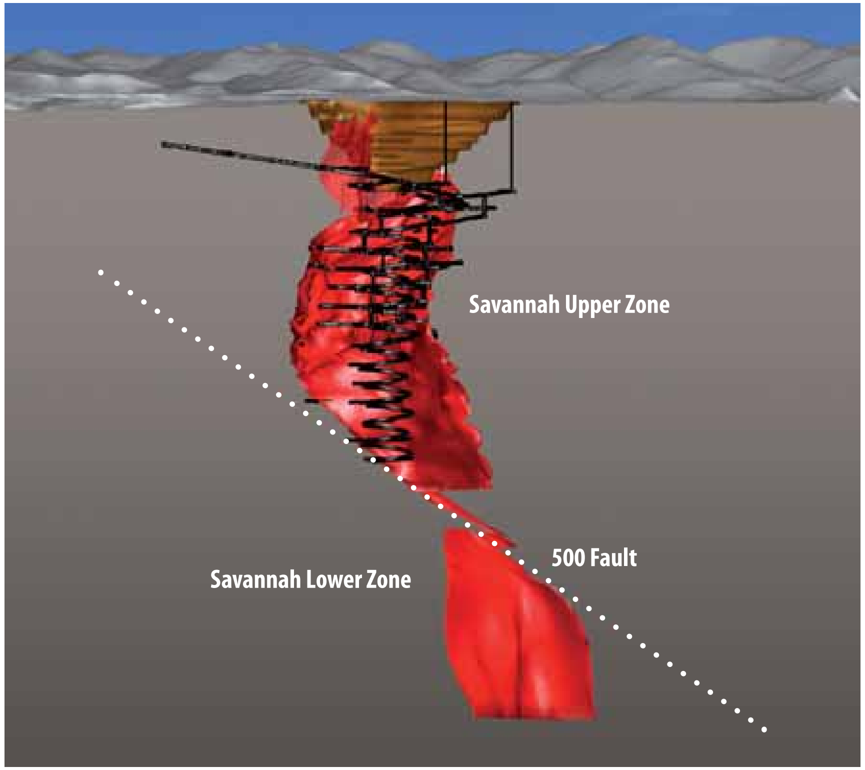
2008 Project	Category	Tonnes (,000)	Ni (%)	Cu (%)	Co (%)	Ni (t)	Cu (t)	Co (t)
Savannah Resource	Measured	819	1.63	0.78	0.09	13,380	6,380	730
	Indicated	3,234	1.50	0.76	0.08	48,450	24,520	2,490
	Inferred	687	1.23	0.46	0.07	8,470	3,150	450
	Total	4,740	1.48	0.72	0.08	70,300	34,050	3,670
Savannah Reserve	Probable	2,926	1.29	0.62	0.07	37,750	18,150	2,050
	Total	2,926	1.29	0.62	0.07	37,750	18,150	2,050

2007 Project	Category	Tonnes (,000)	Ni (%)	Cu (%)	Co (%)	Ni (t)	Cu (t)	Co (t)
Savannah Resource	Measured	498	1.69	0.72	0.10	8,430	3,580	475
	Indicated	2,332	1.74	0.82	0.09	40,510	19,190	2,120
	Inferred	-	-	-	-	-	-	-
	Total	2,830	1.73	0.80	0.09	48,940	22,770	2,595
Savannah Reserve	Probable	2,790	1.32	0.61	0.07	36,830	17,020	1,950
	Total	2,790	1.32	0.61	0.07	36,830	17,020	1,950

Note 1: Nickel cut-off grade of 0.5% was utilised in Resource calculations.

Note 2: The Reserve is based on a Ni cut-off grade of 0.75% and sub-level open stoping mining method.

Savannah Orebody & decline development Figure 1



08 Lanfranchi Project

Lanfranchi Project

Overview

The Lanfranchi operations and associated Tramways tenements (the Lanfranchi Project) is located 42 kilometres south of Kambalda, Western Australia. The company acquired its 75% interest in the Lanfranchi Project from BHP Billiton Nickel West (formerly WMC Resources) in June 2004. Panoramic is the operator of the Lanfranchi Joint Venture (Panoramic 75%, Brilliant Mining 25%). Since recommencing operations in 2005, the Lanfranchi Project has produced 629,000 tonnes of ore averaging 2.44% nickel for 15,360 tonnes contained nickel.

In October 2006, the Lanfranchi Joint Venture discovered the Deacon Orebody. Deacon currently contains an Indicated and Inferred resource of approximately 63,500 tonnes contained nickel, making it one of the largest nickel deposits discovered in the Kambalda district in the last decade. The discovery has significantly increased the life of the Lanfranchi Project and drilling is currently underway converting more resource to reserve and testing the down plunge extent of Deacon which remains open.

As at 30 June 2008, the Lanfranchi Project has a proven and probable reserve of 2.7 million tonnes at 2.42% nickel for 66,260 tonnes contained nickel. Based on the current mine production schedule, the Lanfranchi Project has a mine life of at least six years, however based on the significant resource base, the recent 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 10 years.

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. The Lanfranchi Joint Venture is currently mining four high-grade nickel sulphide shoots being Lanfranchi, Winner, Helmut South and Deacon.

Mining

Mining operations at the Lanfranchi Project are currently conducted on four separate orebodies, Lanfranchi, Helmut South, Winner and Deacon. Decline development to access the high-grade Helmut South Orebody commenced in May 2005, with first ore delivered to surface during September 2005. The Helmut South Orebody is being mined using the underhand cut and fill mining method with paste.

Access to the high-grade Winner Orebody via a new portal and decline commenced in September 2007, with first ore delivered in October 2007. The Winner Orebody is mined using the overhand cut and fill method with paste fill, and the addition of this ore has seen the average ore grades from Lanfranchi increase to between 2.5-3.0% nickel.

The Lanfranchi Joint Venture commissioned a paste plant in 2006, which utilises a combination of tailings and cement pumped underground to fill voids. The paste plant has increased ore extraction and mine life, while assisting to minimise dilution and reduce the risks associated with the ground stress conditions previously encountered with some orebodies at Lanfranchi.

Future production from Deacon is expected to come from a combination of longhole open stopes and underhand cut and fill mining methods utilising paste. The move to longhole open stoping is expected to reduce mining costs as Deacon ramps up to full production.

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 2008, the Lanfranchi Project produced 286,116 tonnes of ore averaging 2.55% nickel for 7,304 tonnes contained nickel. This represents a 25% increase in annual ore production and a 40% increase in contained nickel production due to the addition of higher grade Winner and Deacon ore for the first time.

Lanfranchi Project Operating Statistics (100%) Table 4

Area	Details	Units	2007/08	2006/07
Mining	Ore mined	tonnes	286,116	229,614
	Ni grade	%	2.55	2.27
	Ni metal contained	tonnes	7,304	5,215
	Cu grade	%	0.2	0.20
Ore Delivered	Ore delivered	tonnes	281,251	230,933
	Ni grade	%	2.55	2.25
	Ni metal contained	tonnes	7,178	5,189
	Cu grade	%	0.22	0.20

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 train.

Marketing

BHP Billiton Nickel West is contracted to purchase up to 350,000 tonnes of ore per annum from the Lanfranchi Project and process it through the Kambalda Nickel Concentrator, under the long term Ore Tolling and Concentrate Purchase Agreement. The contract expires in February 2010, and BHP Billiton Nickel West has an option to extend the contract for a further nine years. Nickel West also has a first right of refusal to take additional ore above the 350,000 tonne per annum level from the Lanfranchi Project.

Lanfranchi Project

Forecast Production

The Lanfranchi Project is forecasting to ramp up mine production to approximately 450,000 tonnes ore in 2008/09. The majority of the increase will come from the Deacon Orebody, which will ramp up to approximately 30,000 tonnes per month in the first half of 2009 once the new ventilation system is commissioned. BHP Billiton Nickel West have exercised their first right of refusal and formally accepted the forecast tonnage for 2008/09.

Resources & Reserves

The resources and reserves inventory at Lanfranchi was greatly increased following the discovery of the Deacon Orebody in late 2006 and the upgrade of the Winner Resource in early 2007. The current Deacon Resource of 63,500 tonnes contained nickel is almost three times larger than the original Helmut South Resource of 22,200 tonnes contained nickel that underpinned the purchase of the Lanfranchi Project in 2004. As at 30 June 2008, the Lanfranchi Project Mineral Resource stands at 5.3 million tonnes at 2.35% nickel for 125,360 tonnes contained nickel, and the Ore Reserve stands at 2.7 million tonnes at 2.42% nickel for 66,260 tonnes contained nickel.

Lanfranchi Project Financials Table 5

Area	Units	2007/08	2006/07
Nickel Produced	lbs	16,098,760	11,497,093
Mining Costs	A$ per lb	2.22	1.80
Ore Haulage	A$ per lb	0.12	0.09
Administration	A$ per lb	0.24	0.80
Total Cash Cost at Mine Gate	A$ per lb	2.58	2.69
Smelting	A$ per lb	6.90	9.98
By-product Credits	A$ per lb	-0.31	-0.35
Total C1 Cash Costs	A$ per lb	9.17	12.33
Total C1 Cash Costs	US$ per lb	8.22	9.80
Royalty Cost	A$ per lb	0.34	0.48
Depreciation/Amortisation	A$ per lb	1.18	1.62
Net Finance Costs/Other	A$ per lb	0.02	0.06
Total C3 Costs	A$ per lb	10.71	14.49
Total C3 Costs	US$ per lb	9.60	11.52
Net Nickel Revenue	A$ per lb	14.54	21.29

Note: Net Nickel revenue is a notional figure for 100% Lanfranchi Project and does not include the hedging activity of Cherish Metals (Panoramic's 100% subsidiary that has the 75% in the Lanfranchi Project).

Lanfranchi Reserves (100% Basis) Table 6

Project	Category	30 June 2008			30 June 2007		
		Tonnes (,000)	Ni (%)	Ni (t)	Tonnes (,000)	Ni (%)	Ni (t)
Deacon Reserves	Probable	2,085	2.35	48,954	1,695	2.54	43,009
	Total	2,085	2.35	48,954	1,695	2.54	43,009
Helmut South Reserves	Proven	268	2.29	6,129	410	2.17	8,909
	Probable	-	-	-	-	-	-
	Total	268	2.29	6,129	410	2.17	8,909
Winner Reserves	Probable	99	3.92	3,878	144	4.26	6,139
	Total	99	3.92	3,878	144	4.26	6,139
Lanfranchi Reserves	Probable	126	2.86	3,594	25	1.92	486
	Total	126	2.86	3,594	25	1.92	486
Schmitz Reserves	Probable	87	2.66	2,318	94	2.93	2,750
	Total	87	2.66	2,318	94	2.93	2,750
Martin Reserve	Probable	75	1.86	1,385	-	-	-
	Total	75	1.86	1,385	-	-	-
Total Reserves	Proven	268	2.29	6,129	410	2.17	8,909
	Probable	2,471	2.43	60,129	1,958	2.68	52,396
	Total	2,739	2.42	66,258	2,368	2.59	61,305

Note 1: Reserves calculated at a 1.0% cut-off except the stoping component of Deacon which is at 0.8% Ni cut-off

Lanfranchi Project

Lanfranchi Project Resources Table 7

Project	Category	30 June 2008			30 June 2007		
		Tonnes	Ni	Ni	Tonnes	Ni	Ni
		(,000)	(%)	(t)	(,000)	(%)	(t)
Deacon Resource	Indicated	1,783	2.88	51,365	1,607	3.09	49,692
	Inferred	460	2.64	12,186	303	2.77	8,389
	Sub-Total	2,243	2.83	63,551	1,910	3.04	58,081
Helmut South Resource	Measured	216	2.85	6,172	457	2.44	11,138
	Indicated	38	2.58	973	-	-	-
	Sub-Total	254	2.80	7,144	457	2.44	11,138
Winner Resource	Indicated	82	5.67	4,673	112	6.16	6,879
	Sub-Total	82	5.67	4,673	112	6.16	6,879
Lanfranchi Resource	Measured	11	4.11	471	-	-	-
	Indicated	67	5.79	3,887	99	3.04	3,002
	Inferred	11	5.24	552	35	4.25	1,476
	Sub-Total	89	5.51	4,909	134	3.35	4,478
Schmitz Resource	Indicated	75	4.55	3,412	75	4.55	3,412
	Inferred	11	3.58	376	11	3.58	376
	Sub-Total	86	4.43	3,788	86	4.43	3,788
Martin Resource	Indicated	44	3.88	1,722	44	3.88	1,722
	Inferred	6	3.50	208	6	3.50	208
	Sub-Total	50	3.84	1,930	50	3.84	1,930
Cruikshank Gigantus Resource	Indicated	1,139	1.41	16,025	1,139	1.41	16,025
	Inferred	931	1.33	12,397	931	1.33	12,397
	Sub-Total	2,070	1.37	28,422	2,070	1.37	28,422
Remnant Resources	Indicated	253	2.69	6,816	253	2.69	6,816
	Inferred	203	2.03	4,127	203	2.03	4,127
	Sub-Total	456	2.40	10,943	456	2.40	10,943
Total Resources	Measured	227	2.93	6,643	457	2.44	11,138
	Indicated	3,481	2.55	88,873	3,328	2.63	87,548
	Inferred	1,622	1.84	29,846	1,489	1.81	26,973
	Total	5,330	2.35	125,362	5,273	2.38	125,659

Notes:
1. Resources estimated at 1.0% Ni cut-off at 30 June 2008
2. Resources estimated at 1.0% Ni cut-off at 30 June 2008 (Deacon resource cut-off was reduced due to the bulk mining method utilized supporting the 0.8%Ni economic cut-off for reserves).
3. All mineralised zone interpretations were reviewed and modified where necessary by BM Geological Services Pty Ltd (BMGS) in consultation with the Panoramic staff prior to resource estimation.
4. BMGS believes that the current geological models are fundamentally sound and provides an appropriate basis for mine planning and project evaluation.

Lanfranchi Project Remnant Resources Table 8

Project	Category	30 June 2008			30 June 2007		
		Tonnes	Ni	Ni	Tonnes	Ni	Ni
		(,000)	(%)	(t)	(,000)	(%)	(t)
Helmut Remnant Resource	Indicated	100	1.50	1,497	100	1.50	1,497
	Inferred	87	1.37	1,193	87	1.37	1,193
	Sub-Total	187	1.44	2,690	187	1.44	2,690
Lanfranchi Remnant Resource	Indicated	55	2.53	1,308	55	2.53	1,308
	Inferred	-	-	-	-	-	-
	Sub-Total	55	2.53	1,308	55	2.53	1,308
Schmitz Remnant Resource	Indicated	98	4.07	4,011	98	4.07	4,011
	Inferred	10	4.86	487	10	4.86	487
	Sub-Total	108	4.15	4,498	108	4.15	4,498
Edwin Resource	Inferred	33	4.85	1,601	33	4.85	1,601
	Sub-Total	33	4.85	1,601	33	4.85	1,601
Ham Resource	Inferred	73	1.16	847	73	1.16	847
	Sub-Total	73	1.16	847	73	1.16	847
Total Remnant Resources	Indicated	253	2.69	6,816	253	2.69	6,816
	Inferred	203	2.03	4,127	203	2.03	4,127
	Total	**456**	**2.40**	**10,943**	**456**	**2.40**	**10,943**

Notes:
1 Resources calculated at 0.8% Ni cut-off
2. Remnant Resources reflect ore remaining post historical mining by BHP Billiton Nickel West (formally WMC Resources)

08 Copernicus Project

Copernicus Project

Overview

The Copernicus Project is a nickel sulphide orebody located 50 km south of the Savannah Project. 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 an open pit mining operation at Copernicus and supply the ore to the Savannah Mill for toll treating.

The Copernicus Project received statutory approvals during the year, and construction of the 25 kilometre haul road linking the open pit mine to the Great Northern Highway commenced in May 2008 and has since been completed. Site establishment and mining of the open pit commenced in July 2008 and first ore is scheduled to be delivered to the Savannah mill in October 2008. Ore from Copernicus will be toll treated through the Savannah Mill to produce a bulk nickel, copper, cobalt concentrate. The life of the open pit mine is expected to be approximately 12 months from commencement to closure. A decision on the development of the underground resource at Copernicus has yet to be made.

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 in apparent synchronicity 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 pit will be mined up to 70 metres depth below the natural ground surface. The oxide/fresh contact is at about seven metres depth. Hard rock open pit blasting is used to extract waste materials and ore below seven metres depth. Ore will be graded within the pit into high and low grade for trucking to the Savannah Mill. The high grade ore will be dispatched first, in preference to the low grade ore which will subsequently be processed.

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

The Copernicus Project is forecasting to commence delivering ore to the Savannah Mill in October 2008. The 440,000 tonne open pit reserve will be mined over a 12 month period and batch treated through the mill once sufficient stockpiles are established at Savannah to treat Copernicus ore on a continuous basis for a reasonable period (ie. up to a week).

Resources & Reserves

As at 30 June 2008, the Copernicus Project Mineral Resource stood at 852,000 tonnes at 1.24% nickel, 0.81% copper and 0.05% cobalt for 10,560 tonnes contained nickel. 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 Reserve.

The Copernicus Mineral Resource (Measured category) has been converted into a Proven (open pit) Ore Reserve of 436,829 tonnes at 1.00% nickel, 0.65% copper and 0.04% cobalt for 4,370 tonnes contained nickel.

Copernicus Project Resources and Reserves (100% Basis) Table 9

Project	Category	30 June 2008						
		Tonnes (,000)	Ni (%)	Cu (%)	Co (%)	Ni (t)	Cu (t)	Co (t)
Copernicus Resource	Measured	373	1.13	0.66	0.05	4,220	2,460	190
	Indicated	454	1.35	0.95	0.05	6,130	4,310	220
	Inferred	25	1.00	0.69	0.03	250	250	10
	Total	852	1.24	0.81	0.05	10,600	6,900	420
Copernicus Reserve	Proven	437	1.00	0.65	0.05	4,370	2,840	220
	Total	437	1.00	0.65	0.05	4,370	2,840	220

Note 1: Resource Estimates based on a 0.5% Ni Cut-off

Note 2: Copernicus Reserve based on a cut-off grade of 0.5% Ni for Open Pit (OP) and 0.8% Ni for Underground (UG)

08 Exploration

Exploration

Panoramic has committed to spend up to $10 million on exploration in 2008/09, with the goal of substantially increasing the resource base and mine life of both the Savannah and Lanfranchi Projects.

