

Quarterly Report



vision
commitment
results



21 October 2011

ASX: PAN

Quarterly Report for the period ending 30 September 2011

Significant Points

GROUP

- Safety - **no lost time injuries** and a **22% reduction** in reported injuries
- Cash and receivables - \$108 million at the end of the quarter
- Costs - Group payable cash costs of A\$6.32/lb Ni (inclusive of freight, shipping and royalties)
- Group Production - 4,440t Ni, **on target for 17,500 to 18,500t Ni contained for full year**

SAVANNAH NICKEL

- Production - 2,054t Ni in concentrate, up 9% quarter-on-quarter
- Shipments - 27,142t of concentrate, containing 2,020t Ni
- Costs - **payable cash costs A\$5.59/lb Ni**, much improved from the June quarter

LANFRANCHI NICKEL

- Production - 2,386t Ni in ore, down 14% quarter-on-quarter
- Costs - payable cash costs A\$7.07/lb Ni, impacted by production disruptions
- Customer acceptance on increase in maximum limit from 350,000 to **470,000 delivered ore tonnes for FY2012**

GIDGEE GOLD

- Exploration and production strategy formalised, targeting 100,000ozs per annum production
- 34 resource prospects optimised at current gold prices
- Multiple drilling targets defined for testing later this year

EXPLORATION

- Savannah - drilling has intersected magmatic Ni sulphides in high MgO rocks associated with near mine EM targets
- Deacon - continuous EM conductor extends 400m down plunge of Deacon with 24m @ 1.42% Ni at the basal contact
- East Kimberley JV - ground EM confirms numerous targets for drill testing in 2012
- Drake (Finland) - drilling intersects weak Cu and Zn mineralisation and new VTEM targets identified for follow up
- Drake (Norway) - three new JV's formed over areas of historical copper mining in Norway and VTEM surveys flown

CORPORATE

- Dividend - final fully franked dividend of 2 cents per share paid in September, total FY2011 dividends of 6 cents
- Investments - \$4 million placement in Chilean copper explorer, Hot Chili Limited (ASX: HCH)
- Hedge Book - \$26 million "in the money" as at 30 September 2011



Managing Director's Commentary

- **Safety and Environment** – pleasingly, there were no lost time injuries or significant environmental incidents at any of our operations. The Group LTIFR is now below the FY2012 internal target of 5.18, which is a great achievement.
- **Production** - total Group nickel production contained in concentrate/ore was 4,440 tonnes, down 4% quarter-on-quarter. While Savannah reported a 9% increase in nickel production, production at Lanfranchi was down 14%, due to restricted stope availability following the suspension of paste filling underground during major capital upgrade to the paste plant. Group nickel production remains on target for 17,500 to 18,500 tonnes for the full year.
- **Liquid Assets** - cash on hand and receivables totalled \$108 million, down from \$126 million as at the end of the June quarter. The operations generated \$6 million in free cash flow (after working capital movements), while other expenditure included the \$4.1 million final dividend, the \$4 million equity investment in Hot Chili, other payments totalling \$14 million on exploration activities and various capital investment projects (Lanfranchi village and paste plant, Savannah raise bore hole, capping of the Gidgee tailings storage facility) and \$2 million in quotational period (QP) pricing adjustments.
- **Gidgee Gold Project** – our goal of producing up to 100,000ozpa, from a combination of existing resources and new discoveries, is becoming more achievable as exploration and resource optimisation studies continue on the project. Open pit optimisation work using current gold prices (previously optimised at US\$500/oz) on 34 separate prospects has identified numerous targets that warrant drill testing. The drilling is designed to verify and explore for extensions to these prospects. RC and diamond drilling is planned to commence in late October 2011. We believe Gidgee has the potential to become a significant gold producer and our third operating asset in WA.
- **Exploration** - exploration activities continued on several fronts both in Australia and overseas. We are pleased to report the following positive progress:
 - drilling down plunge of Deacon has returned both mineralised intersections and continuous EM plates over ~400m demonstrating the potential to extend the resource;
 - drill testing of EM anomalies close to the Savannah mine returned moderate tenor, magmatic Ni sulphides in high MgO mafic/ultramafic rocks demonstrating the near mine potential for discoveries;
 - multiple drilling targets have been defined on the East Kimberley JV project from various geophysical surveys;
 - three new JV's were formed with our Scandinavian alliance partner in Norway, targeting areas of historical copper mining which have seen little modern exploration; and
 - significant aircore, RC and diamond drilling program is set to commence at Gidgee on multiple prospects in the December 2011 quarter.
- **Cost Management** - the Group's average payable nickel cash cost was A\$6.32/lb, which was marginally (1%) higher than the previous June quarter, in part explained by the production interruption at Lanfranchi. The recent drop in the A\$ has had a positive impact to revenue receipts and has compensated, to a certain extent, the fall in the US\$ spot nickel price since the beginning of the financial year. The focus on productivity and cost reduction is being maintained.
- **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 operating margins. For the remainder of FY2012, the Company has an attractive hedge book with 2,025t of sold nickel forwards at an average US\$25,615/t (US\$11.62/lb), and 675t of nickel forwards at US\$26,468/t (US\$12.00/lb) for FY2013. Together with currency protection, the hedge book at 30 September 2011 had an "in the money" valuation of \$26 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 September quarter 2009, together with the Group net realised A\$ average quarterly nickel price (after hedging and quotational period pricing adjustments).

