

# Quarterly Report



vision  
commitment  
results



23 April 2012

ASX: PAN

## Quarterly Report for the period ending 31 March 2012

### Significant Points

#### GROUP

- Safety - one Lost Time Injury reported, LTIFR continues to trend down
- Liquid Assets - **\$96 million** at the end of the quarter, **up 7% on last quarter**, \$11 million generated in free cash flow
- Costs – under control, group payable cash costs of A\$5.98/lb Ni (after royalties)
- Production - **5,214t Ni contained, a new Group quarterly production record**
- Group full year production – **target increased again to 19,400-19,600t Ni contained** (up from 18,500-19,000t)

#### SAVANNAH NICKEL

- Production - **2,197t Ni in concentrate**
- Shipments - 31,492t of concentrate, 2,378t Ni contained
- Costs - payable cash costs of A\$5.72/lb Ni

#### LANFRANCHI NICKEL

- **Production – 3,017t Ni in ore, up 20% on last quarter, a new quarterly production record**
- Costs - payable cash costs steady at A\$6.52/lb Ni
- **Additional mineralisation intersected below and west of the Lanfranchi ore-body**

#### GIDGEE GOLD

- **High-grade gold intercepts** beneath Heron South, Swift, Swan Bitter and Psi
- Open pit optimisation work on going
- Re-commissioning - long lead time planning activities continuing

#### EXPLORATION

- Lanfranchi – **new high grade nickel intercepts at West Lanfranchi**
- Lanfranchi - drilling to test down-plunge of Deacon in light of the encouraging EM responses ongoing
- Savannah – drill drive development for resource drilling below the 900 fault well advanced, drilling due to start July 2012
- Drake Alliance - new anomalies being tested with ground geophysical surveys

#### CORPORATE

- Investments - subscribed for 4.83 million shares (~\$3 million) in Hot Chili's February 2012 capital raising
- Hedge Book - **\$13 million “in the money”** as at 31 March 2012, additional Ni, A\$ and diesel hedging undertaken
- Magma Metals - Off-market offer announced in February 2012 to acquire all the shares in Magma



## Managing Director's Commentary

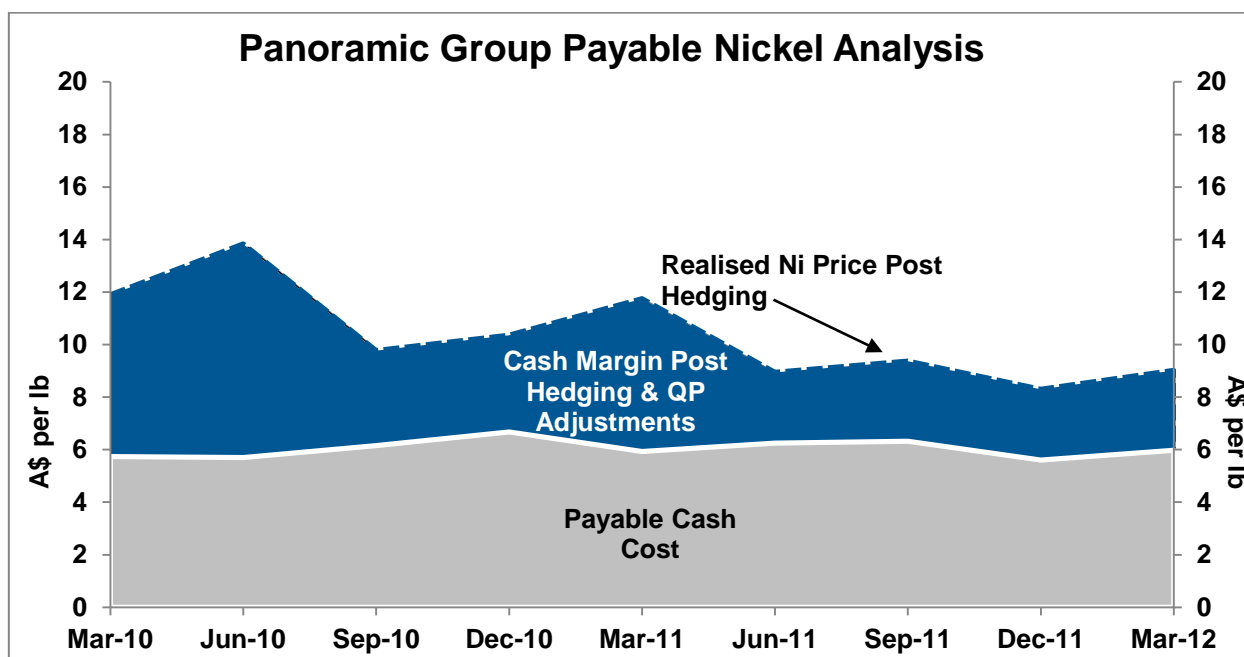
- **Safety and Environment** - despite the recording of one LTI in the quarter, the Group LTIFR continues to trend down, resulting in a rate of 4.41 by the end of the quarter.
- **Production** - total Group nickel production contained in concentrate and ore was 5,214 tonnes, up 1% quarter-on-quarter and a new Group production record. Lanfranchi had a record quarter, reporting a 20% increase in nickel production. Savannah's production was down 17% compared to the previous record production quarter in December (which resulted from very high average nickel grade ore). Based on the continuing strong performance at both operations, the Group FY2012 nickel production target has been increased again from 18,500-19,500t to 19,400-19,600t Ni contained.
- **Liquid Assets** - cash and receivables totalled \$96 million, up \$6 million on the previous quarter. The operations generated \$11 million in free cash flow (after working capital movements) before payment of the interim half year dividend (~\$4 million), the 4.83 million share placement in Hot Chili Limited (~\$3 million), and ~\$2 million on the ventilation project at Savannah.
- **Gidgee Gold Project** - open pit optimisation study work has continued with the primary focus on the Swan Bitter and Heron South/Swift/Psi resources. Exploration drilling continued and has returned high-grade intercepts in all these areas. Weekly charter flights have commenced operating directly into Gidgee following the upgrade of the airstrip. Detailed planning continues on areas that will require work to re-commission Gidgee (ie. development personnel, environmental studies, metallurgy, services, etc).
- **Exploration** - exploration activities continued on several fronts in Australia and overseas. We are pleased to report the following positive progress:
  - drilling down-plunge and west of Lanfranchi ore-body has discovered additional high-grade mineralisation;
  - multiple drilling targets prioritised on the East Kimberley JV and heritage clearance applications have been lodged;
  - in Finland, new drill targets have been confirmed and testing is to commence this quarter, while in Norway geophysical surveying is now underway to identify drill targets for testing later this year; and
  - drilling at Gidgee is returning positive results.
- **Cost Management** - the record ore production quarter and reduction in total direct site costs at Lanfranchi was slightly offset by lower average nickel grade of ore mined at Savannah resulting in a higher average Group payable unit cash cost of A\$5.98/lb (compared to A\$5.61/lb in the previous quarter). The focus on productivity and cost reduction remains a priority for the business given the continued tightness in the WA mining sector labour market, the strong A\$ and the volatility in overseas markets impacting on global commodity prices. A Productivity and Cost Reduction Program has been implemented, focusing on adding quality tonnes to the production profile and finding both short and long term cost savings.
- **Hedging** - the Company added some US\$ Ni price and US\$/A\$ exchange rate put options during the quarter to further protect operating margins. For the remaining quarter of FY2012, the Company has 675t of sold nickel forwards at an average US\$25,309/t (US\$11.48/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 31 March 2012 had an "in the money" valuation of \$13 million.
- **Magma Off-Market Takeover Offer** - on 3 February 2012, the Company announced an off-market bid to acquire all the shares in Magma Metals Limited (ASX: MMW) it does not already own by offering to issue Magma shareholders 2 Panoramic shares for every 17 shares they own in Magma. The offer has been extended to 10 May 2012. The proposed acquisition of Magma is consistent with our stated objective of acquiring base and precious metal resources and exploration projects which we could develop into profitable mining operations in the future. Magma's assets fit this criteria and Panoramic believes it has the technical expertise to accelerate Magma's advanced Thunder Bay North PGMs project in Canada and to test Magma's early stage gold exploration properties in Western Australia. We encourage all Magma shareholders to accept our offer and, by becoming shareholders in Panoramic, share in our exciting future as we grow, diversify and create value for all shareholders.