The Kimberley

Savannah (100% Panoramic)

Drilling to evaluate the resource in the 500 Fault Zone and Lower Zone at Savannah commenced in early 2008 from underground and will proceed to a depth of approximately 900 metres below surface. Drilling to date has intersected significant Savannah "style" sulphide mineralisation, with the geology and mineralisation remaining consistent with the mineralisation in the Upper Zone and this has already lead to the Savannah Resource being upgraded by 44%.

The marginal norite unit about the base of the Savannah Intrusion, where all mineralisation has been discovered to date, remains to be fully explored. In conjunction with the Lower Zone drilling, exploration will continue to explore the margins of the intrusion in previously under-explored contact positions above and below the 500 Fault. The company is confident the resource base at Savannah will continue to grow as exploration drilling progresses.

Corkwood (100% Panoramic)

The Corkwood tenement is located 20km northeast of the Savannah Plant and covers 15km^2. The tenement is dominated by meta-sediments and para-gneisses of the Tickalara Metamorphics and hosts a small resource containing 225,250 tonnes at 0.65% nickel. The best drill intersection within the resource is 2.95m at 1.82% nickel.

Kambalda

Lanfranchi Project (75% Panoramic)

Underground exploration at the Lanfranchi Project is focused on the extensions to ore shoots within the three main channels:

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

Drilling is conducted from dedicated drill platforms which are developed approximately 100 metres out into the hanging-wall above the channel positions. The channels have varying metal endowment, but based on the historical production to date, tend to contain between 6,000 and 15,000 tonnes contained nickel per 100 metres vertical. It is estimated that if the extensions of the three main channels were drilled for 300 metres vertical below the current resources, approximately 80,000 tonnes of contained nickel could potentially be identified (assuming the mineralised systems continue).

Deacon Orebody

The Deacon Orebody was discovered in October 2006 and has been the focus of an underground resource definition drill program since late November 2006. The Deacon Mineral Resource is currently 2.2 million tonnes at 2.83% nickel for 63,500 tonnes contained nickel. Within this resource, a massive nickel sulphide component contributes 185,000 tonnes at 7.49% nickel for 13,800 tonnes contained nickel. The Deacon Ore Reserve is 2,805,000 tonnes at 2.35% nickel for 48,950 tonnes contained nickel. Drilling commenced in September 2008 to test the down plunge extensions to Deacon and to convert the inferred portion of the resource into a reserve, which should be completed by early 2009.

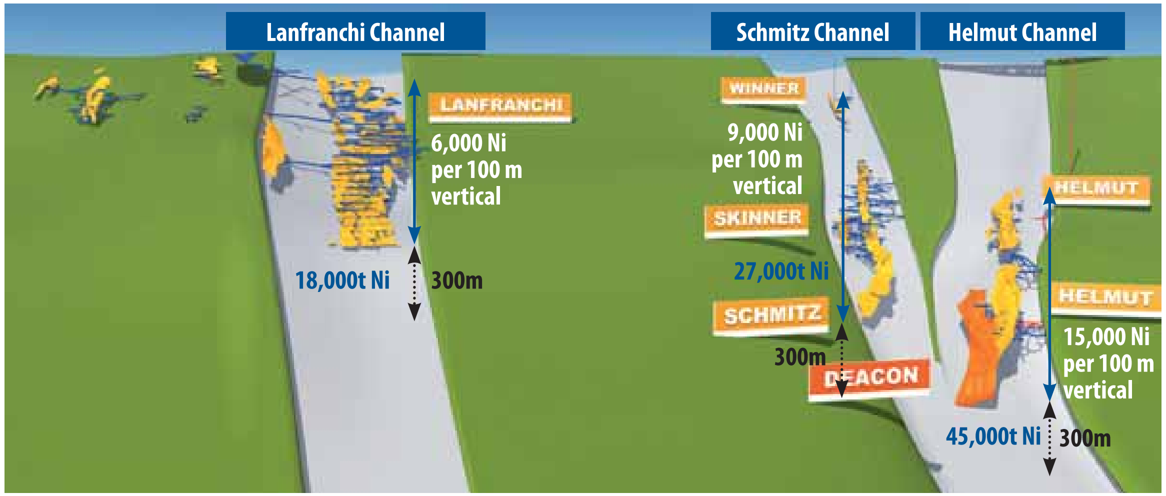
Winner Orebody

Winner is located approximately two kilometres northwest of the Lanfranchi portal and up-dip of Schmitz. The orebody is located 155 metres below surface and 170 metres above the existing Schmitz development. It has an elongated cigar shape with a flat dip of 30-40 degrees and is typically 10-20 metres thick and 30-60 metres wide. The mineralisation is predominantly massive sulphides on the basalt, ultramafic contact with minor disseminated sulphides hosted in the ultramafic. Winner is open down-dip and recent down-hole EM data indicates that the mineralisation continues beyond the base of the current resource. Drilling will be undertaken this year to establish if the Winner mineralisation continues down-plunge.

Lanfranchi Channel

The Lanfranchi Orebody has produced 1.7 million tonnes of ore grading 2.32% nickel, with true thickness ranging from 1 to 3 metres, over the past 15 years. Ongoing drilling to evaluate the down-plunge continuations of the Lanfranchi orebody has indicated a continuation of mineralisation within the existing nickel sulphide channel. Down-plunge of the Lanfranchi Channel remains open and potential exists to extend the mineralisation below 500 metres.

Lanfranchi Project - Mineralised Channel Systems Figure 2



08 annual report

PANORAMIC RESOURCES LTD

Exploration

Ham-Edwin Channel

Surface drilling was undertaken last year to test the down-plunge extension to the Ham and Edwin deposits. Results to date have been encouraging, with mineralisation discovered in two holes as follows:

- 1.0 metres at 6.35% nickel; and
- 2.25 metres at 1.84% nickel.

Northern Tramways

The nickel channels mined to date at the Lanfranchi Project are all associated with the komatiite flow sequences developed along the southern flank of the Tramways Dome. Surface exploration drilling by the Lanfranchi Joint Venture has identified that the important basal contact of this komatiite flow sequence is repeated in an overturned fold structure on the northern side of the Tramways Dome.

Drilling completed over the last 12 months has located two high-magnesium, sulphide bearing channels on the northern side of the Dome with numerous narrow, high-grade massive sulphide intersections discovered. Intersections include:

- 0.25 metres at 9.27% nickel;
- 1.22 metres at 6.98% nickel; and
- 0.88m at 7.76% nickel.

Further drilling is planned this year for both channel zones.

Cowan Project (60-100% 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 three project areas:

- Cowan Nickel (100% Panoramic);
- Junction South (60% Panoramic); and
- Logan's Find (100% Panoramic),

The total tenement holding is approximately 520km^2.

Cowan Nickel comprises a tenement holding of approximately 450km^2 adjacent to Mincor Resources operating nickel mines at Miitel, Mariners, Wannaway and Redross. Junction South comprises a tenement holding of approximately 20km^2 located 10 kilometres south of the Lanfranchi Project. Logan's Find comprises one tenement (approximately 56km^2) located 30 kilometres west of Kambalda and 15 kilometres north west of the historic Spargoville nickel mine, in the same stratigraphic succession that hosts the Widgiemooltha nickel deposits.

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 strike 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, and Lanfranchi, Helmut and Schmitz channel deposits at Tramways, 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.

Previous exploration has focused on gold over the past twenty years, 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 realised through the application of modern geophysics, particularly time domain electromagnetics (EM), to the direct detection of nickel sulphide orebodies.

Panoramic will continue to explore this tenement package via the application of moving-loop electromagnetics (MLEM) to locate drill targets. Once identified, targets will be drilled and down-hole electromagnetics (DHEM) will be used. Target identification work has commenced and drilling could commence in 2009, subject to quality and location of targets.

Lanfranchi Project - Northern Tramways Figure 3

The information in this Public Report that relates to Exploration Results and Mineral Resources is based on information compiled or reviewed by John Hicks who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Hicks is a full-time employee of Panoramic Resources Limited. Mr Hicks 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.

Information in this Public Report relating to Ore Reserves has been completed by or reviewed by Jonathon Bayley, Lilong Chen and Robert Thorburn who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM). The aforementioned are full-time employees of Panoramic Resources Limited and 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.

08 Sustainability

Sustainability

Panoramic is committed to being a sustainable company. The group strives to ensure its longevity is maximised by upholding its corporate responsibilities, delivering value to its shareholders, providing a safe, productive, and stimulating work environment, building mutually beneficial community relations, and minimising its impact on the environment and its use of scarce resources.

During the year we have established more robust systems, standards and guidelines, and commenced independent reviews of safety, health, and environmental performance at all operations. We have initiated the development of a Sustainability Report to provide an overview of our governance, economic, social and economic performance in accordance with the Global Reporting Initiative (GRI) G3 Reporting Framework. This report will be completed and made available on the Panoramic website (www.panoramicresources.com) before the end of 2008.

Safety Performance

The safety performance at our operations in 2007/08 was below expectations, with the incidences of recordable injuries well above the Australian nickel mining industry average. We recognise the importance of a clear and consistent message on the importance of safety, and during the past year, we adopted a Panoramic-wide new safety mission statement:

Vision	Safety is a value not just a priority
Commitment	Safety improvement through leadership
Results	Safely home everyday

A Safety Culture Survey was conducted by external consultants and showed positive attitudes towards safety culture across all our sites. Results of the survey were discussed at a company safety conference held in June 2008 involving personnel from the Savannah and Lanfranchi Projects and senior management. From the survey, a strategic plan is being developed to better engage the entire Panoramic workforce and improve safety performance across our operations.

Risk Management

Panoramic is committed to the effective management of risk. Our aim is for risk management to become embedded in all our business systems, mining operations and exploration activity. We identify all material risks, assess them against accepted criteria and ensure that appropriate control measures are implemented. We also have effective insurance strategies in place and are in the process of developing and putting in place crisis management and business continuity plans at our operations.

In 2007/08, a Risk Management Guideline was developed and approved by the Board. Risk registers and mitigation plans were developed at Savannah and Lanfranchi to ensure risks are being managed appropriately. At Copernicus, a risk register is in the process of being developed to make sure all significant risks are identified and control measures implemented.

Community Relations

Good stakeholder relations at all levels is a key element of our culture at Panoramic. The company requires that that all employees maintain the highest levels of professional and ethical conduct in their interactions with each other and stakeholders.

Relationships with our surrounding indigenous communities are vital to the sustainability of our operations. We believe that a proactive and transparent approach to indigenous relations will ensure that our established and strong relationships are maintained. As an example of the company's proactive approach to indigenous relations, a process to foster co-existence with the Traditional Owners of the land in which the Savannah and Copernicus projects are located, has been underway since 2003.

A significant milestone in this process, were the negotiations and ultimate signing in November 2007 of Co-existence Agreements for the Savannah and Copernicus Projects with the Purnululu and Malgarnowern People who are based around Turkey Creek. These agreements require Panoramic to acknowledge that the Traditional Owners have certain rights in relation to activities on the land. Each year the company is required to provide financial payments and community benefits and to keep the local community fully informed about the company's existing and future operations. In addition, opportunities are to be provided in regards to employment, training, contracting and economic development in connection with our activities in the local area. Overall, the consultation process with the Traditional Owners has been a positive experience for us and we are extremely proud of the outcome achieved.

The Co-existence Agreements have established a long-term, mutually beneficial way forward between the parties through the provision of recognition and continued protection of cultural heritage sites of significance as well as procedures and mechanisms for ongoing consultation between the parties. We consider our Agreements to have gone beyond simple compliance under the Native Title Act as they also provide assistance towards the social and economic goals of Traditional Owners such as financial support for their communities, employment opportunities, health and education programs. The consultative process undertaken during the development of these Agreements has established a vital partnership which is based on mutual respect and communication.

Environmental Performance

Panoramic's contribution to the global challenge of climate change is primarily to use energy as efficiently as we can in our operations and to systematically seek opportunities to reduce the consumption of diesel fuel in electricity generation, thereby lowering our greenhouse gas emissions.

In 2005, Savannah formally joined the Greenhouse Challenge Plus (GHS+) program. We are in the process of extending our commitment to this program at our other operations. The GHS+ program commits us to measure and report our greenhouse gas emissions and to provide public information on our greenhouse gas reduction activities. We are actively reviewing alternative sources of power generation at Savannah, with clean, sustainable hydo and solar power the favoured options.

We have an excellent knowledge of our operations and actively manage them under strict statutory regulations and guidelines to ensure we minimise the risk of causing environmental damage. Tailings and water storage structures are engineered to ensure dam walls are structurally stable, that potentially acid generating materials are encapsulated and that any acidic drainage is captured and treated. The construction of a paste plant at Savannah in 2007 is a good example of coming up with an optimum solution to the storage and treatment of tailings. In this way, both the production and environmental aspects of our operations are managed to the highest standards with due consideration to future planning and closure requirements.

Panoramic Board of Directors. From left: Christopher J G de Guingand, Christopher D J Langdon, Trevor R Eton (Company Secretary), John Rowe, Brian M Phillips, Peter J Harold.

08 Directors' Report

Directors' Report

The directors present their report on the consolidated entity consisting of Panoramic Resources Limited and the entities it controlled at the end of, or during the financial year ended 30 June 2008.

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)

75 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. Chris 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 de Guingand has also served as a director of the following listed companies:

- Albidon Limited (Non-Executive Director from 1 January 2004)*

*Denotes current directorship

Peter J Harold (Managing Director)

45 years | B.AppSc(Chem), AFAICD

Appointed 16 March 2001

Peter Harold is a process engineer with over 20 years corporate experience in the minerals industry specialising in financing, marketing, business development and general corporate activities. He 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 Harold has also served as a director of the following listed companies:

- Uranium Resources PLC (Non-Executive Director from 31 January 2005 to 26 October 2006)
- 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)

45 years | B.Com (Econ)

Appointed 4 August 2004

Christopher Langdon has over 23 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 Langdon has also served as a director of the following listed companies:

- Fresh Foods Industries Holdings Ltd (Director from 10 November 2006)*

*Denotes current directorship

John Rowe (Non-Executive Director)

59 years | BSc (Hons), ARSM, MAusIMM

Appointed 5 December 2006

John Rowe is a geologist who has had extensive mining industry experience over a 36 year period. Most recently, he 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, Mr Rowe 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 Rowe 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)
- Westonia Gold Mines Limited (Non-Executive Director from 12 October 2006 and Non-Executive Chairman from 30 January 2008)*

*Denotes current directorship

Directors' Report

Brian M Phillips (Non-Executive Director)

65 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 in precious and base metals over a 40 year period. Brian started his career with the Gold Fields Group in Tasmania, the United Kingdom and Western Australia. In 1981, he joined Metals Exploration Limited and for the next seven years was a director of Metals Exploration Limited, North Kalgurli Mines Limited and Gold Mines of Kalgoorlie Limited. After a period running a privately owned mining services company, Brian became a director of MPI Mines Limited in 1992 and from October 2002 was its Managing Director until the takeover of MPI by LionOre Australia in 2004. 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 Phillips has also served as a director of the following listed companies:

- Leviathan Resources Limited (Non-Executive Chairman from 15 November 2004 to 24 January 2007)
- 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)*
- 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

48 years | B.A (Hons)(Econ), PostGradDip (Man), AFAIM

Appointed 12 March 2003

Trevor Eton is an accountant with over 24 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 Eton has not served as a director of any listed companies.

Directors' Report

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:	**10**	**2**	**3**	**2**
Number of meetings attended:				
Christopher J G de Guingand	10	2	3	2
Peter J Harold	10	-	3	2
Christopher D J Langdon	8	2	3	1
John Rowe	10	2	3	2
Brian M Phillips	10	1	3	2

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

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 this report is as follows:

Name of Director	Ordinary Shares		Performance rights over ordinary shares
	Direct	Indirect	
Christopher J G de Guingand	-	160,366	-
Peter J Harold	1,400,000	2,240,785	1,500,000
Christopher D J Langdon	60,000	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 mining of mineral deposits.

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:

- In October 2007, the Lanfranchi Joint Venture (Panoramic 75%) announced the completion, on time and on budget, of the development of the high grade Winner orebody allowing for the mining of ore to commence, via the separate Winner decline access.
- Following a surface drilling programme at Lanfranchi along the northern side of the Tramways Dome in October 2007, encouraging evidence of massive sulphide mineralisation was encountered in two drill holes thereby supporting the concept of the overturned continuation of the currently mined Helmut/Deacon and Schmitz/Winner ultramafic channel structures. Further drilling during the course of the year has added to the prospect of finding a new nickel sulphide deposit on the Northern Tramways Dome.
- 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 the 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 a consequence of mining on the Savannah and Copernicus mineral leases.
- In November 2007, the Company formally notified Platinum Australia Limited that it had ceased feasibility work on the Panton Sill platinum group metals (PGM) Project.
- The Copernicus Project Mining Lease M80/540 was granted on 8 January 2008.
- On 6 February 2008, 447,505 shares were issued and a $2,241,000 payment made pursuant to the Savannah Project Co-Existence Agreement signed on 14 November 2007.
- An initial JORC compliant indicated and inferred resource on the Northern Ore Zone at the Savannah Project of 476,000 tonnes at 1.16% nickel for 5,430 tonnes contained nickel was confirmed in April 2008.

Directors' Report

- Final approval for the development of the Copernicus Project was granted by the Western Australian Government on 19 May 2008, enabling mine site operations to commence.
- At a general meeting held on 10 June 2008, shareholders approved the change in the name of the Company from Sally Malay Mining Limited to Panoramic Resources Limited.

OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The Group's profit after tax for the financial year ending 30 June 2008 was $53,332,000 (2007: $88,109,000).

Financial Performance

The Group's performance during the 2008 financial year, and for the four previous financial years, is set out in the table below. Apart from the 2004 financial year, which was prepared under old Australian Accounting Standards (AGAAP), the financial results shown below were prepared under International Financial Reporting Standards (IFRS).

Year Ended 30 June	2008	2007	2006	2005	2004
Net profit/(loss) after tax ($'000)	53,332	88,109	15,922	10,266	(2,710)
Earnings per share (cents)	28.4	47.6	9.6	6.5	(2.2)
Dividends per share (cents)	12.0	12.0	-	-	-
Dividends pay out ratio (%)	42.3	25.2	-	-	-
Market capitalisation ($'000)	775,108	777,379	215,528	139,737	112,372
Closing share price	4.04	4.14	1.18	0.86	0.77
Total shareholder returns - 1 year (%)	75.6	121.6	23.2	21.5	(7.6)

DIVIDENDS

On 27 August 2007, the Directors declared a fully franked final dividend of 12.0 cents per share, which was paid on 15 October 2007 in relation to the year ended 30 June 2007.