Figure 1 - Cash Margin & Payable Costs

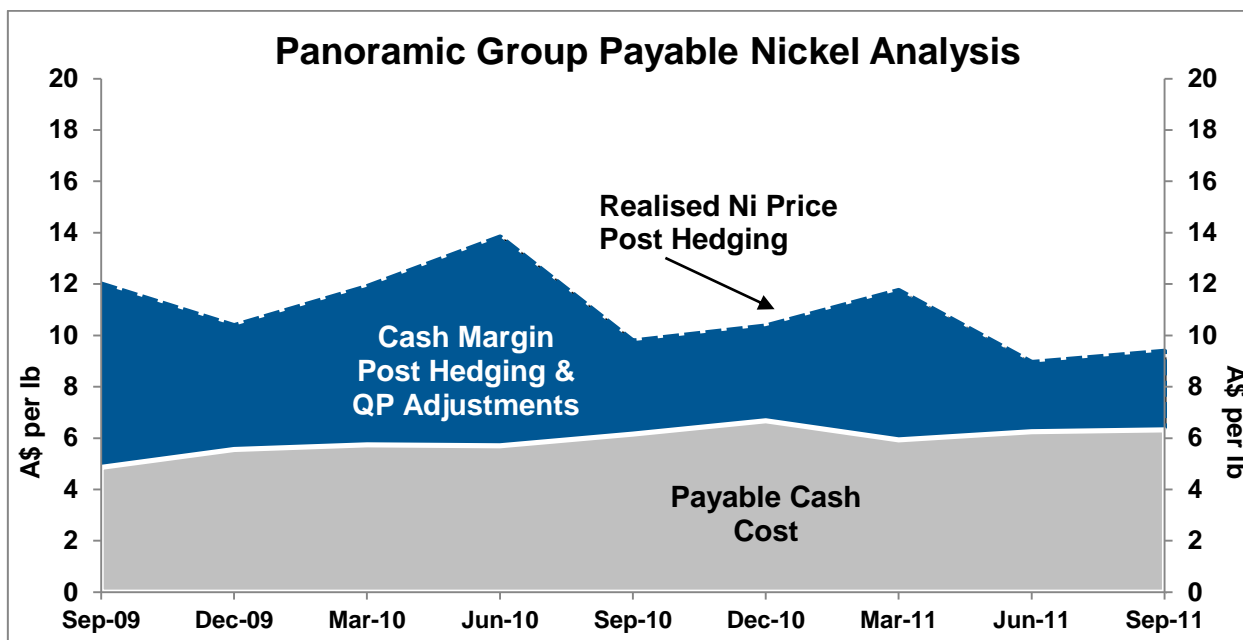


Table 1: Group Production & Unit Costs

	Units	Savannah 3mths ending 30 Sep 2011	Lanfranchi 3mths ending 30 Sep 2011	Total Group 3mths ending 30 Sep 2011	Total Group Previous Qtr Jun 2011
Ore Mined	dmt	168,138	100,747	268,885	263,384
Average Mined Nickel Grade	%	1.49	2.37	1.82	1.86
Nickel in Ore Mined	dmt	2,508	2,386	4,894	4,906
Nickel in Concentrate/Ore Mined	tonnes	2,054	2,386	4,440	4,645
Copper in Concentrate/Ore Mined	tonnes	1,154	181	1,335	1,206
Cobalt in Concentrate/Ore Mined	tonnes	113	-	113	106
Costs Per Pound Payable Nickel					
Mining	A\$ per lb	3.42	4.99	4.20	4.02
Milling	A\$ per lb	1.39	-	0.70	0.72
Administration	A\$ per lb	1.74	0.40	1.08	1.00
Payable Operating Cash Costs (Mine Gate)	A\$ per lb	6.55	5.39	5.98	5.74
Haulage	A\$ per lb	0.29	0.25	0.27	0.27
Port Charges/Shipping	A\$ per lb	0.30	-	0.15	0.11
Ore Treatment	A\$ per lb	-	1.25	0.62	0.68
Net By-product Credits	A\$ per lb	(2.14)	(0.21)	(1.19)	(1.06)
Royalties	A\$ per lb	0.59	0.39	0.49	0.51
Total Payable Operating Cash Costs^(a)	A\$ per lb	5.59	7.07	6.32	6.25
Total Payable Operating Cash Costs^(b)	US\$ per lb	5.87	7.42	6.63	6.63

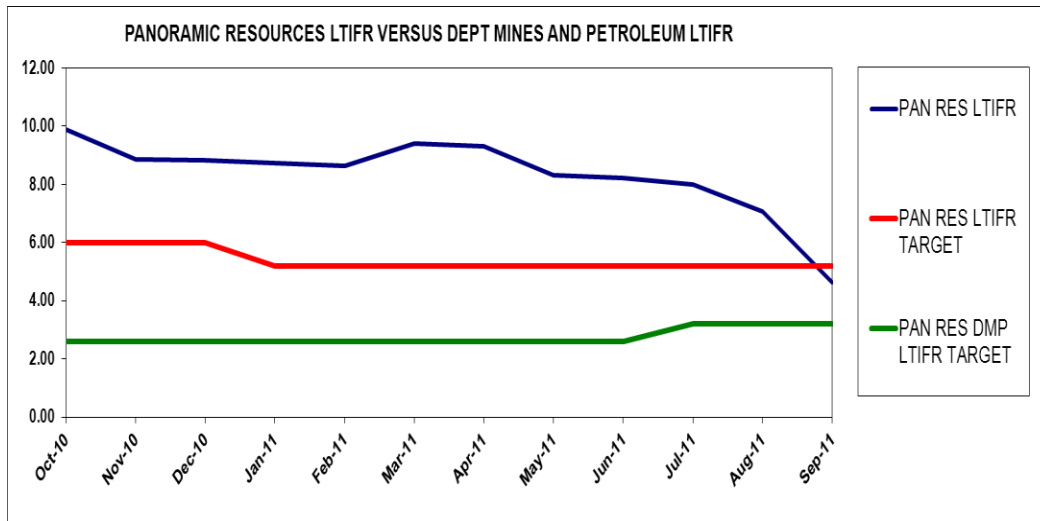
(a) Group capital development cash cost for the quarter was A\$0.96/lb. This cost is not included in Table 1. Capital development costs represent capitalised mining cash costs for deposits in production. These costs do not include pre-production costs for deposits being developed for future mining.

(b) Average September 2011 quarter RBA US\$/A\$ settlement rate of US\$1.0492 (Average June 2011 quarter exchange rate was US\$1.0615).



Safety

No lost time injuries (LTI's) were incurred during the quarter, an excellent result. The Lost Time Injury Frequency Rate (LTIFR) continues to trend downwards, standing at 4.62 at the end of September, which is below the Group's internal FY2012 target of 5.18. The LTIFR has fallen 54% over the past 12 months compared to an upward industry LTIFR trend over the same period (as referenced in *The West Australian Mineral Industry Accident and Injury Statistics 2009–2010*). Overall, there has been a 22% reduction in the number of all reported injuries, quarter on quarter. The chart below shows the fall in the Group LTIFR in comparison to the Group's internal target and the LTIFR Target set by the WA government's Department of Mines and Petroleum (DMP).



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

Milestones during the quarter included:

- Continued work in implementing a trial version of an Enterprise Risk & Planning Model Framework for conducting all business planning, process, projects and operations;
- Traffic Management focus in developing a Principal Hazard Plan model aligned to the National Mine Safety Framework;
- Traffic Management System audit completed at both operations; and
- Independent review at Lanfranchi by LJM and Associates had identified an improved safety culture.

Environment

There were no significant environmental incidents recorded during the quarter.

Rehabilitation work on the Gidgee tailings storage facility was completed to prevent tailings dust blowing around in strong wind. This capping work was a statutory requirement directed to the previous tenement holder, which was identified during due diligence and implemented within eight months of the acquisition of the Gidgee project back in February.



