

# Quarterly Report



vision  
commitment  
results



27 July 2011

ASX: PAN

## Quarterly Report for the period ending 30 June 2011

### Significant Points

#### GROUP

- Safety - a 19% reduction in all reported injuries, 41% reduction in all reported significant incidents, two lost time incidents
- Cash and receivables - \$125 million at the end of the quarter
- Costs - Group payable cash costs of A\$6.25/lb Ni (inclusive of freight, shipping and royalties), 2010/11 full year A\$6.25/lb Ni
- Group Production - 4,645t Ni, up 11% quarter-on-quarter, 2010/11 full year of 17,027t Ni

#### SAVANNAH NICKEL

- Production - 1,886t Ni in concentrate, up 8% quarter-on-quarter
- Shipments - up 39% to 26,948t of concentrate, containing 2,051t Ni
- Costs - payable cash costs A\$6.36/lb Ni, 2010/11 full year A\$6.45/lb Ni

#### LANFRANCHI NICKEL

- Production - 2,759t Ni in ore, up 14% quarter-on-quarter
- Costs - payable cash costs A\$6.16/lb Ni, 2010/11 full year A\$6.08/lb Ni

#### GIDGEE GOLD

- Exploration and production strategy formalised, targeting 100,000ozs per annum
- Multiple drill targets identified and initial aircore drilling program underway

#### EXPLORATION

- Savannah - reverse circulation pre-collars drilled on three high priority EM targets near the mine
- Deacon/Schmitz - new high-grade zone of mineralisation discovered east of Helmut South Extension
- Helmut South Extension - initial Resource estimate of 7,080t Ni announced
- Cruickshank - upgraded Resource of 33,560t Ni announced, containing 26% more nickel
- Cruickshank - five intersections of mineralisation on the underside of the Northern Dome fold indicates additional potential
- East Kimberley JV - numerous targets generated, including a strong EM conductor at Jenner, drill testing has commenced
- Drake (Scandinavia) - Drill testing of targets commenced and some anomalous results returned, other opportunities assessed

#### CORPORATE

- Investments - a \$4 million placement in Chilean copper explorer, Hot Chili Limited (ASX: HCH)
- Business Development - a number of opportunities assessed



## Managing Director's Commentary

- **Safety and Environment** - unfortunately we recorded two lost time injuries. We will continue to work hard with all stakeholders to improve our safety performance. We also completed the three metre lift on the Savannah tailings storage facility and other associated earthworks. In conjunction with the tailings storage facility work, 35 new water bores were drilled within, and surrounding the facility, which will increase the number of ground water monitoring points.
- **Production** - total Group nickel production contained in concentrate/ore was 4,645 tonnes, up 11% quarter-on-quarter. Savannah reported an 8% increase in nickel production. At Lanfranchi, production was back on budget with improved equipment availability. On a Group basis we produced 17,027t of nickel contained in concentrate/ore for the full year, which although lower than forecast, is an excellent result given the wet weather and reduced ventilation capacity at Savannah and the downtime from lower equipment availability at both operations. All employees at both our operations are to be congratulated for their efforts this year.
- **Liquid Assets** - cash on hand and receivables totalled \$125 million. There were several large capital payments and negative quotational period pricing adjustments totalling \$14 million which reduced liquid assets.
- **Gidgee Gold Project** – we completed our initial review of the technical data acquired with the Gidgee purchase and released our exploration and production strategy. Our aim is to delineate sufficient gold resources to provide a reserve base to re-commission the existing plant at a rate of 600,000tpa, thus enabling the Company to target 100,000ozpa Au production possibly within three years. The initial review of the technical data has confirmed/identified:
  - multiple drill targets;
  - multiple historic, broad, high-grade gold intercepts;
  - the majority of drill targets are outside existing quoted resources;
  - numerous targets are open at depth;
  - limited drilling has occurred below 150m, even around historical mining areas; and
  - >1 million oz Au has been produced historically from the project.

We believe Gidgee has the potential to become a significant gold producer and our third operating asset in WA.

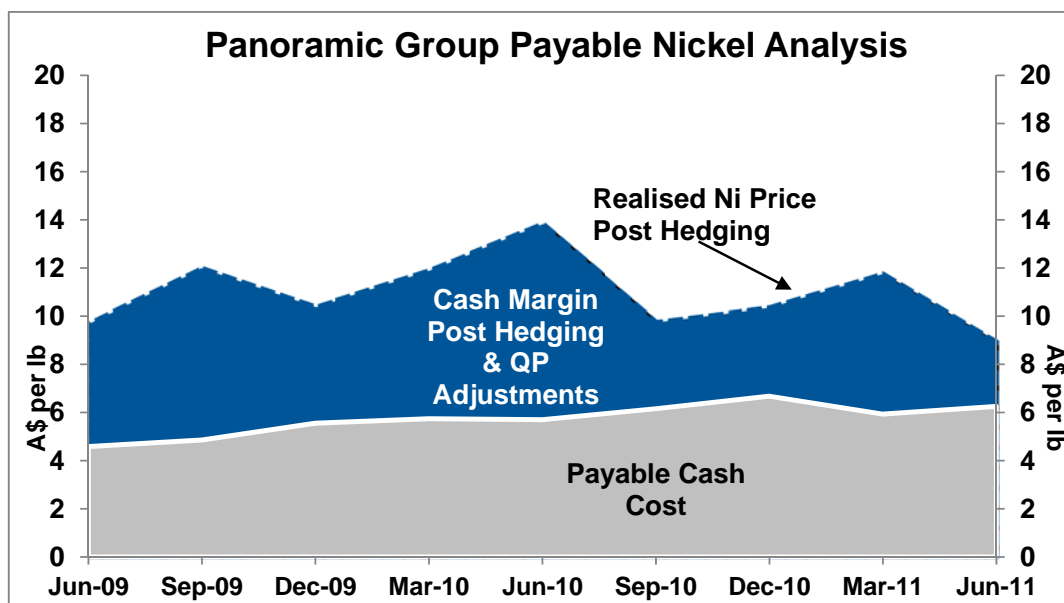
- **Exploration** - our exploration activities continue to gather momentum and this quarter we have had some exciting results and made some important announcements including:
  - a 26% increase in the contained nickel resource at Cruickshank following the release of the updated Mineral Resource of 2.63Mt at 1.28% Ni for 33,560t Ni;
  - recognition that the Cruickshank mineralisation continues down-plunge on the underside of the Northern Dome overturned fold;
  - release of the maiden Helmut South Extension Resource of 181,700t at 3.9% Ni for 7,080t Ni;
  - potential discovery of a new high-grade zone of mineralisation to the east of the Helmut South Extension; and
  - commencement of an air-core drilling program at Gidgee.
- **Cost Management** - in the June quarter, the Group's average payable nickel cash cost was A\$6.25/lb and the average payable nickel cash cost for the full year was A\$6.25/lb. We are experiencing some cost pressures across our business and continue to focus on managing costs that are within our control. The strength of the A\$ against the US\$ is also having a significant impact on our business with the US\$ depreciating 28% against the A\$ over the course of the 2010/11 fiscal year.
- **Hedging** - the Company continues to actively manage its exposure to the US\$ Ni price and US\$/A\$ exchange rate via the use of commodity and currency forwards and derivatives to protect our operating margins. The Company has an attractive hedge book with 2,700t of sold nickel forwards at an average US\$25,770/t (US\$11.69/lb) for FY2012, and 675t of nickel forwards at US\$26,468/t (US\$12.00/lb) for FY2013. Together with our currency protection, the hedge book at 30 June 2011 had an "in the money" valuation of \$7.4 million.



## 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 June quarter 2009, 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 Jun 2011	Lanfranchi 3mths ending 30 Jun 2011	Total Group 3mths ending 30 Jun 2011	Total Group Previous Qtr Mar 2011
Ore Mined	dmt	150,611	112,773	263,384	239,549
Average Mined Nickel Grade	%	1.42	2.45	1.86	1.86
Nickel in Ore Mined	dmt	2,147	2,759	4,906	4,457
Nickel in Concentrate/Ore Mined	tonnes	1,886	2,759	4,645	4,166
Copper in Concentrate/Ore Mined	tonnes	1,001	205	1,206	1,110
Cobalt in Concentrate/Ore Mined	tonnes	106	-	106	94
<b>Costs Per Pound Payable Nickel</b>					
Mining	A\$ per lb	3.93	4.09	4.02	3.88
Milling	A\$ per lb	1.61	-	0.72	0.66
Administration	A\$ per lb	1.74	0.40	1.00	0.97
<b>Payable Operating Cash Costs (Mine Gate)</b>	<b>A\$ per lb</b>	<b>7.28</b>	<b>4.49</b>	<b>5.74</b>	<b>5.51</b>
Haulage	A\$ per lb	0.30	0.24	0.27	0.23
Port Charges/Shipping	A\$ per lb	0.25	-	0.11	0.12
Ore Treatment	A\$ per lb	-	1.24	0.68	0.65
Net By-product Credits	A\$ per lb	(2.08)	(0.23)	(1.06)	(1.17)
Royalties	A\$ per lb	0.61	0.42	0.51	0.59
<b>Total Payable Operating Cash Costs<sup>(a)</sup></b>	<b>A\$ per lb</b>	<b>6.36</b>	<b>6.16</b>	<b>6.25</b>	<b>5.93</b>
<b>Total Payable Operating Cash Costs<sup>(b)</sup></b>	<b>US\$ per lb</b>	<b>6.75</b>	<b>6.54</b>	<b>6.63</b>	<b>5.95</b>