On 5 February 2008, the Directors declared a fully franked interim dividend of 7.0 cents per share, which was paid on 10 March 2008.

The Directors have resolved to declare a fully franked final dividend of 5 cents per share in respect of the year ended 30 June 2008. The financial effect of this dividend has not been bought to account in the financial statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.

REVIEW OF OPERATIONS

Near the mining town of Kambalda in Western Australia, the Company's 75% owned and operated Lanfranchi nickel mine produced 286,116 (2007: 229,614) tonnes of ore grading 2.55% (2007: 2.27%) nickel containing 7,304 (2007: 5,215) tonnes of nickel. Production from October 2007 included material from the Winner deposit. The nickel ore is sold to BHP Billiton Nickel West under a long term Ore Tolling and Concentrate Purchase Agreement and is treated at BHP Billiton Nickel West's Kambalda nickel concentrator located 42km north of the Lanfranchi mine.

In the East Kimberley region of Western Australia, the Company operates the Savannah (formerly known as Sally Malay) nickel, copper & cobalt project and is the 60% owner and operator of the Copernicus nickel project. This year the Savannah project produced 7,579 (2007: 8,010) tonnes of nickel in concentrate together with 4,072 (2007: 3,688) tonnes of copper and 409 (2007: 430) tonnes of cobalt. The concentrate is shipped from the port of Wyndham to the Jinchuan Group in China under a long term concentrate sales agreement. In June 2008, open pit mining operations commenced at the Copernicus Project and the mining of nickel sulphide ore is expected in September 2008 prior to the processing of ore at the Savannah process plant in October 2008 under a toll treating arrangement. The Copernicus Project is located some 23km off the Great Northern Highway, with the turnoff being situated approximately 47km south of the Savannah Project.

REVIEW OF FINANCIAL CONDITION

Capital Structure

The debt to equity ratio (borrowings on equity interest in shareholders' equity) at 30 June 2008 was 10.7% (2007: 18.1%)

Hedging Policy

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

- For nickel price risk of both the Savannah Project and the Company's 75% interest in the Lanfranchi Project, by hedging no more than 80% (2007 80%) of the payable nickel forecast 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% (2007: 40%) of the payable nickel forecast to be produced over the same rolling two year horizon;
- 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 and United States currency forward sale contracts that have been entered into by the consolidated entity are subject to margin calls.

Using current forecast nickel production for the next two financial years, and excluding purchased nickel puts, as at 30 June 2008 the consolidated entity had sold forward 5,250 tonnes of nickel at an average weighted US$ nickel price of US$11.50 per pound for delivery between July 2008 and June 2010, which represents approximately 23% of forecast payable nickel production.

Directors' Report

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 341 full time employees (2007: 279).

EVENTS SUBSEQUENT TO BALANCE DATE

On 14 July 2008, the Company completed the purchase of Liontown Resources Limited's interest in the Cowan Nickel Project for a cash consideration of $1,685,000. As part of the transaction, the Company agreed to subscribe for 2.75 million shares in Liontown Resources Limited at $0.115 per share and received 1.25 million unlisted options, exercisable at $0.225 per option, and expiring on 10 July 2010. The Cowan Nickel Project comprises Liontown Resource's interest in the Eastern Goldfields of Western Australia, including a 60% interest in the Junction South Joint Venture and the nickel rights over the Logan's Find mineral tenement.

On 26 August, 2008, the Directors resolved to declare a fully franked final dividend of 5 cents per share in respect of the year ended 30 June 2008.

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 operate and supervise mining operations at the Copernicus Project in order to ensure that nickel sulphide ore is trucked to the Savannah process plant for toll treating in October 2008.

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 this report total unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price ($)	Number of Shares
20 September 2008	0.85	80,000
31 December 2010	2.20	1,762,500

During the financial year, option holders have exercised the option to acquire 3,638,250 (2007: 5,122,000) fully paid shares in Panoramic Resources Limited at a weighted average exercise price of $0.99 (2007: $0.77). In addition, the Company cancelled 25,000 options at a weighted average exercise price of $2.20, through forfeiture (2007: 130,000 options at a weighted average exercise price of $0.80).

In the interval between the end of the financial year and the date of this report, option holders have exercised the option to acquire 15,000 fully paid shares in Panoramic Resources Limited at a weighted average exercise price of $0.75.

Directors' Report

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 $47,104 (2007: $39,204) 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.

REMUNERATION REPORT (AUDITED)

This 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. These remuneration disclosures are provided in pages 30 to 40 of the Directors' Report designated as audited 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 Parent 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 Parent and the Group.

Details of Key Management Personnel (including the five highest 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) Executives	
Trevor Eton	Chief Financial Officer
Christopher Williams	General Manager - Operations
Terry Strong	Operations Manager – Savannah Project
Stephen Kelleher	Group Process Manager
Simon Jessop	Operations Manager – Lanfranchi Project

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

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 assesses the appropriateness of the nature and amount of remuneration of senior managers on a periodic basis by reference to relevant employment market conditions 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 structure of non-executive director and senior management remuneration 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. 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 2008 is detailed in Table 1 on page 35 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 indirectly 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, business unit 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.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee take 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 senior executives. Details of these contracts are provided on pages 33 to 35.

Remuneration consists of the following key elements:

- Fixed Remuneration (base salary, superannuation and non-monetary benefits);
- Variable Remuneration
  - Short Term Incentive ('STI'); 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 35 details the variable component (%) of the Company's key management personnel which includes the five most highly remunerated executives.

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.

Directors' Report

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 which includes the five most highly remunerated executives is detailed in Table 1 on page 35.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depends on the extent to which specific operating targets, set at the beginning of the financial year, are met. The operational targets consists of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, production and cost targets, safety performance, environmental compliance, risk management, and leadership/team contribution. These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The Group has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPIs and profitability, an overall performance rating for the Company and each individual business unit is approved by the Remuneration Committee. The individual performance of each executive is also rated and all the ratings are taken into account when determining the amount, if any, of the short term incentive pool that is to be allocated to each executive. This process usually occurs within three months after the reporting date.

The aggregate of annual STI payments available for executives across the Company is subject to the approval of the Remuneration Committee. STI payments are not accrued in the financial year they relate to as the aggregate amount of the annual STI payments is unable to be determined until after the reporting date. Payments are made as a cash bonus in the following period, with 60% of the annual bonus being paid in October with the remaining 40% paid in the following April.

For the 2007 financial year, the STI annual cash bonus pool (excluding the Managing Director's retention cash bonuses) allocated to executives of $1,041,500 was paid in the 2008 financial year. There were no forfeitures. The Remuneration Committee will consider the STI payments for the 2008 financial year between the date of this report and October 2008. The maximum annual STI cash bonus pool for the 2008 financial year is not yet determined. The minimum amount of the STI cash bonus assuming that no executives meet their respective KPIs for the 2008 financial year is nil.

In addition to the STI annual cash bonus pool, in May 2007 the Remuneration Committee approved the following STI cash payments to the Managing Director, Peter Harold:

- a $500,000 one-off cash payment paid in July 2007 to recognise Mr Harold's contribution in the increase in shareholder value following the Company's 75% investment in the Lanfranchi Project from November 2004;
- two retention incentive cash payments of $250,000 and $500,000, to be paid in January 2008 and January 2009 respectively. This was, and is due to be, paid as an incentive to retain the services of Mr Harold in a highly competitive market where the skills and experience of Mr Harold are being recognised in the mining community.

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 over the past four years and its impact on shareholder wealth has been summarised within the Operating and Financial review section of the Directors' Report.

Structure

LTI grants to executives are now delivered in the form of performance rights to shares issued under the company wide Panoramic Employee Share Plan (ESP) approved by the Company's shareholders on 20 November 2007. During the financial year, no LTI grants were allocated to executives apart from an LTI grant to the Managing Director, Peter Harold. LTI grants to other employees of the Company are made under the ESP where appropriate. In previous financial years, LTI grants to executives were delivered under the 2004 Sally Malay 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).

Table 2 on page 37 and Table 3 on page 38, 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 ESP and the performance hurdle are provided under the terms of Peter Harold's employment contract on page 33.

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 44.

Directors' Report

Employment Contracts

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 ($82,500, 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.
- 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.

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.
- 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	$57,500
John Rowe	$57,500
Brian Philips	$57,500

- 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.

The Managing Director, Peter Harold, is employed under a four year contract that commenced on 1 January 2006. Since 1 January 2006, the terms of Peter Harold's employment have been amended from time to time following approval from the Remuneration Committee and/or the Company's shareholders. The current terms of his employment are:

- Peter Harold may resign from his position and thus terminate this contract by giving 3 months written notice. Any vested options not exercised will be forfeited 4 weeks after notice of resignation.
- If there is a change of control of the Company or the Company is taken over then Peter Harold is entitled to a redundancy of 12 months remuneration at his election ($593,000 based on the fixed component of Peter Harold's remuneration). LTI unlisted options if applicable that have not yet vested will vest immediately. The Board of Directors will decide what percentage of LTI performance rights to shares can be converted to shares.
- The Company may make STI cash bonuses to Peter Harold, firstly, up to a maximum of 100% of his base salary measured against the achievement of agreed performance indicators, and secondly, specific STI retention bonuses. Both STI cash bonuses are approved by the Remuneration Committee from time to time;
- 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 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.

Directors' Report

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;

- Under the Company wide Employee Share Plan (ESP), Peter Harold will be entitled to be issued a maximum of 500,000 shares in the Company on 31 December 2010, 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. 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 ESP 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 ESP shares, increasing proportionately to 100% at the 75th percentile;
- The Company may terminate this employment agreement by providing 6 months' written notice or provide payment in lieu of the combined notice and payment periods ($296,500 based on the fixed component of Peter Harold's remuneration). On termination on notice by the Company, any LTI options if applicable that have vested, or will vest during the notice period will be able to be exercised until the expiry date. LTI options that have not yet vested will vest immediately upon notice of termination unless termination is from serious misconduct in which case the options not yet vested will be forfeited. The Board of Directors will decide what percentage of LTI performance rights to shares can be converted to shares unless termination is from serious misconduct in which case the performance rights to shares will be forfeited.

The Chief Financial Officer and Company Secretary, Trevor Eton, is employed under an open contract and under the terms of this contract that commenced on 12 March 2003:

- Trevor Eton may resign from his position and thus terminate this contract by giving 4 weeks written notice. Any vested options not exercised will be forfeited 4 weeks after notice of resignation.
- The Company may terminate this employment agreement by providing 4 months' written notice or provide payment in lieu of the notice ($102,500 based on the fixed component of Trevor Eton's remuneration). On termination on notice by the Company, any LTI options that have vested, or will vest during the notice period will be able to be exercised until the expiry date. LTI options that have not yet vested will vest immediately upon notice of termination 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. Where termination with such cause occurs, the Chief Financial Officer is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with such cause, any unvested options will immediately be forfeited. Any vested options not exercised within 4 weeks of such notice of termination will be forfeited.

The General Manager - Mining, Christopher Williams, is employed under an open contract and under the terms of this contract that commenced on 16 July 2003:

- Christopher Williams may resign from his position and thus terminate this contract by giving 4 weeks written notice. Any vested options not exercised will be forfeited 4 weeks after notice of resignation.
- The Company may terminate this employment agreement by providing 4 weeks' written notice or provide payment in lieu of the notice period ($25,625 based on the fixed component of Christopher Williams's remuneration). On termination on notice by the Company, any LTI options that have vested, or will vest during the notice period will be able to be exercised until the expiry date. LTI options that have not yet vested will vest immediately upon notice of termination 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. Where termination with such cause occurs, the General Manager Mining is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with such cause, any unvested options will immediately be forfeited. Any unvested options not exercised within 4 weeks of such notice of termination will be forfeited.

All other named executives are employed under an open standard contract. These executives and the commencement date of their contracts are as follows:

Named Executive	Date of Commencement	Position
Terry Strong	1 April 2005	Operations Manager - Savannah Project
Stephen Kelleher	5 April 2004	Group Process Manager & Alternate Operations Manager - Savannah Project
Simon Jessop	22 November 2004	Operations Manager - Lanfranchi JV Project

The above named executives' employment contracts are under the following terms:

- Each may resign from his position and thus terminate this contract by giving 4 weeks written notice. Any vested options not exercised will be forfeited 4 weeks after notice of resignation.
- The Company may terminate their employment agreements by providing 4 weeks written notice, with no payment in lieu of the

notice period. On termination on notice by the Company, any LTI options that have vested, or will vest during the notice period will be able to be exercised until the expiry date. LTI options that have not yet vested will vest immediately upon notice of termination 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 of termination. On termination with such cause, any unvested options will immediately be forfeited. Any vested options not exercised within 4 weeks of such notice of termination will be forfeited.

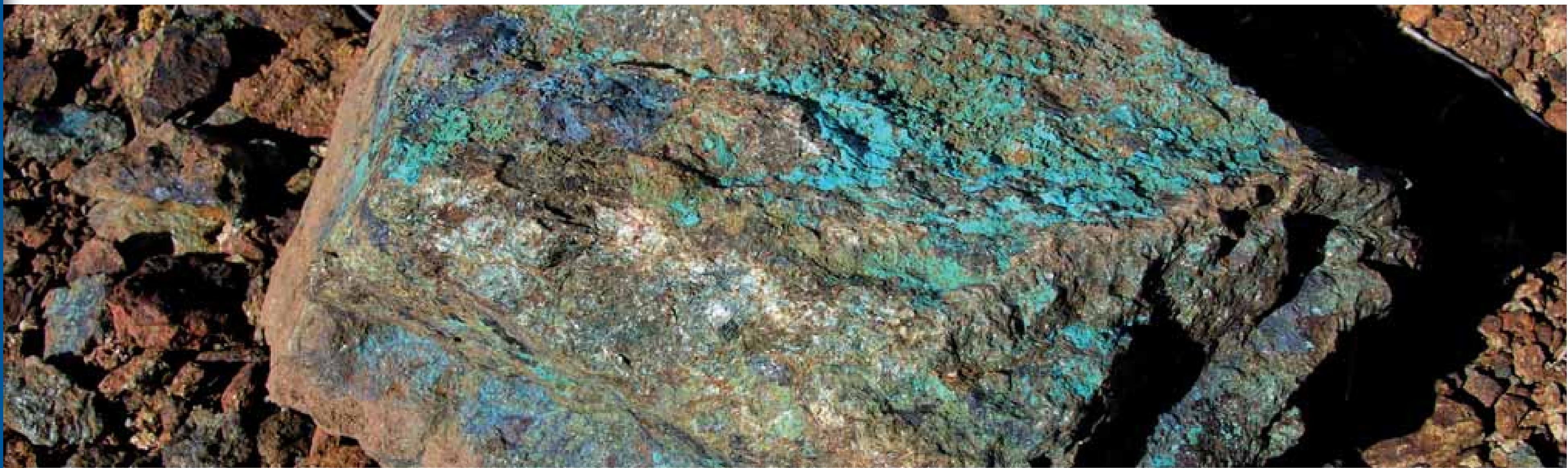
Remuneration of Directors and Executives Officers Table 1

2008	Short-term incentive benefits			Post-employment benefits		Long-term incentive Plans				
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits	Executive Options	Employee Share Options	Long Term Shares	Total	Performance related
	$	$	$	$	$	$	$	$	$	%
Executive Directors										
P J Harold	517,203	1,250,000	9,976	62,064	-	-	-	976,552	2,815,795	79
Non-Executive Directors										
C J G de Guingand	148,750	-	3,509	-	-	-	-	-	152,259	-
C D J Langdon	103,750	-	3,509	-	-	-	-	-	107,259	-
J Rowe	102,500	-	3,509	-	-	-	-	-	106,009	-
B M Phillips	103,750	-	3,509	8,022	-	-	-	-	115,282	-
Executives										
T R Eton	268,005	125,000	14,228	32,161	-	-	458,307	-	897,700	65
C J Williams	268,005	125,000	7,761	32,161	-	-	122,215	-	555,142	45
S G Kelleher	261,375	91,500	5,635	31,365	-	-	91,661	-	481,537	38
S A Jessop	250,154	100,000	7,761	28,290	-	-	62,275	-	448,480	36
T J Strong	266,500	100,000	7,761	31,980	-	-	97,500	-	503,740	39
	2,289,992	**1,791,500**	**67,158**	**226,043**	**-**	**-**	**831,958**	**976,552**	**6,183,203**	**58**

Directors' Report

Remuneration of Directors and Executives Officers Table 1 (Continued)

2007	Short-term incentive benefits			Post-employment benefits		Long-term incentive Plans				
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits	Executive Options	Employee Share Options	Long Term Shares	Total	Performance related
	$	$	$	$	$	$	$	$	$	%
Executive Directors										
P J Harold	449,541	215,000	9,368	40,459	-	-	-	310,382	1,024,749	51
Non-Executive Directors										
C J G de Guingand	95,000	50,000	3,678	-	-	-	-	-	148,678	34
C D J Langdon	99,869	50,000	3,678	-	-	-	-	-	153,547	33
J Rowe	34,790	-	3,678	-	-	-	-	-	38,468	-
B M Phillips	16,935	-	3,678	-	-	-	-	-	20,613	-
Executives										
T R Eton	250,000	75,000	9,213	22,500	-	-	300,696	-	657,410	57
R Jordinson	264,950	100,000	9,443	18,826	180,000	-	19,066	-	592,285	20
S G Kelleher	229,300	40,000	3,678	20,637	-	-	66,041	-	359,656	29
C J Williams	223,470	40,000	3,678	20,112	-	-	85,934	-	373,195	34
S A Jessop	198,238	16,000	3,678	17,742	-	-	50,619	-	286,277	23
T J Strong	229,300	40,000	3,678	20,637	-	-	111,062	-	404,677	37
	2,091,393	**626,000**	**57,448**	**160,913**	**180,000**	**-**	**633,418**	**310,382**	**4,059,555**	**39**



Securities granted as part of remuneration during the year Table 2

	Grant Date	Grant Number	Vest Date	Securities Vested during period	Value per security at grant date	Value of securities granted during the year	Amortisation of granted securities during the year	Exercised Number	Exercise Price	Expiry date	% of remuneration
2008					**$**	**$**			**$**		
(i) Options											
No options were granted during 2007/08.											
(ii) Performance Rights to Shares											
PJ Harold	1/01/08	500,000	31/12/10	-	5.35	2,675,000	442,169	-	-	1/01/13	95%
Total 2007/2008		**500,000**		**-**	**5.35**	**2,675,000**	**442,169**	**-**	**-**		**-**

	Grant Date	Grant Number	Vest Date	Securities Vested during period	Value per security at grant date	Value of securities granted during the year	Amortisation of granted securities during the year	Exercised Number	Exercise Price	Expiry date	% of remuneration
2008					**$**	**$**			**$**		
(i) Options											
T R Eton	22/01/07	375,000	31/12/07	-	1.17	437,175	202,655	-	2.20	31/12/10	30.40
T R Eton	22/01/07	375,000	31/12/08	-	1.17	437,175	98,041	-	2.20	31/12/10	14.70
Total		**750,000**		**-**	**1.17**	**874,350**	**300,696**	**-**	**2.20**		**45.10**
C J Williams	22/01/07	100,000	31/12/07	-	1.17	116,580	54,041	-	2.20	31/12/10	16.00
C J Williams	22/01/07	100,000	31/12/08	-	1.17	116,580	26,144	-	2.20	31/12/10	7.74
Total		**200,000**		**-**	**1.17**	**233,160**	**80,185**	**-**	**2.20**		**23.74**
S A Jessop	22/01/07	50,000	31/12/07	-	1.17	58,290	27,021	-	2.20	31/12/10	9.46
S A Jessop	22/01/07	50,000	31/12/08	-	1.17	58,290	13,072	-	2.20	31/12/10	4.58
Total		**100,000**		**-**	**1.17**	**116,580**	**40,093**	**-**	**2.20**		**14.04**
S G Kelleher	22/01/07	75,000	31/12/07	-	1.17	87,435	40,531	-	2.20	31/12/10	12.09
S G Kelleher	22/01/07	75,000	31/12/08	-	1.17	87,435	19,608	-	2.20	31/12/10	5.85
Total		150,000		-	1.17	174,870	60,139	-	2.20		17.94
T J Strong	22/01/07	75,000	31/12/07	-	1.17	87,435	27,021	-	2.20	31/12/10	6.96
T J Strong	22/01/07	75,000	31/12/08	-	1.17	87,435	13,072	-	2.20	31/12/10	3.37
Total		**150,000**		**-**	**1.17**	**174,870**	**40,093**	**-**	**2.20**		**10.33**
Total 2006/2007		**1,350,000**		**-**	**1.17**	**1,573,830**	**521,206**	**-**	**2.20**		**-**
(ii) Performance Rights to Shares											
PJ Harold	30/11/06	1,000,000	31/12/09	-	1.65	1,650,000	310,382	-	-	31/12/09	30.63
Total 2006/2007		**1,000,000**		**-**	**1.65**	**1,650,000**	**310,382**	**-**	**-**		**-**

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.