Photos 1 and 2: Capping work on the Gidgee TSF

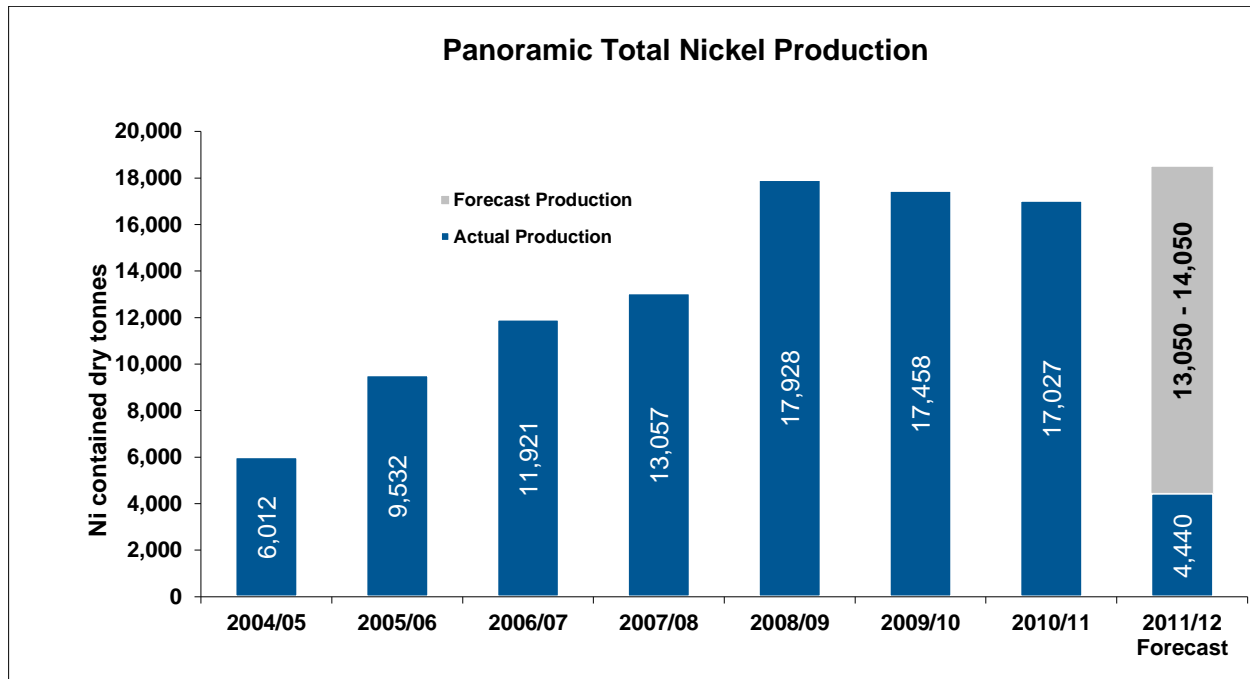


Group Production – Actual & Forecast

The Group produced 4,440 tonnes Ni contained in concentrate/ore for the quarter, which was 2% above forecast.

The Group is forecasting full year production of between 17,500 to 18,500 tonnes Ni contained in concentrate/ore in FY2012.

Figure 2 – Actual Group Production & Forecast for FY2012



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



Photo 3: Savannah Team



Savannah Nickel Project

The Savannah Project produced 2,054t Ni, 1,154t Cu and 113t Co contained in concentrate. Ore tonnes milled was 2% below the June quarter, while the average nickel grade milled was 9% up, quarter-on-quarter. Savannah had an exceptional quarter, with all areas of the mine performing at or above forecast levels.

Concentrate shipments containing 2,020t of nickel metal was at a high level for a second consecutive quarter.

Table 2 – Savannah Project Operating Statistics

Area	Details	Units	3 mths ending 30 Sep 2011	3 mths ending 30 Jun 2011	2010/11 Full Year
Mining	Ore mined	dmt	168,138	150,611	595,944
	Ni grade	%	1.49	1.42	1.35
	Ni metal contained	dmt	2,508	2,147	8,055
	Cu grade	%	0.75	0.67	0.64
	Co grade	%	0.08	0.07	0.07
Milling	Ore milled	dmt	157,508	160,494	600,837
	Ni grade	%	1.51	1.38	1.34
	Cu grade	%	0.76	0.65	0.64
	Co grade	%	0.08	0.07	0.07
	Ni Recovery	%	86.1	85.0	85.7
	Cu Recovery	%	96.9	96.3	95.8
	Co Recovery	%	90.4	89.3	88.7
Concentrate Production	Concentrate	dmt	27,273	24,666	90,747
	Ni grade	%	7.53	7.65	7.63
	Ni metal contained	dmt	2,054	1,886	6,921
	Cu grade	%	4.23	4.06	4.07
	Cu metal contained	dmt	1,154	1,001	3,689
	Co grade	%	0.41	0.43	0.42
	Co metal contained	dmt	113	106	379
Concentrate Shipments	Concentrate	dmt	27,142	26,948	91,743
	Ni grade	%	7.44	7.61	7.60
	Ni metal contained	dmt	2,020	2,051	6,976
	Cu grade	%	4.16	3.98	4.05
	Cu metal contained	dmt	1,129	1,073	3,714
	Co grade	%	0.41	0.43	0.41
	Co metal contained	dmt	112	116	377



Lanfranchi Nickel Project

Production from Lanfranchi was 100,747t of ore at 2.37% Ni for 2,386t Ni contained. Nickel metal in ore was 14% below the previous quarter primarily due to disruptions to stoping activities caused by the suspension of paste filling underground while major capital works were completed on the paste plant. The surface works involved extending the existing conveyor system and hopper modifications to allow the delivery of paste down a second vertical pipe. The capital works were completed by the end of August and underground mining returned to full capacity in early September.

Subsequent to the end of the quarter, BHP Billiton Nickel West has formally given notice accepting an increase in the maximum limit under the Ore Tolling and Concentrate Purchase Agreement for ore deliveries from 350,000 tonnes per annum to 470,000 tonnes per annum for FY2012.

Construction of the Lanfranchi accommodation village (photos 4 and 5) was successfully completed at the end of September. The commissioning of the Lanfranchi village is a major milestone for the project and the Company, providing many benefits to our employees at Lanfranchi, including less travel time to and from work, improved amenities and the strengthening of the on-site culture.



Photo 4: Accommodation units at the Lanfranchi village



Photo 5: Dry Mess at the Lanfranchi village

Table 3 – Lanfranchi Project Operating Statistics

Area	Details	Units	3mths ending 30 Sep 2011	3mths ending 30 Jun 2011	2010/11 Full Year
Mining	Ore mined	dmt	100,747	112,773	412,403
	Ni grade	%	2.37	2.45	2.45
	Ni metal contained	dmt	2,386	2,759	10,106
	Cu grade	%	0.18	0.18	0.21
Ore Delivered	Ore delivered	dmt	101,703	112,010	408,351
	Ni grade	%	2.38	2.37	2.44
	Ni metal contained	dmt	2,425	2,658	9,964
	Cu grade	%	0.18	0.20	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 1,200km² 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: Location Plan