## 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 March 2010 quarter, 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 31 Mar 2012	Lanfranchi 3mths ending 31 Mar 2012	Total Group 3mths ending 31 Mar 2012	Total Group Previous Qtr Dec 2011
Ore Mined	dmt	158,435	130,496	288,931	281,658
Average Mined Nickel Grade	%	1.54	2.31	2.00	2.00
Nickel in Ore Mined	dmt	2,435	3,017	5,452	5,628
Nickel in Concentrate/Ore	tonnes	2,197	3,017	5,214	5,173
Copper in Concentrate/Ore	tonnes	1,060	274	1,334	1,760
Cobalt in Concentrate/Ore	tonnes	124	-	124	140
<b>Costs Per Pound Payable Nickel</b>					
Mining	A\$ per lb	3.29	4.16	3.75	3.61
Milling	A\$ per lb	1.42	-	0.66	0.69
Administration	A\$ per lb	1.51	0.33	0.88	0.99
<b>Payable Operating Cash Costs (Mine Gate)</b>	<b>A\$ per lb</b>	<b>6.22</b>	<b>4.49</b>	<b>5.29</b>	<b>5.29</b>
Haulage	A\$ per lb	0.35	0.24	0.29	0.27
Port Charges/Shipping	A\$ per lb	0.39	-	0.18	0.18
Ore Treatment	A\$ per lb	-	1.35	0.73	0.59
Net By-product Credits	A\$ per lb	(1.78)	(0.23)	(0.95)	(1.15)
Royalties	A\$ per lb	0.54	0.35	0.44	0.43
<b>Total Payable Operating Cash Costs<sup>(a)</sup></b>	<b>A\$ per lb</b>	<b>5.72</b>	<b>6.20</b>	<b>5.98</b>	<b>5.61</b>
<b>Total Payable Operating Cash Costs<sup>(b)</sup></b>	<b>US\$ per lb</b>	<b>6.04</b>	<b>6.54</b>	<b>6.31</b>	<b>5.68</b>

(a) Group capital development cash cost for the quarter was A\$0.64/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.

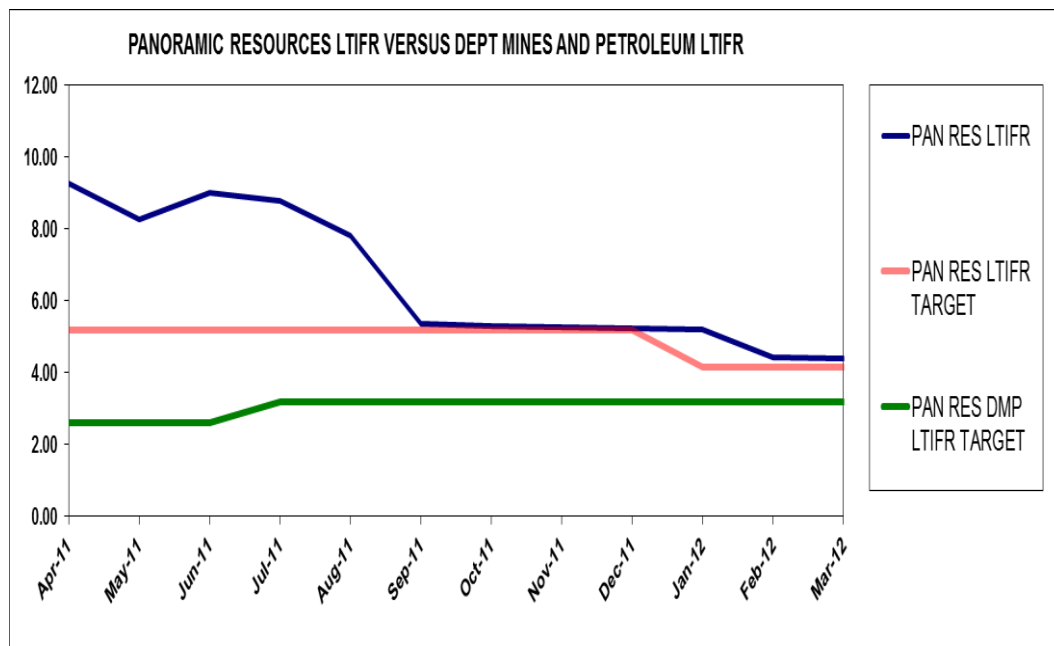
(b) Average March 2012 quarter RBA US\$/A\$ settlement rate of US\$1.0555 (Average December 2011 quarter exchange rate was US\$1.0118).