Directors' Report

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 Employee Share Plan (ESP)

There have been no options granted over unissued ordinary shares to key management personnel since 30 June 2008.

Securities holdings of directors and specified executives Table 3

2008	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2008		
	1 July 2007				30 June 2008	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	950,000	-	(200,000)	-	750,000	375,000	-	375,000
C J Williams	200,000	-	(100,000)	-	100,000	100,000	-	100,000
S A Jessop	110,000	-	(60,000)	-	50,000	50,000	-	50,000
S G Kelleher	150,000	-	(75,000)	-	75,000	75,000	-	75,000
T J Strong	200,000	-	(125,000)	-	75,000	75,000	-	75,000
Total	1,610,000	-	(560,000)	-	1,050,000	675,000	-	675,000
(ii) Performance Shares								
Directors								
P J Harold	1,000,000	500,000	-	-	1,500,000	-	-	-
Total	1,000,000	500,000	-	-	1,500,000	-	-	-

Directors' Report

Securities holdings of directors and specified executives Table 3 **(continued)**

2007	Balance at beginning of period	Granted as Remuneration	Securities Exercised	Net Change Other	Balance at end of period	Vested at 30 June 2008		
	1 July 2007				30 June 2008	Total	Not Exercisable	Exercisable
(i) Options								
Directors								
C J G de Guingand	-	-	-	-	-	-	-	-
P J Harold	2,000,000	-	(2,000,000)	-	-	-	-	-
C D J Langdon	-	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-	-
Executives								
T R Eton	700,000	750,000	(500,000)	-	950,000	200,000	-	200,000
R Jordinson	725,000	-	(525,000)	(200,000)	-	-	-	-
C J Williams	100,000	200,000	(100,000)	-	200,000	-	-	-
S A Jessop	45,000	100,000	(35,000)	-	110,000	-	-	-
S G Kelleher	200,000	150,000	(200,000)	-	150,000	-	-	-
T J Strong	200,000	150,000	(150,000)	-	200,000	-	-	-
Total	3,970,000	1,350,000	(3,510,000)	(200,000)	1,610,000	200,000	-	200,000
(ii) Performance Shares								
Directors								
P J Harold	-	1,000,000	-	-	1,000,000	-	-	-
Total	-	1,000,000	-	-	1,000,000	-	-	-

PANORAMIC RESOURCES LTD

Directors' Report

Securities granted and exercised as part of remuneration for the year ended 30 June 2008 Table 4

	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	-	700,000	-	-
C J Williams	-	223,000	-	-
S A Jessop	-	150,400	-	-
S G Kelleher	-	161,250	-	-
T J Strong	-	346,000	-	-
(ii) Performance Shares				
P J Harold	2,675,000	-	-	59.3%

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

There were no forfeitures during the period.

Shares issued on exercise of securities Table 5

	Shares Issued	Paid per share	Unpaid per share
2008	**No.**	**$**	**$**
Executives			
T R Eton	200,000	0.75	-
C J Williams	100,000	2.20	-
S A Jessop	60,000	1.96	-
S G Kelleher	75,000	2.20	-
T J Strong	125,000	1.66	-
	560,000		-
2007			
Directors			
P J Harold	2,000,000	0.85	-
Executives			
T R Eton	500,000	0.59	-
R Jordinson	525,000	0.82	-
C J Williams	100,000	0.75	-
S A Jessop	35,000	0.78	-
S G Kelleher	200,000	0.75	-
T J Strong	150,000	0.82	-
	3,510,000		-

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.

Directors' Report

AUDITOR'S 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 2008. 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	$58,158
Other	$8,510

Signed in accordance with a resolution of the directors

Peter Harold

Managing Director

Perth, 28 August 2008

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") "Principles of Good Corporate Governance and Best Practice Recommendations" (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

Role of the Board

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

Board of Directors

To ensure the Board is well equipped to discharge its responsibilities, it has established written guidelines for the nomination and selection of directors and for the operation of the Board.

Board Processes

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. The Board has also established a framework for the management of the Company and its controlled entities including a system of internal control, a business risk management process, the monitoring of 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. Executives are regularly involved in Board discussions.

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. This number may be increased 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 expertise and experience. 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 expertise and experience are considered. 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 to a sustainable producing concern. As at the date of this report, the majority of 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 the Corporations Law and 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.

Director Education

The non-executive directors are given every opportunity to gain a better understanding of the business and are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors visit Panoramic's mining operations at least once a year and meet with management on a regular basis.

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 and officers. 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.

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

- **Environment, Safety and Risk**

The Environment, Safety and Risk Committee consists 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 wellbeing of employees, and on the control and management of the key risks facing the business. The Committee meets during Board visits to the mining operations whereby the members of the Committee are able to directly interface 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 management team, the Board has determined there is no benefit at this time of establishing a Nomination Committee.

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.

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 Law (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

Corporate Governance Statement

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.

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.

Culture and Values

The Company has nurtured a culture and set of values based on respect, action, performance and openness. These values are encouraged to be displayed by all employees in dealings with each other, suppliers, customers and the community.

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 auditors 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 auditors.

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. All material announcements provided to the ASX are posted to 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 ASX releases on the Company's website immediately after their disclosure to the ASX. 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's risk management was enhanced during the financial year with the adoption of a formal Risk Management Guideline which included the enterprise risk management framework recommended in Australian Standard for Risk Management AS4360:2004. Following the adoption of this guideline, the Company is now undertaking an annual 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 and the impact of the sites on different stakeholders.

At the same time as adopting the Panoramic Risk Management Guideline in December 2007, the Board established a new 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 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 written certifications given by the Managing Director and the Chief Financial Officer to the Board annually that the Company's financial reports are based on a sound system of risk management and internal control.

Principle 8: Encouraging Enhanced Performance

The Company has in place a performance appraisal and remuneration system for the Managing Director and 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.

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 cum review thereafter with performance being a criteria in order to retain office..

Principle 9: 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 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.

Further details in relation to director and executive remuneration are set out in the Remuneration Report on pages 30 to 40.

Principle 10: Recognise the Legitimate Interest of Stakeholders

The Company takes its responsibility to its stakeholders very seriously. In addition to the policies and values described under Principle 3, the Company has adopted a number of policies that address the interests of all stakeholders, including a community relations policy and environmental and occupational health and safety policy, to ensure all stakeholder interests are recognised. These policies are integrated into all aspects of the Company's business activities.

The negotiation and signing of separate Co-Existence Agreements in November 2007 with the traditional owners of the Warmun and Turkey Creek indigenous Community in the East Kimberley is an example of how the Company is ensuring that our business is conducted having regard to the local communities and to the environment in the areas in which we operate.

Directors' Declaration

In accordance with a resolution of the directors of Panoramic Resources Limited ("the Company"), 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 Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

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 2008.

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 34 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, 28 August 2008

Auditor's Independence Declaration

ERNST & YOUNG

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11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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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 2008, 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 Buckingham

Gavin A. Buckingham
Partner
Perth
28 August 2008

GAB:KT:PANORAMIC:085

Liability limited by a scheme approved
under Professional Standards Legislation

PANORAMIC RESOURCES LTD

Independent Audit Report

ERNST & YOUNG

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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 balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement 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(b), 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.

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GAB:KT:PANORAMIC:086

ERNST & YOUNG

Auditor's Opinion

In our opinion:

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 financial position of Panoramic Resources Limited and the consolidated entity at 30 June 2008 and of their 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 30 to 40 of the directors' report for the year ended 30 June 2008. 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 2008, complies with section 300A of the Corporations Act 2001.

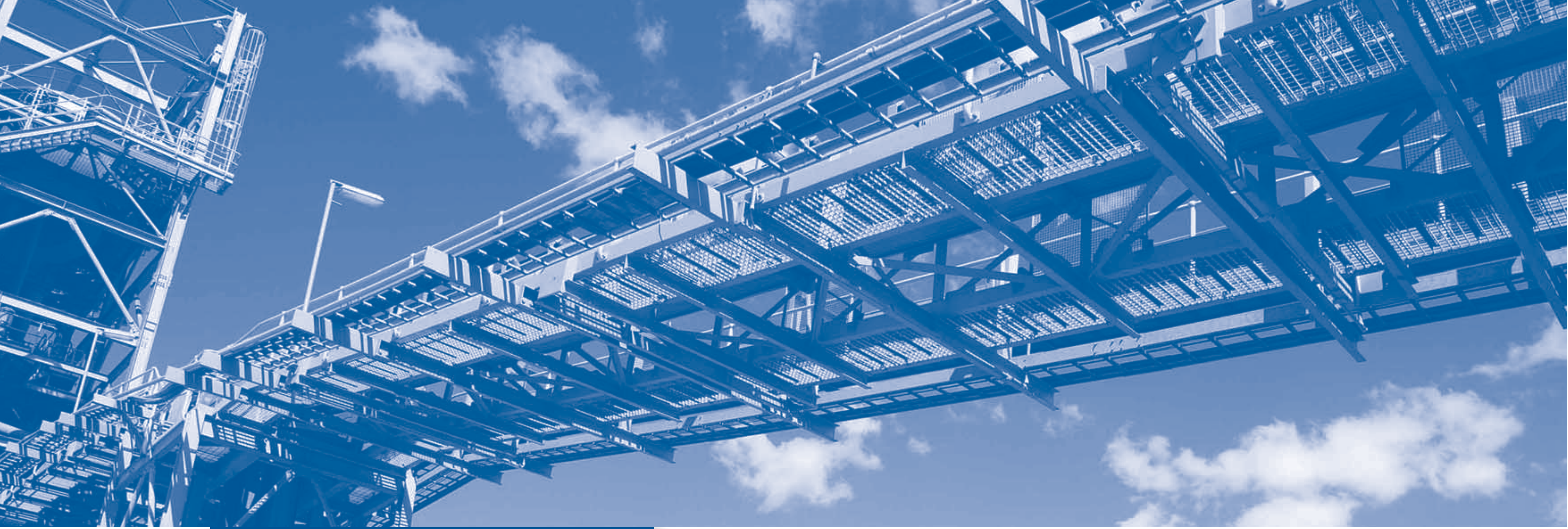
Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A. Buckingham
Partner
Perth
28 August 2008

GAB:KT:PANORAMIC:086



08 Financial Statements

08 annual report

PANORAMIC RESOURCES LTD

Income statement

For the year ended 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
Revenue from continuing operations					
Sale of goods	4	**232,447**	299,288	**-**	-
Other revenue from ordinary activities	4	**6,024**	2,950	**3,634**	69,101
		238,471	302,238	**3,634**	69,101
Other income	5	**2**	33	**2,154**	2,137
Expenses					
Cost of sales of goods		**(148,252)**	(130,163)	**(143)**	(117)
Other		**(11,681)**	(7,783)	**(11,020)**	(6,585)
Exploration and evaluation expenses		**(2,257)**	(1,848)	**(1,355)**	(1,848)
Exploration and evaluation expenses - write down		-	(221)	-	**-**
Mark to market of derivatives	6	**(3,504)**	(34,227)	**-**	-
Expenses, excluding finance costs		**(165,694)**	(174,242)	**(12,518)**	(8,550)
Finance costs	6	**(1,387)**	(3,446)	**(53)**	(1,295)
Profit (loss) before income tax		**71,392**	124,583	**(6,783)**	61,393
Income tax (expense) benefit	7	**(18,060)**	(36,474)	**1,516**	2,019
Profit (loss) from continuing operations		**53,332**	88,109	**(5,267)**	63,412
Profit (loss) for the year		**53,332**	88,109	**(5,267)**	63,412
Profit (loss) is attributable to:					
Equity holders of Panoramic Resources Limited (formerly Sally Malay Mining Limited)		**53,332**	88,109	**(5,267)**	63,412
		Cents	Cents		
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic earnings per share	39	**28.4**	47.6		
Diluted earnings per share	39	**27.3**	45.7		

Balance sheet

As at 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**110,927**	119,587	**55,423**	72,414
Trade and other receivables	9	**17,181**	15,115	**82**	12,640
Inventories	10	**11,174**	9,515	**-**	-
Derivative financial instruments	11	**28,790**	8,999	**-**	-
Total current assets		**168,072**	153,216	**55,505**	85,054
Non-current assets					
Receivables	12	**565**	-	**69,218**	70,340
Available for sale financial assets	13	**1,743**	2,414	**1,743**	2,414
Deferred tax assets	16	**-**	4,333	**-**	-
Property, plant and equipment	14	**62,067**	49,252	**862**	921
Exploration and evaluation	15(a)	**13,068**	6,927	**-**	-
Development properties	15(b)	**58,259**	46,198	**-**	-
Mine properties	15(c)	**15,602**	16,168	**-**	-
Derivative financial instruments	11	**12,506**	5,165	**-**	-
Other non-current assets	17	**262**	-	**-**	-
Total non-current assets		**164,072**	130,457	**71,823**	73,675
Total assets		**332,144**	283,673	**127,328**	158,729

Balance sheet

As at 30 June 2008 (continued)

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
LIABILITIES					
Current liabilities					
Trade and other payables	18	**31,330**	32,683	**971**	723
Borrowings	19	**6,403**	5,896	**-**	-
Derivative financial instruments	11	**-**	56,420	**-**	-
Provisions	20	**-**	4,573	**-**	-
Current tax liabilities	21	**26,094**	24,437	**26,094**	24,437
Total current liabilities		**63,827**	124,009	**27,065**	25,160
Non-current liabilities					
Borrowings	22	**1,993**	7,201	**-**	-
Deferred tax liabilities	23	**26,459**	-	**376**	517
Provisions	24	**8,129**	6,790	**216**	144
Derivative financial instruments	11	**-**	23,838	**-**	-
Total non-current liabilities		**36,581**	37,829	**592**	661
Total liabilities		**100,408**	161,838	**27,657**	25,821
Net assets		**231,736**	121,835	**99,671**	132,908
EQUITY					
Contributed equity	25	**78,424**	72,476	**80,554**	74,606
Reserves	26(a)	**34,055**	(52,640)	**6,467**	4,311
Retained profits	26(b)	**119,257**	101,999	**12,650**	53,991
Total equity		**231,736**	121,835	**99,671**	132,908

Statement of changes in equity

For the year ended 30 June 2008

Consolidated		Issued capital	Other contributed equity	Retained earnings	Other reserves	Total equity
	Notes	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2006		68,546	-	13,890	(33,514)	48,922
Changes in the fair value of available for sale financial assets, net of tax	26	-	-	-	1,375	1,375
Changes in the fair value of cash flow hedges, net of tax	26	-	-	-	(56,611)	(56,611)
Transfer to net profit, net of tax		-	-	-	34,631	34,631
Net expense recognised directly in equity		-	-	-	(20,605)	(20,605)
Profit for the year		-	-	88,109	-	88,109
Total recognised income and expense for the year		-	-	88,109	(20,605)	67,504
Contributions of equity, net of transaction costs	25	3,930	-	-	-	3,930
Employee share options - value of employee services	26	-	-	-	1,479	1,479
Balance at 30 June 2007		**72,476**	**-**	**101,999**	**(52,640)**	**121,835**
Balance at 1 July 2007		72,476	-	101,999	(52,640)	121,835
Changes in the fair value of available for sale financial assets, net of tax	26	-	-	-	(770)	(770)
Changes in the fair value of cash flow hedges, net of tax	26	-	-	-	60,268	60,268
Transfer to net profit, net of tax		-	-	-	24,271	24,271
Net income recognised directly in equity		-	-	-	83,769	83,769
Profit for the year		-	-	53,332	-	53,332
Total recognised income and expense for the year		-	-	53,332	83,769	137,101
Contributions of equity, net of transaction costs	25	5,948	-	-	-	5,948
Dividends provided for or paid	25	-	-	(36,074)	-	(36,074)
Employee share options - value of employee services	26	-	-	-	2,926	2,926
Balance at 30 June 2008		**78,424**	**-**	**119,257**	**34,055**	**231,736**