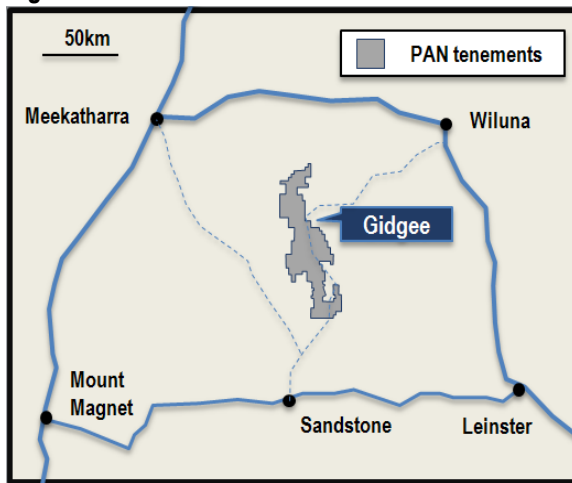
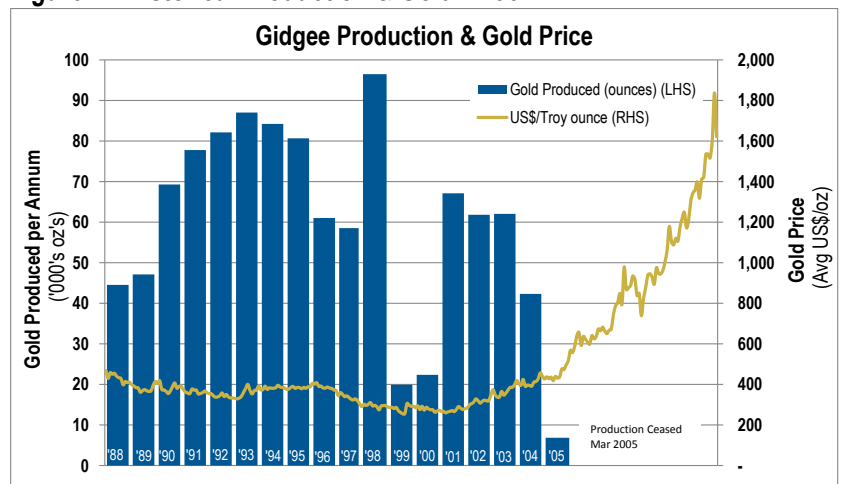


Figure 4 : Historical Production & Gold Price



Exploration & Production Strategy

The goal of producing up to 100,000ozpa Au from a combination of existing resources and new discoveries, is looking very achievable as exploration and resource optimisation studies continue on the project. Open pit optimisation using current gold prices (previously optimised at US\$500/oz) on 34 separate prospects has identified numerous targets that warrant drill testing. The drilling will be designed to both verify historical resources and to explore for possible extensions to existing resources.

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 12-18 months** should sufficient ore reserves be delineated, subject to all necessary statutory approvals and attractive project economics. Current indications are that the timeline to production at Gidgee Project could be shorter than the initial development timeline announced in July 2011.

Exploration

Immediately after acquiring the Gidgee Gold Project, Panoramic commenced exploration activities with the aim to start RC and diamond drill testing of targets in the second half of 2011. During the quarter, work continued on:

- Significant aircore drilling program totalling over 23,000 drill metres;
- the compilation and ranking of exploration targets across several areas (Figure 5);
- the preparation and submission of Program of Works (POW) approvals to commence RC drill testing of targets in the December 2011 quarter; and
- the development of new 3D resource block models over existing open pits and un-mined prospects containing known mineralisation. This work is ongoing with optimisation studies now underway to convert the Measured and Indicated Mineral Resources into Ore Reserves.



Regional Exploration

A total of 425 aircore drill holes for 23,389 drill metres was completed during the quarter. The objective of the program was to collect and map drill chips to determine the lithogeochemical signature and hyperspectral alteration halo about existing deposits. All lithogeochemical samples have been submitted for assay with approximately fifty percent of the results returned and evaluation of the data commenced. The hyperspectral study to determine if alteration halos can be detected about known deposits commenced in early September.

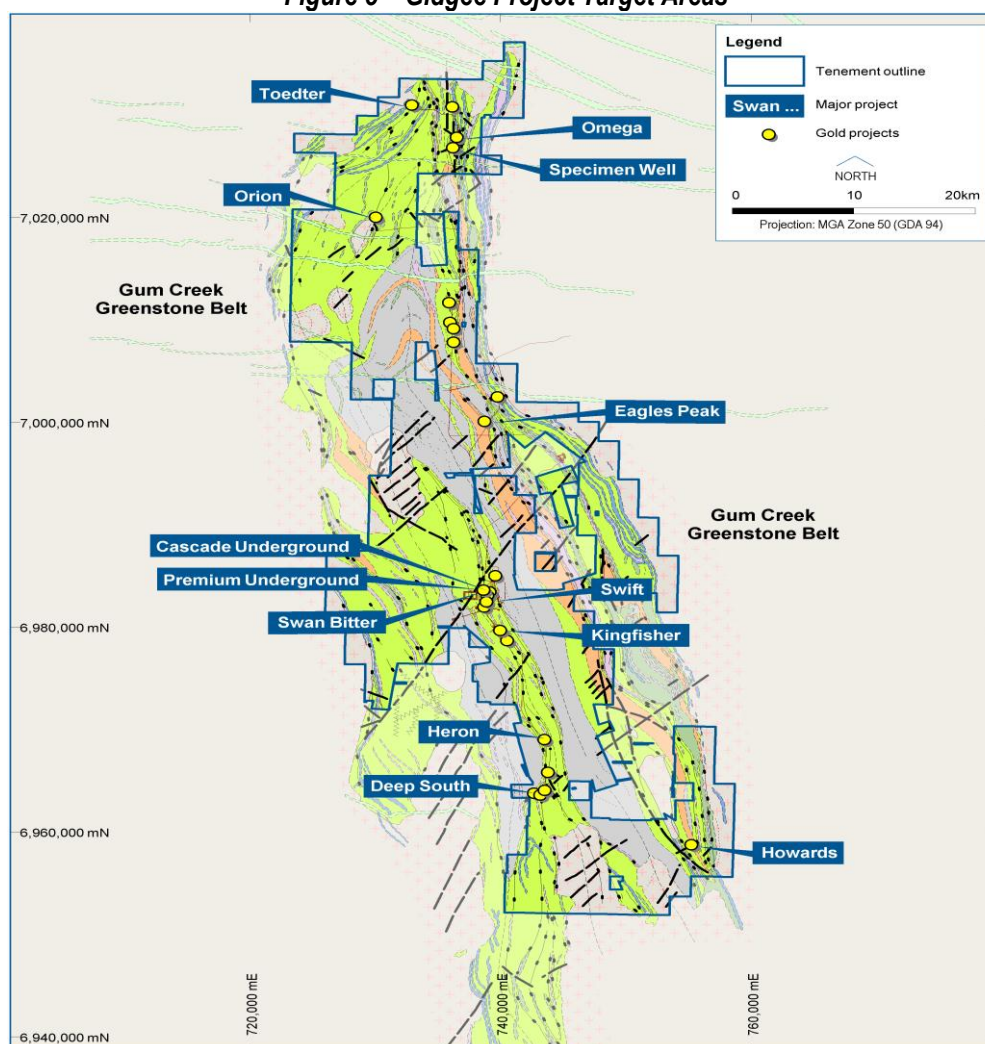
A large geological mapping program was also undertaken with the northern third of the Gidgee tenements mapped at 1:10 000 scale. The mapping highlighted significant structural relationships and alteration halos that will assist in developing future targets. Geological mapping of the southern pits was also completed, providing detailed geological and structural maps. The mapping of the remainder of the tenement package is planned for late 2011.

