# Quarterly Report

PANORAMIC RESOURCES LTD

vision
commitment
results

*27 October 2010* *ASX: PAN*

# Quarterly Report for the period ending 30 September 2010

## Significant Points

### GROUP

- Safety - three lost time incidents occurred, LTIFR increased from 6.9 to 7.7
- Cash and receivables - $144 million
- Costs - Group payable Ni cash costs of US$5.55/lb Ni
- Group Production – on budget at 4,174t Ni

### SAVANNAH

- Production - 1,893t Ni, 1,014t Cu and 99t Co. Ni up 8% on previous quarter
- Shipments - concentrate shipments increased 31% to 26,390t, 2,003t Ni contained
- Costs - payable cash cost of US$5.41/lb Ni

### LANFRANCHI

- Production - 2,281t Ni and 186t Cu
- Costs - payable cash costs of US$5.71/lb Ni

### EXPLORATION

- Savannah - three strong, near mine EM conductors identified for drill testing
- Deacon - two massive sulphide intersections on eastern flank of Deacon, outside the existing Resource
- Cruickshank - metallurgical recoveries of 90% to a 9-10% Ni concentrate from recent testwork
- East Kimberley JV - follow up airborne VTEM survey underway over 12 target areas derived from gravity survey
- Norrland (Sweden) - drilling commenced on five priority targets, third hole intersected sulphide bearing ultramafics
- Tushtena (Alaska)- five holes completed with anomalous gold in first two holes, assays pending for remaining holes
- Drake (Scandinavia) - strategic base and precious metals exploration alliance signed with Drake Resources

### CORPORATE

- Dividend - final fully franked dividend of 6.5 cents per share paid in September, total FY2010 dividend of 16.5 cents
- Strategic Investments - purchased additional 12.1M shares in Magma Metals, profit made on investment in Ampella Mining
- Business Development - work continued on assessing a number of opportunities

# Managing Director's Commentary

- Safety - We continue to work hard on our safety performance however, despite our efforts, we had three lost time incidents all involving employees and/or contractors new to site. Thankfully they have all returned to work. We have to work harder to turn this situation around and have responded by rolling out a new long term plan to improve our HSE performance. On a positive note, the Savannah Mine Rescue Team competed in the Victorian Mine Rescue Competition and came fifth overall, an outstanding effort considering the team consisted entirely of new members with very little competition experience.

- Production - A total of 255,504 tonnes of ore was mined during the quarter at an average mined nickel grade of 1.74%. Total Group nickel contained in concentrate/ore for the quarter was on budget at 4,174 tonnes and Group nickel production remains on target for 18,000-19,000 tonnes for the full year.

- Liquid Assets - Cash on hand and receivables totalled $144 million, down from $158 million at the end of the previous quarter after payment of the 6.5 cent final dividend ($13.3 million) and $5.6 million of exploration and strategic investments.

- Exploration – This year we are embarking on the largest exploration program in the Company's history with over $12 million budgeted. The highlights during the quarter were:

  - Identification of three high priority anomalies from the deep penetrating, fixed-loop ground electromagnetic (EM) surveys conducted over the Savannah mine area considered to be the most prospective areas for the discovery of additional "Savannah style" Ni-Cu-Co mineralisation;
  - Identification of over forty EM anomalies that warrant on ground investigation from the airborne VTEM "max" System surveys over the East Kimberley JV ground;
  - Two very significant massive sulphide intersections on the eastern flank of the Deacon channel, just outside the current Deacon Resource. Drill hole HS593 interested 8.6 metres grading 6.51% nickel and HS598 (45 metres to the south) intersected 5.1 metres grading 6.07% nickel;
  - Drilling commenced on the five priority targets along the Vindeln Nickel Belt in Sweden;
  - Initial five hole diamond drill program to explore for high grade gold on the Tushtena Gold Project in Alaska with Triton Gold and Tushtena Resources was completed. Assays are pending; and
  - The formation of the base and precious metals exploration alliance in Scandinavia with Drake Resources.

- Cost Management - The Group's average payable nickel cash cost for the June quarter was US$5.55/lb, up 10% on the previous quarter, due to a combination of higher milling cost at Savannah due to a planned mill reline, lower budgeted nickel production and lower payability at Lanfranchi due to lower budgeted nickel grades and the strength in the Australian dollar, which traded in a US13 cents range during the quarter (US$0.84 to US$0.97). Apart from the reline of the ball mill at Savannah, overall aggregate group costs were flat. We remain focused on managing costs in all segments of our business.

- Hedging - The Company continues to actively manage its nickel and currency exposure and take advantage of opportunities as they arise. Additional nickel, diesel and currency hedging was implement during and after the end of the quarter.

- Business Development – During the quarter we increased our shareholding in Magma Metals to 18.4 million shares and took profits from our equity investment in Ampella Mining. This is consistent with our stated strategy of taking small and strategic equity positions in exploration companies with quality projects in Australia and overseas, and either exiting for a profit or developing long-term relationships with companies seeking additional funding and/or technical expertise, in order to bring projects into production. We also reviewed a number of potential acquisition and partnering opportunities in Australia and overseas. Our primary interest is in nickel, copper, gold and PGM projects which have good prospectivity or a defined resource, through to operating assets.