PANORAMIC RESOURCES LTD

Statement of changes in equity

For the year ended 30 June 2008 (continued)

Parent	Notes	Issued capital $'000	Other contributed equity $'000	(Accumulated losses) retained earnings $'000	Other reserves $'000	Total equity $'000
Balance at 1 July 2006		68,546	2,130	(9,421)	1,457	62,712
Changes in the fair value of available for sale financial assets, net of tax	26	-	-	-	1,375	1,375
Net income recognised directly in equity		-	-	-	1,375	1,375
Profit for the year		-	-	63,412	-	63,412
Total recognised income and expense for the year		-	-	63,412	1,375	64,787
Contributions of equity, net of transaction costs	25	3,930	-	-	-	3,930
Employee share options - value of employee services	26	-	-	-	1,479	1,479
Balance at 30 June 2007		**72,476**	**2,130**	**53,991**	**4,311**	**132,908**
Balance at 1 July 2007		72,476	2,130	53,991	4,311	132,908
Changes in the fair value of available for sale financial assets, net of tax	26	-	-	-	(770)	(770)
Net expense recognised directly in equity		-	-	-	(770)	(770)
Loss for the year		-	-	(5,267)	-	(5,267)
Total interest recognised and expense for the year		-	-	(5,267)	(770)	(6,037)
Contributions of equity, net of transaction costs	25	5,948	-	-	-	5,948
Dividends provided for or paid	25	-	-	(36,074)	-	(36,074)
Employee share options - value of employee services	26	-	-	-	2,926	2,926
Balance at 30 June 2008		**78,424**	**2,130**	**12,650**	**6,467**	**99,671**

Cash flow statements

For the year ended 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**240,632**	297,856	**-**	1
Payments to suppliers and employees (inclusive of goods and services tax)		**(128,471)**	(91,481)	**(7,488)**	(5,466)
Income taxes paid		**(21,512)**	-	**(21,512)**	-
Borrowing cost paid		**(830)**	(3,091)	**(53)**	(1,295)
Net cash inflow (outflow) from operating activities	37	**89,819**	203,284	**(29,053)**	(6,760)
Cash flows from investing activities					
Interest received		**6,024**	2,950	**3,634**	1,101
Payments for property, plant and equipment		**(22,163)**	(9,785)	**(157)**	(833)
Payments for exploration expense		**(6,141)**	(6,870)	**-**	-
Payment of development costs		**(33,447)**	(22,008)	**-**	-
Payments for mineral properties		**(3,753)**	(1,875)	**-**	-
Dividends received		**-**	-	**-**	56,500
Proceeds from sale of plant and equipment		**92**	**-**	**89**	**-**
Net cash (outflow) inflow from investing activities		**(59,388)**	(37,588)	**3,566**	56,768
Cash flows from financing activities					
Proceeds from issues of ordinary shares		**3,616**	3,937	**3,616**	3,937
Payments received from controlled entities		**-**	-	**40,955**	24,941
Repayment of borrowings		**(6,632)**	(36,646)	**-**	(23,600)
Settlement of bank nickel call option fees		**-**	(44,047)	**-**	-
Dividends paid to company's shareholders	27	**(36,074)**	-	**(36,074)**	-
Net cash (outflow) inflow from financing activities		**(39,090)**	(76,756)	**8,497**	5,278
Net (decrease) increase in cash and cash equivalents		**(8,659)**	88,940	**(16,990)**	55,286
Cash a nd cash equivalents at the beginning of the financial year		**119,587**	30,647	**72,414**	17,128
Cash and cash equivalents at end of year	8	**110,928**	119,587	**55,424**	72,414

1 Summary of significant accounting policies

The financial report of Panoramic Resources Limited (formerly Sally Malay Mining Limited) (the Company) for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 28 August 2008.

Panoramic Resources Limited (formerly Sally Malay Mining 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, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

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 2008:

(i) AASB Int. 4 (Revised) *Determining whether an Arrangement contains a Lease*

The revised interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12. This is applicable to annual reporting periods beginning on or after 1 January 2008. The Group does not enter into service concession agreements or public private partnerships (PPP), as such the amendments are not expected to have any impact on the Group's financial report.

(ii) AASB 8 and AASB 2007-3 *Operating Segments and consquential amendments to other Australian Accounting Standards*

This is a new standard replacing AASB 114 Segement Reporting, which adopts a management reporting approach to segment reporting. This is applicable to annual reporting periods beginning on or after 1 January 2009. AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. It may have an impact on the Group's segment disclosures.

(iii) AASB 123 (Revised) and AASB 2007-6 *Borrowing Costs and consequential amendments to other Australian Accounting Standards*

The amendments to AASB 123 require that all borrowing costs associated with qualifying assets be capitalised. This is applicable to annual reporting periods beginning on or after 1 January 2009. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.

(iv) AASB 101 (Revised) and AASB 2007-8 *Presentation of Financial Statements and consquential amendments to other Australian Accounting Standards*

This standard introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements. This is applicable to annual reporting periods beginning on or after 1 January 2009. These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.

(v) AASB 2008-1 *Amendments to Australian Accounting Standards-Share-based Payments: Vesting Conditions and Cancellations*

The amendments clarify the definition of 'vesting conditions', introducing the term 'non vesting conditions' for conditions other than vesting conditions as specifically defined and prescribed in the accounting treatment of an award that is effectively cancelled because a non vesting condition is not satisfied. This is applicable to annual reporting periods beginning on or after 1 January 2009. The Group has share based payment arragements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.

(vi) AASB 3 (Revised) *Business Combinations*

The revised standard introduces a number of significant changes to the accounting for business combinations. The changes apply prospectively. This is applicable to annual reporting periods beginning on or after 1 July 2009. The Group has not yet assessed the impact, including which accounting policy to adopt should the Group enter into some business combinations during the next financial year.

(vii) AASB 127 (Revised) *Consolidated and Separate Financial Statements*

Under the revised standard, a change in ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction. This is applicable to annual reporting periods beginning on or after 1 July 2009. If the Group changes its ownership interest in exisitng subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or loss in the Group's income statement.

Notes to the financial statements

30 June 2008

(viii) AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*

Amending standard issued as a consequence of revisions to AASB 3 and AASB 127. This is applicable to annual reporting periods beginning on or after 1 July 2009. Refer to AASB 3 (Revised) and AASB 127 (Revised) above for explanation on how this impacts the Group's financial report.

(ix) Amendments to International Financial Reporting Standards *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit and loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre and post-acquisition profits no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amout of the subsidiary (that is, share of equity) rather than its fair value.

This is applicable to annual reporting periods beginning on or after 1 January 2009. Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry over basis' rather than at fair value.

(x) Amendments to International Financial Reporting *Improvements to IFRSs*

This improvement project is an annual project that provides a mechanism for making non urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that IASB believes will have minimal impact. This is applicable to annual reporting periods beginning on or after 1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009. The Group has not yet determined the extent of the impact of the amendments, if any.

(c) Basis of consolidation

The consolidated financial statements comprise of 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 decided to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

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.

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.

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.

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.

Recoverability of potential deferred income tax assets

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact future financial results.

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 40.

(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.

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(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.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

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) 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. Increments and decrements in both final measured contained nickel in nickel concentrate delivered to the customer and the determination of the final nickel price, being the spot monthly average nickel price of the month the product has been shipped from port, 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 of 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.

(j) 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.

(k) Derivative financial instruments and hedging

The Group uses derivatives such as United States dollar nickel 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. 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 United States 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.

(l) 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.

(m) 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.

(n) Investments

(i) *Investments in controlled entities*

Investments in controlled entities are carried at the lower of cost and recoverable amount.

(ii) *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.

(o) 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

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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 purposes.

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

- 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 (formerly Sally Malay Mining Limited) and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Panoramic Resources Limited (formerly Sally Malay Mining 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 (formerly Sally Malay Mining 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 Group. 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.

(p) 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.

(q) 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.

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

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.

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.

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.

(r) 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.

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.

(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.

(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 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.

(iii) *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 the 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.

(s) Impairment of 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 on 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.

(t) 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.

(u) 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 the 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.

(v) 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.

(w) 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.

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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(x) Contributed equity

Ordinary share capital is recognised at fair value of the consideration received by the company. Any transaction costs arising as a result of ordinary shares issued at balance date are recognised in equity as a reduction of the share proceeds received.

(y) 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.

(z) 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.

2 Financial risk management

The Group's principal financial instruments comprise of 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 Groups 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 (US$), whilst most of the costs are denominated in Australian Dollars (A$). 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% or sales revenues in US$.

Information about the Group's and the parent entity's foreign exchange contracts is provided in note 11.

At 30 June 2008, the Group had the following exposure to US$ foreign currency that is not designated in cash flow hedges.

	30 June 2008	30 June 2007
	US$	US$
	$'000	$'000
Consolidated		
Cash at bank	**24,071**	25,402
Trade receivables	**(592)**	5,982
Net exposure	**23,479**	31,384

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date. The 5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of actual historical rates, for the A$ to the US$, for the preceding 5 years.

At 30 June 2008, had the Australian 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:

Consolidated	Impact on post tax profit		Impact on equity	
Index	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
AUD/USD +5%	**821**	1,217	**2,636**	1,512
AUD/USD -5%	**(917)**	(1,199)	**(2,523)**	(851)

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The movements in profit are reduced in 2008 mainly due to less United States Dollars being held in Trade Debtors at balance sheet date. 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 120 days (2007: 90 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 2008		30 June 2007	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$'000	%	$'000
Cash at bank and in hand	**5.7%**	**30,494**	5.4%	46,423
Deposits at call	**7.8%**	**80,434**	6.4%	73,164
Net exposure to cash flow interest rate risk		**110,928**		119,587

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.

2008		Interest rate risk			
		-0.5%		+0.5%	
	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Consolidated					
Cash and cash equivalents	609	(39)	-	39	-
Parent					
Cash and cash equivalents	388	(25)	-	25	-

2007		Interest rate risk			
		-0.5%		+0.5%	
	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Consolidated					
Cash and cash equivalents	315	(27)	-	27	-
Parent					
Cash and cash equivalents	197	(16)	-	16	-

(c) 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 United States dollar 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 United States dollar nickel forward sales contracts and United States dollar put and call option contracts for the purposes of hedging against movement in Unickel prices. The limits of hedging are set by the Board.

It is the Group's policy to enter into derivative instruments to hedge nickel price 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. For nickel price risk of both the Savannah Project and the Company's 75% interest in the Lanfranchi Project, the Group's policy is to hedge no more than 80% (2007 80%) of the payable nickel forecast to be produced over a rolling two year horizon through a combination of United States dollar nickel forward sales contracts and United States dollar 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% (of the 80% above) (2007: 40%) of the payable nickel forecast to be produced over the same rolling two year horizon.

The Group also has nickel price hedge contracts designated as cash flow hedges that are subject to fair value movements through equity as nickel prices move.

Information about the Group's and parent entity's nickel price hedge contracts is provided in note 11.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to commodity price risk. The +/ - 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.

		Price risk			
		-10%		+10%	
Consolidated	Carrying amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2008					
Financial assets (liabilities)					
Accounts receivable	10,028	(1,295)	-	3,652	-
Derivatives - cash flow hedges	41,296	205	(9,085)	(347)	9,085
Total (decrease) increase		(1,090)	(9,085)	3,305	9,085
2007					
Financial assets (liabilities)					
Derivatives - cash flow hedges	(66,094)	(1,304)	(13,256)	513	13,980
Accounts receivable	12,629	582	-	4,394	-
Total (decrease) increase		(722)	(13,256)	4,907	13,980

(d) Credit risk

Credit risk arises from the financial assets of the Group, which comprise of 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.

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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 Groups policy to securitise its trade and other receivables.

The Group's sales are to two major customers and believes 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.

(e) Equity price risk

The Group and the parent entity are 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 Group has one investment which is in shares and unlisted options held in a Joint Venture partner which is listed on the ASX. The board has not reacted to short term price fluctuations as it has a long term view on the investment. The investment represents less than 1% (2007: 1%) of total assets and is 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.

	-30% Impact on post tax profit		+30% Impact on equity	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Consolidated and Parent				
Available-for-sale financial investment	**472**	(522)	**620**	(650)

(f) 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 120 days (2007: 90 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 $4 million with a drawdown amount at reporting date of $3.86 million (2007: $3.7 million) and $0.14 million (2007: $0.3 million) available to be used.

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Floating rate				
Undrawn balance - Expiring beyond one year (performance bond)	**140**	300	-	-
	140	300	-	-

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity'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 2008	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Non-derivatives				
Non-interest bearing	31,330	-	31,330	31,330
Fixed rate	6,867	2,047	8,914	8,396
Total non derivatives	38,197	2,047	40,244	39,726
Derivatives				
Forward commodity contracts	-	-	-	-
Commodity call options	-	-	-	-
Total derivatives	-	-	-	-

Group - At 30 June 2007	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000
Non-derivatives				
Non-interest bearing	32,683	-	32,683	32,683
Fixed rate	6,689	7,620	14,309	13,097
Total non-derivatives	39,372	7,620	46,992	45,780
Derivatives				
Forward commodity contracts	51,271	23,838	75,109	75,109
Commodity call options	5,149	-	5,149	5,149
Total derivatives	56,420	23,838	80,258	80,258
Parent - At 30 June 2008	**Less than 1 year**	**Between 1 and 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000
Non-derivatives				
Non-interest bearing	971	-	971	971
Total non-derivatives	971	-	971	971
Parent - At 30 June 2007	**Less than 1 year**	**Between 1 and 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000
Non-derivatives				
Non-interest bearing	723	-	723	723
Total non-derivatives	723	-	723	723

3 Segment information

The Group operates in one business segment -nickel production, mine development and mineral exploration in one geographical area-Australia.

4 Revenue

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Revenue				
Sale of goods	**232,447**	299,288	**-**	-
Other revenue				
Interest	**6,024**	2,950	**3,634**	1,101
Dividends	**-**	-	**-**	68,000
	6,024	2,950	**3,634**	69,101
	238,471	302,238	**3,634**	69,101

5 Other income

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Sundry revenue	**2**	33	**1**	1
TCSC recovery	**-**	-	**2,153**	2,136
	2	33	**2,154**	2,137

6 Expenses

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Profit before income tax includes the following specific expenses:				
Cost of sales of goods				
Cost of production	**(96,442)**	(73,233)	**-**	-
Royalties	**(11,390)**	(15,006)	**-**	-
Depreciation - property, plant and equipment	**(10,830)**	(10,675)	**(143)**	(117)
Amortisation - finance lease and hire purchase assets	**(5,678)**	(4,995)	**-**	-
Amortisation - deferred development costs	**(21,835)**	(21,652)	**-**	-
Amortisation - mine properties	**(2,077)**	(4,602)	**-**	-
	(148,252)	(130,163)	**(143)**	(117)
Finance costs				
Interest and finance charges paid/payable	**(888)**	(1,845)	**(3)**	(1,220)
Exchange losses on foreign currency borrowings	**-**	(1,168)	**-**	-
Unwinding of discount - rehabilitation	**(295)**	(280)	**-**	-
Unwinding of discount - deferred acquisition payment	**(98)**	(75)	**-**	-
Facility costs	**(106)**	(78)	**(50)**	(75)
	(1,387)	(3,446)	**(53)**	(1,295)

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	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Derivative financial instruments				
Mark to market of ineffective derivatives	**96**	(470)	**-**	-
Fair value movement in put options	**(3,600)**	(33,757)	**-**	-
	(3,504)	(34,227)	**-**	-
Other				
Corporate and marketing costs	**(3,113)**	(2,415)	**(3,113)**	(1,572)
Employee benefits expense	**(8,963)**	(5,013)	**(7,924)**	(5,013)
Foreign exchange gain (loss)	**460**	(333)	**-**	-
Net loss on disposal of property, plant and equipment	**(65)**	(22)	**17**	-
	(11,681)	(7,783)	**(11,020)**	(6,585)
Breakdown of employee benefits expense				
Salaries and wages	**(5,504)**	(3,152)	**(5,504)**	(3,152)
Payroll tax	**(315)**	(225)	**(315)**	(225)
Superannuation	**(306)**	(210)	**(306)**	(210)
Share based payments expense	**(2,838)**	(1,426)	**(1,799)**	(1,426)
	(8,963)	(5,013)	**(7,924)**	(5,013)

7 Income tax expense

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
(a) Income tax expense				
Current tax	**26,094**	24,437	**(1,643)**	(5,188)
Deferred tax	**(5,110)**	12,037	**189**	3,169
Adjustments for current tax of prior periods	**(2,924)**	-	**(62)**	-
	18,060	36,474	**(1,516)**	(2,019)

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred income tax (revenue) expense included in income tax expense comprises:				
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit (loss) from continuing operations before income tax expense	**71,392**	124,583	**(6,783)**	61,393
Tax at the Australian tax rate of 30% (2007 - 30%)	**21,418**	37,375	**(2,035)**	18,418
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment	**7**	3	**6**	2
Dividends not assessable	**-**	-	**-**	(20,400)
Sundry items	**10**	(857)	**10**	(39)
Share based payments	**852**	428	**540**	-
Research and development	**(4,227)**	(475)	**(37)**	-
Income tax expense	**18,060**	36,474	**(1,516)**	(2,019)
(c) Amounts recognised directly in equity				
Relating to financial instruments	**(11,824)**	24,408	**-**	19
Relating to equity securities available for sale	**(244)**	(574)	**(244)**	(574)
	(12,068)	23,834	**(244)**	(555)

(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 is 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		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**30,493**	46,423	**5,771**	14,436
Deposits at call	**80,434**	73,164	**49,652**	57,978
	110,927	119,587	**55,423**	72,414

(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 statement of cash flows as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balances as above	**110,927**	119,587	**55,423**	72,414
Balances per statement of cash flows	**110,927**	119,587	**55,423**	72,414

(b) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 5.7% (2007: 5.4%).

(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 7.8% (2007: 6.4%).

(d) Fair value

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

9 Current assets - Trade and other receivables

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	**10,028**	12,629	**-**	17
Other receivables	**5,159**	1,899	**76**	67
Related party receivable	**-**	-	**-**	12,500
Prepayments	**1,994**	587	**6**	56
	17,181	15,115	**82**	12,640

(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 2008 was $2.277 million (2007: ($0.282) million) and the amount of fair value changes recognised in the income statement for 2008 was ($2.559) million (2007: $1.545 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) Related party receivable

For terms and conditions relating to related party receivables refer to note 32.

(d) 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 2007 and 2008.