Another aircore program is planned to start in late October 2011 to test a combination of existing historic targets and new greenfields target areas.

Resource Drilling

To date, a total of 34 new resource models have been created. Resource confirmation drilling and other targets identified from the new resource models will form a significant component of a major RC exploration drill program which is scheduled to commence in late October 2011. As part of the target ranking process, many of the existing open pits and several un-mined prospects have been reviewed to assess their economic potential. The key areas of focus have been Swan Bitter, Specimen Well, Psi, Heron South and Howards. These areas are currently viewed as the highest priority prospects to increase the project's resources and economic Ore Reserves.

Figure 5 – Gidgee Project Target Areas





Copernicus Joint Venture (Panoramic 60%)

Copernicus Open Pit

No Activity

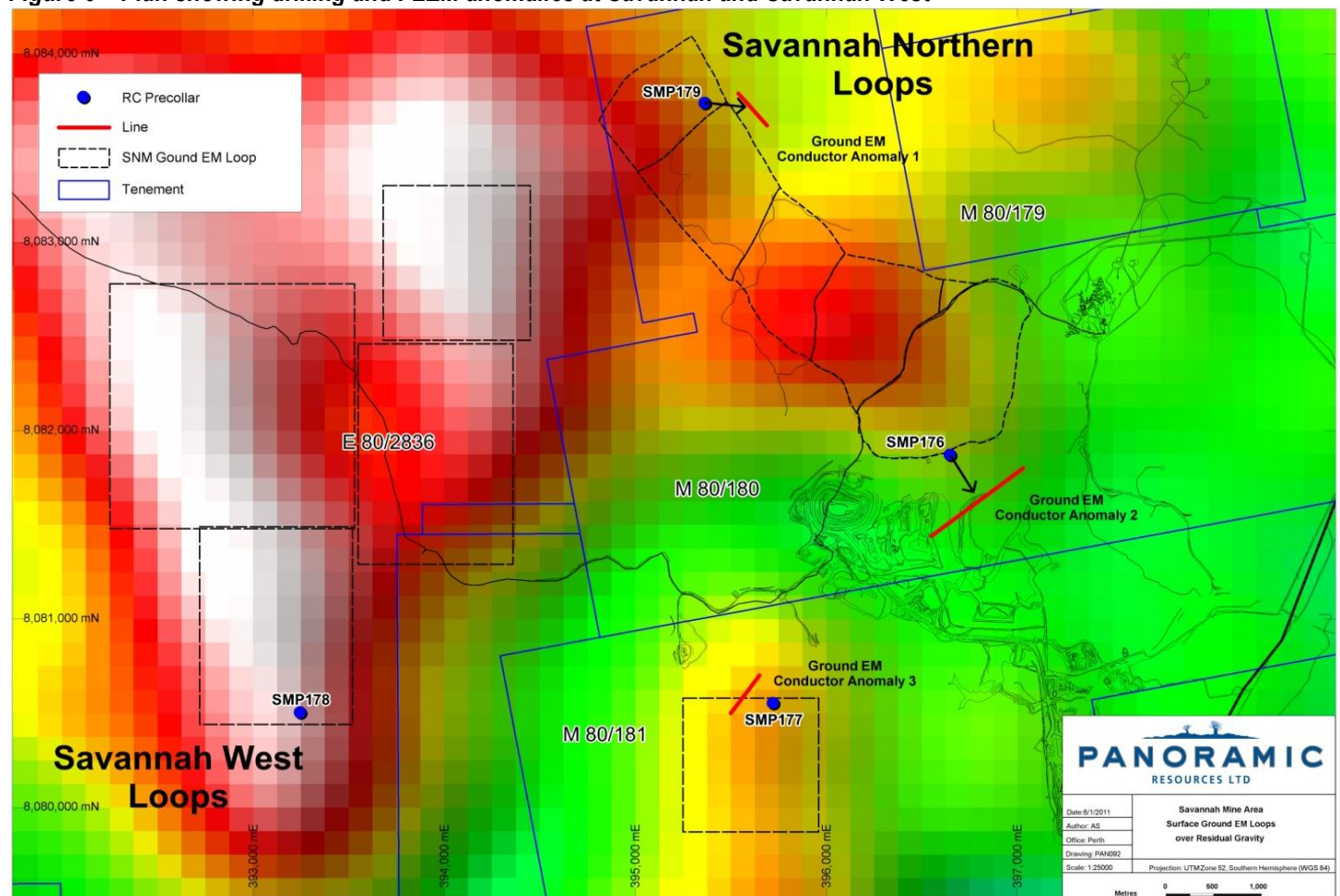
Exploration

Savannah & East Kimberley Regional

Savannah

Diamond drill core tails were completed on the three deep RC pre-collars (SMP176, 177 and 179), targeting high-priority fixed-loop electromagnetic (FLEM) and gravity targets identified near the mine. Down-hole EM surveys (DHTeM) were also completed on the three holes.

Figure 6 – Plan showing drilling and FLEM anomalies at Savannah and Savannah West



Within SMP176, several thin, low-tenor magmatic sulphide zones were intersected in mafic rock units at depths of 320m, 520m and 540m, and on-hole DHTeM anomalies were detected about each of these zones. A large off-hole anomaly was also present below the end of the hole likely to be associated with a large flat lying, stratigraphic sedimentary unit located anywhere between 20m to 100m below SMP176.



Within SMP177, which was targeting a buried gravity anomaly and coincident weak FLEM anomaly located approximately 1km south-west of the Savannah mine, a thin zone of low to moderate tenor, magmatic nickel sulphide mineralisation was intersected at a depth of 320m. Assays returned a best interval of 2m @ 0.53% Ni, 0.20% Cu and 0.03% Co within a broad nickel anomalous (0.1 to 0.2% Ni), high MgO mafic/ultramafic rock unit.

This result is considered highly encouraging for the Savannah mine area, as it represents the first significant magmatic nickel sulphide intersection within a high MgO rock unit outside the Savannah intrusion. A small coincident on-hole and off-hole anomaly was detected in the DHTM data about the magmatic nickel sulphide intersection indicating the sulphide mineralisation extends some distance about SMP177. Further gravity and ground EM is planned in the area in order to better map the distribution of the high MgO rock unit encountered in SMP177.