## Safety

One lost time injury (LTI) was recorded during the quarter. Despite this, the 12 month moving average Group LTI Frequency Rate (LTIFR) continued to trend down, standing at 4.41 at the end of the quarter. The chart below shows the fall in the Group LTIFR in comparison to the Group's internal target (4.14) and the LTIFR Target (3.2) set by the WA Department of Mines and Petroleum (DMP).

**Figure 2 – Group Safety Statistics**



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

Milestones during the quarter included:

- Ongoing work on the Operation Business Disruption and HSE Risk Profile work at both Lanfranchi and Savannah;
- New enterprise wide Risk Management Guideline completed for Board review and approval;
- Revised OHS internal audit process and reporting structure introduced across the Group; and
- Internal audits completed at all operations for health management, explosives handling, hazardous substances and lifting and working at heights at the Savannah project.

## Environment

There were no significant environmental incidents recorded and the operations operated within all statutory regulations and licence conditions during the quarter.

## Group Production – Actual & Forecast

The Group produced 14,827 tonnes Ni contained in concentrate/ore for the nine months to 31 March 2012, which was above forecast.

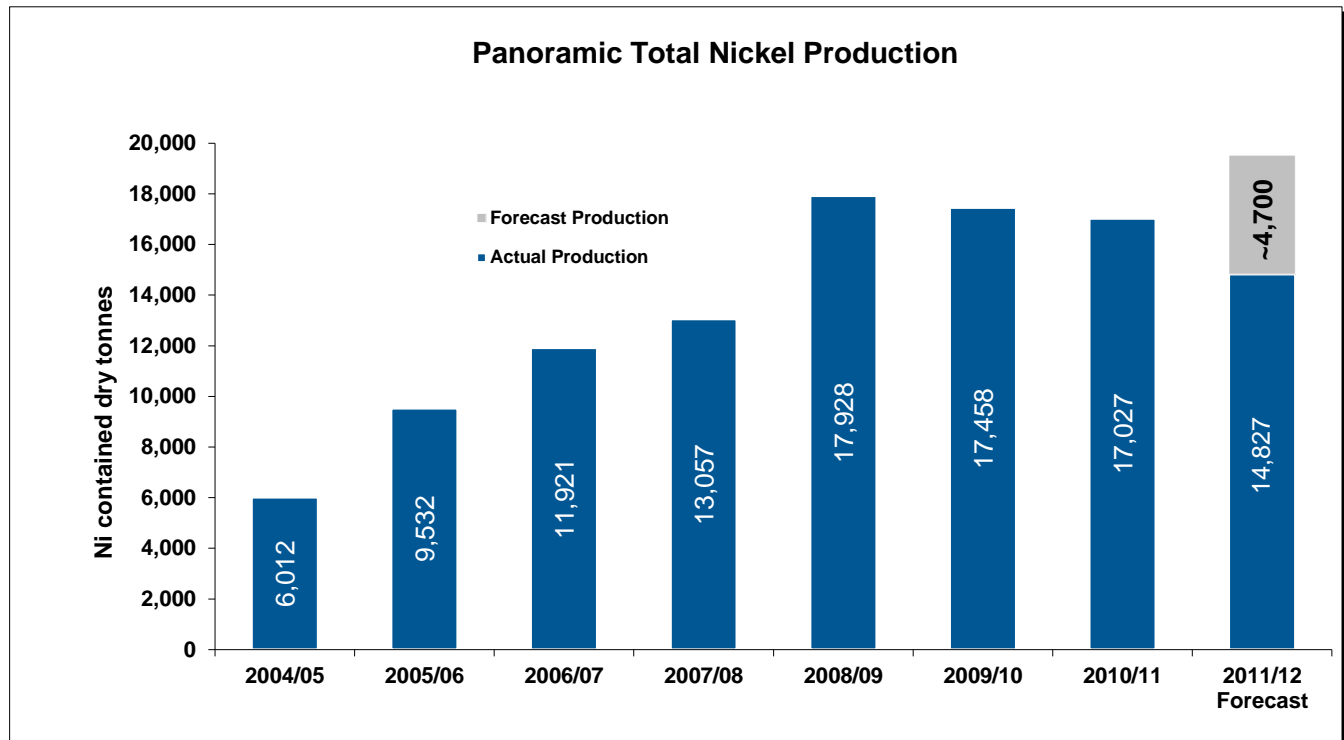
### **FY2012 Group Production Guidance Increased**

Following the record Group production result in the March 2012 quarter, Panoramic is forecasting production of between 19,400-19,600t Ni contained in concentrate/ore for FY2012, up from the previous guidance in January 2012 of 18,500-19,000t.





**Figure 3 – 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 1: Aircore drilling at Gidgee



## Savannah Nickel Project

The Savannah Project produced 2,197t Ni, 1,060t Cu and 124t Co contained in concentrate. This was a good result and comfortably beat the September 2011 quarterly nickel production by 7%, (the December 2011 quarter was exceptional due to the higher than anticipated nickel head grade). The operation continues to benefit from improved ore quality with an average quarter milled grade of 1.53% Ni. Total site costs on an aggregate basis are being well managed, with direct site costs before royalties coming in 4% lower than December 2011 quarter.

The new concentrate shed in Wyndham was completed during the quarter and will be commissioned and in full use by late April 2012. This has been a significant investment by the Company (~\$8 million) and recognises our commitment to building a sustainable business.

Four concentrate shipments containing 2,378t of nickel metal in concentrate were exported through the Port of Wyndham to Jinchuan during the quarter.

**Table 2 – Savannah Project Operating Statistics**

Area	Details	Units	3 mths ending 31 Mar 2012	3 mths ending 31 Dec 2011	2011/12 YTD	2010/11 Full Year
<b>Mining</b>	Ore mined	dmt	158,435	173,578	500,151	595,944
	Ni grade	%	1.54	1.79	1.61	1.35
	Ni metal contained	dmt	2,435	3,108	8,051	8,055
	Cu grade	%	0.67	0.89	0.77	0.64
	Co grade	%	0.08	0.09	0.08	0.07
<b>Milling</b>	Ore milled	dmt	167,005	177,168	501,681	600,837
	Ni grade	%	1.53	1.74	1.60	1.34
	Cu grade	%	0.67	0.89	0.77	0.64
	Co grade	%	0.08	0.09	0.08	0.07
	Ni Recovery	%	85.5	86.1	86.0	85.7
	Cu Recovery	%	94.7	95.3	95.7	95.8
	Co Recovery	%	89.5	90.3	90.1	88.7
<b>Concentrate Production</b>	Concentrate	dmt	28,067	35,727	91,067	90,747
	Ni grade	%	7.83	7.43	7.58	7.63
	Ni metal contained	dmt	2,197	2,653	6,904	6,921
	Cu grade	%	3.78	4.20	4.08	4.07
	Cu metal contained	dmt	1,060	1,501	3,715	3,689
	Co grade	%	0.44	0.39	0.41	0.42
	Co metal contained	dmt	124	140	377	379
<b>Concentrate Shipments</b>	Concentrate	dmt	31,492	30,698	89,332	91,743
	Ni grade	%	7.55	7.54	7.51	7.60
	Ni metal contained	dmt	2,378	2,313	6,711	6,976
	Cu grade	%	3.95	4.22	4.11	4.05
	Cu metal contained	dmt	1,243	1,295	3,667	3,714
	Co grade	%	0.41	0.39	0.41	0.41
	Co metal contained	dmt	130	120	362	377