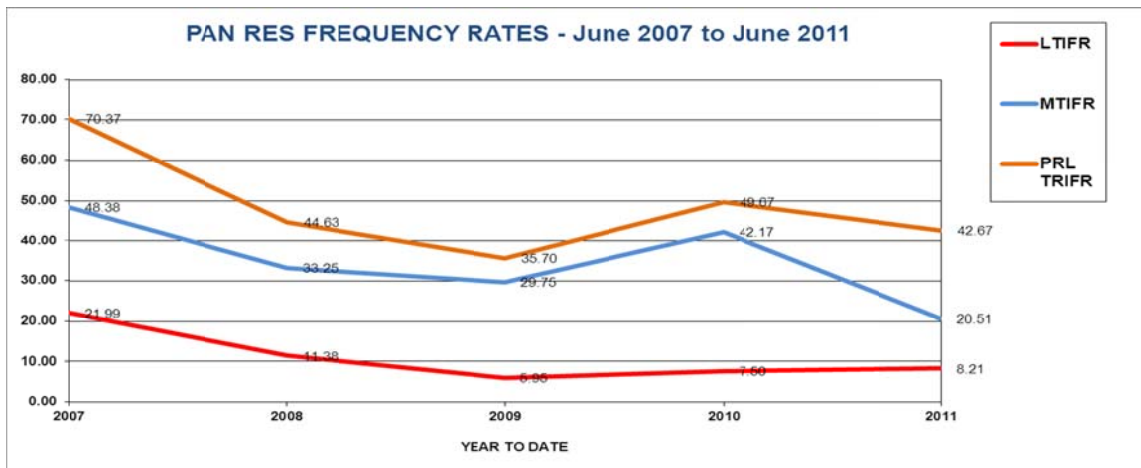
(a) Group capital development cash cost for the quarter was A\$0.85/lb. This cost is not included in Table 1. Capital development costs represent capitalised mining cash costs for deposits in production. These costs do not include pre-production costs for deposits being developed for future mining.

(b) Average June 2011 quarter RBA US\$/A\$ settlement rate of US\$1.0615 (Average March 2011 quarter exchange rate was US\$1.0042).



## Safety

There were two lost time injuries (LTI's) at the operations. The injuries sustained were (1) a partial amputation of a finger due to contact with an air-conditioning unit cooler fan; and (2) a metal shard was removed from a maintenance employee's eye. At the end of the quarter, the Group LTIFR was at 8.21. On a positive note there was a 19% reduction in the number of all injuries reported and a 41% reduction in the number of all reported significant incidents, quarter on quarter. Importantly, the percentage of significant reported incidents compared to all other incidents was at, or below the Group target of 15%. The chart below shows that employee and contractor LTI and medically treated injury (MTI) frequency rates have trended down since 2007.



## *Health, Safety, Environment Quality (HSEQ) Integrated Management System Business Improvement Initiatives*

Milestones during the quarter include:

- Commenced implementation of a Revised Risk and Opportunity and Business Planning Framework for conducting all business planning, process, projects and operations;
- Ongoing development of a Principal Hazard/Risk Control Planning Framework aligned to the National Mine Safety Framework;
- Revised Group OHS, Finance and Environment risk profiles using Bow Tie methodology;
- HSEQ management system audit completed at both operations and increased staffing commitment to OHS; and
- Market review and tender process for selecting an integrated HSEQ data management system.

## Environment

There were no significant environmental incidents recorded during the quarter. The construction of the three metre lift on the Savannah tailings facility and new water storage facilities were completed on schedule in May. As a condition to the approval, the Company drilled 35 new water monitoring bores to provide more sampling points in and around the tailings storage facility.



Photo 1: Savannah tailings storage facility and the three metre embankment lift



Photo 2: Drilling of new monitoring bore holes on the tailings storage facility





## *Proposed Carbon Scheme*

On 10 July 2011, the Federal Government released the framework for the introduction of a carbon tax from 1 July 2012. Any introduction of a carbon scheme is still subject to the passing of legislation by both houses of Federal Parliament in late 2011.

Panoramic reports the level of its CO<sub>2</sub> emissions under the National Greenhouse and Energy Reporting (NGER) Act 2007. In 2009/10, the Group reported Level 1 CO<sub>2</sub> emissions of 42,878 tonnes and Level 2 CO<sub>2</sub> emissions of 15,828 tonnes. The main source of the Level 1 CO<sub>2</sub> emissions is the diesel fired power station at Savannah.

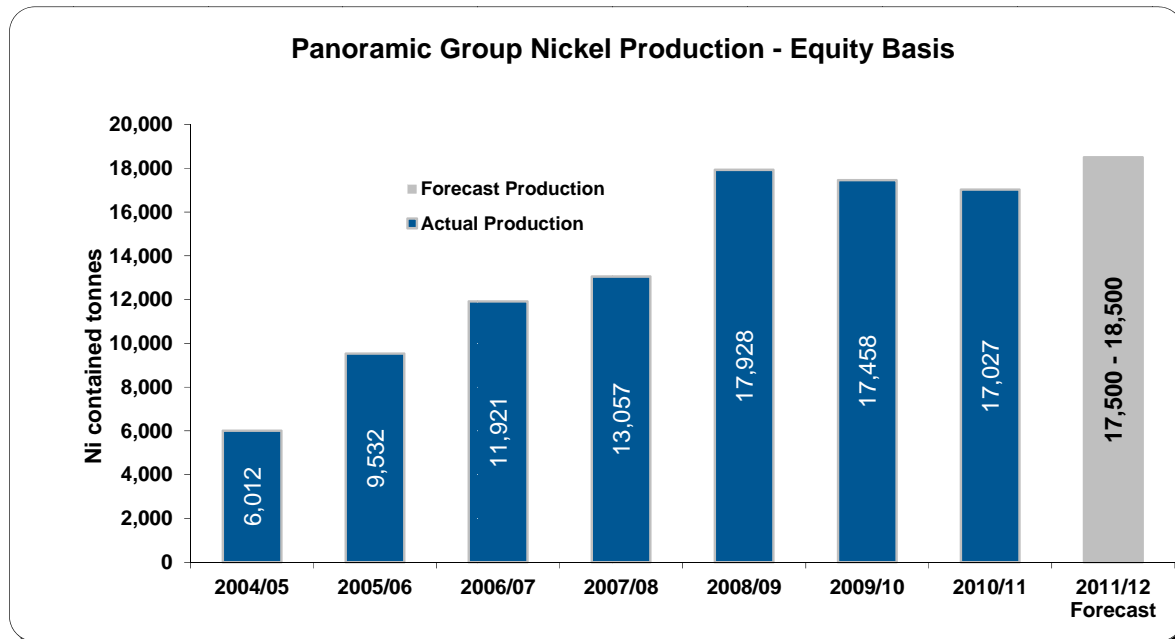
## *Group Production – Actual & Forecast*

Group production for the full 2010/11 year was 17,027 tonnes Ni contained in concentrate/ore, a reduction of 2% in comparison to 2009/10 (refer Figure 2).

Total tonnes milled at Savannah of 600,837 tonnes, was 11% lower than for 2009/10. Pleasingly, the average nickel head grade of 1.35% was 8% higher than the previous financial year. At Lanfranchi, full year tonnes mined of 412,403 tonnes was 3% higher than the tonnes mined in 2009/10. Offsetting the higher tonnes mined was the slightly lower nickel mine grade of 2.45%.

The Group is forecasting full year production of between 17,500-18,500 tonnes Ni contained in concentrate/ore in 2011/12 which is comparable to the prior production record of 17,928 tonnes in 2008/09.

**Figure 2 – Actual Group Production & Forecast for 2011/12**



### 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 Nickel Project

The Savannah Project produced 1,886t Ni, 1,001t Cu and 106t Co contained in concentrate. Ore tonnes milled was 13% above the March quarter, while the average nickel grade milled was 3% down quarter-on-quarter.

April and May were difficult months from having to manage around a restriction in underground airflow following the failure of the primary surface vent fan. Mining activities were adversely affected until the primary surface vent fan was replaced in late May. As planned, June was a particularly good month, with ore tonnes mined on budget and milled nickel head grade 12% above budget at 1.46%. Consequently, aggregate quarterly production at Savannah ended on budget and the average mined nickel grade for the quarter remained above the average life of mine nickel grade for the second consecutive quarter.

Concentrate shipments, which had been adversely affected by wet weather in the March quarter, were up strongly this quarter. The 2,051t of nickel metal in concentrate shipped was the highest quarterly volume shipped since the June 2009 quarter.

In May, the Panoramic Board and senior management attended an on-site cultural awareness training session and participated in a muntha (smoking ceremony) conducted by several of the local traditional owners.

*Table 2 – Savannah Project Operating Statistics*

Area	Details	Units	3 mths ending 30 Jun 2011	3 mths ending 31 Mar 2011	2010/11 Full Year	2009/10 Full Year
<b>Mining</b>	Ore mined	Dmt	150,611	143,211	595,944	671,922
	Ni grade	%	1.42	1.43	1.35	1.25
	Ni metal contained	Dmt	2,147	2,041	8,055	8,399
	Cu grade	%	0.67	0.63	0.64	0.62
	Co grade	%	0.07	0.07	0.07	0.06
<b>Milling</b>	Ore milled	dmt	160,494	142,203	600,837	673,894
	Ni grade	%	1.38	1.43	1.34	1.25
	Cu grade	%	0.65	0.63	0.64	0.62
	Co grade	%	0.07	0.07	0.07	0.06
	Ni Recovery	%	85.0	85.7	85.7	86.3
	Cu Recovery	%	96.3	95.2	95.8	96.3
	Co Recovery	%	89.3	88.5	88.7	90.1
<b>Concentrate Production</b>	Concentrate	dmt	24,666	22,532	90,747	94,861
	Ni grade	%	7.65	7.77	7.63	7.67
	Ni metal contained	dmt	1,886	1,750	6,921	7,273
	Cu grade	%	4.06	3.90	4.07	4.24
	Cu metal contained	dmt	1,001	878	3,689	4,019
	Co grade	%	0.43	0.42	0.42	0.41
	Co metal contained	dmt	106	94	379	387
<b>Concentrate Shipments</b>	Concentrate	dmt	26,948	19,343	91,743	96,392
	Ni grade	%	7.61	7.69	7.60	7.69
	Ni metal contained	dmt	2,051	1,487	6,976	7,414
	Cu grade	%	3.98	3.89	4.05	4.16
	Cu metal contained	dmt	1,073	753	3,714	4,007
	Co grade	%	0.43	0.40	0.41	0.40
	Co metal contained	dmt	116	79	377	384



## Lanfranchi Nickel Project

Production from Lanfranchi was 112,773t of ore at 2.45% Ni for 2,759t Ni contained. Nickel metal in ore was 14% above the previous quarter due to increased ore tonnes mined from improved equipment availability.