# Group Summary

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

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

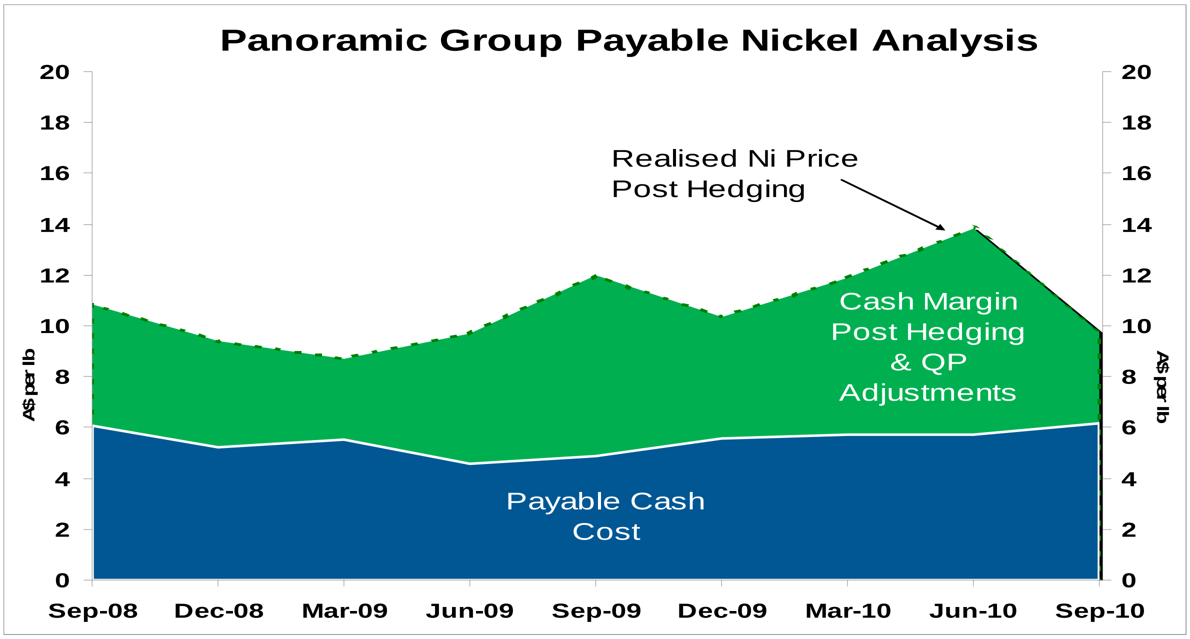



***Table 1: Group Production & Unit Costs***

| | Units | Savannah 3mths ending 30 Sep 2010 | Lanfranchi 3mths ending 30 Sep 2010 | Total Group 3mths ending 30 Sep 2010 | Total Group Previous Qtr Jun 2010 |
|---|---|---|---|---|---|
| Ore Mined | dmt | 157,590 | 97,914 | 255,504 | 287,037 |
| Ore Treated | dmt | 159,453 | 104,536 | 263,989 | 288,442 |
| Average Mined Nickel Grade | % | 1.38 | 2.33 | 1.74 | 1.65 |
| Nickel in Concentrate/Ore | tonnes | 1,893 | 2,281 | 4,174 | 4,478 |
| Copper in Concentrate/Ore | tonnes | 1,014 | 186 | 1,200 | 1,186 |
| Cobalt in Concentrate/Ore | tonnes | 99 | - | 99 | 97 |
| Costs Per Pound Payable Nickel | | | | | |
| Mining | A$ per lb | 3.32 | 4.42 | 3.87 | 3.71 |
| Milling | A$ per lb | 1.69 | 1.24 | 1.46 | 1.25 |
| Administration | A$ per lb | 1.84 | 0.20 | 1.02 | 0.88 |
| Haulage | A$ per lb | 0.29 | 0.24 | 0.26 | 0.23 |
| Port Charges/Shipping | A$ per lb | 0.29 | - | 0.14 | 0.13 |
| Royalties | A$ per lb | 0.65 | 0.44 | 0.54 | 0.57 |
| Net By-product Credits | A$ per lb | (2.09) | (0.22) | (1.15) | (1.08) |
| Payable Operating Cash Costs[(a)] | A$ per lb | 5.99 | 6.32 | 6.14 | 5.69 |
| *Payable Operating Cash Costs [(b)]* | *US$ per lb* | *5.41* | *5.71* | *5.55* | *5.02* |

*(a) Group capital development cash cost for the quarter was A$1.40/lb. This cost is not included in Table 1. Capital development costs represent capitalised mining cash costs for deposits in production. These costs do not include pre-production costs for deposits being developed for future mining.*
*(b) Average September 2010 quarter RBA US$/A$ settlement rate of US$0.9034 (June 2010 quarter exchange rate was US$0.8823).*

## Safety

The safety, health and well being of all of our employees and contractors is the foundation of our Company's value system. Unfortunately, we had three lost time incidents during the quarter, all of which involved new employees and/or contractors to site. Importantly all of the employees have returned to work. These incidents pushed our rolling 12 month LTIFR from 6.9 to 7.7.

In addition to the three lost time injuries, we experienced some high potential incidents which are classified as "near misses" and some medically treated injuries. We have to work harder to turn this situation around and have responded by rolling out a new long term plan to improve our health and safety performance. The key elements of this are:

- Communication and learning;
- An improved, more robust and more relevant safety management system which will be aligned to Australian Standards; and
- Training our employees to develop greater safety leadership skills.

Our plan is to develop changes to systems and the culture in the workplace which are sustainable.

During the quarter we focused on the following short term safety initiatives:

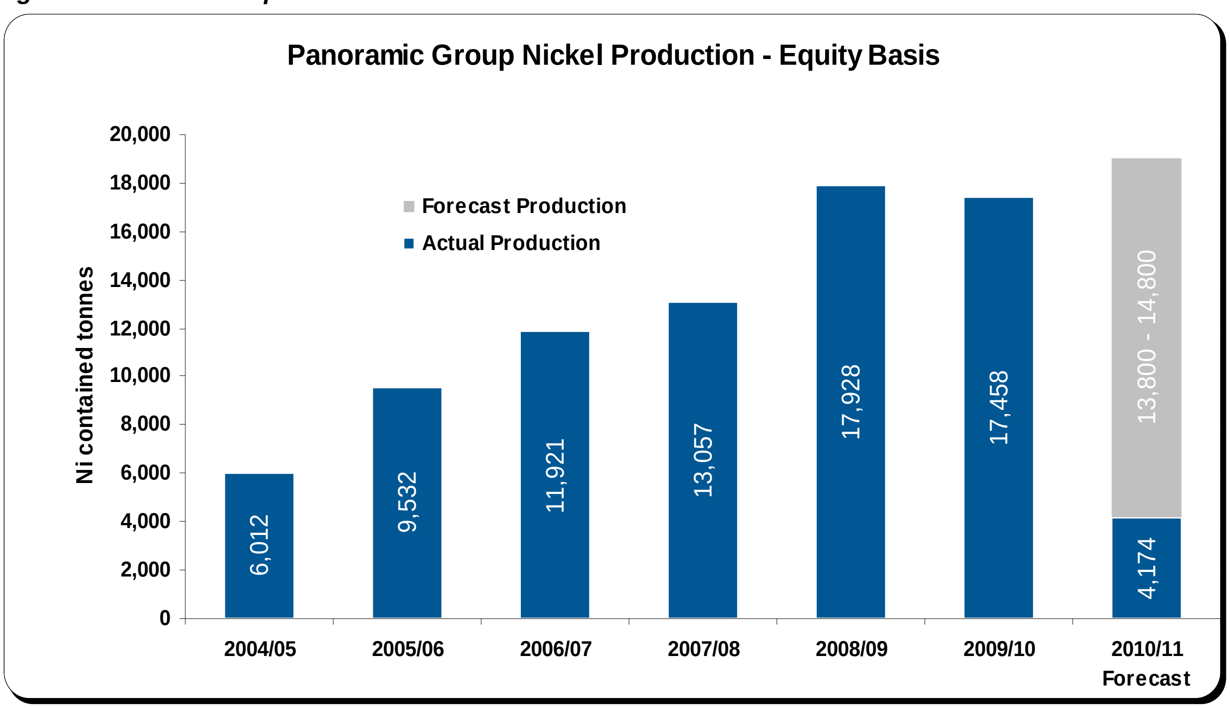
- a strategy to reduce manual handling injuries;
- team based risk assessments for new processes introduced to the workplace;
- risk assessments and job planning for some specific one-off tasks; and
- additional staffing of OH&S site based teams to provide greater training and support to the operations.

In August, the Savannah Mines Rescue Team competed in the Victorian Mine Rescue Competition at the Bendigo underground gold mine. The team, which consisted entirely of new members with very little competition experience, performed to a very high standard. There were eight teams competing and the Savannah Team came third in two categories, and fifth overall.