Photo 2: Miners at Savannah

## Lanfranchi Nickel Project

The Lanfranchi Project produced 130,496t of ore at 2.31% Ni for 3,017t Ni contained, **a quarterly production record**. Ore mined increased by more than 22,000 tonnes and nickel metal in ore was 20% above the previous quarter. This is an outstanding result and is a reflection of the recent productivity improvements made to the paste plant in late 2011 and on the increased equipment availability rates achieved from the underground mobile equipment fleet.

Direct site costs before royalties were up 4% quarter-on-quarter on an aggregate basis, which is a good result considering the 20% increase in ore tonnes mined and associated higher variable costs such as cement (more paste placed in open stopes) and diesel usage (increased trucking rate to the surface from underground).

**Table 3 – Lanfranchi Project Operating Statistics**

Area	Details	Units	3mths ending 31 Mar 2012	3mths ending 31 Dec 2011	2011/12 YTD	2010/11 Full Year
<b>Mining</b>	Ore mined	dmt	<b>130,496</b>	108,080	339,323	412,403
	Ni grade	%	<b>2.31</b>	2.33	2.34	2.45
	Ni metal contained	dmt	<b>3,017</b>	2,520	7,923	10,106
	Cu grade	%	<b>0.21</b>	0.24	0.21	0.21
<b>Ore Delivered</b>	Ore delivered	dmt	<b>127,654</b>	110,108	339,465	408,351
	Ni grade	%	<b>2.32</b>	2.35	2.35	2.44
	Ni metal contained	dmt	<b>2,965</b>	2,583	7,923	9,964
	Cu grade	%	<b>0.21</b>	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 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 ounces of gold has been mined from the Gidgee leases since the 1920s with the majority of that production between 1987 and 2005.



Photo 3: Panoramic Board and management at Gidgee

### Exploration & Production Strategy

Open pit optimisation studies using current gold prices continued during the quarter. This work is aimed at proving up sufficient reserves that will allow gold production to re-commence at Gidgee. It is envisaged this work will be completed during the June 2012 quarter.

Final assay data for the Reverse Circulation (RC) holes completed to date in the Swan Bitter/Swift area was received during the quarter. The data is currently being incorporated in to a 3D diluted (mineable) resource model of the Swan Bitter/Swift area. The resource model will be available late April 2012 and will facilitate the completion of final pit optimisation and mine design studies in the June 2012 quarter. In addition, the Heron South and Howards 3D resource models were updated to incorporate the latest RC drill results.

### Exploration Highlights

Following the Christmas holiday break, exploration activities at Gidgee resumed in January 2012. The focus of activities during the quarter involved RC resource drilling, orientation soil surveys and ongoing target compilation and ranking. Best assay drill results received were as follows:

- 6.0m @ 37.13g/t Au in HRC507 at Heron South
- 8.0m @ 8.11g/t Au in HRC501 at Heron South
- 6.0m @ 6.44g/t Au in HRC505 at Heron South
- 12.0m @ 3.12g/t Au in HRC506 at Heron South
- 14.0m @ 3.57g/t Au in SBRC004 at Swan Bitter
- 11.0m @ 5.72g/t Au in SBRC036 at Swift and
- 19.0m @ 4.65g/t Au in SBRC037 at Swift
- 20.0m @ 2.96g/t Au in GWRC504 at Psi





## Regional Exploration

Four soil sampling orientation programs were completed during the quarter. The results are currently being evaluated and compared to historical data to determine the effectiveness of the technique. The compilation and ranking of exploration targets within the Project tenements was also completed. This work has identified:

- Four advanced projects, comprising historical project areas that require further investigation;
- Six historical targets that require proof of model testing; and
- 25 conceptual new target areas of which 10 are ranked high priority.

These target areas will now form the focus of the regional exploration program at Gidgee for the remainder of 2012. Aircore drilling will resume in May 2012 to begin testing these targets.