Major capital works on the underground paste delivery system commenced during the quarter. The project involves extending the existing conveyor system and hopper modifications to allow the delivery of paste down a second vertical paste pipe.

Construction of the long awaited Lanfranchi accommodation village continued, with the continued delivery and installation of pre-fabricated administration and accommodation buildings. The target date for moving personnel into the village is the 8<sup>th</sup> September. The catering contract has been awarded to Sodexo, who also operate the Savannah accommodation village. The commissioning of the Lanfranchi village will be a major milestone for the project and the Company. It is anticipated that the village, which is a major capital project (circa \$7 million), will provide our employees and contractors the following benefits:

- A significant reduction in travel time to and from work (saving approximately 90 minutes per day);
- Improved amenities;
- Stronger comradeship; and
- Ultimately an improved on-site lifestyle.

The Company believes that the investment in the Lanfranchi village will achieve all of the above, while positively improving the on-site culture.



Photo 3: Installation of the accommodation units at the Lanfranchi village



Photo 4: Extension work at the Lanfranchi paste plant

**Table 3 – Lanfranchi Project Operating Statistics**

Area	Details	Units	3mths ending 30 Jun 2011	3mths ending 31 Mar 2011	2010/11 Full Year	2009/10 Full Year
<b>Mining</b>	Ore mined	dmt	112,773	96,338	412,403	398,920
	Ni grade	%	2.45	2.51	2.45	2.54
	Ni metal contained	dmt	2,759	2,416	10,106	10,122
	Cu grade	%	0.18	0.24	0.21	0.21
<b>Ore Delivered</b>	Ore delivered	dmt	112,010	100,287	408,351	407,011
	Ni grade	%	2.37	2.53	2.44	2.48
	Ni metal contained	dmt	2,658	2,539	9,964	10,105
	Cu grade	%	0.20	0.24	0.21	0.21





## Gidgee Gold Project

### Background

The Gidgee Gold Project is located 640km NE of Perth and 130km SW of Wiluna (Figure 3) and covers approximately 1,200km<sup>2</sup> of the Gum Creek greenstone belt. The central core of the area is held as granted Mining Leases, which cover a 70km long structural corridor. Over one million oz Au has been mined from the Gidgee leases since the 1920s with the majority of that production between 1987 and 2005 (Figure 4).

Figure 3 – Gidgee Project Location Map

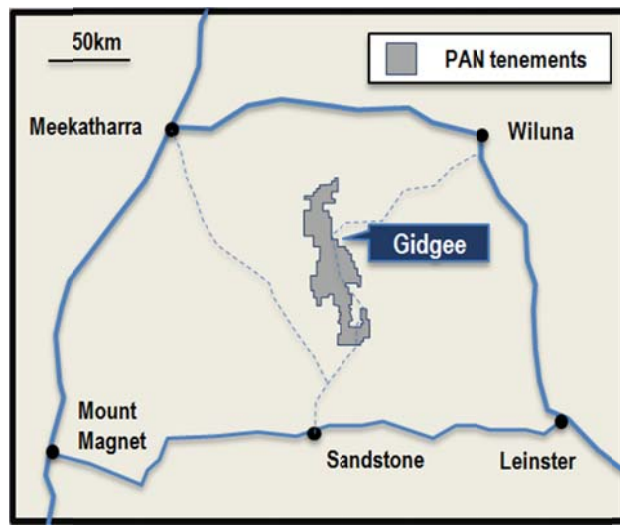
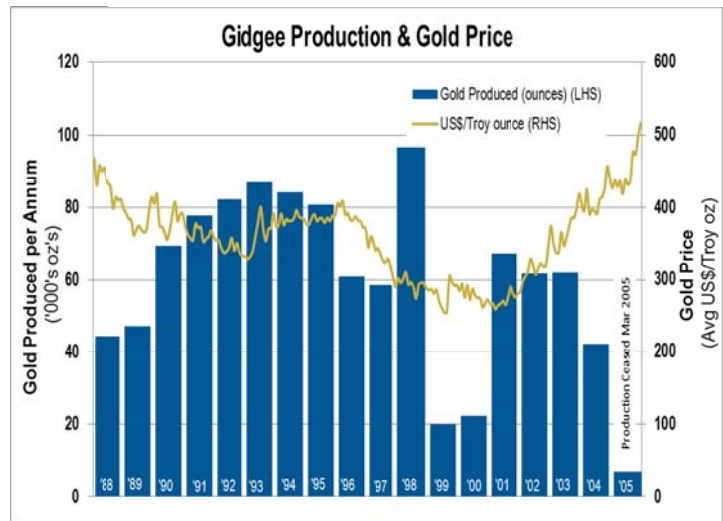


Figure 4 – Gidgee Historical Gold production



### Exploration & Production Strategy

During the quarter, the Company completed an initial analysis of all project technical data. An exploration and production strategy was finalised and announced on 18 July, with the goal of producing up to 100,000ozpa from a combination of existing orebodies and new discoveries. Existing open pit resources require optimisation using a higher gold price (previously optimised at US\$500/oz) given the significant increase in the gold price since gold production ceased in 2005. Initial indications are that the existing 600,000tpa plant can be re-commissioned at an estimated capital cost of circa \$20 million. The existing infrastructure (plant, 150 person village, airstrip, roads, amenities) could enable Panoramic to re-commission Gidgee within three years, should sufficient gold reserves be delineated and subject to all necessary statutory approvals, and attractive project economics.



Photo 5: Accommodation Camp at the Gidgee Project



Photo 6: Gidgee Project Gold Plant





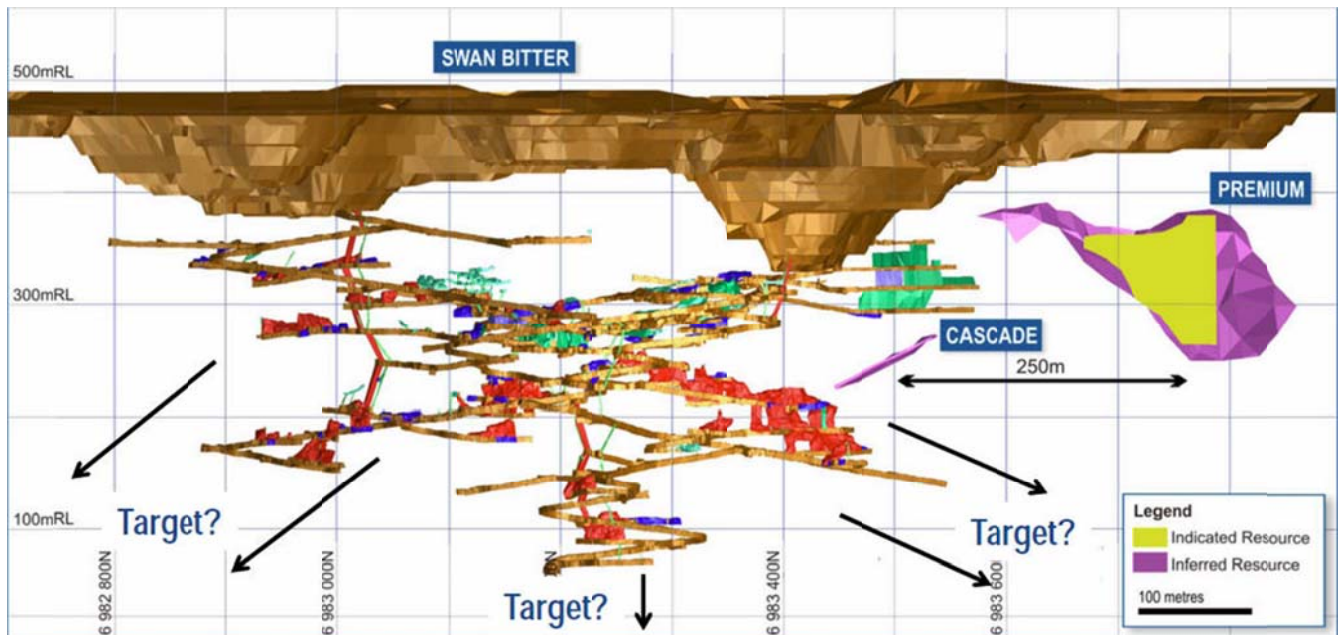
## Multiple Gold Targets Defined

Multiple drill targets have been defined following the completion of an initial review of the geological data acquired with the Project. The defined drill targets include extensions to existing resources, combined with historic drill intercepts which require follow up drilling. The majority of the targets are open at depth providing significant potential to increase the existing quoted resource of 310,000oz Au. A 15,000m RC and diamond program is set to commence in the December 2011 quarter to test these targets. Broad high-grade intercepts have been identified at numerous prospects, including:

- |                                    |               |
|------------------------------------|---------------|
| • 20m @ 40.5g/t Au from 36m        | Vigilant Pit  |
| • 20m @ 18.3g/t Au from 71m        | Vigilant Pit  |
| • 14m @ 7.8g/t Au from 96m         | Swift Pit     |
| • 14m @ 35.1g/t Au from 182m       | Premium Lode  |
| • 12m @ 40.8g/t Au from 152m       | Premium Lode  |
| • 15m @ 8.6g/t Au from 101m        | Swift Pit     |
| • 20m @ 3.9g/t Au from base of pit | Eagle Pit     |
| • 25m @ 4.2g/t Au from 33m         | Specimen Well |
| • 40m @ 3.2g/t Au from 81m         | Wedge Pit     |

The extensions to the known lodes beneath Swan Bitter (in addition to both Cascade and Premium) remain attractive targets given historical average underground mine grades of approximately 7g/t Au, and the fact that the lodes have only been mined to a depth of approximately 400m below surface (*Figure 5*). In addition to the planned RC and diamond drilling program to follow up known mineralisation, a 20,000m AC drilling program has commenced as part of the regional targeting of a new multi-million ounce gold system. The AC drilling data will be utilised to map out regional alteration footprints across the project to assist in identifying previously unrecognised potential areas for a significant new gold system.