## Production & Costs

Group production for the quarter was on budget at 4,174 tonnes Ni contained. Payable unit cash costs were slightly higher than the previous quarter due to lower contained nickel production.

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




*Notes*

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

# Savannah Project

The Savannah Project produced 1,893t Ni, 1,014t Cu and 99t Co contained for the quarter with production of all three metals above our quarterly budget. The average nickel grade mined of 1.38% was 20% above the previous quarter, while metallurgical recovery averaged 87.2%. Nickel metal in concentrate was 1,893t, up 8% on the previous quarter while concentrate shipments to China were up 31% on the previous quarter. Costs were up 8% on the previous quarter due primarily to higher milling charges associated with a scheduled mill reline.

***Table 2 – Savannah Project Operating Statistics***

| Area | Details | Units | 3 mths ending 30 Sep 2010 | 3 mths ending 30 Jun 2010 | 2009/10 Full Year |
|---|---|---|---|---|---|
| Mining | Ore mined | dmt | 157,590 | 174,344 | 671,922 |
| | Ni grade | % | 1.38 | 1.15 | 1.25 |
| | Cu grade | % | 0.65 | 0.59 | 0.62 |
| | Co grade | % | 0.07 | 0.06 | 0.06 |
| Milling | Ore milled | dmt | 159,453 | 176,436 | 673,894 |
| | Ni grade | % | 1.36 | 1.15 | 1.25 |
| | Cu grade | % | 0.65 | 0.57 | 0.62 |
| | Co grade | % | 0.07 | 0.06 | 0.06 |
| | Ni Recovery | % | 87.2 | 86.4 | 86.3 |
| | Cu Recovery | % | 96.7 | 96.2 | 96.3 |
| | Co Recovery | % | 89.7 | 90.7 | 90.1 |
| Concentrate Production | Concentrate | dmt | 24,845 | 22,986 | 94,861 |
| | Ni grade | % | 7.62 | 7.63 | 7.67 |
| | Ni metal contained | dmt | 1,893 | 1,753 | 7,273 |
| | Cu grade | % | 4.08 | 4.25 | 4.24 |
| | Cu metal contained | dmt | 1,014 | 978 | 4,019 |
| | Co grade | % | 0.40 | 0.41 | 0.41 |
| | Co metal contained | dmt | 99 | 97 | 387 |
| Concentrate Shipments | Concentrate | dmt | 26,390 | 20,158 | 96,392 |
| | Ni grade | % | 7.59 | 7.57 | 7.69 |
| | Ni metal contained | dmt | 2,003 | 1,527 | 7,414 |
| | Cu grade | % | 4.15 | 4.07 | 4.16 |
| | Cu metal contained | dmt | 1,096 | 822 | 4,007 |
| | Co grade | % | 0.39 | 0.40 | 0.40 |
| | Co metal contained | dmt | 103 | 79 | 384 |

# Lanfranchi Project

Quarterly production from Lanfranchi was 97,914t of ore at 2.33% Ni for 2,281t Ni contained. Unit cash costs were 9% higher that the previous quarter due to a combination of:

- less tonnes of contained nickel produced; and
- lower average delivered ore grade to the Kambalda Concentrator, resulting in a reduced recovery percentage which affected overall payability under the off-take contract.

Both the lower ore production and nickel grade were forecast in the FY2011 mine budget.

During the quarter, BHP Billiton Nickel West formally accepted ore deliveries from Lanfranchi in excess of 350,000 tonnes consistent with our budgeted ore production for the 2010/11 financial year.

***Table 3 – Lanfranchi Project Operating Statistics***

| Area | Details | Units | 3mths ending 30 Sep 2010 | 3mths ending 30 Jun 2010 | 2009/10 Full Year |
|---|---|---|---|---|---|
| Mining | Ore mined | dmt | 97,914 | 112,693 | 398,920 |
| | Ni grade | % | 2.33 | 2.42 | 2.54 |
| | Ni metal contained | dmt | 2,281 | 2,725 | 10,122 |
| | Cu grade | % | 0.19 | 0.19 | 0.21 |
| Ore Delivered | Ore delivered | dmt | 104,536 | 112,006 | 407,011 |
| | Ni grade | % | 2.32 | 2.41 | 2.48 |
| | Ni metal contained | dmt | 2,421 | 2,694 | 10,105 |
| | Cu grade | % | 0.19 | 0.19 | 0.21 |