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

(e) Fair value and credit risk

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

Information on credit risk is provided in note 2.

10 Current assets - Inventories

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Spares for production				
- at cost	**7,963**	6,974	**-**	-
Nickel ore stocks on hand				
- at cost	**1,081**	95	**-**	-
Concentrates stocks on hand				
- at cost	**2,130**	2,446	**-**	-
	11,174	9,515	**-**	-

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11 Derivative financial instruments

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current assets				
Forward commodity contracts	**5,860**	-	-	-
Forward foreign exchange contracts	**12,113**	7,587	-	-
Commodity put options	**2,372**	1,412	-	-
Foreign exchange put options ((a)(ii))	**8,445**	-	-	-
Total current derivative financial instrument assets	**28,790**	8,999	-	-
Non-current assets				
Forward foreign exchange contracts	-	5,165	-	-
Forward commodity contracts	**12,506**	-	-	-
Total non-current derivative financial instrument assets	**12,506**	5,165	-	-
Current liabilities				
Forward commodity contracts	-	51,271	-	-
Commodity call options	-	5,149	-	-
Total current derivative financial instrument liabilities	-	56,420	-	-
Non-current liabilities				
Forward commodity contracts	-	23,838	-	-
Total non-current derivative financial instrument liabilities	-	23,838	-	-
	41,296	(66,094)	-	-

(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.

Consolidated	Tonnes Hedged	Average US$ Price	Tonnes Hedged	Average US$ Price
	30 June 2008	30 June 2008	30 June 2007	30 June 2007
		$		$
Nickel Sell Call Options				
Not later than one year	-	-	544	37,920
Nickel Buy Put Options				
Not later than one year	**600**	**25,000**	1,650	25,000
Nickel Fixed Forward				
Not later than one year	**2,850**	**24,135**	2,400	16,553
Later than one year	**2,400**	**26,779**	2,200	23,399

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

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

The Group has entered into foreign exchange contracts for forwards 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.

Consolidated	US$ Hedged	Average Rate	US$ Hedged	Average Rate
	30 June 2008	30 June 2008	30 June 2007	30 June 2007
	$'000	$	$'000	$
Foreign Exchange Puts				
Not later than one year	**141,000**	**0.90**	-	-
Fixed Forward Foreign Exchange				
Not later than one year	**51,480**	**0.76**	42,294	0.74
Later than one year	-	-	56,644	0.76

12 Non-current assets - Receivables

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net related party receivables				
Loans to related parties	-	-	69,218	70,340
Net other receivables				
Other receivables	565	-	-	-
	565	-	69,218	70,340

Further information relating to loans to related parties is set out in note 32.

(a) Interest rate risk

All trade receivables are non interest bearing in 2007 and 2008.

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

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At beginning of year	2,414	449	2,414	449
Revaluation (deficit) / surplus transfer to equity	(672)	1,965	(672)	1,965
At end of year	1,742	2,414	1,742	2,414
	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Securities - listed	1,313	1,613	1,313	1,613
Securities - unlisted	430	801	430	801
	1,743	2,414	1,743	2,414

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

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the balance sheet are reasonable and the most appropriate at the balance sheet date.

14 Non-current assets - Property, plant and equipment

Consolidated	Construction in progress	Plant and equipment	Leased plant & equipment	Total
	$'000	$'000	$'000	$'000
At 1 July 2006				
Cost	3,066	47,054	23,186	73,306
Accumulated depreciation	-	(15,505)	(6,291)	(21,796)
Net book amount	3,066	31,549	16,895	51,510
Year ended 30 June 2007				
Opening net book amount	3,066	31,549	16,895	51,510
Additions	12,267	2,398	25	14,690
Transfers between categories	(5,750)	4,120	1,630	-
Transfers between asset class	(1,255)	-	-	(1,255)
Disposals	-	(11)	(12)	(23)
Depreciation charge	-	(10,675)	(4,995)	(15,670)
Closing net book amount	8,328	27,381	13,543	49,252
At 30 June 2007				
Cost	8,328	53,518	24,818	86,664
Accumulated depreciation	-	(26,137)	(11,275)	(37,412)
Net book amount	8,328	27,381	13,543	49,252
Year ended 30 June 2008				
Opening net book amount	8,328	27,381	13,543	49,252
Additions	15,175	6,988	7,316	29,479
Transfer to other asset class	(21,889)	21,889	-	-
Disposals	-	(139)	(17)	(156)
Depreciation charge	-	(10,830)	(5,678)	(16,508)
Closing net book amount	1,614	45,289	15,164	62,067
At 30 June 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

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30 June 2008

Parent	Construction in progress	Plant and equipment	Total
	$'000	$'000	$'000
At 1 July 2006			
Cost	-	444	444
Accumulated depreciation	-	(240)	(240)
Net book amount	-	204	204
Year ended 30 June 2007			
Opening net book amount	-	204	204
Additions	834	-	834
Transfers between categories	(834)	834	-
Depreciation charge	-	(117)	(117)
Closing net book amount	-	921	921
At 30 June 2007			
Cost	-	1,278	1,278
Accumulated depreciation	-	(357)	(357)
Net book amount	-	921	921
Year ended 30 June 2008			
Opening net book amount	-	921	921
Additions	-	157	157
Disposals	-	(73)	(73)
Depreciation charge	-	(143)	(143)
Closing net book amount	-	862	862
At 30 June 2008			
Cost	-	1,332	1,332
Accumulated depreciation	-	(470)	(470)
Net book amount	-	862	862

(a) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the parent entity and its controlled entities.

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

(a) Exploration and evaluation

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Total exploration and evaluation	**13,068**	6,927	**-**	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases 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 phase at the beginning and the end of the current and previous financial year are set out below:

Consolidated	Total
	$'000
Year ended 30 June 2007	
Carrying amount at start of year	1,472
Expenditure incurred during the year	5,676
Expenditure written off	(221)
Carrying amount at end of year	6,927
Year ended 30 June 2008	
Carrying amount at start of year	6,927
Expenditure incurred during the year	6,141
Carrying amount at end of year	13,068

(b) Mine development expenditure

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cost				
Opening balance	**119,479**	98,031	**-**	-
Expenditure incurred	**33,447**	20,127	**-**	-
Transfer from construction in progress	**-**	1,255	**-**	-
Increase in rehabilitation cost capitalised	**449**	66	**-**	-
Closing balance	**153,375**	119,479	**-**	-
Accumulated impairment				
Opening balance	**(73,281)**	(51,629)	**-**	-
Amortisation for the year	**(21,835)**	(21,652)	**-**	-
Closing balance	**(95,116)**	(73,281)	**-**	-
Total development properties	**58,259**	46,198	**-**	-

(c) Mine properties

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cost				
Opening balance	**24,373**	19,801	-	-
Add: mine properties expenditure incurred	**1,511**	4,572	-	-
Closing balance	**25,884**	24,373	-	-
Accumulated depreciation and impairment				
Opening balance	**(8,205)**	(3,603)	-	-
Amortisation for the year	**(2,077)**	(4,602)	-	-
Closing balance	**(10,282)**	(8,205)	-	-
Total mineral properties	**15,602**	16,168	-	-

16 Non-current assets - Deferred tax assets

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Employee benefits	**1,178**	712	**129**	105
Provisions	**2,161**	1,941	**48**	44
	3,339	2,653	**177**	149
Other				
Share issue expenses	-	19	-	19
Available for sale financial assets	-	(574)	-	(574)
Financial instruments at fair value	-	20,166	-	-
Sub-total other	-	19,611	-	(555)
Total deferred tax assets	**3,339**	22,264	**177**	(406)
Set off of deferred tax liabilities pursuant to set -off provisions (note 23)	**(3,339)**	(17,931)	**(177)**	406
Net deferred tax assets	-	4,333	-	-
Movements:				
Opening balance at 1 July	**22,264**	26,061	**(406)**	3,675
Recognition of financial instruments at fair value	-	(62)	-	-
Credited/(charged) to the income statement	**4,909**	(2,999)	**9**	(3,344)
Charged to intercompany balances	-	-	-	27
(Charged)/credited to equity	**(23,834)**	(736)	**574**	(764)
Closing balance at 30 June	**3,339**	22,264	**177**	(406)

17 Non-current assets - Other non-current assets

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash backed bonds	**262**	-	-	-

18 Current liabilities - Trade and other payables

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade payables	**13,538**	8,819	**508**	273
Accrued expenses	**15,026**	21,028	**248**	245
Deferred acquisition payment	-	1,027	-	-
Liability for annual leave	**2,766**	1,809	**215**	205
	31,330	32,683	**971**	723

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.

19 Current liabilities - Borrowings

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Secured				
Lease liabilities	**5,188**	5,896	-	-
Insurance finance liability	**1,215**	-	-	-
Total secured current borrowings	**6,403**	5,896	-	-

(a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 22.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 22.

(c) Security

Details of the Group's security relating to current borrowings are set out in note 22.

20 Current liabilities - Provisions

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Other provisions	-	4,573	-	-

(a) Kimberley Land Council payment

Provision is made for the estimated compensation payment to the Kimberley Land Council (on behalf of the Purnululu and Malgarnowern People) in relation to the approval of the Copernicus Project.

(b) Movements in provisions

	Compensation payment	Total
	$'000	$'000
Consolidated - 2008		
Current		
Carrying amount at start of year	4,573	4,573
Amounts incurred and charged	(4,573)	(4,573)
Carrying amount at end of year	-	-
Consolidated - 2007		
Carrying amount at start of year	-	-
Amounts provided during the period	4,573	4,573
Carrying amount at end of year	4,573	4,573

21 Current liabilities - Current tax liabilities

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Income tax	**26,094**	24,437	**26,094**	24,437

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22 Non-current liabilities - Borrowings

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Secured				
Lease liabilities (note 31)	**1,993**	7,201	-	-

(a) Assets pledged as security

Included in the balances of plant and equipment are assets over which the first mortgages have been granted as security over hedging and performance bonds facilities. The terms of the first mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires plant and equipment that form part of the security to be fully insured at all times. Assets under lease and hire purchase are pledged as security for the associated lease liabilities.

The carrying amounts of assets pledged as security for current and non current borrowings are:

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
Plant and equipment	14	**45,289**	27,381	**862**	921
Plant and equipment under hire purchase and finance lease		**15,164**	13,543	**-**	-
Capital works in progress		**1,614**	8,328	**-**	-
		62,067	49,252	**862**	921

(b) Other loans

Finance leases

Finance leases have a lease term of 4 years with the option to purchase the asset at the completion of the lease term for the asset's residual value. The average discount rate implicit in the lease liability is 7.7% (2007: 7.6%).

Secured finance lease liabilities are secured by a charge over the leased asset.

Hire Purchase Contracts

Hire purchases have an average term of 4.5 years. The average discount rate implicit in the hire purchase liability is 7.7% (2007: 7.7%). Secured hire purchase liabilities are secured by charge over the leased asset.

Financing facilities available

At reporting date, there are hedging facilities and a performance bond facility available. The performance bond facility is $4 million with a drawdown amount at reporting date of $3.86 million (2007: $3.7 million) and $0.14 million (2007: $0.3 million) available to be used.

(c) Interest rate risk exposures

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

Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

Consolidated	Fixed interest rate						
2008	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 19, 22 and 31)	-	5,188	1,950	43	-	-	7,181
Trade and other payables (note 18)	-	-	-	-	-	31,330	31,330
	-	5,188	1,950	43	-	31,330	38,511
Weighted average interest rate	-%	7.7%	7.9%	8.4%	-%	-%	

Consolidated	Fixed interest rate						
2007	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 18)	-	-	-	-	-	32,683	32,683
Lease liabilities (notes 19, 22 and 31)	-	5,896	5,207	1,951	43	-	13,097
Derivative financial instruments (note 11)	-	-	-	-	-	80,258	80,258
	-	5,896	5,207	1,951	43	112,941	126,038
Weighted average interest rate	-%	7.7%	7.7%	7.8%	8.4%	-%	

(d) Fair value

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

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
On-balance sheet				
Non-traded financial liabilities				
Other loans	**1,215**	**1,215**	-	-
Lease liabilities	**7,181**	**7,181**	13,097	13,097
	8,396	**8,396**	13,097	13,097

(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 approximate the current interest rates, as such the carrying value is assumed to approximate their fair value.

23 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The balance comprises temporary differences attributable to:				
Financial instruments at fair value	**11,824**	-	**-**	-
Available-for-sale assets	**244**	-	**244**	-
Receivables	**481**	1,415	**292**	83
Prepayments	**23**	106	**2**	-
Inventories	**2,389**	2,092	**-**	-
Borrowing costs capitalised	**237**	922	**-**	-
Depreciation and amortisation	**14,600**	13,396	**15**	28
Total deferred tax liabilities	**29,798**	17,931	**553**	111
Set off of deferred tax liabilities pursuant to set -off provisions (note 16)	**(3,339)**	(17,931)	**(177)**	406
Net deferred tax liabilities	**26,459**	-	**376**	517
Movements:				
Opening balance at 1 July	**17,931**	18,513	**111**	13
(Credited)/charged to the income statement (note 7)	**(201)**	(582)	**198**	98
Charged to equity (notes 25 and 26)	**12,068**	-	**244**	-
Closing balance at 30 June	**29,798**	17,931	**553**	111

24 Non current liabilities - Provisions

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Employee benefits - long service leave	**1,160**	565	**216**	144
Rehabilitation	**6,969**	6,225	**-**	-
	8,129	6,790	**216**	144

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.

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	Employee benefits - long service leave	Rehabilitation	Total
	$'000	$'000	$'000
Consolidated - 2008			
Carrying amount at start of year	565	6,225	6,790
Charged/(credited) to the income statement			
- additional provisions recognised	595	449	1,044
- unwinding of discount	-	295	295
Carrying amount at end of year	1,160	6,969	8,129
Consolidated - 2007			
Carrying amount at start of year	85	5,879	5,964
- additional provisions recognised	480	66	546
- unwinding of discount	-	280	280
Carrying amount at end of year	565	6,225	6,790

	Employee benefits - long service leave	Total
	$'000	$'000
Parent - 2008		
Carrying amount at start of year	144	144
Charged/(credited) to the income statement		
- additional provisions recognised	72	72
Carrying amount at end of year	216	216
Parent - 2007		
Carrying amount at start of year	85	85
Charged/(credited) to the income statement		
- additional provisions recognised	59	59
Carrying amount at end of year	144	144

25 Contributed equity

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
(a) Share capital				
Ordinary shares fully paid	**78,424**	72,476	**78,424**	72,476
Other contributed equity	**-**	-	**2,130**	2,130
	78,424	72,476	**80,554**	74,606

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 July 2006	Opening balance	182,650,587	68,546
	Exercise of unlisted options	5,002,000	3,787
	Shares issued to directors as part of a private placement	120,000	150
	Deferred tax credit recognised directly in equity	-	(7)
30 June 2007	Balance at end of year	187,772,587	72,476
1 July 2007	Opening balance	187,772,587	72,476
	Exercise of unlisted options	3,638,250	3,616
	Private placement - note 40(c)	447,505	2,332
30 June 2008	Balance at end of year	191,858,342	78,424

(c) Movements in share options issued over ordinary shares

Date	Details	Number of shares	Issue Price $
1 July 2006	Opening balance	**8,758,750**	
	Issued 22 January 2007	3,000,000	2.20
	Exercised 2006/7	(200,000)	0.35
	Exercised 2006/7	(400,000)	0.93
	Exercised 2006/7	(2,300,000)	0.75
	Exercised 2006/7	(1,666,250)	0.75
	Exercised 2006/7	(435,750)	0.85
30 June 2007	Balance at end of year	**6,756,750**	
	Exercised 2007/8	(1,000,000)	0.43
	Exercised 2007/8	(1,000,000)	0.93
	Exercised 2007/8	(200,000)	0.75
	Exercised 2007/8	(135,000)	0.75
	Exercised 2007/8	(640,750)	0.85
	Exercised 2007/8	(662,500)	2.20
	Cancelled 2007/8	(47,500)	0.75
	Cancelled 2007/8	(638,500)	0.85
	Cancelled 2007/8	(575,000)	2.20
30 June 2008	Balance at end of year	**1,857,500**	

(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 2008, the Group paid dividends of $36.074 million (2007: nil). 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 2008 was 10.7% (2007: 18.1%).

The Group has put in place a Group Cash Management Policy to ensure that up to 120 days (2007: 90 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.

26 Reserves and retained profits

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
(a) Reserves				
Available-for-sale investments revaluation reserve	**569**	1,339	**569**	1,339
Hedging reserve - cash flow hedges	**27,588**	(56,951)	**-**	-
Share-based payments reserve	**5,898**	2,972	**5,898**	2,972
	34,055	(52,640)	**6,467**	4,311
Movements:				
Available-for-sale investments revaluation reserve				
Balance 1 July	**1,339**	(36)	**1,339**	(36)
Devaluation - gross	**(1,101)**	1,964	**(1,101)**	1,964
Deferred tax	**331**	(589)	**331**	(589)
Balance 30 June	**569**	1,339	**569**	1,339
Hedging reserve - cash flow hedges				
Balance 1 July	**(56,951)**	(34,971)	**-**	-
Remeasurement of cash flow hedges - net of tax	**60,268**	(56,611)	**-**	-
Transfer to net profit net of tax	**24,271**	34,631	**-**	-
Balance 30 June	**27,588**	(56,951)	**-**	-
Share based payments reserve				
Balance 1 July	**2,972**	1,493	**2,972**	1,493
Employee share plan expense	**2,926**	1,479	**2,926**	1,479
Balance 30 June	**5,898**	2,972	**5,898**	2,972

(b) Retained profits

Movements in retained earnings (accumulated losses) were as follows:

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Opening retained earnings (accumulated losses)	**101,999**	13,890	**53,991**	(9,421)
Profit (loss) for the year	**53,332**	88,109	**(5,267)**	63,412
Dividends	**(36,074)**	-	**(36,074)**	-
Balance 30 June	**119,257**	101,999	**12,650**	53,991

27 Dividends

	Parent	
	2008	**2007**
	$'000	**$'000**
(a) Ordinary shares		
Final dividend for the year ended 30 June 2007 of 12 cents per fully paid share paid on 15 October 2007		
Fully franked based on tax paid @ 30% - 12 cents per share	**22,729**	-
	22,729	-
Interim dividend for the year ended 30 June 2008 of 7 cents per fully paid share paid 10 March 2008		
Fully franked based on tax paid @ 30% - 7 cents per share	**13,345**	-
	13,345	-
Total dividends provided for or paid	**36,074**	-

	Parent	
	2008	**2007**
	$'000	**$'000**
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 5 cents per fully paid ordinary share, (2007 - 12 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2008, but not recognised as a liability at year end, is	**9,593**	22,729

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(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits.