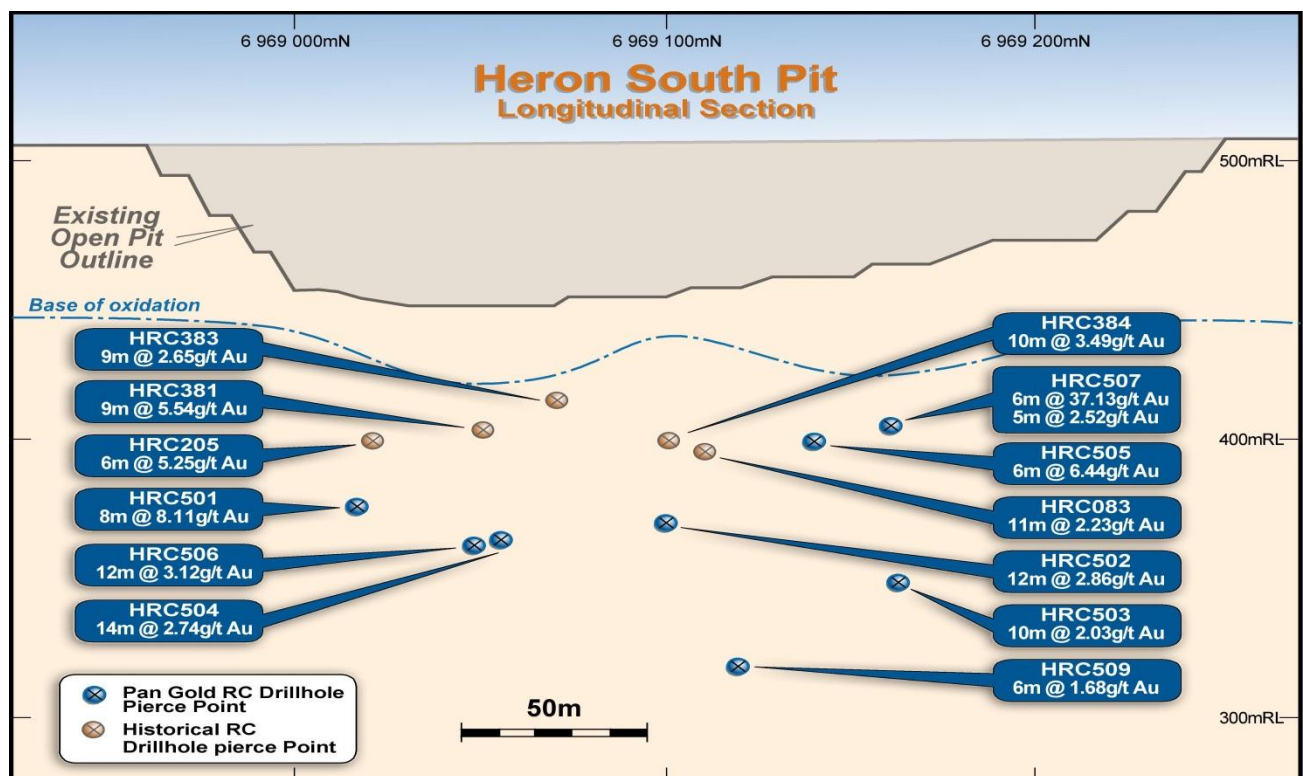
## Resource Drilling

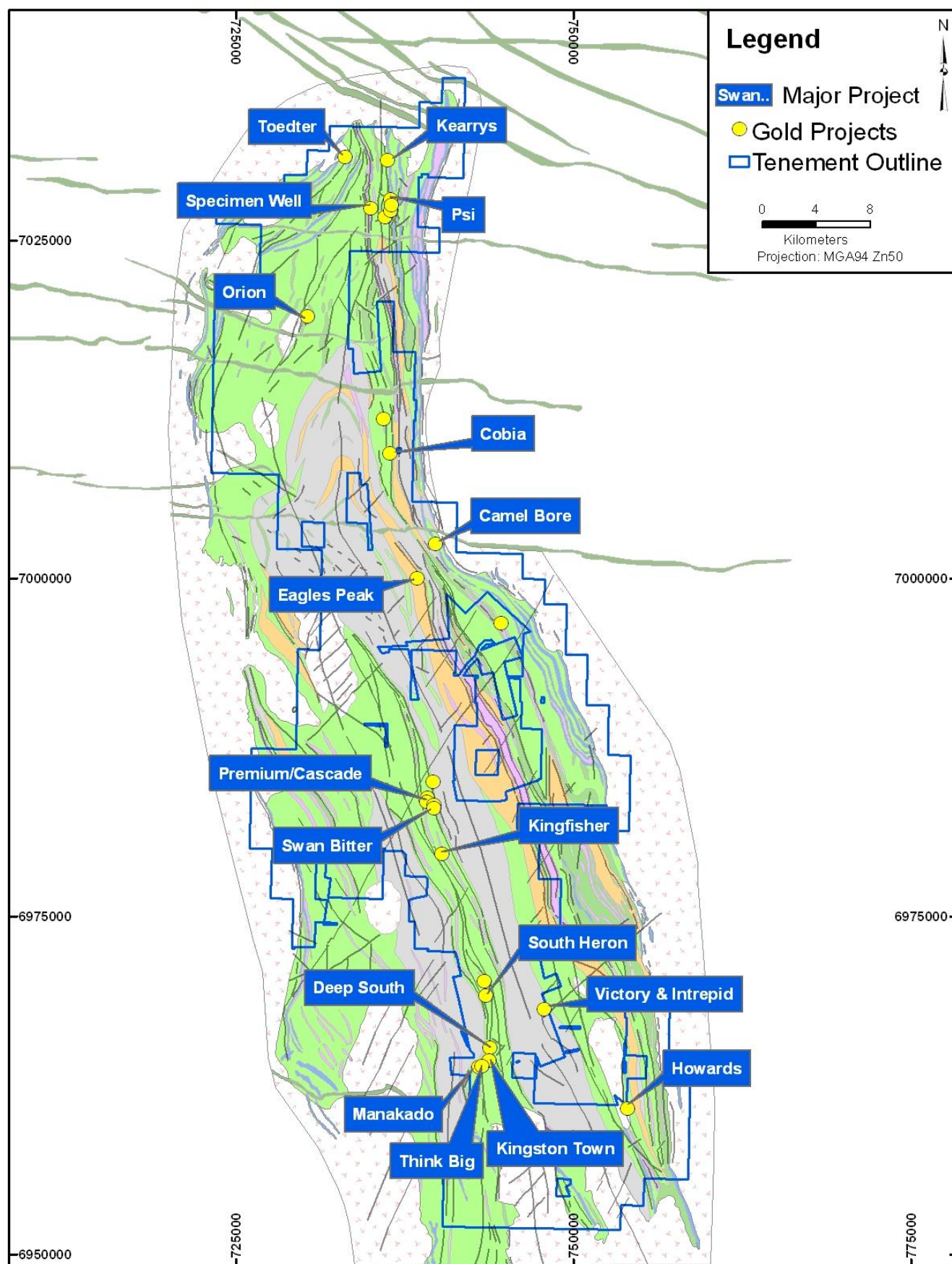
RC resource drilling resumed in January 2012 and continued until the end of February 2012 when a halt was called to allow the backlog of outstanding assay results to be cleared. Thirty eight RC holes for a total of 6,100 drill metres were completed during the quarter with a total of 1,531 four metre composite and 155 one metre RC split samples submitted for analysis. Drill holes were completed to test the extent of mineralisation beneath pits at Toedter, Psi, Specimen Well, Cobia, Camel Bore, Kingston Town, Heron South, West Swan Bitter and Eagle (Figure 5).

Initial four metre composite assays indicate good mineralisation potential beneath the Toedter, Psi, Specimen Well, Camel Bore, Kingston Town, Heron South and Eagle pits. RC drilling is scheduled to resume in May 2012. RC assays results received during the quarter are summarised in Appendix 2. Aircore assay results received in the quarter are summarised in Appendix 3.