Drill hole SMP179, targeting a FLEM anomaly at depth near the North Olivine Gabbro, failed to explain the source of the anomaly. The hole encountered mafic rock types until a depth of 378 metres whereupon it passed into the Tickalara Metamorphics before terminating at 482 metres. Nothing encountered in the hole could explain the source of the FLEM anomaly. The DHTM data, however, identified two large, late-time, off-hole anomalies trending sub-parallel to SMP179 which correlates well with the modelled FLEM anomaly. Follow-up drilling is planned to test these two anomalies.

East Kimberley JV (Panoramic 61% or 80%)

Regional

As previously reported, processing and interpretation of the East Kimberley JV regional airborne gravity and airborne electromagnetic (VTEM) surveys data is complete and numerous target areas have been identified for follow-up testing (*Figure 7*). During the quarter, follow-up ground EM surveying continued to refine these target areas and define potential drill targets. The ground EM survey program is ongoing with a total of 33 ground EM surveys now completed. The stippled boxes shown in *Figure 6* indicate where ground EM surveys have been completed. Drill targets have been defined at most of these locations and the Heritage Clearance process is underway to gain access to the areas.

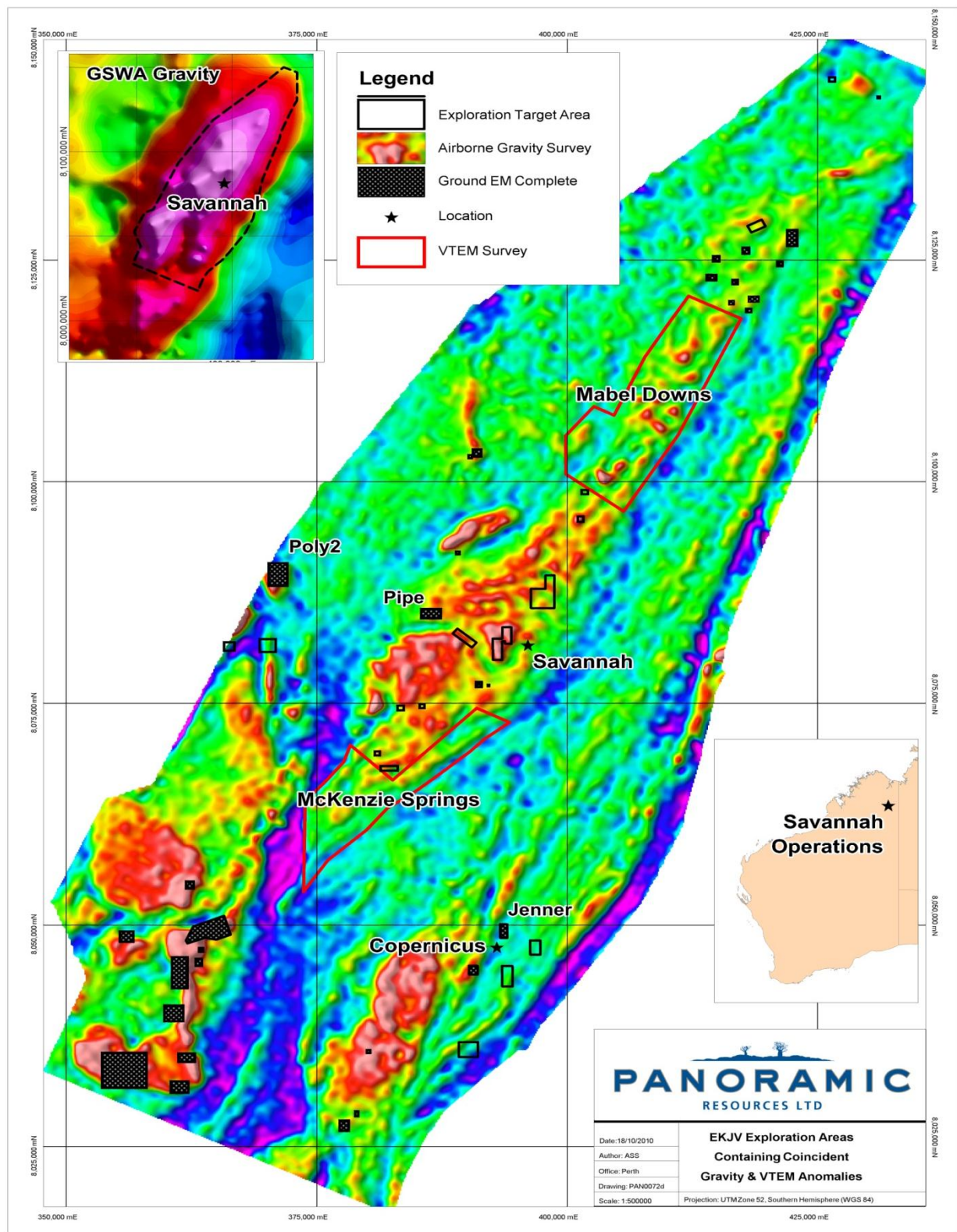
In addition, two new airborne VTEM surveys were flown during the quarter (*Figure 7*), comprising Mabel Downs (990 line km) and McKenzie Springs (534 line km). The final data for these surveys is yet to be received.

At Jenner, located immediately north of Copernicus, three RC drill holes (comprising 576 drill metres) were completed in order to test a strong EM conductor associated with the Jenner pyroxenite (ultramafic). The outcropping Jenner pyroxenite is virtually identical to the Copernicus pyroxenite, which is host to the Copernicus Ni-Cu-Co deposit. Tickalara Matamorphics were intersected in all three drill holes demonstrating that the outcropping Jenner pyroxenite is the remnant root zone of a larger body that has largely been eroded away, and that a thin sulphidic horizon below the intrusion is the source of the EM anomaly and is unrelated to the intrusion. No further work is planned at Jenner at this stage.

At Savannah West (*Figure 6*) the diamond drill core tail to SMP178 was completed during the quarter. The drill-hole was targeting the large buried residual gravity anomaly that was modelled close to the surface in this area. Extensive zones of mafic granulite were encountered in the hole, some containing minor disseminated and in places thin zones of semi-massive, magmatic sulphides. Preliminary analysis indicates the sulphides are low tenor, however assay results are still pending.