**Figure 5 – Swan Bitter Deeps – Prospective Targets**





## Copernicus Joint Venture (Panoramic 60%)

### Copernicus Open Pit

No Activity

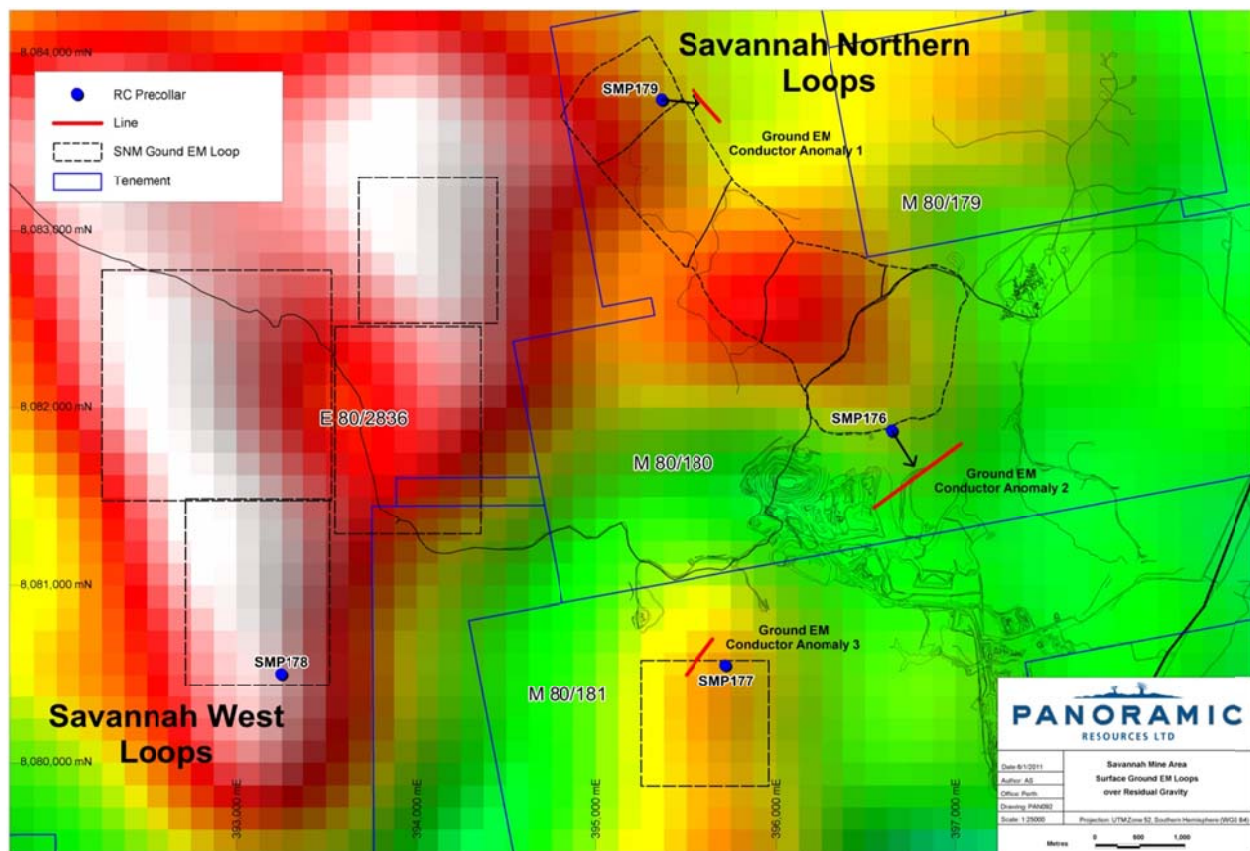
## Exploration

### Savannah & East Kimberley Regional

#### *Savannah*

Three RC pre-collars (SMP176, 177 and 179) were completed on the high-priority electromagnetic (EM) targets previously identified near the Savannah mine (*Figure 6*). A suitable diamond drill rig has been secured to complete the holes to their designed depths, and is scheduled to commence work in August 2011.

*Figure 6 – FLEM survey areas Savannah West and Savannah Mine*



### East Kimberley JV (Panoramic 61% or 80%)

#### *Regional*

Processing and interpretation of the East Kimberley JV regional airborne gravity and airborne electromagnetic (VTEM) surveys data is now complete and numerous target areas have been identified for follow-up testing (*Figure 7*). During the quarter a follow-up program of ground EM surveying was commenced to refine these target areas and define potential drill targets. The stippled boxes shown in Figure 7 indicate where ground EM surveys were completed during the quarter.

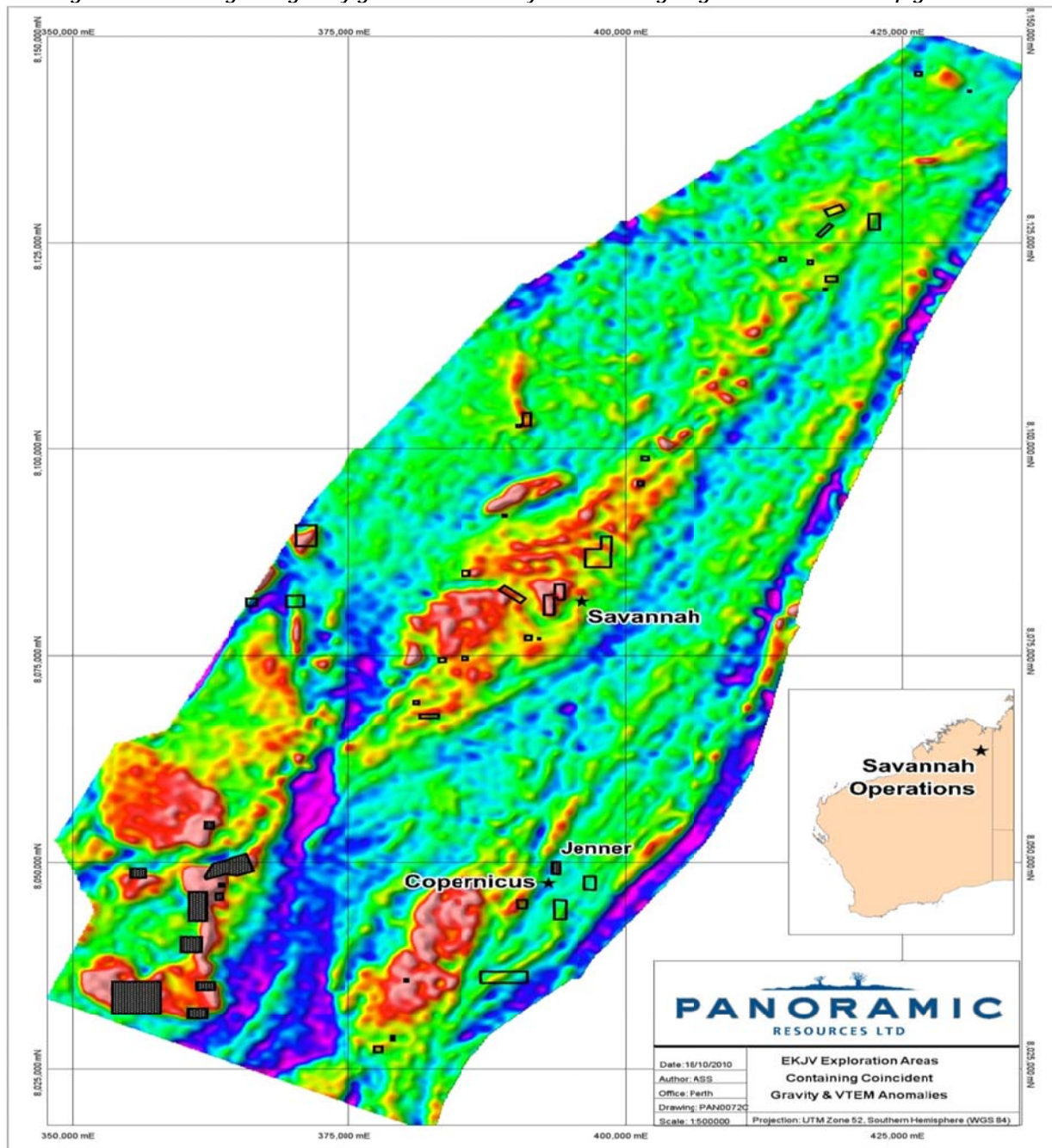




Drill targets have been defined at most of these locations and Heritage Clearance surveys are underway to gain access to the areas. At Jenner, which is located just to the north of the Copernicus orebody, a strong EM conductor associated with a pyroxenite ultramafic body similar to Copernicus is currently being drill tested.

A 330m deep RC pre-collar (SMP178) was also completed at Savannah West (Figure 6). The diamond core tail to be completed on SMP178 is designed to test the residual gravity anomaly identified at Savannah West. This large buried residual gravity anomaly has been modelled to come close to the surface in the vicinity of SMP178.