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The amount of franking credits available for the subsequent financial year are:				
Franking account balance as at the end of the financial year at 30% (2007 - 30%)	**6,161**	-	**6,161**	-
Franking credits that will arise from payment of income tax payable as at end of the financial year	**26,094**	24,437	**26,094**	24,437
The amount of franking credits available for future reporting periods:				
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	**(4,111)**	(9,741)	**(4,111)**	(9,741)
	28,144	14,696	**28,144**	14,696

The tax rate at which paid dividends have been franked is 30% (2007: 30%)

Dividends proposed will be franked at the rate of 30%. (2007: 30%)

28 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 Group, 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
T J Strong	Operations Manager	Kimberley Nickel Mines Pty Ltd
S G Kelleher	Group Process Manager & Alternate Operations Manager	Kimberley Nickel Mines Pty Ltd
SA Jessop	Operations Manager	Lanfranchi Nickel Mines Pty Ltd

(c) Key management personnel compensation

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Short-term employee benefits	**4,148**	2,775	**3,058**	2,010
Post-employment benefits	**226**	340	**134**	282
Share-based payments	**1,809**	944	**1,557**	716
	6,183	4,059	**4,749**	3,008

(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.

2008							
Name	**Balance at start of the year**	**Granted as compen sation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Unvested and not exercisable**	**Vested and exercisable**
Directors of Panoramic Resources Limited (formerly Sally Malay Mining Limited)							
C J G de Guingand	-	-	-	-	-	-	-
PJ Harold - performance shares	1,000,000	500,000	-	-	1,500,000	1,500,000	-
C D J Langdon	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-
B M Phillips	-	-	-	-	-	-	-
Other key management personnel of the Group							
T R Eton	950,000	-	(200,000)	-	750,000	375,000	375,000
C J Williams	200,000	-	(100,000)	-	100,000	100,000	-
S A Jessop	110,000	-	(60,000)	-	50,000	50,000	-
S G Kelleher	150,000	-	(75,000)	-	75,000	75,000	-
T J Strong	200,000	-	(125,000)	-	75,000	75,000	-
All vested options are exercisable at the end of the year.							

2007							
Name	**Balance at start of the year**	**Granted as compen sation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Unvested and not exercisable**	**Vested and exercisable**
Directors of Panoramic Resources Limited (formerly Sally Malay Mining Limited)							
C J G de Guingand	-	-	-	-	-	-	-
P J Harold	2,000,000	-	(2,000,000)	-	-	-	-
P J Harold - performance shares	-	1,000,000	-	-	1,000,000	1,000,000	-
C D J Langdon	-	-	-	-	-	-	-
J Rowe	-	-	-	-	-	-	-
B M Philips	-	-	-	-	-	-	-
Other key management personnel of the Group							
T R Eton	700,000	750,000	(500,000)	-	950,000	750,000	200,000
R Jordinson	725,000	-	(525,000)	(200,000)	-	-	-
C J Williams	100,000	200,000	(100,000)	-	200,000	200,000	-
S G Kelleher	200,000	150,000	(200,000)	-	150,000	150,000	-
T J Strong	200,000	150,000	(150,000)	-	200,000	200,000	-
S A Jessop	45,000	100,000	(35,000)	-	110,000	110,000	-

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(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.

2008				
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**
Directors of Panoramic Resources Limited				
P J Harold	4,240,785	-	(600,000)	3,640,785
C J G de Guingand	140,366	-	20,000	160,366
C D J Langdon	95,000	-	(10,000)	85,000
J Rowe	-	-	10,000	10,000
B M Phillips	-	-	10,000	10,000
Other key management personnel of the Group				
Ordinary shares				
T R Eton	300,000	200,000	(300,000)	200,000
T J Strong	75,000	125,000	(12,000)	188,000
S G Kelleher	-	75,000	-	75,000
C J Williams	100,000	100,000	(20,000)	180,000
S A Jessop	-	60,000	-	60,000

2007				
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**
Directors of Panoramic Resources Limited				
C J G de Guingand	100,366	-	40,000	140,366
P J Harold	3,178,598	2,000,000	(937,813)	4,240,785
C D J Langdon	25,000	-	70,000	95,000
J Rowe	-	-	-	-
B M Philips	-	-	-	-
Other key management personnel of the Group				
Ordinary shares				
T R Eton	-	500,000	(200,000)	300,000
R Jordinson	-	525,000	(525,000)	-
T J Strong	-	150,000	(75,000)	75,000
S G Kelleher	-	200,000	(200,000)	-
C J Williams	100,000	100,000	(100,000)	100,000
S A Jessop	-	35,000	(35,000)	-

(e) Other transactions with key management personnel

During 2008, there were no other transactions w ith key management.

29 Remuneration of auditors

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
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	**268,378**	252,680	**73,867**	231,050
Other services in relation to the Company and any other entity in the consolidated entity				
Other	**8,510**	37,063	**6,450**	37,063
Tax compliance services	**58,158**	36,399	**23,613**	8,650
	335,046	326,142	**103,930**	276,763

30 Contingencies

(a) Contingent liabilities

Details of contingent liabilities which the directors consider should be disclosed:

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Controlled entities				
Under the terms of Deeds of Cross Guarantees with several finance institutions, the Company has agreed to become a covenantor with Kimberley Nickel Mines Pty Ltd in regard to indebtedness and liabilities resulting from the lease and hire purchase of mobile equipment and mine buildings	**4,324**	8,706	**4,324**	8,706
Other persons				
The Company has entered into agreements with directors and executives of the Company for termination benefits on loss of office	**680**	549	**680**	549
	5,004	9,255	**5,004**	9,255

(b) Contingent assets

In the directors opinion there are no contingent assets at the date of signing this report.

31 Commitments

(a) Capital commitments

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Capital expenditure commitments				
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:				
Not later than one year	**21,860**	17,365	**-**	-
	21,860	17,365	**-**	-
Mineral tenements expenditure commitments				
The consolidated entity has certain expenditure obligations with respect to mineral tenements and minimum expenditure requirements on areas as follows:				
Not later than one year	**1,345**	762	**-**	-
Later than one year but not later than five years	**6,081**	2,728	**-**	-
Later than five years	**8,172**	459	**-**	-
	15,598	3,949	**-**	-

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:

	2008		2007	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	$'000	$'000	$'000	$'000
(i) Hire purchase				
Within one year	**5,523**	5,299	**6,678**	6,461
Later than one year but not later than five years	**2,046**	1,838	**7,594**	6,801
	7,569	7,137	**14,272**	13,262
Less future hire purchase finance charges	**(413)**	(395)	**(1,210)**	-
Commitments not recognised in the financial statements	**7,156**	6,742	**13,062**	13,262
(ii) Finance lease				
Within one year	**26**	26	**11**	11
Later than one year but not later than five years	**-**	-	**26**	24
Minimum lease payments	**26**	26	**37**	35
Less future finance charges	**-**	-	**(2)**	-
Recognised as a liability	**26**	26	**35**	35

The weighted average interest rate impact in the leases for the Group is 7.7% (2007: 7.7%).

(b) Operating lease commitments as lessee

(i) Power Supply

The diesel powered power station at the Savannah Nickel project was purpose built by an outside party to supply electricity under a commercial Power Generation & Distribution Agreement, dated 13 April 2004. The arrangement to supply electricity has been determined as an operating lease in accordance with AASB 17 "Leases".

Future minimum rentals payable under this operating lease are unable to be determined as electricity supply payments to the outside party are variable.

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(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 2008 are as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Within one year	**278**	291	**278**	291
Later than one year and not later than five years	**1,038**	1,163	**1,038**	1,163
Later than five years	-	436	-	436
	1,316	1,890	**1,316**	1,890

32 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 33.

(b) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Dividend revenue				
Subsidiaries	-	-	-	68,000

During the year the Parent charged the subsidiaries $1.105 million (2007: $2.136 million) in relation to technical commercial services charges (TCSC) incurred on their behalf.

Mr C De Guingand (Non Executive Chairman) is a Director of Mineral Commerce Services Pty Ltd which, during the year was paid $129K (2007: $129K) for shipping brokerage services provided to the Group.

Mr J Rowe is Director of John Rowe Consulting Pty Ltd which during the year was paid $68K (2007: $66K) for geological consulting services.

(c) Loans to/from related parties

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current loans to / (from) subsidiaries				
Kimberley Nickel Mines Pty Ltd	-	-	-	12,500
End of year	-	-	-	12,500
Non current loans to / (from) subsidiaries				
Cherish Metals Pty Ltd	-	-	**34,119**	44,189
Kimberley Nickel Mines Pty Ltd	-	-	**26,062**	23,158
Pindan Exploration Company	-	-	**166**	-
Lanfranchi Nickel Mines Pty Ltd	-	-	**1,570**	-
Copernicus Nickel Mines Pty Ltd	-	-	**1,537**	-
SMY Copernicus Pty Ltd Sally Malay Exploration Pty Ltd (Formerly)	-	-	**5,764**	2,993
End of year	-	-	**69,218**	70,340

Terms and conditions of transactions with related parties

Current outstanding balances at year end are unsecured, interest free and repayable within 90 days.

Non current outstanding balances at year end are unsecured, interest free and repayable on demand. The Directors of the Company do not envisage that any demand for repayment will be made in the near future.

33 Subsidiaries

The consolidated financial statements include the financial statements of Panoramic Resources Limited and the subsidiaries listed in the following table.

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2008	2007
			%	%
Cherish Metals Pty Ltd	Australia	Ordinary	**100**	100
Kimberley Nickel Mines Pty Ltd	Australia	Ordinary	**100**	100
Pindan Exploration Company Pty Ltd	Australia	Ordinary	**100**	100
SMY Copernicus Pty Ltd Sally Malay Exploration Pty Ltd (Formerly)	Australia	Ordinary	**100**	100

Cherish Metals Pty Ltd is the holder of 75 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 Manager of the unincorporated Lanfranchi Joint Venture between Cherish Metals Pty Ltd (75%) and Donegal Lanfranchi Pty Ltd (25%).

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%).

34 Deed of cross guarantee

Pursuant to Class Order 98/1418, relief has been granted to Kimberley 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 Kimberley 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.

The consolidated income statement and balance sheet of the entities that are members of the "Closed Group" are as follows:

	2008 $'000	2007 $'000
Consolidated income statement		
Profit from continuing operations before income tax	**39,971**	107,025
Income tax expen se	**9,995**	25,799
Profit for the year	**29,976**	81,226
Retained earnings at the beginning of the financial year	**96,919**	15,693
Net profit for the period	**29,976**	81,226
Retained profits at the end of the financial year	**126,895**	96,919

(a) Balance sheet

	2008 $'000	2007 $'000
Current assets		
Cash and cash equivalents	**84,136**	95,989
Trade and other receivables	**5,115**	16,985
Inventories	**8,846**	8,850
Derivatives	**13,081**	7,737
Total current assets	**111,178**	129,561
Non-current assets		
Receivables	**44,499**	27,560
Available for sale investments	**1,742**	2,413
Deferred tax assets	**530**	27,385
Property, plant and equipment	**43,935**	41,249
Deferred exploration and evaluation expenditure	**2,629**	1,145
Development expenditure	**34,087**	31,776
Derivatives	**6,253**	2,574
Total non current assets	**133,675**	134,102
Total assets	**244,853**	263,663
Current liabilities		
Trade and other payables	**16,194**	23,932
Interest-bearing loans and borrowings	**4,046**	4,382
Derivatives	**-**	52,075
Current tax liabilities	**26,094**	24,437
Total current liabilities	**46,334**	104,826
Non-current liabilities		
Interest bearing loans and borrowings	**1,102**	4,324
Deferred tax liabilities	**-**	9,578
Provisions	**6,694**	5,986
Derivatives	**-**	12,398
Total non-current liabilities	**7,796**	32,286
Total liabilities	**54,130**	137,112
Net assets	**190,723**	126,551
Equity		
Contributed equity	**80,554**	74,606
Reserves	**19,348**	(44,974)
Dividend	**(36,074)**	-
Retained profits	**126,895**	96,919
Total equity	**190,723**	126,551

35 Interests in joint ventures

Lanfranchi Joint Venture

The Group has a 75% (2007: 75%) interest in the unincorporated Lanfranchi Joint Venture, which is involved with the exploration, evaluation, development and production of mineral deposits in the Kambalda 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		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets				
Cash and cash equivalents	**1,998**	2,054	**-**	-
Trade and other receivables	**2,766**	1,816	**-**	-
Inventories	**2,328**	666	**-**	-
Total current assets	**7,092**	4,536	**-**	-
Non-current assets				
Property, plant and equipment	**15,815**	7,377	**-**	-
Deferred exploration and evaluation expenditure	**6,283**	2,739	**-**	-
Development expenditure	**22,746**	14,476	**-**	-
Total non current assets	**44,844**	24,592	**-**	-
Share of assets employed in joint venture	**51,936**	29,128	**-**	-

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	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current liabilities				
Trade and other payables	**12,640**	7,405	**-**	-
Interest bearing loans and borrowings	**2,357**	1,514	**-**	-
Total current liabilities	**14,997**	8,919	**-**	-
Non-current liabilities				
Other payables	**1,020**	977	**-**	-
Interest bearing loans and borrowings	**891**	2,876	**-**	-
Provisions	**1,435**	804	**-**	-
Total non-current liabilities	**3,346**	4,657	**-**	-
Share of liabilities employed in joint venture	**18,343**	13,576	**-**	-
Net assets	**33,593**	15,552	**-**	-
Share of revenue and expenses				
Revenue	**144**	65	**-**	-
Cost of sales	**(42,574)**	(30,267)	**-**	-
Gross loss	**(42,430)**	(30,202)	**-**	-
Other income	**1**	32	**-**	-
Finance cost	**(413)**	(456)	**-**	-
Other expenses	**(1,239)**	(162)	**-**	-
Net loss	**(44,081)**	(30,788)	**-**	-

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Capital expenditure commitments				
Estimated capital expenditure contracted for at reporting date, but not provided for, payable				
Not later than one year	**3,278**	5,285	**-**	-
	3,278	5,285	**-**	-
Minerals tenement expenditure commitments				
The joint venture has certain expenditure obligations with respect to mineral tenements and minimum expenditure requirements on areas as follows:				
Not later than one year	**173**	173	**-**	-
Later than one year but not later than five years	**378**	378	**-**	-
	551	551	**-**	-

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:

	2008		2007	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	$'000	$'000	$'000	$'000
(i) Hire purchase				
Not later than one year	**2,836**	**2,705**	1,800	1,739
Later than one year but not later than five years	**1,212**	**1,091**	3,061	2,729
Total minimum hire purchase rentals	**4,048**	**3,796**	4,861	4,468
Less future hire purchase finance charges	**(237)**	**(227)**	(470)	-
	3,811	**3,569**	4,391	4,468

The weighted average interest rate impact in the leases for the joint venture is 7.6% (2007: 7.6%)Copernicus Joint Venture

The Group has a 60% (2007: nil) 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	
	2008	2007
	$'000	$'000
Current assets	**508**	-
Non current assets	**2,484**	-
Total assets	**2,992**	-
Current liabilities	**899**	-
Non current liabilities	**2,106**	-
Total liabilities	**3,005**	-
Net assets	**(13)**	-

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36 Events occurring after the balance sheet date

On 14 July 2008, the Company completed the purchase of Liontown Resources Limited's interest in the Cowan Nickel Project for a cash consideration of $1.685 million. As part of the transaction, the Company agreed to subscribe for 2.75 million shares in Liontown Resources Limited at $0.115 per share and received 1.25 million unlisted options, exercisable at $0.225 per option, and expiring on 10 July 2010. The Cowan Nickel Project comprises Liontown Resource's interest in the Eastern Goldfields of Western Australia, including a 60% interest in the Junction South Joint Venture and the nickel rights over the Logan's Find mineral tenement.

On 26 August, 2008, the Directors resolved to declare a fully franked final dividend of 5 cents per share in respect of the year ended 30 June 2008.

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.

37 Reconciliation of profit after income tax to net cash inflow (outflow) from operating activities

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Profit (loss) for the year	**53,332**	88,109	**(5,267)**	63,412
Depreciation property, plant and equipment	**10,830**	10,675	**143**	117
Amortisation of finance lease and hire purchase assets	**5,678**	4,995	**-**	-
Amortisation of deferred development costs	**21,835**	21,652	**-**	-
Amortisation of mine properties	**2,077**	4,602	**-**	-
Interest income	**(6,024)**	(2,950)	**(3,634)**	(1,101)
Fair value adjustment to derivatives	**3,504**	10,709	**-**	-
Non cash employee benefits expense share based payments	**2,838**	1,426	**1,798**	1,426
Dividend income	**-**	-	**-**	(68,000)
Net profit / (loss) on sale of non current assets	**65**	22	**(16)**	-
(Increase) decrease in trade debtors and others	**(658)**	18,084	**1,009**	(31,064)
Decrease in prepayments	**526**	53	**50**	-
(Decrease) increase in trade payables and others	**(4,089)**	10,282	**249**	(226)
Increase in inventories	**(1,658)**	(3,728)	**-**	-
Increase (decrease) in other operating assets	**4,125**	2,004	**(430)**	-
Increase in other provisions	**889**	826	**72**	59
Decrease in deferred tax assets	**4,332**	12,086	**-**	3,663
(Decrease) increase in deferred tax liabilities	**(9,441)**	-	**-**	517
Increase (decrease) in provision for income taxes payable	**1,658**	24,437	**(23,027)**	24,437
Net cash inflow (outflow) from operating activities	**89,819**	203,284	**(29,053)**	(6,760)

38 Non cash investing and financing activities

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Acquisition of plant and equipment under hire purchase and finance leases	**(7,316)**	(25)	-	-
Private placement of ordinary shares at nil consideration - note 40(c)	**2,332**	-	-	-
	(4,984)	(25)	-	-

39 Earnings per share

	Consolidated	
	2008	2007
	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**28.4**	47.6
Profit attributable to the ordinary equity holders of the company	**28.4**	47.6
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**27.3**	45.7
Profit attributable to the ordinary equity holders of the company	**27.3**	45.7

Notes to the financial statements

30 June 2008

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2008	2007
	$'000	$'000
Basic earnings per share		
Profit from continuing operations	**53,332**	88,109
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**53,332**	88,109
Diluted earnings per share		
Profit from continuing operations	**53,332**	88,109
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**53,332**	88,109

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2008	2007
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	**187,593,111**	185,128,955
Effect of dilution:		
Share options	**7,469,710**	7,735,834
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**195,062,821**	192,864,789

Since balance date the following share and option movements have occurred.