At Heron South a total of eight RC holes (HRC501 to HRC507 and HRC509) have been completed beneath the existing open pit (Figure 4). Holes HRC501 to 507 were drilled in December 2011 with HRC509 completed in January 2012. The results for the seven holes completed in December 2011 were detailed in an *ASX announcement dated 3 April 2012*. All eight completed drill holes to date have intersected a consistent 4-7 metre thick, steep east dipping mineralised quartz vein structure beneath the pit. To date the structure, which has been intersected over a strike length of 200m to a depth of 200m below surface, has been consistently mineralised. The final one metre assay results for the eight holes drilled in to the Heron South structure are summarised in Appendix 2. Further resource drilling is scheduled at Heron South for the remainder of 2012.

**Figure 4 - Longitudinal Section Heron South Pit showing drill hole pierce points and grades**









## Copernicus Joint Venture (Panoramic 60%)

### Copernicus Open Pit

No activity.

## Base Metal Exploration

### Savannah & East Kimberley Regional

#### *Savannah*

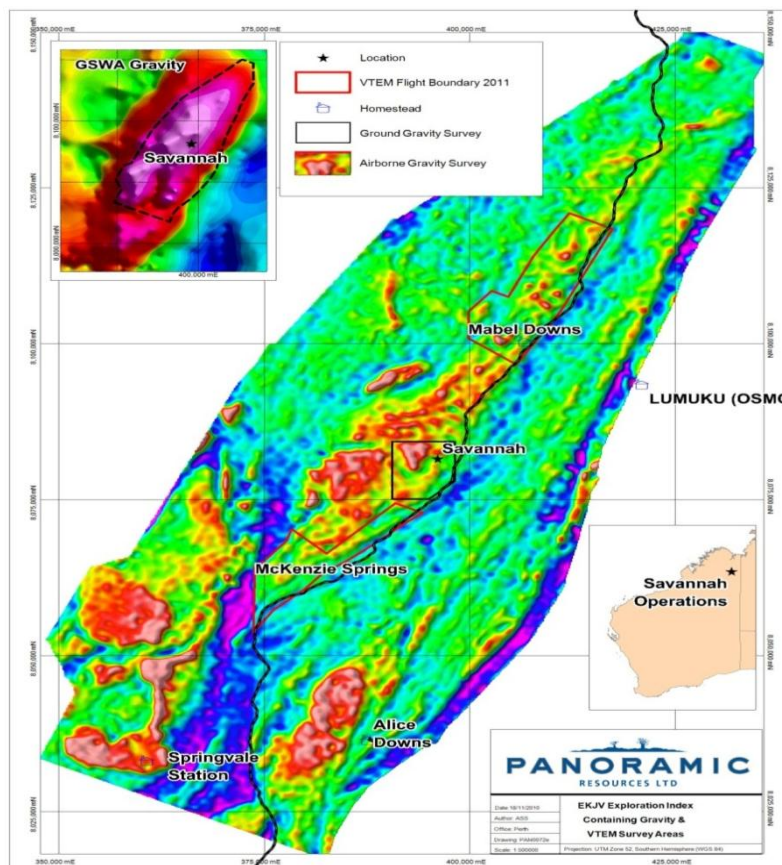
No field activity. Exploration is planned to resume in May 2012. Development of the new 1675mRL hanging wall drill drive at Savannah resumed during the quarter. The drill drive, which is expected to be completed by July 2012, will enable Panoramic to begin to evaluate the Savannah orebody below the 900 Fault structure.

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

#### *Regional*

No field activities during the quarter due to the wet season. Preparations for the resumption of exploration activities continued during the quarter. Processing of both the 2011 Mabel Downs and MacKenzie Springs airborne electromagnetic (VTEM) surveys was completed during the quarter. All anomalous responses have been identified and prioritised for ground truthing and possible follow-up ground fixed-loop EM (FLEM) surveying in 2012. Drill targets identified from the 40 FLEM surveys completed in 2011 have been finalised. Drill testing of priority targets about Springvale is anticipated to commence in the June 2012 quarter. Haines Survey has been contracted to begin ground gravity surveys over Savannah West and Savannah South areas in April (Figure 6).

**Figure 6 - EKJV regional gravity gradiometer survey area showing follow-up ground EM target areas**







## Lanfranchi Project

### *Overview*

Both surface and underground exploration drilling was conducted at Lanfranchi during the quarter. On the surface, three deep diamond drill holes and 26 RC holes were completed about the Northern Dome area for a total of 5,122 drill metres. Underground, fourteen diamond drill holes were completed, nine from the Lanfranchi 17K drill drive for a total of 1,341 drill metres and five from the Deacon 7666 caddy for a total of 2,130.6 drill metres.

## *Underground Exploration*

### *Deacon-Schmitz*

As reported in the December 2011 quarterly report, we are continuing to drill test down-plunge of Deacon in light of the encouraging EM responses in drill holes HS692, 692, 696 and 708 (*Figure 7*). During the March 2012 quarter, drill holes HS710, 711 and 713A were completed. Drill holes HS710 and 711 targeted EM anomalies associated with earlier drill holes HS692 and 693. Both holes “skimmed” in and out of mineralisation within the inferred Deacon channel position. Neither drill hole was EM surveyed.

Drill hole HS713A targeted the large, highly conductive EM anomaly identified to the west of drill hole HS708. Drill hole HS713A failed to intersect the prospective footwall basalt ultramafic contact, remaining in the footwall basalt sequence over its entire length. An EM survey of HS713A was completed and clearly defined the edges of the HS708 EM plate to fall between 720 and 840 metres in HS713A. Furthermore, the EM data showed that the source of the highly conductive anomaly lay between 15 and 25 metres above HS713A.

Drill hole HS713B was initiated from HS713A in an effort to intersect this new target position but had to be abandoned due to drilling issues. A second attempt to intersect the strong anomaly above HS713A will be made in the June 2012 quarter.

### *Schmitz/Skinner (Jury-Metcalf Zone) Drilling*

No further drilling during the quarter, awaiting development of the new drill position.

### *Lanfranchi Orebody Extension*

Development of the new Lanfranchi (17K) hanging wall drill drive was completed during the quarter and drilling was commenced to continue exploration below the Lanfranchi orebody as well as to further test the mineralised West Lanfranchi structure that was identified in 2010 (*Figure 8*). Nine holes of the program (LAN218 to LAN226) were completed during the quarter.