# Copernicus Joint Venture (Panoramic 60%)

## *Copernicus Open Pit*

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

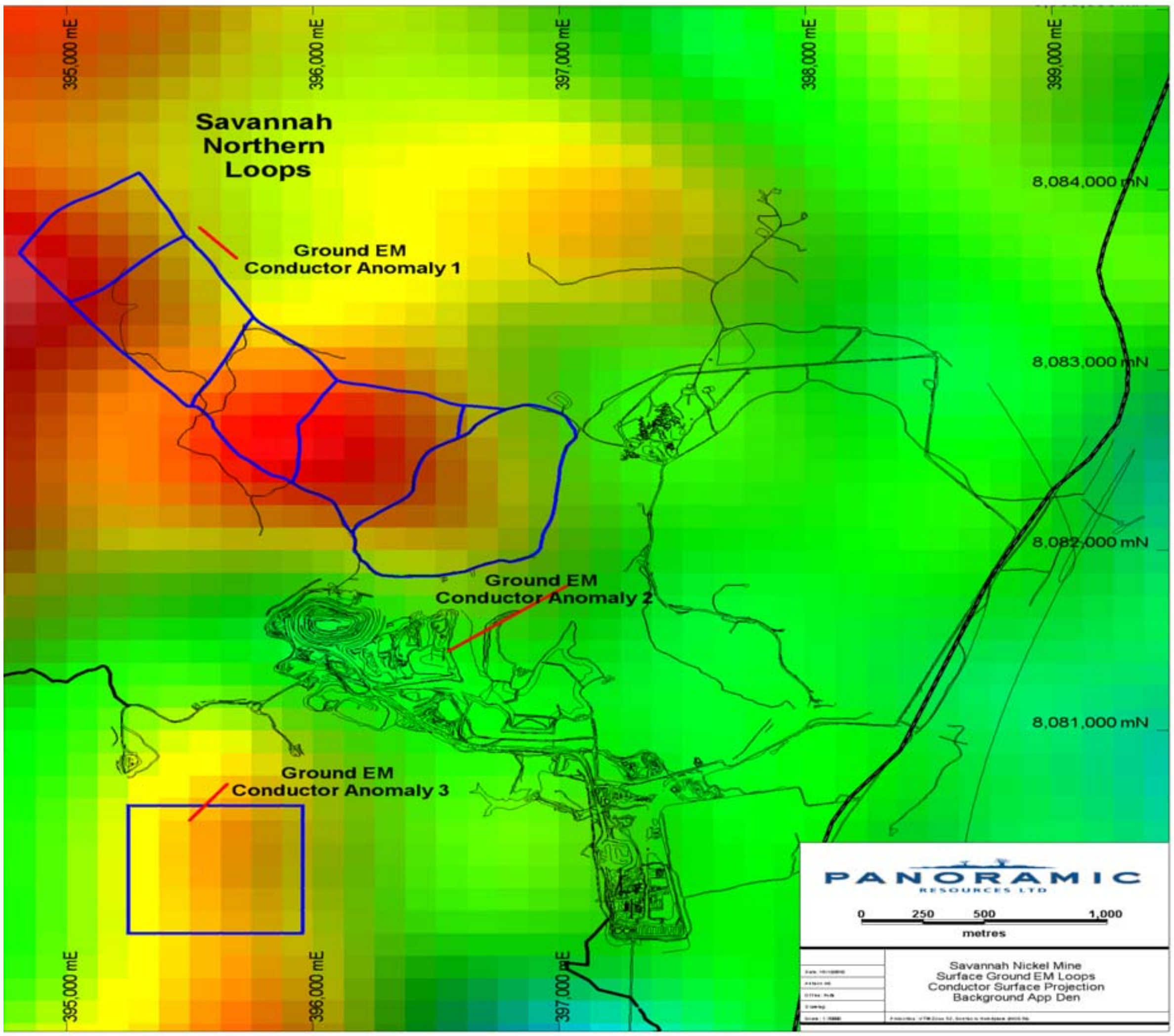
# Exploration

## *Savannah & Kimberley Regional*

### *Savannah Intrusion*

Deep penetrating, fixed-loop ground electromagnetic (EM) surveys were conducted over the Savannah mine area during the quarter, including the Savannah intrusion and North Olivine Gabbro areas. The survey areas coincide with residual gravity highs identified from the ground and airborne gravity surveys, and are considered to be the most prospective areas for the discovery of additional "Savannah style" Ni-Cu-Co mineralisation within the immediate mine area. Three high priority anomalies were identified and will be included with the drill targets currently being developed as part of the regional East Kimberley exploration program. At this stage, it is envisaged drill testing of targets will commence early in the 2011 field season.

*Figure 3 – FLEM survey areas in close proximity to the Savannah Mine*



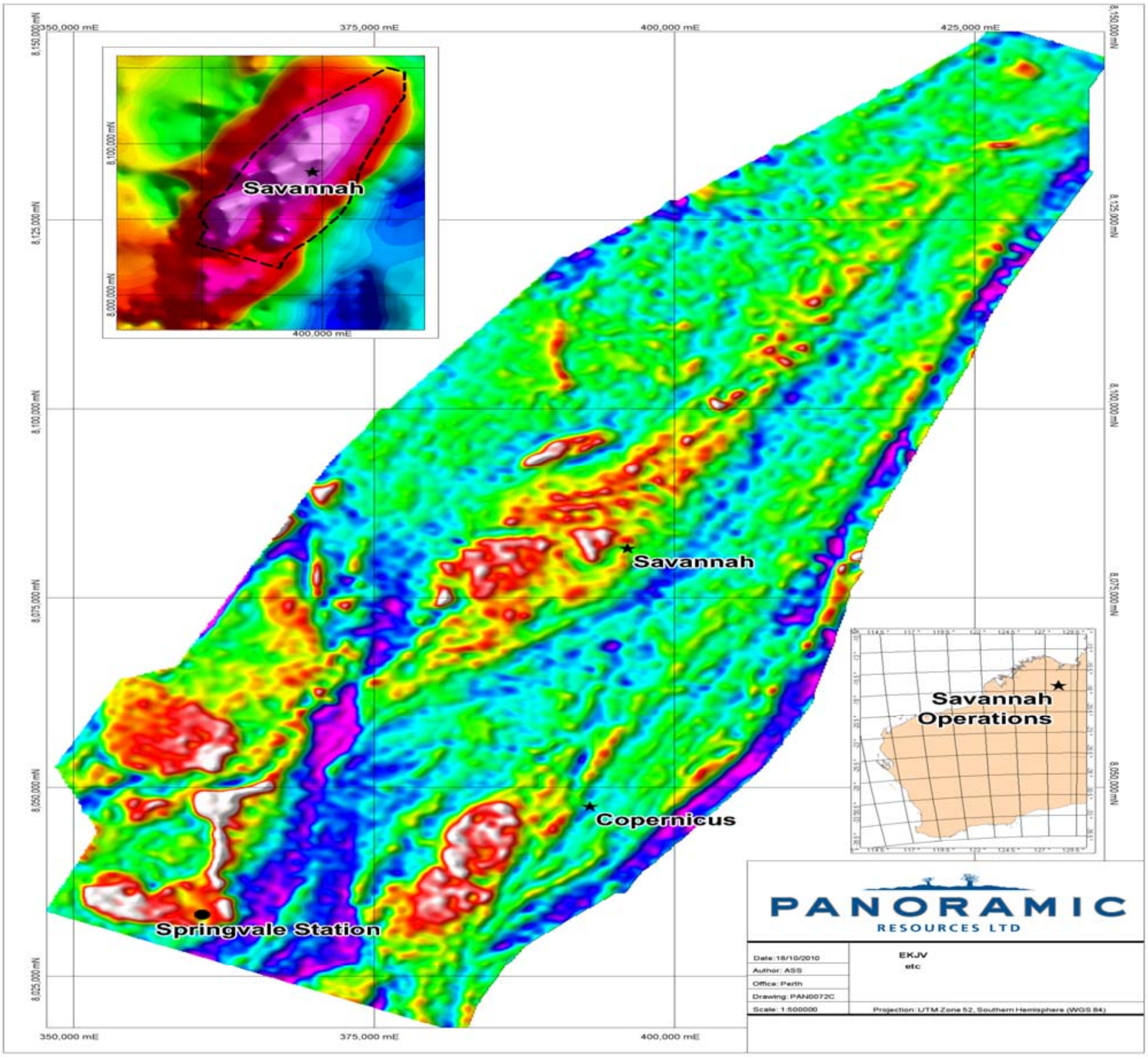

## <u>East Kimberley JV (Panoramic earning 61%)</u>

*Regional*

Enhanced processing of the East Kimberley JV (EKJV) regional airborne gravity and magnetic survey data is ongoing with target selection for follow-up exploration well advanced. During the quarter Geotech Airborne Pty Ltd commenced flying VTEM "max" System surveys over the selected residual gravity anomalies. By the end of the quarter, approximately 4,000 line kilometres of survey had been completed over six individual survey areas. A total of 5,500 line kilometres remain to be completed as part of the program. Over forty EM anomalies have been identified to date that warrant on-ground investigation.

In addition to the VTEM survey program, inversion modelling of the gravity and magnetic survey data commenced, which will enable 3D models of the regional airborne data to be constructed. The inversion models and VTEM data will then be combined to identify new targets for ongoing exploration including drilling in FY2012.