*Figure 7 – EKJV regional gravity gradiometer survey area showing target areas for follow-up ground EM*







## Lanfranchi Project

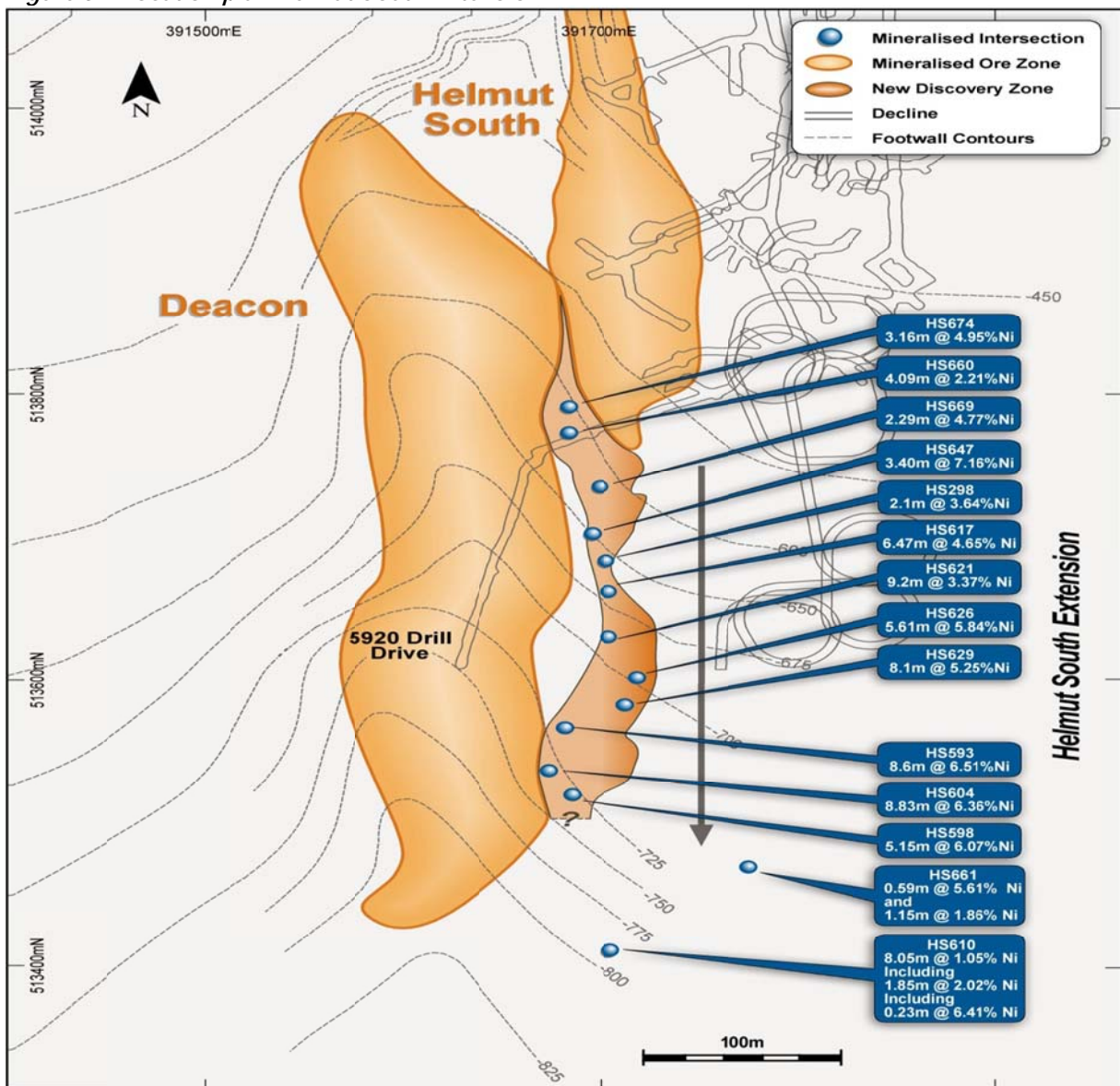
### Overview

Surface and underground exploration drilling continued at Lanfranchi. Surface drilling focussed on Cruickshank where several recently completed resource upgrade drill holes were deepened to test the underside of an overturned fold structure, while underground drilling focussed on the Helmut South Extension and about the Deacon/Schmitz area. In addition to drilling, resource modelling work was completed on both Cruickshank and the Helmut South Extension.

### Helmut South Extension

Exploration drilling on the Helmut South Extension continued with 57 drill holes completed to define the Helmut South Extension Resource of **181,700 tonnes at 3.90% Ni for 7,080 tonnes Ni contained** (refer Appendix 1). Figure 8 shows the position of the Helmut South Extension resource relative to the Deacon and Helmut South orebodies, together with the location of twelve high-grade drill holes intersections that characterise the style of mineralisation.

**Figure 8 – Location plan Helmut South Extension**





## Deacon-Schmitz Drilling

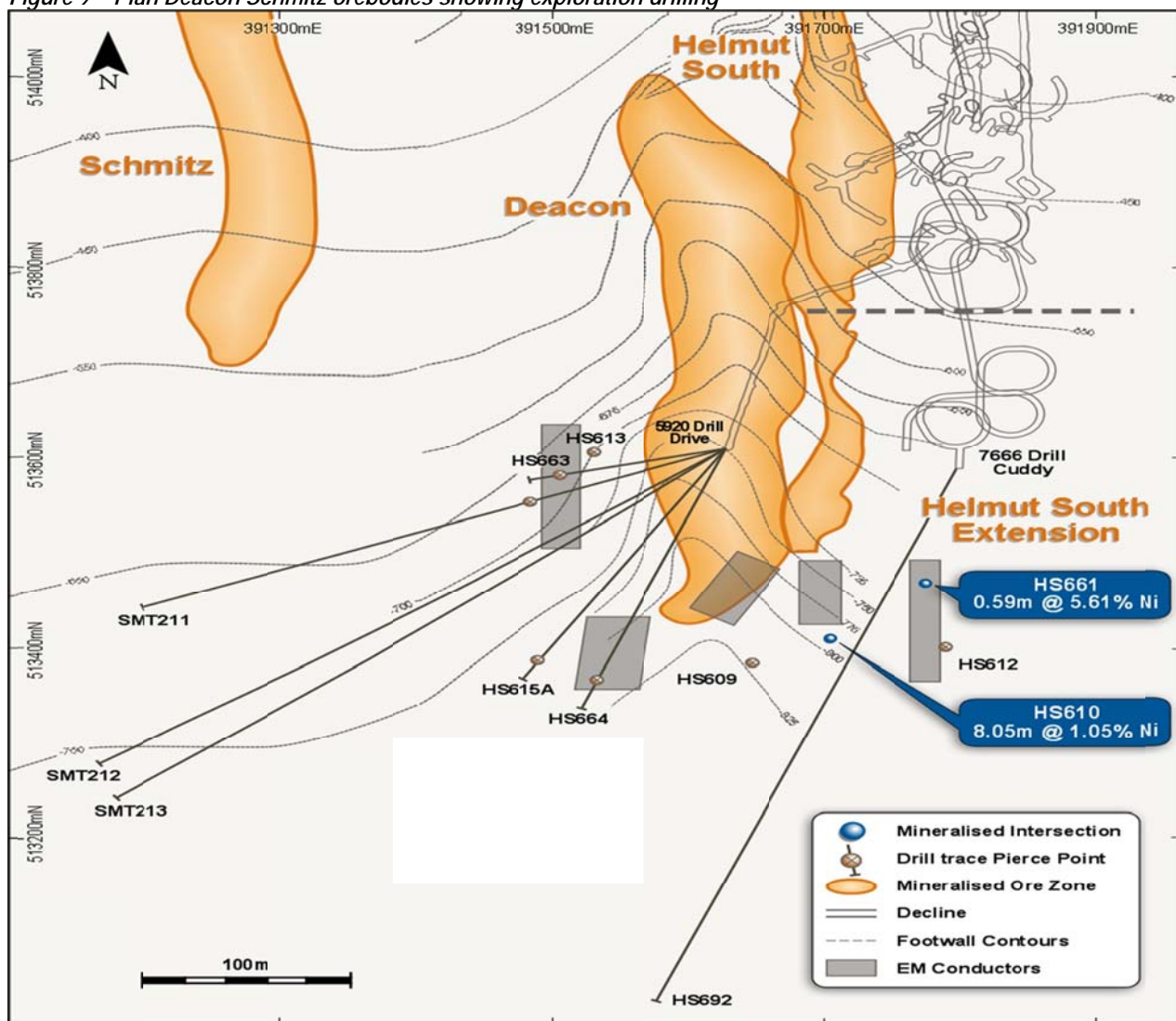
Underground exploration diamond drilling continued about the Deacon/Schmitz areas, with six drill holes completed during the quarter (Figure 9). On the eastern flank of the Deacon channel, holes HS610 and 661 were drilled to target previously defined EM anomalies. Both holes intersected **significant mineralisation with the HS661 intersection possibly indicating the discovery of a new high-grade zone of mineralisation located to the east of the Helmut South Extension orebody.**

To the west of the Deacon channel, holes HS663 and 664 were drilled targeting previously defined EM anomalies. Hole HS663 intersected graphitic sediments at the target depth which would explain the source of the anomaly, while hole HS664 intersected an un-mineralised ultramafic basalt contact on the southern edge of the modelled EM conductor plate. The source of this anomaly remains un-explained.

Two platform EM holes were drilled from the Deacon 5920 hanging wall drill drive south westwards across the down-plunge path of the Schmitz orebody. In July, both these holes were successfully cased with PVC casing in preparation for EM surveying.

Since the end of the quarter, the exploration drill rig has being re-located to the 7666 drill cuddy. From this drill position, commencing with drill hole HS692, a series of long platform EM holes will be drilled to explore the region 450m down-plunge of the Deacon and Helmut South Extension orebodies.