Movement in ordinary shares on issue

- 15,000 shares were issued from the exercising of unlisted options

Movement in share options issued over ordinary shares

- 15,000 $0.75 unlisted options were exercised

40 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 and parent 2008										
24/08/04	31/12/05	24/08/08	$0.75	200,000	-	(200,000)	-	-	-	-
02/12/04	20/09/05	20/09/08	$0.75	25,000	-	(25,000)	-	-	-	-
02/12/04	20/09/06	20/09/08	$0.75	30,000	-	(30,000)	-	-	-	-
28/01/05	20/09/05	20/09/08	$0.75	25,000	-	(25,000)	-	-	-	-
28/01/05	20/09/06	20/09/08	$0.75	25,000	-	(25,000)	-	-	-	-
16/06/05	20/09/05	20/09/08	$0.75	7,500	-	-	-	-	7,500	7,500
16/06/05	20/09/06	20/09/08	$0.75	7,500	-	-	-	-	7,500	7,500
08/05/06	20/09/06	20/09/08	$0.85	65,000	-	(62,500)	-	-	2,500	2,500
08/05/06	20/09/07	20/09/08	$0.85	260,000	-	(235,000)	-	-	25,000	25,000
12/07/06	20/09/06	20/09/08	$0.85	110,000	-	(87,500)	-	-	22,500	22,500
12/07/06	20/09/07	20/09/08	$0.85	315,750	-	(285,750)	-	-	30,000	30,000
22/01/07	30/11/07	31/12/10	$2.20	1,225,000	-	(662,500)	-	-	562,500	562,500
22/01/07	30/11/08	31/12/10	$2.20	1,225,000	-	-	-	(25,000)	1,200,000	-
Total				3,520,750	-	(1,638,250)	-	(25,000)	1,857,500	657,500
Weighted average exercise price				**$1.78**	**-**	**$1.38**	**-**	**$2.20**	**$2.13**	**$2.00**

Notes to the financial statements

30 June 2008

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 and parent 2007										
18/03/03	01/02/05	30/09/07	$0.35	200,000	-	(200,000)	-	-	-	-
04/03/04	02/02/05	30/09/07	$0.93	200,000	-	(200,000)	-	-	-	-
04/03/04	02/02/06	30/09/07	$0.93	200,000	-	(200,000)	-	-	-	-
24/08/04	24/08/04	24/08/04	$0.75	666,667	-	(666,667)	-	-	-	-
24/08/04	31/12/04	24/08/08	$0.75	833,333	-	(833,333)	-	-	-	-
24/08/04	31/12/05	24/08/08	$0.75	1,000,000	-	(800,000)	-	-	200,000	200,000
02/12/04	20/09/05	20/09/08	$0.75	203,750	-	(178,750)	-	-	25,000	25,000
02/12/04	20/09/06	20/09/08	$0.75	557,500	-	(527,500)	-	-	30,000	30,000
28/01/05	20/09/05	20/09/08	$0.75	100,000	-	(75,000)	-	-	25,000	25,000
28/01/05	20/09/06	20/09/08	$0.75	100,000	-	(75,000)	-	-	25,000	25,000
16/06/05	20/09/05	20/09/08	$0.75	262,500	-	(255,000)	-	-	7,500	7,500
16/06/05	20/09/06	20/09/08	$0.75	412,500	-	(397,500)	-	(7,500)	7,500	7,500
01/09/05	20/09/05	20/09/08	$0.75	107,500	-	(107,500)	-	-	-	-
01/09/05	20/09/06	20/09/08	$0.75	107,500	-	(50,000)	-	(57,500)	-	-
08/05/06	20/09/06	20/09/08	$0.85	267,500	-	(202,500)	-	-	65,000	65,000
08/05/06	20/09/07	20/09/08	$0.85	267,500	-	-	-	(7,500)	260,000	-
12/07/06	20/09/06	20/09/08	$0.85	-	358,250	(233,250)	-	(15,000)	110,000	110,000
12/07/06	20/09/07	20/09/08	$0.85	-	358,250	-	-	(42,500)	315,750	-
22/01/07	30/11/07	31/12/10	$2.20	-	1,225,000	-	-	-	1,225,000	-
22/01/07	30/11/08	31/12/10	$2.20	-	1,225,000	-	-	-	1,225,000	-
Total				5,486,250	3,166,500	(5,002,000)	-	(130,000)	3,520,750	495,000
Weighted average exercise price				**$0.76**	**$1.89**	**$0.76**	**-**	**$0.80**	**$1.78**	**$0.79**

During the year ended 30 June 2008, 25,000 options were forfeited (2007: 130,000 options)

The weighted average share price at the date of the exercise of options exercised during the year ended 30 June 2008 was $1.38 (2007: $0.76).

Fair value options granted

Grant Date	Vested date	Fair Value/ option	Options	Fair Value
		$		$
24 Aug 2004	31 Dec 2004	0.31	100,000	31,000
24 Aug 2004	31 Dec 2005	0.31	100,000	31,000
2 Dec 2004	20 Sep 2006	0.46	55,000	25,300
28 Jan 2005	20 Sep 2005	0.40	28,750	11,457
28 Jan 2005	20 Sep 2006	0.40	21,250	8,468
16 Jun 2005	20 Sep 2005	0.34	15,000	5,100
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 Jul 2006	20 Sep 2006	0.66	206,625	135,897
12 Jul 2006	20 Sep 2007	0.66	206,625	135,897
22 Jan 2007	30 Nov 2007	1.17	1,112,500	1,296,953
22 Jan 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
24/08/2004	0.00	46	46	5.59	3.45
2/12/2004	0.00	46	46	5.25	2.76
28/01/2005	0.00	46	46	5.40	3.08
16/06/2005	0.00	46	46	5.28	3.26
8/05/2006	0.00	49	49	5.70	2.37
12/07/2006	0.00	42	42	5.88	2.19
22/01/2007	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

Employee Share Plan (ESP)

An employee share plan was established during the year where the Company, 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 63,000
- Remaining shares on issue at balance date 1,421,800

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:

PANORAMIC RESOURCES LTD

Notes to the financial statements

30 June 2008

	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 with performance hurdles	$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.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Options issued under employee option plan [include $1,008k (2007: $312k) of performance shares]	**2,838**	1,426	**1,799**	1,426

Pursuant to the terms of the Savannah Co-Existence Agreement, a number of 447,505 fully paid odinary shares were issued at no consideration on the 6th of February 2008. 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.

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 30 September 2008

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	38,913,537	20.27
National Nominees Limited	28,172,005	14.68
HSBC Custody Nominees (Australia) Limited	25,111,248	13.08
ANZ Nominees Limited	24,606,608	12.82

Class of Shares and Voting Rights

At 30 September 2008, there were 6,482 holders of 191,950,342 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 have 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 30 September 2008, the number of parcels of shares with a value of less than $500 was 472.

Distribution of Shareholders

As at 30 September 2008

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1-1,000	1,961	1,237,325
1,001-5,000	2,694	7,621,514
5,001-10,000	954	7,745,725
10,001-100,000	808	21,948,455
100,001-and over	65	153,397,323
Total:	6,482	191,950,342

Additional Shareholder Information

Listing of 20 Largest Shareholders

As at 30 September 2008

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held
1.	J P Morgan Nominees Australia Limited	38,913,537	20.27
2.	National Nominees Limited	28,172,005	14.68
3.	HSBC Custody Nominees (Australia) Limited	25,111,248	13.08
4.	ANZ Nominees Limited <Cash income A/C>	24,606,608	12.82
5.	HSBC Custody Nominees (Australia) Limited – A/C 2	4,194,868	2.19
6.	Citicorp Nominees Pty Limited	2,782,746	1.45
7.	UBS Nominees Pty Ltd	2,505,650	1.31
8.	Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	2,208,589	1.15
9.	Cogent Nominees Pty Ltd	1,974,405	1.03
10.	Winton Vale Pty Ltd <The Harold Super Fund A/C>	1,582,813	0.82
11.	Cogent Nominees Pty Limited <SMP Accounts>	1,565,902	0.82
12.	Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/C>	1,411,647	0.74
13.	Mr Peter John Harold	1,400,000	0.73
14.	Invia Custodian Pty Limited <White A/C>	1,360,000	0.71
15.	RBC Dexia Investor Services Australia Nominees Pty Limited<GSJBW A/C>	1,201,512	0.63
16.	Bainpro Nominees Pty Limited	1,066,474	0.56
17.	Australian Reward Investment Alliance	924,250	0.48
18.	Queensland Investment Corporation	695,436	0.36
19.	HSBC Custody Nominees (Australia) Limited – GSI EDA	645,277	0.34
20.	Mr Peter John Harold + Ms Ariane Harold <Allnutt Ventures Family A/C>	645,000	0.34
	Total:	142,967,967	74.51

Unquoted Equity Securities

As at 30 September 2008

Securities	Number of Securities	Exercise Price $	Expiry Date	Number of Holders
Options	1,762,500	2.200	31 December 2010	21

Schedule of Tenements

As at 30 September 2008

Project Name / Tenement Ref	Licence Type	Approval Date	Expiry Date	Area (ha)	Equity (%)
SAVANNAH PROJECT					
M80 / 179	Mining	16 June 1987	15 June 2029	241	100%
M80 / 180	Mining	16 June 1987	15 June 2029	960	100%
M80 / 181	Mining	16 June 1987	15 June 2029	960	100%
M80 / 182	Mining	16 June 1987	15 June 2029	600	100%
M80 / 183	Mining	16 June 1987	15 June 2029	960	100%
CORKWOOD					
E80 / 2360	Exploration	30 April 2002	29 April 2009	1500	100%
COPERNICUS JV					
M80 / 540	Mining	8 January 2008	7 January 2029	120	60%
LANFRANCHI JV					
M15 / 1295	Mining	*	*	39	75%
M15 / 473	Mining	03 August 1990	02 August 2011	982	75%
ML15 / 346	Mining	01 January 1973	31 December 2014	120	75%
ML15 / 347	Mining	01 January 1973	31 December 2014	120	75%
ML15 / 367	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 368	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 369	Mining	01 January 1976	31 December 2017	120	75%
ML 15 / 370	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 371	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 372	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 375	Mining	01 January 1976	31 December 2017	121	75%
ML15 / 376	Mining	01 January 1976	31 December 2017	120	75%
ML 15 / 377	Mining	01 January 1976	31 December 2017	120	75%
ML 15 / 378	Mining	01 January 1976	31 December 2017	121	75%
ML15 / 379	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 380	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 381	Mining	01 January 1976	31 December 2017	120	75%

Schedule of Tenements

As at 30 September 2008

Project Name / Tenement Ref	Licence Type	Approval Date	Expiry Date	Area (ha)	Equity (%)
LANFRANCHI JV					
ML15 / 382	Mining	01 January 1976	31 December 2017	121	75%
ML15 / 383	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 384	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 385	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 386	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 387	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 388	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 389	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 482	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 483	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 484	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 485	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 486	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 487	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 488	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 489	Mining	01 January 1976	31 December 2017	72	75%
ML15 / 490	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 491	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 492	Mining	01 January 1976	31 December 2017	120	75%
ML15 / 493	Mining	01 January 1976	31 December 2017	120	75%
P15 / 3752**	Prospecting	31 October 1995	30 October 1999	40	75%
COWAN NICKEL PROJECT					
E15 / 849	Exploration	03 August 2006	02 August 2011	6000	100% Ni Rights only
E15 / 821	Exploration	15 April 2005	14 April 2010	2100	100% Ni Rights only
E15 / 822	Exploration	17 November 2004	16 November 2009	1200	100% Ni Rights only
E63 / 1071	Exploration	04 February 2008	03 February 2013	46	100% Ni Rights only
E63 / 873	Exploration	21 December 2004	20 December 2009	3300	100% Ni Rights only
M15 / 786	Mining	27 April 1995	26 April 2016	954	100% Ni Rights only
P 15 / 4594	Prospecting	18 November 2004	17 November 2008	200	100% Ni Rights only
P 15 / 4608***	Prospecting	28 September 2004	27 September 2008	182	100% Ni Rights only
P 15 / 4609***	Prospecting	28 September 2004	27 September 2008	176	100% Ni Rights only
P 15 / 4612***	Prospectus	28 September 04	27 September 2008	190	100% Ni Rights only
P 15 / 4613***	Prospectus	28 September 2004	27 September 2008	190	100% Ni Rights only
P 15 / 4671	Prospectus	13 October 2005	12 October 2009	107	100% Ni Rights only

Schedule of Tenements

As at 30 September 2008

Project Name / Tenement Ref	Licence Type	Approval Date	Expiry Date	Area (ha)	Equity (%)
COWAN NICKEL PROJECT					
P 63 / 1251***	Prospectus	09 July 2004	08 July 2008	137	100% Ni Rights only
P 63 / 1252***	Prospectus	09 July 2004	08 July 2008	188	100% Ni Rights only
P 63 / 1253***	Prospectus	09 July 2004	08 July 2008	191	100% Ni Rights only
P 63 / 1257***	Prospectus	09 July 2004	08 July 2008	199	100% Ni Rights only
P 63 / 1258***	Prospectus	09 July 2004	08 July 2008	200	100% Ni Rights only
P 63 / 1261***	Prospectus	09 July 2004	08 July 2008	199	100% Ni Rights only
P 63 / 1262***	Prospectus	09 July 2004	08 July 2008	200	100% Ni Rights only
P 63 / 1265***	Prospectus	09 July 2004	08 July 2008	192	100% Ni Rights only
E15 / 740	Exploration	16 August 2004	15 August 2009	600	100% Ni Rights only
E15 / 828	Exploration	17 November 2004	16 November 2009	7800	100% Ni Rights only
E15 / 829	Exploration	06 August 2004	05 August 2009	900	100% Ni Rights only
E 15 / 838	Exploration	28 September 2004	27 September 2009	2100	100% Ni Rights only
E15 / 860	Exploration	01 July 2005	30 June 2010	600	100% Ni Rights only
E15 / 932	Exploration	04 March 2008	03 March 2013	4200	100% Ni Rights only
M15 / 338	Mining	14 March 1988	13 March 2009	129	100% Ni Rights only
M15 / 352	Mining	02 May 1988	01 May 2009	23	100% Ni Rights only
M15 / 375	Mining	22 April 1998	21 April 2009	397	100% Ni Rights only
M15 / 507	Mining	07 May 1990	06 May 2011	480	100% Ni Rights only
M15 / 580	Mining	01 August 1991	31 July 2012	961	100% Ni Rights only
M15 / 581	Mining	01 August 1991	31 July 2012	480	100% Ni Rights only
M15 / 620	Mining	20 October 1992	19 October 2013	120	100% Ni Rights only
M15 / 629	Mining	20 October 1992	19 October 2013	120	100% Ni Rights only
M15 / 639	Mining	25 January 1993	24 January 2014	847	100% Ni Rights only
M15 / 640	Mining	25 January 1993	24 January 2014	726	100% Ni Rights only
M15 / 642	Mining	25 January 1993	24 January 2014	963	100% Ni Rights only
M15 / 680	Mining	01 March 1994	28 February 2015	685	100% Ni Rights only
M15 / 681	Mining	01 March 1994	28 February 2015	943	100% Ni Rights only
M15 / 682	Mining	30 March 1994	29 March 2015	876	100% Ni Rights only
M15 / 683	Mining	01 March 1994	28 February 2015	815	100% Ni Rights only
M15 / 684	Mining	01 March 1994	28 February 2015	815	100% Ni Rights only
M15 / 685	Mining	01 March 1994	28 February 2015	837	100% Ni Rights only
M15 / 815	Mining	08 January 1997	07 January 2018	948	100% Ni Rights only

Schedule of Tenements

As at 30 September 2008

Project Name / Tenement Ref	Licence Type	Approval Date	Expiry Date	Area (ha)	Equity (%)
COWAN NICKEL PROJECT					
M15 / 817	Mining	23 September 1996	22 September 2017	918	100% Ni Rights only
M15 / 820	Mining	19 August 1996	18 August 2017	967	100% Ni Rights only
P15 / 4808	Prospecting	11 February 2008	10 February 2012	2	100% Ni Rights only
P15 / 4809	Prospecting	11 February 2008	10 February 2012	134	100% Ni Rights only
P15 / 4844	Prospecting	04 March 2008	03 March 2012	2	100% Ni Rights only
E15 / 1007	Exploration	18 March 2007	17 March 2013	300	100%
E15 / 1008	Exploration	18 March 2007	17 March 2013	600	100%
E15 / 914	Exploration	10 April 2007	09 April 2012	1500	60%
M15 / 654	Mining	05 February 1993	04 February 2014	318	60%
M15 / 655	Mining	05 February 1993	04 February 2014	833	60%

* Lanfranchi M15/1295 - Due to the termination of the State Agreements of BHP Billiton Nickel West, 75% Lanfranchi tenements tenure is in the process of being transferred to Cherish Metals Pty Ltd, a wholly-owned subsidiary of Panoramic Resources Limited.

** Pending amalgamation into Lanfranchi M15/1295

** Pending amalgamation into Cowan E63/1071


S.W.L. 40 Ton

COMPANY DIRECTORY

(as at 30 September 2008)

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

Stephen G Kelleher
Group Process Manager

John D Hicks
Exploration Manager

Wade J Evans
Business Development 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

Panoramic House
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553 Hay Street
PERTH WA 6000
Telephone: +61 8 9225 0999
Facsimile: + 61 8 9421 1008
Email: info@panres.com
Website: www.panoramicresources.com

Australian Business Number:
47 095 792 288

SAVANNAH PROJECT
Terry J Strong
Operations Manager

LANFRANCHI PROJECT
Simon A Jessop
Operations Manager

COPERNICUS PROJECT
Wayne D Clark
Quarry Manager

AUDITORS

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

BANKERS

Commonwealth Bank
150 St George's Terrace
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services
Level 2/45 St George's Terrace
Perth WA 6000

SOLICITORS

Mallesons Stephen Jaques
Level 10 Central Park
152 St George's Terrace
Perth WA 6000

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

DLA Phillips Fox
44 St George's Terrace
Perth WA 6000

Wright Legal
Level 1/88 Colin Street
West Perth WA 6005

TAX ADVISORS

Wiltax Consulting Pty Ltd
3 Grangewood Place
West Pennant Hills NSW 2125

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

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