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





Lanfranchi Project

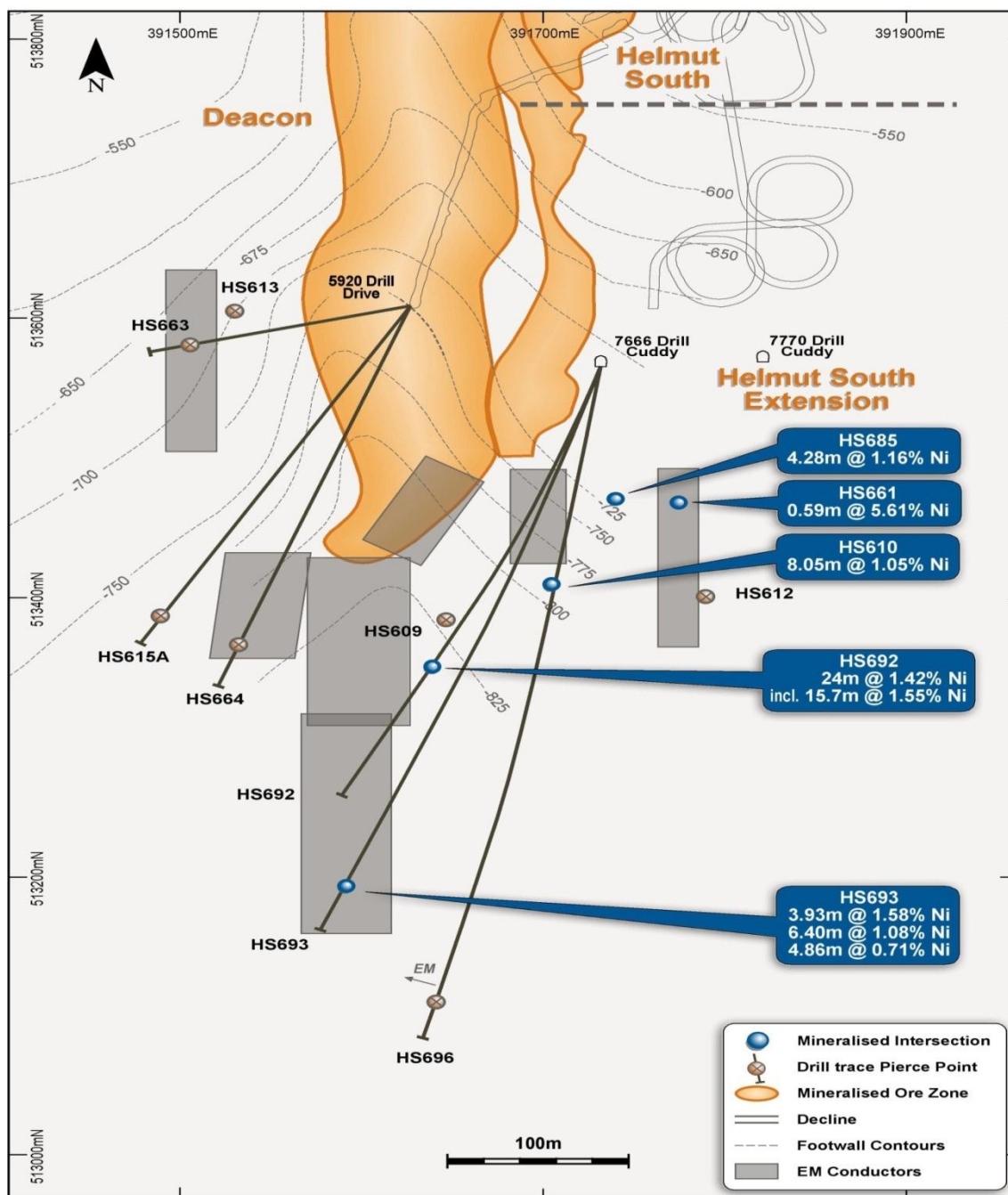
Overview

Underground exploration drilling continued at Lanfranchi, with two exploration drill rigs operating full-time. No surface exploration was conducted during the quarter.

Deacon-Schmitz Drilling

One rig was located in the 7666 drill cuddy where it was engaged in drilling a series of long platform EM holes to explore down plunge of Deacon. Drill holes HS692, 693 and 696 were completed during the quarter (Figure 8).

Figure 8 – Plan showing long platform EM holes below Deacon





Both HS692 and 693 intersected weak to moderate nickel grades about the ultramafic footwall basalt contact. Assay results for HS696 are still pending. DHTM surveys were successfully completed on all three drill holes, and all three surveys identified EM anomalies associated with the Deacon orebody channel position. These anomalies, coupled with the assay results for HS692 and 693, provide encouragement that mineralisation exists within the Deacon channel below the current base of the existing Deacon deposit.

Drilling to explore down-plunge of Deacon with long, platform EM holes is ongoing. Drill hole HS708, targeting further down-plunge of HS696, is currently in progress. Development of a new Deacon hanging wall exploration drill drive has commenced. When complete, the 7400 Drill Drive will enable the Company to systematically drill test down plunge of both Deacon and Helmut South Extension.

During the quarter, the second exploration drill rig tested a series of targets on the eastern side of the Deacon channel. Seven exploration holes (HS678 to 684) were drilled up-plunge of the Helmut South orebody intersecting disseminated mineralisation, with the best intersection of 7.38m at 0.93% Ni in HS681.

The drill rig was relocated to the 7770 drill cuddy (see *Figure 8*) to commence a program of drill holes (HS685 onwards) to follow-up on the high grade intersection previously reported in HS661 to the east of the Helmut South Extension orebody. Nine holes have been completed and, while some broad intervals of moderate to strong disseminated to matrix style sulphides have been intersected in several holes, the assayed tenor and thickness of the intersections so far has been low. Assays have been received for six holes, with the best being 4.28m grading 1.16% Ni in HS685, and 1.83m grading 2.67% Ni in HS687.

DHTM surveys were also completed on drill holes SMT211, 212 and 213 down plunge of the Schmitz orebody, and are currently being evaluated.

Lanfranchi Orebody Extension

Drilling is scheduled to resume testing down-plunge of the Lanfranchi orebody in early 2012 following the completion of the exploration drill drive.

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

No field activity. A review of the Cowan Nickel Project was completed during the quarter. The review identified four prospective areas for MLEM coverage and fifteen RAB and MLEM anomalies that warrant drill testing. Panoramic has committed to complete this program in FY2012. During the quarter, MLEM coverage began at Lake Cowan.

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

As stated in the June 2011 quarterly report, a review of the Bluebush JV concluded that all the Cu-Au (IOCG style) geophysical drill targets on which Panoramic entered the JV have been adequately tested and warrant no further work. As a consequence, EL24/966 covering these targets was relinquished during the quarter.

On EL24/967, a 42 hole, 1,000 metre reconnaissance drill program targeting phosphate and copper/gold mineralisation was completed in July and August. "Bottom of hole" assays for several drill holes returned highly anomalous rare earth values of up to 0.43% TREO. Early indications of REO distributions are positive with approximately 68% LREE and 28% HREE. The rare earths show an association with elevated phosphate and weak uranium values suggesting the REE bearing minerals are phosphates. The work is at a very early stage with further assaying and mineralogy underway to better understand the significance of the results.

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.



During the quarter, as part of the Panoramic/Drake Generative Alliance, Panoramic agreed with Drake to establish three new joint ventures to explore for copper-rich massive sulphide mineralisation in Norway. The three Norway JV areas are Lokken, Sulitjelma and Hersjo. Work on these latest three JVs has commenced.