**Figure 9 – Plan Deacon Schmitz orebodies showing exploration drilling**





## *Lanfranchi Orebody Extension*

Due to commitments in other areas, no drilling was undertaken on the Lanfranchi orebody. Drilling is scheduled to resume in the December 2011 quarter.

## *Cruickshank Resource Upgrade*

The Cruickshank resource upgrade drill program was completed in the March 2011 quarter. Fifty four holes were drilled comprising 5,619m of RC and 7,888m of diamond core for a total of 13,508 drill metres. Of the 54 completed drill holes, 42 were mineralised at greater than 0.50% Ni. The Cruickshank Mineral Resource was re-estimated to be **2.63Mt at 1.28% Ni for 33,560t Ni contained**, a 26% increase from the 2007 contained Ni tonne estimate. Further details of the resource estimate are contained in Appendix 1.

It was recognised during the course of the Cruickshank resource upgrade drill program that the Northern Dome overturned fold structure, located just to the north of Cruickshank, was interacting with the deposit at depth (see *Figures 10 and 11*). During the quarter, the Company extended six recently completed drill holes (822m in total) to determine if the Cruickshank mineralisation is being folded and overturned and possibly not completely closed-off at depth. Although not ideally situated to test the concept, all six extended holes drilled through the fold axis and re-entered the Cruickshank ultramafic host lithologies on the underside of the fold. More importantly, **five of the extended holes intersected encouraging zones of low-grade mineralisation on the underside of the fold** (*Figure 11*).

The intersection of these broad zones of low-grade mineralisation on the underside of the Northern Dome overturned fold structure is highly encouraging, and indicates that the higher grade portion of the Cruickshank mineralisation potentially continues further down-plunge on the underside of the Northern Dome overturned fold structure. More drilling from surface to test this concept is currently being considered.

**Figure 10 – Plan view Cruickshank deposit showing interaction with overturned fold structure**

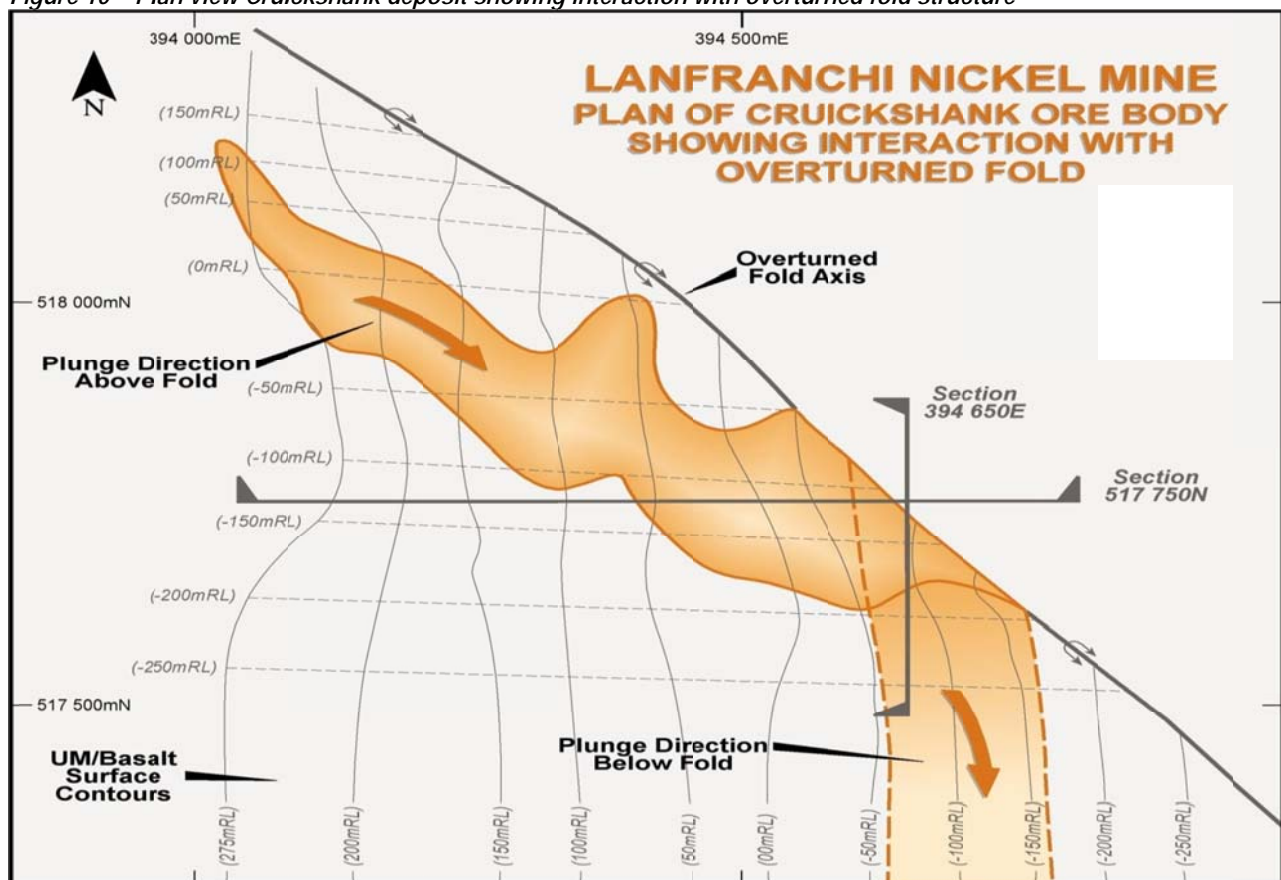
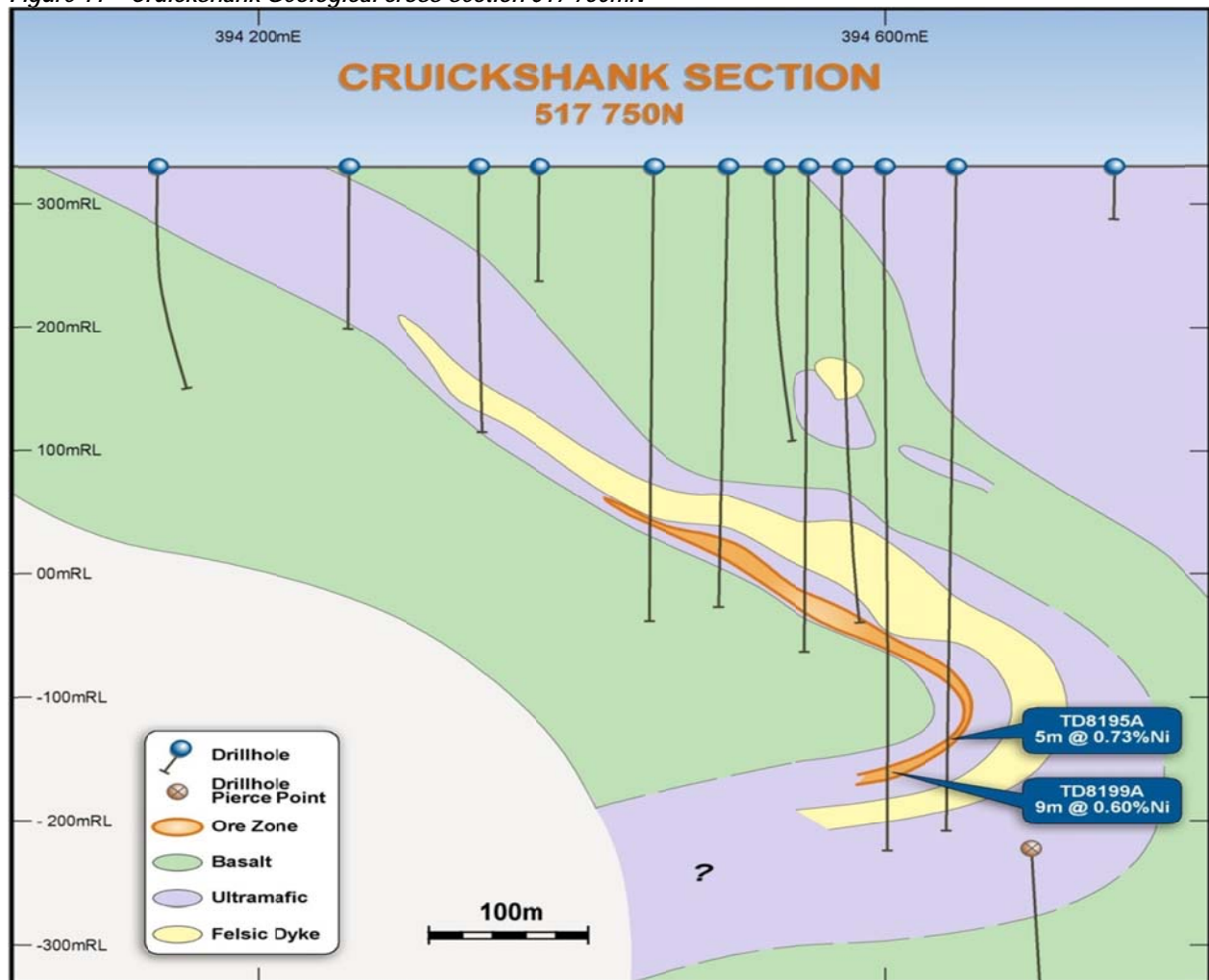