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




## *Lanfranchi Project*

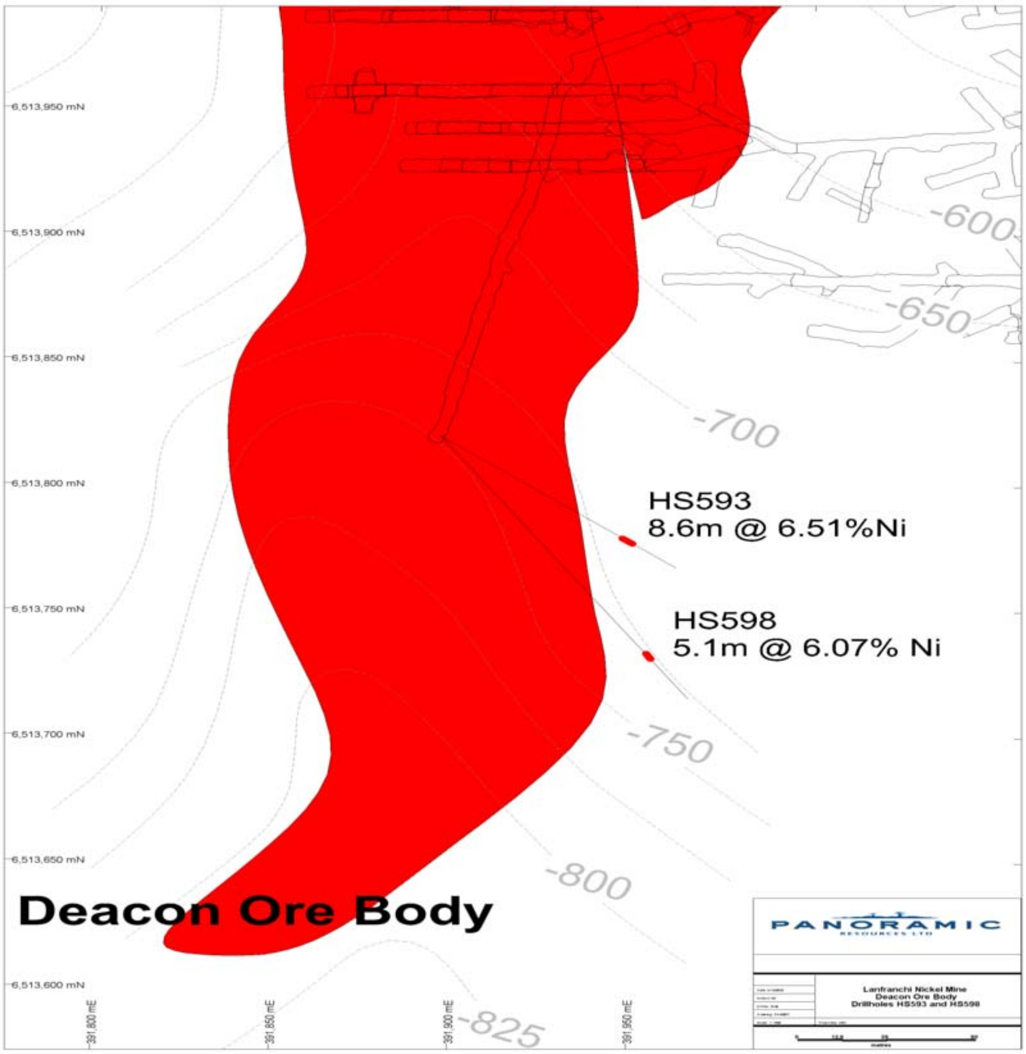
*Underground Exploration*

Infill grade control drilling at Deacon during the quarter **returned two very significant massive sulphide intersections** on the eastern flank of the Deacon channel, just outside the current resource (Figure 5). Drill hole HS593 intersected **8.6 metres grading 6.51% nickel** and HS598 (45 metres to the south) intersected **5.1 metres grading 6.07% nickel**. Follow-up drilling is planned for the area in the December 2010 quarter.

No underground exploration drilling was completed at Lanfranchi during the quarter. Development of the new Lanfranchi hanging wall exploration drill drive was on-going. Poor ground conditions were encountered approximately 50 metres from the designed end point, and development of the drive has temporarily halted. The drill drive was scheduled to be completed in late October 2010, and will enable the Lanfanchi orebody to be drilled tested for a further 250-300m down plunge.

A 15,000m underground exploration drilling program is planned for FY2011 on various orebodies and targets. Drill rig availability and slow progress with the Lanfranchi drive development have necessitated re-scheduling the underground drilling program until next quarter. Drilling will initially be in close proximity to the Deacon and Schmitz orebodies, then shift to the Lanfranchi orebody once the new exploration drill drive is available.

***Figure 5 – Massive sulphide intersections near Deacon***




*Surface Exploration*

No surface exploration drilling was conducted at Lanfranchi during the quarter. Metallurgical testwork on core from four Cruickshank holes was completed during the quarter, and indicate that the Cruickshank mineralisation will produce a 9-10% nickel concentrate grade at a 90% recovery using the Kambalda Concentrator standard reagent scheme. Studies are ongoing to assess the viability of mining the Cruickshank Resource. A 8,000m infill drilling program has been planned and a rig is currently being sourced.

*Northern Tramways Dome*

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

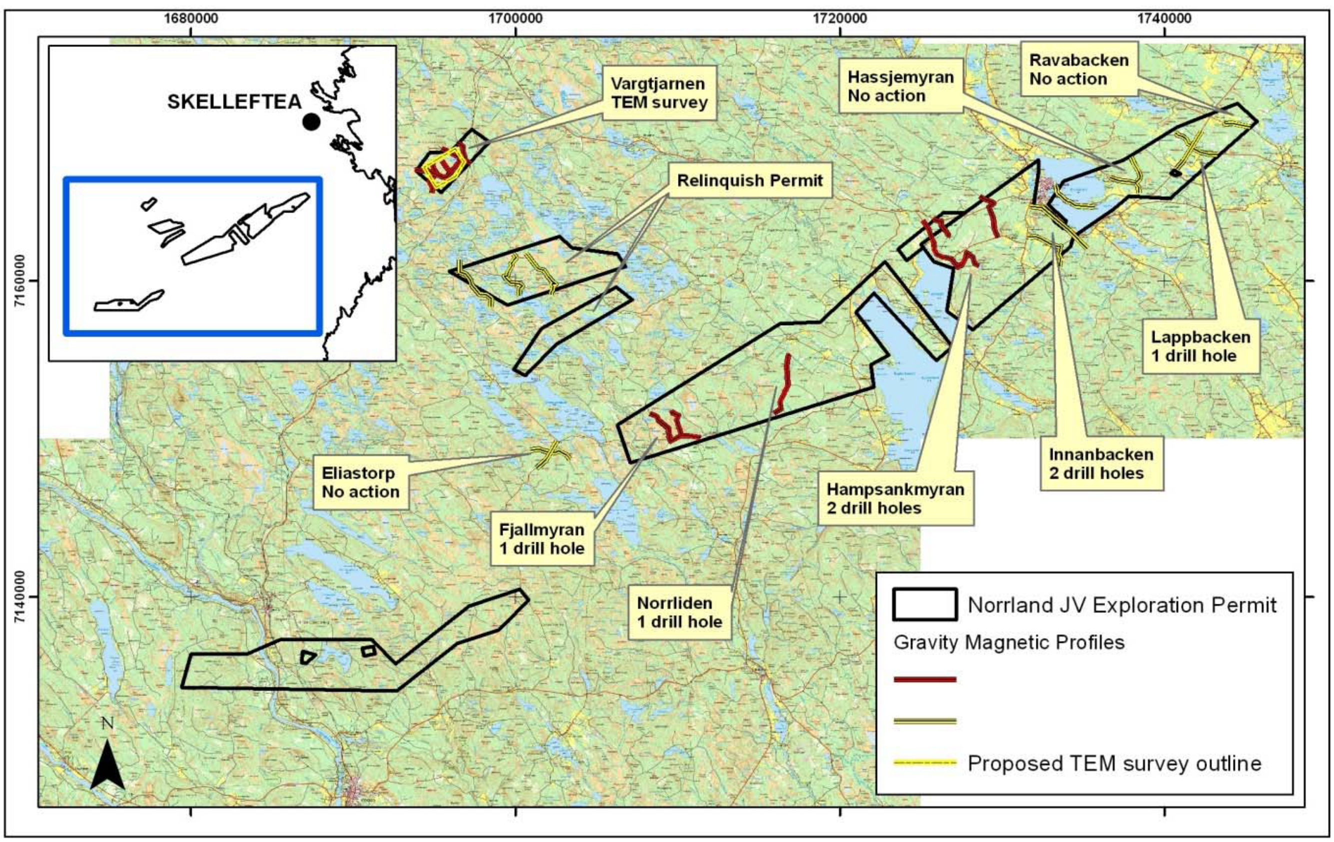
## *Cowan Nickel Project W.A.(Panoramic holds 100% nickel rights)*