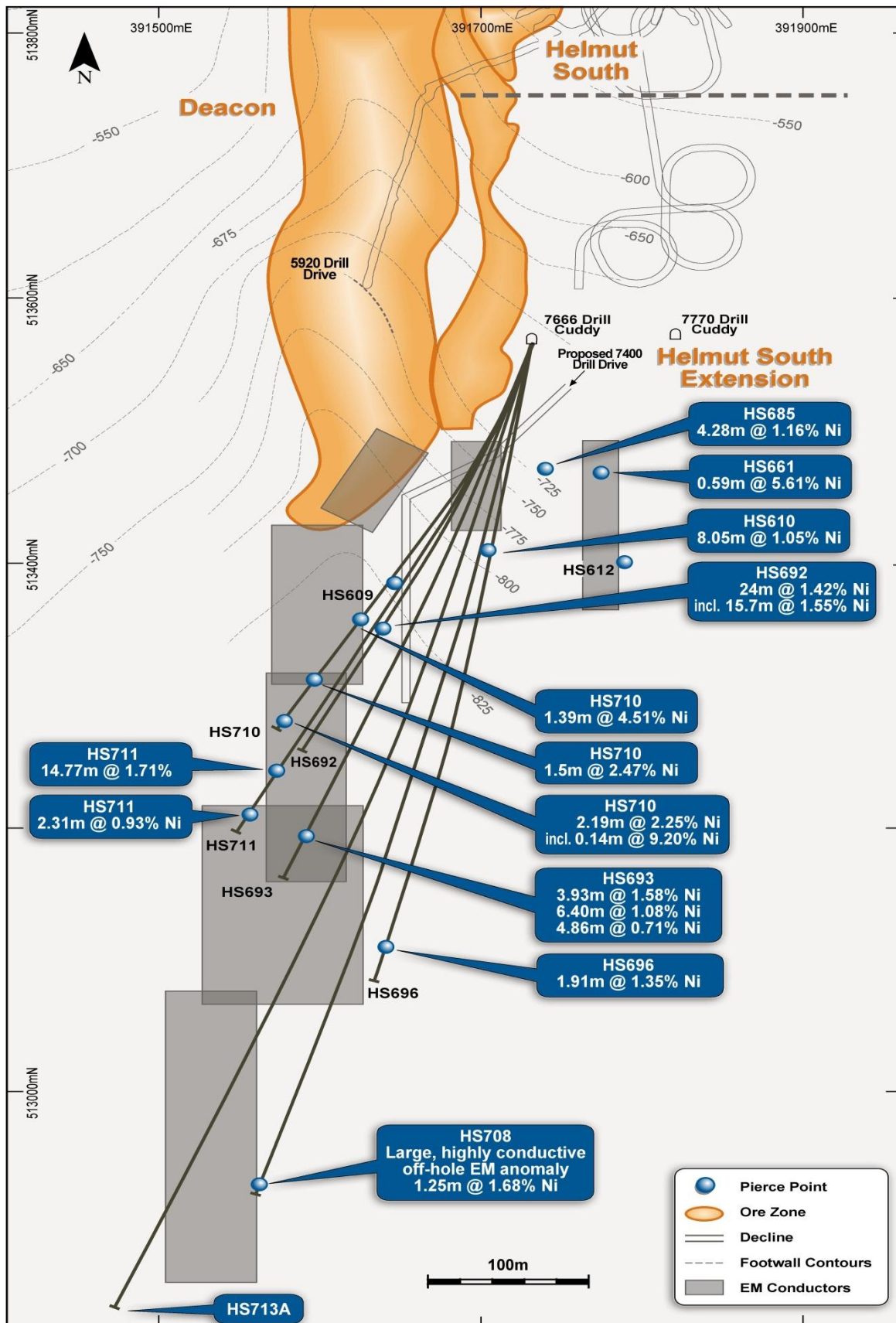
The initial nine hole program targeted the West Lanfranchi structure and in doing so the first three holes (LAN218–LAN220) intersected high-grade mineralisation on the Lanfranchi orebody contact 20–30m below the Lanfranchi 17K ore drive. Assay results for the first three holes are available and are summarised in Table 4 (*also refer to ASX Announcement dated 12 April 2012*).

**Table 4 - Summary of Lanfranchi drill results released in April 2012**

Hole	From (m)	To (m)	Interval (m)	Ni (%)
LAN218	89.97	103.63	13.66	9.31
including	93.28	103.63	10.35	11.74
LAN219	99.19	104.79	5.60	4.29
and	107.15	119.74	12.59	7.60
LAN220	98.80	108.12	9.32	6.30