Finland (Kangisjarvi–Savia Joint Ventures)

Highlights on work undertaken on the Kangisjarvi–Savia JV areas in Finland include:

- All VTEM targets selected for the first phase of exploration have now been tested;
- All assay data has now been received showing weak Cu and/or Zn mineralisation intersected in several holes; and
- Review of VTEM has identified additional targets for testing.

Drilling to test nine high priority Cu-Zn targets identified from the September 2010 airborne VTEM survey was completed during the quarter for a total of 2043 drill metres (*Figure 10*). Final analyses have now been received and these are summarised below (earlier results were reported in the June 2011 quarterly report):

- 11DDSA003 (VTEM anomaly APA5) returned some elevated Cu ranging from 0.14% to 0.18% Cu over 5 metres. This coincides with a pyrrhotite-pyrite zone at the contact between felsic and mafic volcanics;
- 11DDSA004 (AVA6) intersected elevated Cu (maximum of 0.15%) at the contact between intermediate and mafic volcanics (from 122 to 142 m). A zone of magnesia altered mafic volcanics within this intersection had lower Cu (max 0.06%);
- 11DDSA007 (AVE4) had the highest grade intersected to date, with 0.50 m (237 to 237.50 m) @ 0.35% Cu related to a small sulphide vein, hosted in an intermediate volcanic layer.

A review of the targets drill tested so far was completed and a follow-up work program has been agreed. The follow-up work plan includes down-hole EM for targets APA5, AVA6, AVE2 and AVE4, while the remaining targets (except AKA7) will have no further work. At AKA7, a review of the drill core and geological logs confirmed that drilling had been largely down dip and therefore the target had not been adequately tested. The hole returned anomalous Zn (max 0.325%) with minor Cu up to 717 ppm.

The lithologies at AKA7 are both very graphitic and sulphidic. Gravity data has been requested to assist in the review of this complex target area, and the follow-up work program. DHTEM is scheduled to commence in late October 2011.

As part of the review, the VTEM data was re-evaluated in light of the work completed to date and a range of new targets identified for ground follow-up. These targets will firstly be screened with ground gravity.

The December 2011 quarter work plan will involve DHTEM on completed drill targets where the source of the conductor was not explained, ground gravity over new VTEM targets and ground preparation for further drilling this northern hemisphere winter.

Norway (Lokken, Sulitjelma & Hersjo Joint Ventures)

At Lokken a 1,650 line kilometer VTEM survey was completed during the quarter. Final survey data should be delivered in late October 2011. The preliminary survey data has identified a number of anomalies including one totally new and unexplored anomaly of 1.6km strike known as Kviknan, which appears to be rodiform and plunging shallowly to the east, hosted by the same basalt sequence that hosts the “world class” Lokken Cu deposit.

At Sulitjelma, the planned VTEM was cancelled due to weather and third party issues. The survey has been tentatively re-scheduled for August 2012.

At Hersjo, a 604 line kilometer VTEM survey was completed during the quarter. The preliminary data has been received, with the final data expected in late October 2011. A number of conductors have been identified, several of which look interesting. Efforts to ground truth these were hampered by poor weather conditions. At one conductor site, a previously unknown massive pyrrhotite outcrop was located. Analytical results for samples collected at this site are still pending.



Corporate

Liquid Assets & Debt

Cash on hand at the end of the quarter was \$70 million plus receivables of \$38 million, for a total of **\$108 million in current liquid assets**. The reduction in current liquid assets from the end of last quarter was primarily due to:

- \$4.1 million - final FY2011 dividend (fully franked, 2 cents per share);
- \$4 million - equity placement in Hot Chili Limited;
- \$14 million - expenditure on capital projects/equipment and on exploration activities in Australia and overseas; and
- \$2 million - quotational period (QP) pricing adjustments.

The Panoramic Group debt totalled \$1.2 million for finance leases on mobile equipment and financed insurance premiums.

Hedging

During the quarter, the Company added the following hedging:

Nickel

- Purchased 1,200t of nickel put options at US\$18,000/t (US\$8.16/lb) for delivery October 2011 to March 2012. To partly offset the cost of the put options, 600t of nickel call options were sold at US\$27,000/t (US\$12.25/lb) for delivery over the same period.

US\$/A\$ FX Rate

- 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 partly 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 34% hedged for FY2012 and approximately 6% hedged for FY2013.

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

Commodity	Mark-to-Market 30 Sep 2011	Mark-to-Market 31 Jun 2011
Nickel Forwards	\$23.2 million	\$5.9 million
Bought Nickel Put Options	\$3.7 million	\$0.4 million
Sold Nickel Call Options	-	(\$0.3 million)
Bought Diesel Call Options	\$0.7 million	\$1.1 million
Bought US\$ Currency Put Options	\$0.2 million	\$0.3 million
Sold US\$ Currency Call Options	(\$1.8 million)	-
Total Mark-to-Market	\$26.0 million	\$7.4 million

Investment in Listed Entities

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

- Magma Metals (ASX & TSX: MMW) – 25.0M shares;
- Hot Chili Limited (ASX:HCH) – 6.67M shares;
- Thundelarra Exploration (ASX:THX) – 2.2M shares; and
- Liantown Resources (ASX: LTR) – 2.8M shares.

The market value of these equity investments as at 30 September 2011 was approximately \$8.4 million.



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.

Appendix 1 - Panoramic Group Hedge Book as at 30 September 2011

Commodity	Quantity 30 Sep 2011	Average Price/Rate 30 Sep 2011	Quantity 30 Jun 2011	Average Price/Rate 30 Jun 2011
Nickel -				
Nickel Forwards (delivery Oct 2011-Jun 2012)	2,025t	US\$25,615/t US\$11.62/lb	2,700t	US\$25,770/t US\$11.69/lb
Nickel Forwards (delivery to Jul 2012-Mar 2013)	675t	US\$26,468/t US\$12.00/lb	675	US\$26,468/t US\$12.00/lb
Bought Nickel Put Options (delivery Oct 2011-Jun 2012)	2,226t	US\$18,000/t US\$8.16/lb	1,452t	US\$18,000/t US\$8.16/lb
Sold Nickel Call Options (delivery Oct 2011-Jun 2012)	1,050t	US\$28,667/t US\$13.00/lb	600t	US\$30,000/t US\$13.61/lb
Diesel -				
Bought Diesel Call Options (delivery Oct 2011-Sep 2012)	375,000litres/mth	US\$0.60/litre	375,000litres/mth	US\$0.60/litre
Sold Diesel Put Options (delivery Oct 2011-Sep 2012)	375,000litres/mth	US\$0.440/litre	375,000litres/mth	US\$0.440/litre
US\$/A\$ FX -				
Bought US\$ Put Options (delivery Oct 2011 to Dec 2011)	US\$6.0 million	US\$1.08 FX	US\$12.0 million	US\$1.07 FX
Bought US\$ Put Options (delivery Oct 2011 to Jun 2012)	US\$66.0 million	US\$1.10 FX	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	US\$60.0 million	US\$0.90 FX