The recent focus of exploration activity on the Cowan Project has been planning for the next drill program to test all remaining moving-loop electromagnetic (MLEM) anomalies generated to date. A total of nine EM targets (seven high priority and two medium priority) have been selected for drill testing. Depending on the availability of a suitable drill contractor, the program is anticipated to commence during the December 2010 quarter.

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

Exploration on the Norrland Project continued during the quarter. The Vargtjärnen EM survey (Figure 6) was completed by GeoVista Ltd and its interpretation and modelling report received. Drilling also commenced on the five priority targets along the Vindeln Nickel Belt. The first two holes drilled meta-sediments, and therefore failed to explain the gravity/magnetic anomalies which they targeted. Drill hole NOR0003 at the Hampsänkmyran target intersected sulphide-bearing ultramafic. The intersection is shallow (about 50m), narrow (only about 5m) and may represent a dyke off a larger body. This style of intrusion is relatively common in the area. Drilling is ongoing and assays results are awaited.

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

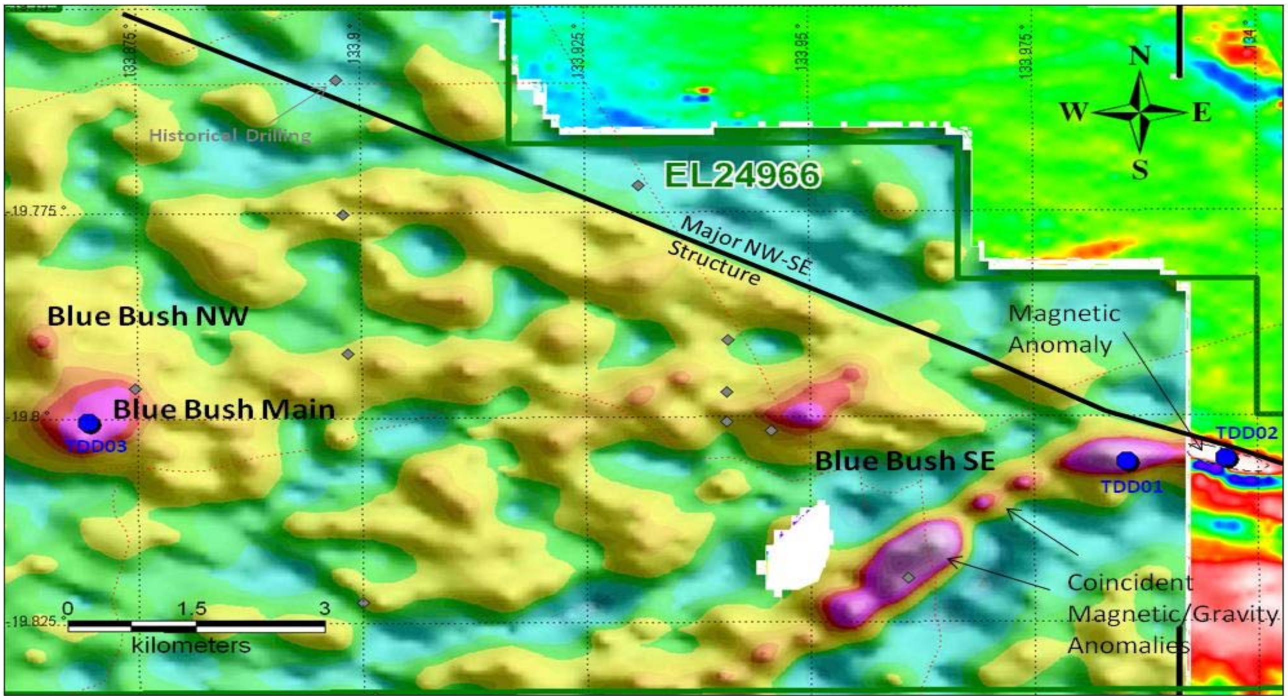



## *Bluebush Copper-Gold JV, Northern Territory(Panoramic earning up to 80%)*

The two remaining Bluebush geophysical targets were tested during the quarter. Two diamond holes (TDD06 & TDD07) targeted coincident gravity and magnetic models at SE Bluebush (Figure 7). The RC hole (TURC0080) was drilled near TDD02 which was completed as part of the initial Bluebush drill program in 2009.

Drill hole TDD06 intersected ultramafic bodies with elevated magnetic susceptibility, which is interpreted to explain the source of the gravity/magnetic anomaly which the hole targeted. Drill hole TDD07 intersected volcanoclastic sediments over the entire length of the hole and failed to provide any indication as to the source of the coincident gravity/magnetic anomaly targeted. Drill hole TURC0080 was drilled in front of TDD02 and was designed to target, at a shallower depth, magnetite stringers intersected in drill hole TDD02. Assay results for the program are not anticipated until the end of October 2010.