Figure 11 – Cruickshank Geological cross-section 517 750mN



## Gidjee Gold Project

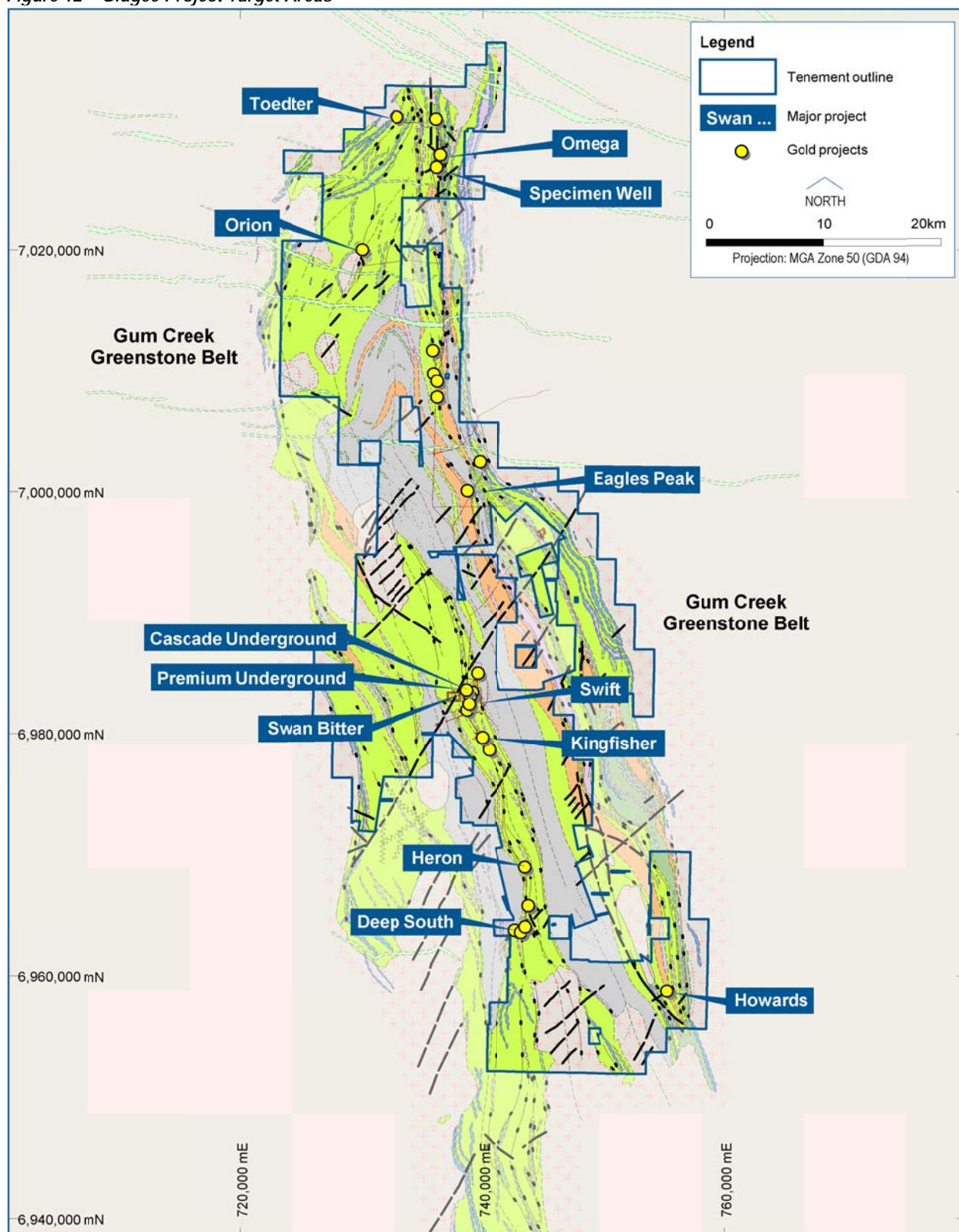
Since acquiring the Gidjee Gold Project, Panoramic has continued to work towards commencing exploration activities as quickly as possible, with the aim to identify, rank and drill targets in the second half of 2011. During the quarter work focused on:

- the compilation and ranking of exploration targets across several areas (*Figure 12*);
- preparation of Program of Works (POW) approvals to commence a 20,000m regional AC drill program. This program commenced in mid-July and is targeting multi-million ounce discoveries (see *Figure 11*). Multi-element lithogeochemistry and hyperspectral data collected will be used to identify and characterise alteration systems around known deposits so that this knowledge can be used as vectors to new discoveries elsewhere in the belt; and
- developing new 3D resource block models over existing open pits and prospects containing known mineralisation. This work is ongoing with 14 new resource models created to date. These new models will facilitate scoping studies on each resource at current gold prices.

Resource confirmation drilling and other targets identified from the new block models will form a significant component of a major RC exploration drill program which is scheduled to commence in the December 2011 quarter.



Figure 12 – Gidgee Project Target Areas





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

No field activity. A detail review of the Cowan Project was commenced during the quarter to assess the remaining potential of the Project. The review is expected to be completed in the September 2011 quarter.

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

Following a review of the Project and 2010 drill results, Panoramic has elected to withdraw from the Norrland Nickel JV.

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

A review of the Bluebush JV has concluded that all the Cu-Au geophysical drill targets on which Panoramic entered the JV have been adequately tested and warrant no further work. A small AC program has been approved to test the phosphate potential of the Bluebush tenements prior to making a decision on the project's future. This drilling was completed in July and the results are pending.

## *Tushtena Gold Project - Alaska*

Following a review of the Project, Panoramic has elected to withdraw from the Tushtena Gold Project.

## *Drake Resources Exploration Alliance - Scandinavia*

Panoramic and Drake Resources Limited (Drake) have an alliance to identify, explore and develop base and precious metal opportunities across Scandinavia. As part of the alliance, two joint ventures areas have been finalised to explore for Palaeoproterozoic volcanic massive sulphide (VMS) style Cu-Zn mineralisation in Finland. The Kangasjarvi and Savia JV areas are located in the Pyhasalmi-Vihanti region of the Fennoscandian Shield of Finland. The Fennoscandian Shield is one of the most intensely and varied mineralised Palaeoproterozoic terrains in the world, including VMS, iron oxide Cu-Au, orogenic gold and layered intrusions.

### *Current Exploration*

#### *Finland*

Drilling to test nine high priority Cu-Zn targets identified from the September 2010 airborne VTEM survey commenced in May. To date, five drill holes have been completed for a total of 1,163m. All five holes intersected zones of pyrrhotite/pyrite sulphide mineralisation (+/- graphite) which may explain the origin of the VTEM anomalies.

Assay results have been received from VTEM target sites AKA 11 and AKA 7. Site AKA 7 (drill hole 11DDKA002) returned a number of anomalous results with up to 0.325% Zn including several samples ranging between 0.1-0.3% Zn and up to 717ppm Cu. One sample assayed 0.129% Ni. Targets AVE 2, 3 and 4 remain to be drilled in the current program.

#### *Other*

During the quarter, the Panoramic/Drake Generative Alliance continued to undertake technical and commercial due diligence studies on a number of opportunities elsewhere in Scandinavia. Since the end of the quarter, Panoramic has agreed with Drake to establish three new joint ventures to explore for copper-rich massive sulphide mineralisation in Norway.





## Corporate

### Liquid Assets & Debt

Cash on hand at the end of the quarter was \$101 million plus receivables of \$24 million, for a total of **\$125 million in current liquid assets**. There were several large payments for capital projects at both operations during the quarter, namely the Lanfranchi camp (\$4 million), the Savannah vent-raise (\$3 million), and the 3m lift on the Savannah tailings storage facility (\$1 million). These payments were in addition to \$6 million of negative quotational period pricing adjustments on sales made in the March 2011 quarter.

The Panoramic Group debt totalled \$1.5 million for finance leases on mobile equipment and financed insurance premiums.

### Investment in Listed Entities

As at 30 June 2011, the Company had investments in the following listed entities:

- Magma Metals (ASX & TSX: MMW) – 25.0M shares;
- Thundelarra Exploration (ASX:THX) – 2.2M shares; and
- Liontown Resources (ASX: LTR) – 2.8M shares.

The market value of these equity investments as at 30 June 2011 was approximately \$6.8 million.

Since the end of the quarter, the Company has taken a placement of 6.67 million shares in Hot Chili Limited (ASX: HCH) at \$0.60 per share. This placement represents the first indirect investment in Chile, which is a country of significant interest to Panoramic. Hot Chili has some very exciting copper exploration projects.

### Hedging

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

- Purchased US\$12 million of currency put options at an average exercise US\$/A\$ FX rate of US\$1.07 for delivery July to December 2011.

Since the end of the quarter, the Company has purchased US\$86 million of currency put options at an average exercise US\$/A\$ FX rate of US\$1.10 for delivery August 2011 to June 2012. To offset the cost of the currency puts, the Company sold US\$60 million of currency call options at an average exercise US\$/A\$ FX rate of US\$0.90 for delivery October 2011 to June 2012.

Excluding the bought nickel put options (which can be exercised by the Company if the US\$ nickel price falls below US\$18,000/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 29% hedged for 2011/12 and approximately 6% hedged for 2012/13.

**Table 4: Group Hedge Book – A\$ Mark-to-Market Valuation as at 30 June 2011**

Commodity	Mark-to-Market 30 Jun 2011	Mark-to-Market 31 Mar 2011
Nickel Forwards	\$5.9 million	(\$6.2 million)
Bought Nickel Put Options	\$0.4 million	\$0.4 million
Sold Nickel Call Options	(\$0.3 million)	(\$1.3 million)
Bought Diesel Call Options	\$1.1 million	\$1.7 million
Bought US\$ Currency Put Options	\$0.3 million	\$0.4 million
<b>Total Mark-to-Market</b>	<b>\$7.4 million</b>	<b>(\$5.0 million)</b>



## About the Company

Panoramic Resources Limited (ASX Code **PAN**, ABN 47 095 792 288) is an established Western Australian mining company operating two 100% owned underground nickel sulphide mines, the Savannah Project in the Kimberley, and the Lanfranchi Project 42km south of Kambalda. On a Group basis, Panoramic produced 17,027t nickel contained in FY2011 and is forecasting to produce between 17,500 to 18,500t nickel in FY2012. In February 2011, the Company acquired the Gidgee Gold Project, located 640kms north-east of Perth. Exploration and evaluation studies have commenced at Gidgee, with the aim of expanding the existing 310,000oz gold resource. The Panoramic Group has strong cash reserves, no bank debt and is continually looking to grow its existing business through internal exploration success, outside acquisitions and/or joint ventures.