***Figure 7 – Drill hole locations Bluebush Project, NT (near Tennant Creek)***




## *Tushtena Gold Project - Alaska*

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

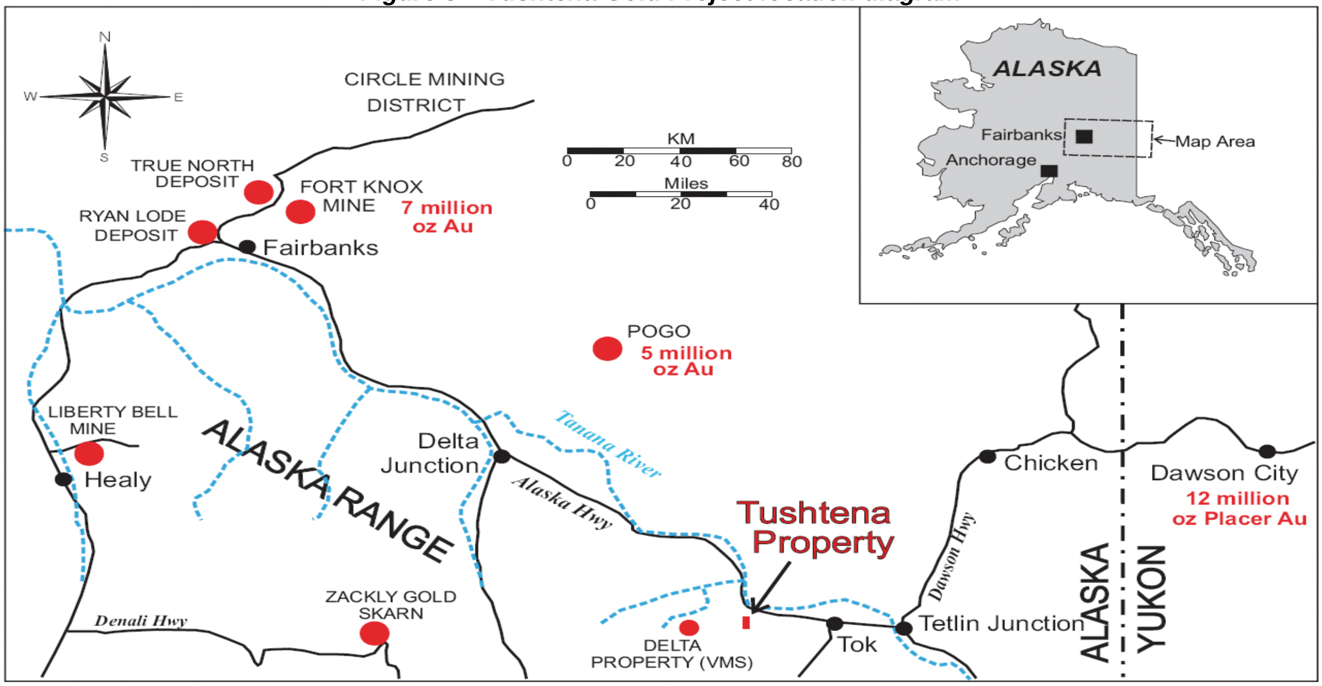
The Tushtena Gold Project (Figure 8) covers an area of 41.4 square kms in the 1,200km long Tintina Gold Belt, which stretches from Northern British Columbia to SW Alaska. The province is host to world class gold deposits such as Pogo (5 Moz), Fort Knox (7 Moz), and Livengood (6.8 Moz), and remains a prime area for gold exploration.

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

### *Current Exploration*

A helicopter supported drill program was completed at Tushtena during the quarter. Five diamond drill holes (including one redrill) were completed for a total of 1,598 drill metres. Assays results have been received for the first two drill holes with anomalous gold levels being reported. Better results are expected in the third hole which intersected extensive alteration and several thin potentially high-grade quartz veins. Final assay results will be available in late October to early November 2010.

***Figure 8 – Tushtena Gold Project location diagram***




## Drake Resources Exploration Alliance – Scandinavia

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

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

The general terms of the agreement are as follows:

- Panoramic will have first right of refusal on any projects proposed by Drake. If Panoramic accepts an individual proposal, that proposal will form a joint venture project, and Panoramic has the right to sole-fund exploration to earn a 70% interest in that project;

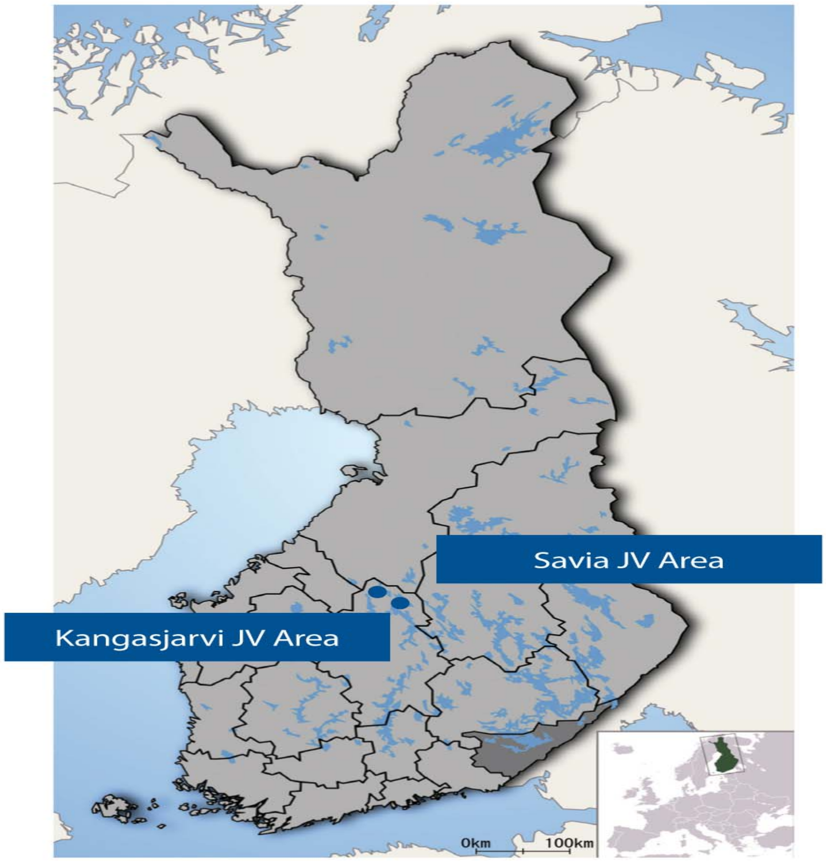
- Drake has the right to participate in each project at 30% or 10%, or revert to a 2% Net Smelter Return royalty; and

- The alliance will be for an initial period of three years to July 2013, but may be extended or terminated by mutual agreement.

As part of the alliance, two joint ventures areas have been finalised to explore for Palaeoproterozoic VMS style copper zinc mineralisation in Finland. The Kangasjarvi and Savia JV areas are located in the Pyhasalim-Vihanti region of the Fennoscandian Shield of Finland (Figure 9). The Fennoscandian Shield is one of the most intensely and varied mineralised Palaeoproterozoic terrains in the world, including VMS, iron oxide Cu-Au, orogenic gold and layered intrusions.

A budget of A$1 million has been approved for the Finland JV for FY2011. Detail airborne VTEM surveys were completed over both JV areas during the quarter by Geotech Airborne Pty Ltd. Final processed data sets for each survey should be available in early November 2010.