*The information in this release that relates to Exploration Results is based on information reviewed by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and 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 each person 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 release of the matters based on the information in the form and context in which it appears.*

*The information in this release that relates to Mineral Resources at Gidgee (Premium and Cascade) is based on studies commissioned and published by Apex Minerals NL which were compiled or reviewed by Mr Andrew Thompson as quoted in Apex Minerals 2009 Annual Report.*

*The information in this release that relates to Mineral Resources at Gidgee (excluding Premium and Cascade) is based on studies commissioned and published by Legend Mining and its consultant Dr Spero Carras, as quoted in Legend Mining's 2006 Annual Report.*

*Mr Thompson is a member of and Dr Carras a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each person 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 Thompson was a full time employee of Apex Minerals NL in 2009 and is currently employed by Corazon Mining Limited. Dr Carras was a consultant to Legend in 2006 and currently Executive Director of Carras Mining Pty Ltd and consults to numerous mining and exploration companies. Mr Thompson and Dr Carras consent to the inclusion in the release of the matters based on the information in the form and context in which it appears.*

*The information in this release relating to the Helmut South Extension Mineral Resource has been completed by Mr Bradley Robinson. Mr Robinson is a member of The Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee of Panoramic Resources Limited. Mr Robinson 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 Robinson consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.*

*The information in this release relating to the Cruickshank Mineral Resource has been completed by Mr Andrew Bewsher of BM Geological Services Pty Ltd. Mr Bewsher is a member of The Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bewsher consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.*



## Appendix 1

### Gidjee Gold Project Resource Summary

Locality	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
Premium – Cascade U/g <sup>(i)</sup>	-	-	-	68	10.8	24	62	7.7	15	131	9.3	39
Other U/g <sup>(ii)</sup>	30	10.4	9	87	10.1	28	549	7.4	130	663	7.8	167
Various Open Pits <sup>(iii)</sup>	0	-	-	1,048	3.1	103	0	0.0	0	1,048	3.1	103
<b>TOTAL</b>	<b>30</b>	<b>10.4</b>	<b>9</b>	<b>1,203</b>	<b>4.0</b>	<b>155</b>	<b>611</b>	<b>7.4</b>	<b>145</b>	<b>1,844</b>	<b>5.2</b>	<b>310</b>

#### Notes:

- (i) Resource estimated by Apex Minerals NL (ASX:AXM) at a 4.5g/t Au lower cut off and reported in AXM's 2009 Annual Report  
(ii) Resource estimated by Legend Mining Limited (ASX:LEG) at a 3 g/t Au lower cut off and reported in LEG's 2006 Annual Report  
(iii) Resource estimated by Legend Mining Limited (ASX:LEG) at a 1.3 g/t Au lower cut off and reported in LEG's 2006 Annual Report

### Helmut South Extension – Initial June 2011 Mineral Resource Estimate

Ni% cut-off	Class	Res-Zone	Tonnes	Ni %	Ni Tonnes	Cu %	Cu Tonnes
Inside 1.0%	Indicated	Main lens	166,950	4.09	6830	0.31	515
model	Inferred	Main lens	14,750	1.67	250	0.14	20
<b>Total</b>			<b>181,700</b>	<b>3.90</b>	<b>7,080</b>	<b>0.30</b>	<b>535</b>

#### Notes:

The initial June 2011 Helmut South Extension Mineral Resource estimate was prepared by Panoramic geological personnel supported by BM Geological Services Pty Ltd. The estimate is JORC compliant and is based on a 3D Surpac block model utilising a block size of 20m NS x 10m EW x 2.5m vertical with 5.0m x 2.5m x 0.625 sub-cells. All drill holes have been accurately located by mine surveyors and by down-hole Eastman and Reflex survey instruments. Grade interpolation is by ID2 techniques using an oriented search ellipse based on the geometry of the mineralisation.

The tonnes and grade of the Mineral Resource estimate is the material constrained within the interpreted mineralisation model which was constructed on sectional wireframe interpretations to a 1.0% Ni cut-off grade. The sectional wireframes were joined to form a 3D model (solid) of the mineralisation. The Mineral Resource is largely classified as Indicated due to the good continuity of the mineralisation, the adequate drill hole spacing and the confidence gained from QA/QC checks and data validation. A small area of mineralisation at the very base (southern) extremity of the resource have been classified as Inferred due to the lack of sample support, lower continuity of grade and lithological controls.

### Cruickshank – April 2011 Mineral Resource Estimate

Ni% cut-off	Class	Res-Zone	Tonnes	Ni %	Ni Tonnes	Cu %	Cu Tonnes
Inside 0.5%	Indicated	Main lens	2,018,300	1.42	28,720	0.12	2,465
model	Inferred	Main lens	610,850	0.79	4,840	0.07	405
<b>Total</b>			<b>2,629,150</b>	<b>1.28</b>	<b>33,560</b>	<b>0.11</b>	<b>2,870</b>
0.75%	Indicated	Main lens	1,907,400	1.47	28,060	0.13	2,390
	Inferred	Main lens	491,300	0.92	4,520	0.07	340
<b>Total</b>			<b>2,398,700</b>	<b>1.36</b>	<b>32,580</b>	<b>0.11</b>	<b>2,730</b>
1.0%	Indicated	Main lens	1,725,630	1.53	26,440	0.13	2,245
	Inferred	Main lens	114,770	1.12	1,280	0.08	95
<b>Total</b>			<b>1,840,400</b>	<b>1.51</b>	<b>27,720</b>	<b>0.13</b>	<b>2,340</b>

#### Notes:

The April 2011 Cruickshank Mineral Resource estimate has been prepared by BM Geological Services Pty Ltd and Panoramic geological personnel. The estimate is JORC compliant and is based on a 3D Surpac block model utilising a block size of 20m NS x 20m EW x 5m vertical with 5.0m x 5.0m x 1.25m sub-cells. All drill holes have been accurately located by an independent licensed surveyor and by down-hole Eastman and Reflex survey instruments. Grade interpolation is by Ordinary Kriging techniques using an oriented search ellipse based on the geometry of the mineralisation.

The tonnes and grade of the Mineral Resource estimate is the material constrained within the interpreted mineralisation model which was constructed on sectional wireframe interpretations to a 0.50% Ni cut-off grade. The sectional wireframes were joined to form a 3D model (solid) of the mineralisation. The Mineral Resource is largely classified as Indicated due to the good continuity of the mineralisation, the adequate drill hole spacing and the confidence gained from QA/QC checks and data validation. Small areas of mineralisation at the extremities of the resource have been classified as Inferred due to the lack of sample support, lower continuity of grade and lithological controls.





## Appendix 2: Panoramic Group Hedge Book as at 30 June 2011

Commodity	Quantity 30 Jun 2011	Average Price/Rate 30 June 2011	Quantity 31 Mar 2011	Average Price/Rate 31 Mar 2011
<b><u>Nickel</u> -</b>				
Nickel Forwards (delivery Apr 2011-Jun 2011)	-	-	624t	US\$16,747/t <b>US\$7.60/lb</b>
Nickel Forwards (delivery Jul 2011-Jun 2012)	2,700t	US\$25,770/t <b>US\$11.69/lb</b>	2,700t	US\$25,770/t <b>US\$11.69/lb</b>
Nickel Forwards (delivery to Jul 2012-Mar 2013)	675	US\$26,468/t <b>US\$12.00/lb</b>	675	US\$26,468/t <b>US\$12.00/lb</b>
Bought Nickel Put Options (delivery Apr 2011-Jun 2011)	-	-	600t	US\$18,250/t <b>US\$8.28/lb</b>
Bought Nickel Put Options (delivery Jul 2011-Jun 2012)	1,452t	US\$18,000/t <b>US\$8.16/lb</b>	1,452t	US\$18,000/t <b>US\$8.16/lb</b>
Sold Nickel Call Options (delivery Apr 2011-Jun 2011)	-	-	219t	US\$25,513/t <b>US\$11.57/lb</b>
Sold Nickel Call Options (delivery Jul 2011-Jun 2012)	600t	US\$30,000/t <b>US\$13.61/lb</b>	600t	US\$30,000/t <b>US\$13.61/lb</b>
<b><u>Diesel</u> -</b>				
Bought Diesel Call Options (delivery Jul 2011-Sep 2012)	375,000litres/mth	US\$0.60/litre	375,000litres/mth	US\$0.60/litre
Sold Diesel Put Options (delivery Jul 2011-Sep 2011)	375,000litres/mth	US\$0.434/litre	375,000litres/mth	US\$0.434/litre
Sold Diesel Put Options (delivery Oct 2011-Sep 2012)	375,000litres/mth	US\$0.440/litre	375,000litres/mth	US\$0.440/litre
<b><u>US\$/A\$ FX</u> -</b>				
Bought US\$ Put Options (delivery Apr 2011 to Jun 2011)	-	-	US\$24.0 million	US\$1.033 FX
Bought US\$ Put Options (delivery Jul 2011 to Dec 2011)	US\$12.0 million	US\$1.07 FX	US\$12.0 million	US\$1.07 FX
Bought US\$ Put Options ** (delivery Aug 2011 to Jun 2012)	US\$86.0 million	US\$1.10 FX	-	-
Sold US\$ Call Options ** (delivery Oct 2011 to Jun 2012)	US\$60.0 million	US\$0.90 FX	-	-

\*\* these currency derivatives were added after 30 June 2011