***Figure 9 – Drake Resources JV Areas in Finland***




# Corporate

## *Liquid Assets & Debt*

Cash on hand at the end of the quarter was $115 million plus receivables of $29 million, for a total of $144 million in current liquid assets. The reduction in current liquid assets from the end of last quarter was primarily due to:

- The final, fully franked 6.5 cent dividend for FY2010, totalling $13.3 million;
- $3 million for equity in listed entities (purchases less divestments); and
- $2.6 million in expenditure on exploration activities in Australia and overseas.

The Panoramic Group debt totalled $3.8 million for finance leases on mobile equipment and financed insurance premiums.

## *Investment in Listed Entities*

The Company is continuing to review potential acquisition and partnering opportunities in Australia and overseas. Primary interest is in nickel, copper, gold and PGM projects which have good prospectivity or a defined resource all the way through to operating assets. The Company also has a strategy to take small and strategic equity positions in exploration companies with quality projects in Australia and overseas. We are targeting companies with prospective early stage exploration projects and potential development assets. The Company will either look to exit these investments at the right time, or develop long-term relationships with companies seeking additional funding and/or technical expertise in order to bring projects into production.

As at 30 September 2010, the Company had investments in the following listed entities:

- Ampella Mining (ASX: AMX) – 2.3M shares (1.24M shares sold during the quarter)
- Magma Metals ( ASX: MMW) – 18.4M shares (12.1M shares purchased during the quarter)
- Thundelarra Exploration (ASX:THX) – 2.5M shares; and
- Liontown Resources (ASX: LTR) – 2.8M shares.

The market value of these equity investments as at 30 September 2010 was approximately $20 million.

## *Hedging*

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

*Diesel*

- Purchased 2.25 million litres of US$ diesel call options (basis Singapore Gasoil 0.5s FOB pricing) at an exercise price of US$0.60/litre for delivery April 2012 to September 2012. The cost of the call options was primarily funded by granting 2.25 million litres of US$ diesel put options at an exercise price of US$0.44/litre.

*US$/A$ FX Rate*

- Purchased US$36 million of put options at an average exercise US$/A$ FX rate of US$1.02 for delivery January to June 2011.

The Company's metal, diesel and currency hedge book as at 30 September 2010 is summarised in Appendix 1.

Since the end of the quarter, the Company has added the following hedging:

*Nickel*

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

*US$/A$ FX Rate*

- Purchased US$12 million of put options at an average exercise US$/A$ FX rate of US$1.02 for delivery January to June 2011.

Excluding the bought nickel put options (which can be exercised by the Company if the US$ nickel price falls below US$18,500/t), and assuming the sold nickel call options are all exercised against the Company, based on current forecast production on a payable nickel basis, the Company is approximately 36% hedged for the remainder of FY2011 and approximately 13% hedged for FY2012.

***Table 4: Group Hedge Book – A$ Mark-to-Market Valuation as at 30 September 2010***

| Commodity | Mark-to-Market 30 Sep 2010 | Mark-to-Market 30 Jun 2010 |
|---|---|---|
| Nickel Forwards | ($10.2 million) | ($1.6 million) |
| Bought Nickel Put Options | $0.4 million | $2.6 million |
| Sold Nickel Call Options | ($1.2 million) | ($1.2 million) |
| Bought Diesel Call Options | $0.7 million | $0.5 million |
| Sold Diesel Put Options | ($0.1 million) | ($0.2 million) |
| Bought US$ Currency Put Options | $1.9 million | $0.6 million |
| Sold US$ Currency Call Options | - | ($1.7 million) |
| Total Mark-to-Market | ($8.5 million) | ($1.0 million) |

### About the Company

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

*The information in this report that relates to Exploration Results has been compiled by Mr John Hicks who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Hicks is full time employee of Panoramic Resources Limited, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hicks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

### *Appendix 1: Panoramic Group Hedge Book as at 30 September 2010*

| Commodity | Quantity 30 Sep 2010 | Average Price/Rate 30 Sep 2010 | Quantity 30 Jun 2010 | Average Price/Rate 30 Jun 2010 |
|---|---|---|---|---|
| *Nickel* - Nickel Forwards (delivery Oct 2010-Jun 2011) | 1,872t | US$16,793/t US$7.62/lb | 2,496t | US$16,816/t US$7.63/lb |
| Nickel Forwards (delivery Jul 2011-Jun 2012) | 1,200t | US$24,794/t US$11.25/lb | 1,200t | US$24,794/t US$11.25/lb |
| Bought Nickel Put Options (delivery Oct 2010-Dec 2010) | 600t | US$18,000/t US$8.16/lb | 1,200t | US$18,000/t US$8.16/lb |
| Bought Nickel Put Options (delivery Jan 2011-Jun 2011) | 600t | US$18,500/t US$8.39/lb | 600t | US$18,500/t US$8.39/lb |
| Sold Nickel Call Options (delivery Jul 2010-Dec 2010) | 450t | US$24,000/t US$10.89/lb | 900t | US$24,000/t US$10.89/lb |
| Sold Nickel Call Options (delivery Jan 2011-Jun 2011) | 438t | US$25,513/t US$11.57/lb | 438t | US$25,513/t US$11.57/lb |
| *Copper* - Bought Copper Put Options (delivery Jul 2010-Sep 2010) | - | - | 300t | US$6,000/t US$2.72/lb |
| *Diesel* - Bought Diesel Call Options (delivery Oct 2010-Sep 2011) | 375,000litres/mth | US$0.60/litre | 375,000litres/mth | US$0.60/litre |
| Bought Diesel Call Options (delivery Oct 2011-Mar 2012) | 375,000litres/mth | US$0.60/litre | 375,000litres/mth | US$0.60/litre |
| Bought Diesel Call Options (delivery Apr 2012-Sep 2012) | 375,000litres/mth | US$0.60/litre | - | - |
| Sold Diesel Put Options (delivery Aug 2010-Sep 2011) | 375,000litres/mth | US$0.434/litre | 375,000litres/mth | US$0.436/litre |
| Sold Diesel Put Options (delivery Oct 2011-Mar 2012) | 375,000litres/mth | US$0.440/litre | 375,000litres/mth | US$0.440/litre |
| Sold Diesel Put Options (delivery Apr 2012-Sep 2012) | 375,000litres/mth | US$0.440/litre | - | - |
| *US$/A$ FX* - Bought US$ Put Options (delivery Oct 2010 to Dec 2010) | US$15.0 million | US$0.9250 | US$30.0 million | US$0.9250 |
| Bought US$ Put Options (delivery Oct 2010 to Dec 2010) | US$7.5 million | US$0.8500 | US$15.0 million | US$0.8500 |
| Bought US$ Put Options (delivery Jan 2011 to Jun 2011) | US$36.0 million | US$1.0200 | - | - |
| Sold US$ Call Options (delivery Oct 2010 to Dec 2010) | US$22.5 million | US$0.8300 | US$45.0 million | US$0.8300 |