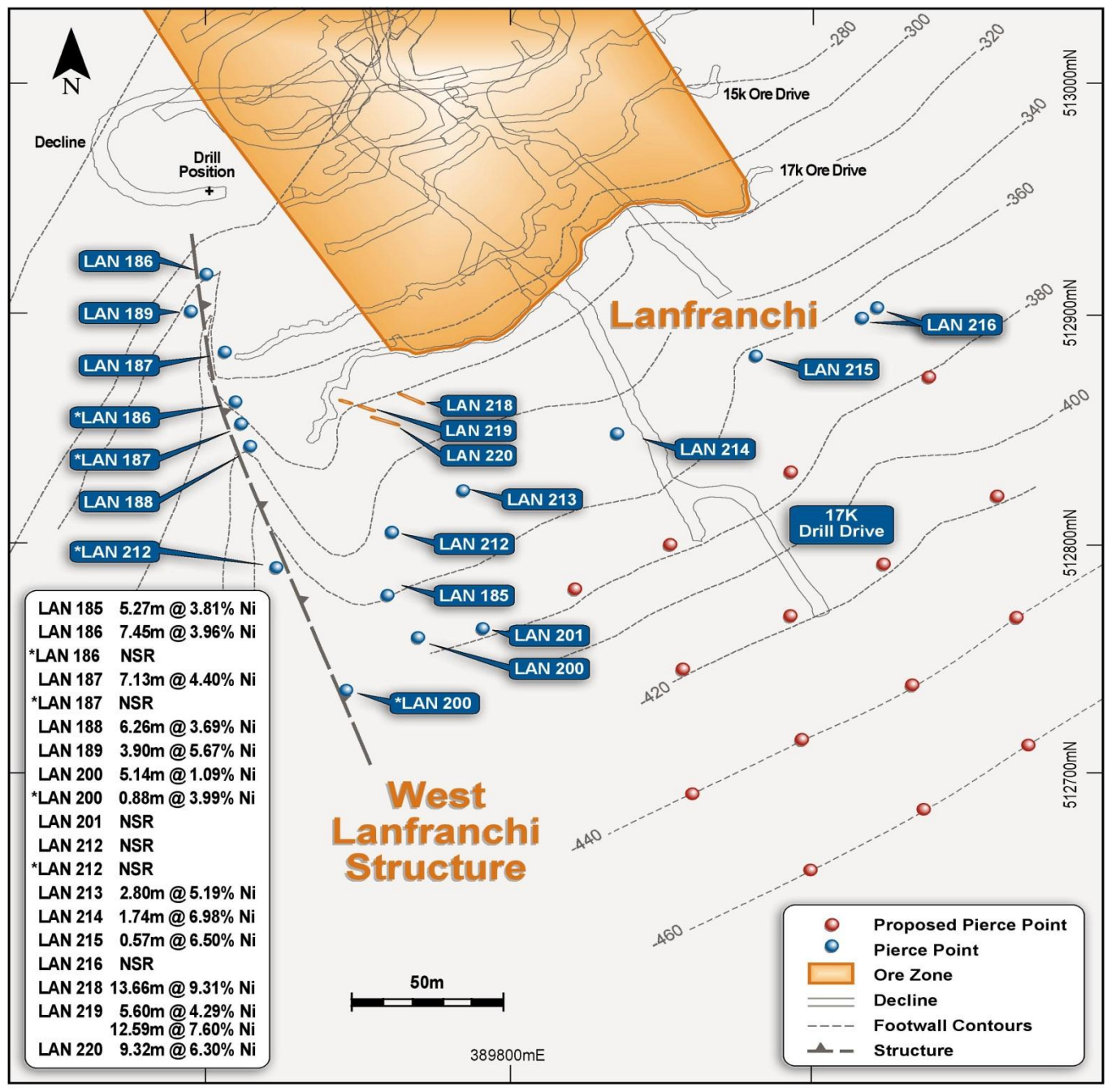


**Figure 7 - Plan showing platform EM holes below Deacon**





**Figure 8 - Plan showing drill results from the Lanfranchi 17K drill drive**



### Surface Exploration

Three deep surface diamond drill holes (TD8211, 8212 & 8213 comprising 204m of RC and 2,463m HQ) were completed during the quarter for a total of 2,667 drill metres. The holes were drilled 200 metres apart on 515,550mN across the projected overturned position of the Schmitz and Helmut/Deacon orebody channels on the Northern Dome. All three holes intersected the overturned footwall basalt ultramafic contact at depths between 700 and 850 metres below surface. Down-hole electromagnetic (DHEM) surveys of the three drill holes will be completed in the June 2012 quarter.

Also on the Northern Dome, 26 RC holes were completed for a total of 2,455 drill metres during the quarter. The RC program commenced in early March 2012 and is designed to better define and understand the complexity of the overturned fold structure on the Northern Dome where there is currently a lack of data. The program is ongoing and is anticipated to be completed by the end of May 2012.





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

Following the comprehensive review of the Cowan Nickel Project in 2011 all approvals are in place to test the 17 remaining targets identified within the project.

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

No new developments, awaiting results of mineralogical investigations to identify all REE phases present in anomalous drill samples collected on EL24/967 in 2011.

## Drake Resources Exploration Alliance - Scandinavia

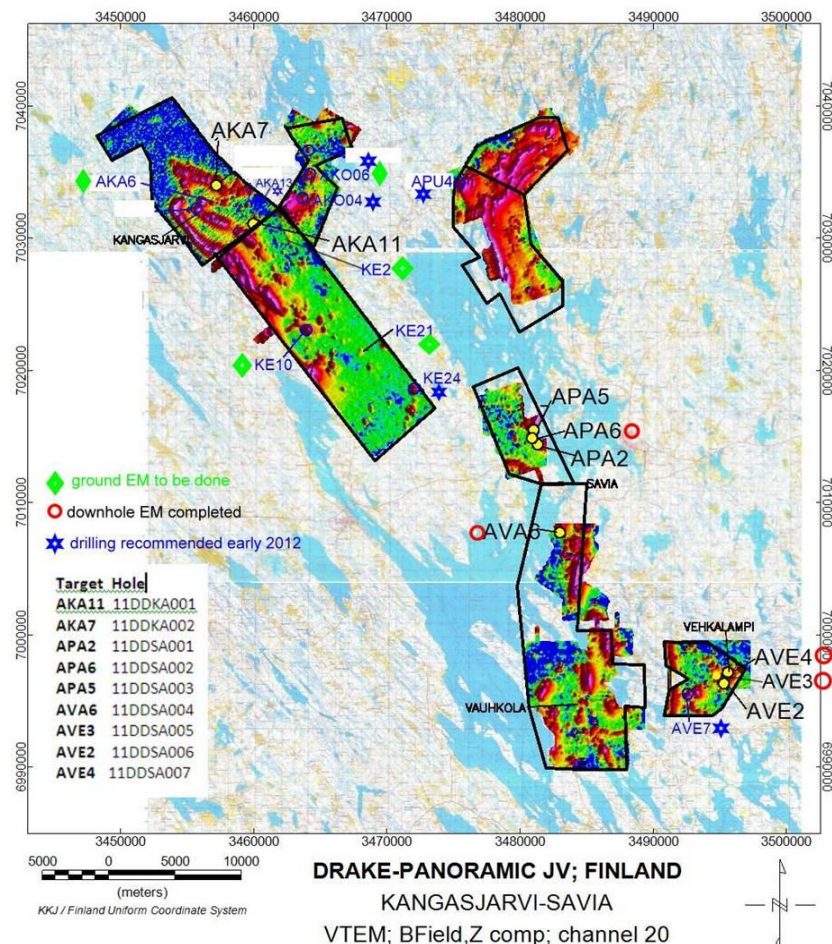
Panoramic and Drake Resources Limited (Drake) have an alliance to identify, explore and develop base and precious metal opportunities across Scandinavia. As part of the alliance, two joint ventures areas have been finalised to explore for Palaeoproterozoic volcanic massive sulphide (VMS) style Cu-Zn 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 2011 Panoramic established three new joint ventures with Drake to explore for copper-rich massive sulphide mineralisation in Norway. The three Norway JV areas are Løkken, Sulitjelma and Hersjø. Work on these latest three JVs is ongoing.

## Finland (Kangasjarvi-Savia Joint Ventures)

Four new targets have been confirmed for drilling (AK004, KE10, KE24 and APU04). Three of the targets lie within the Kangasjarvi JV area and one in the Savia JV area (Figure 9). All four targets are high priority coincident EM gravity features. Drilling is set to commence early in the June 2012 quarter.

**Figure 9 – Finland JV areas showing targets and drill hole locations**



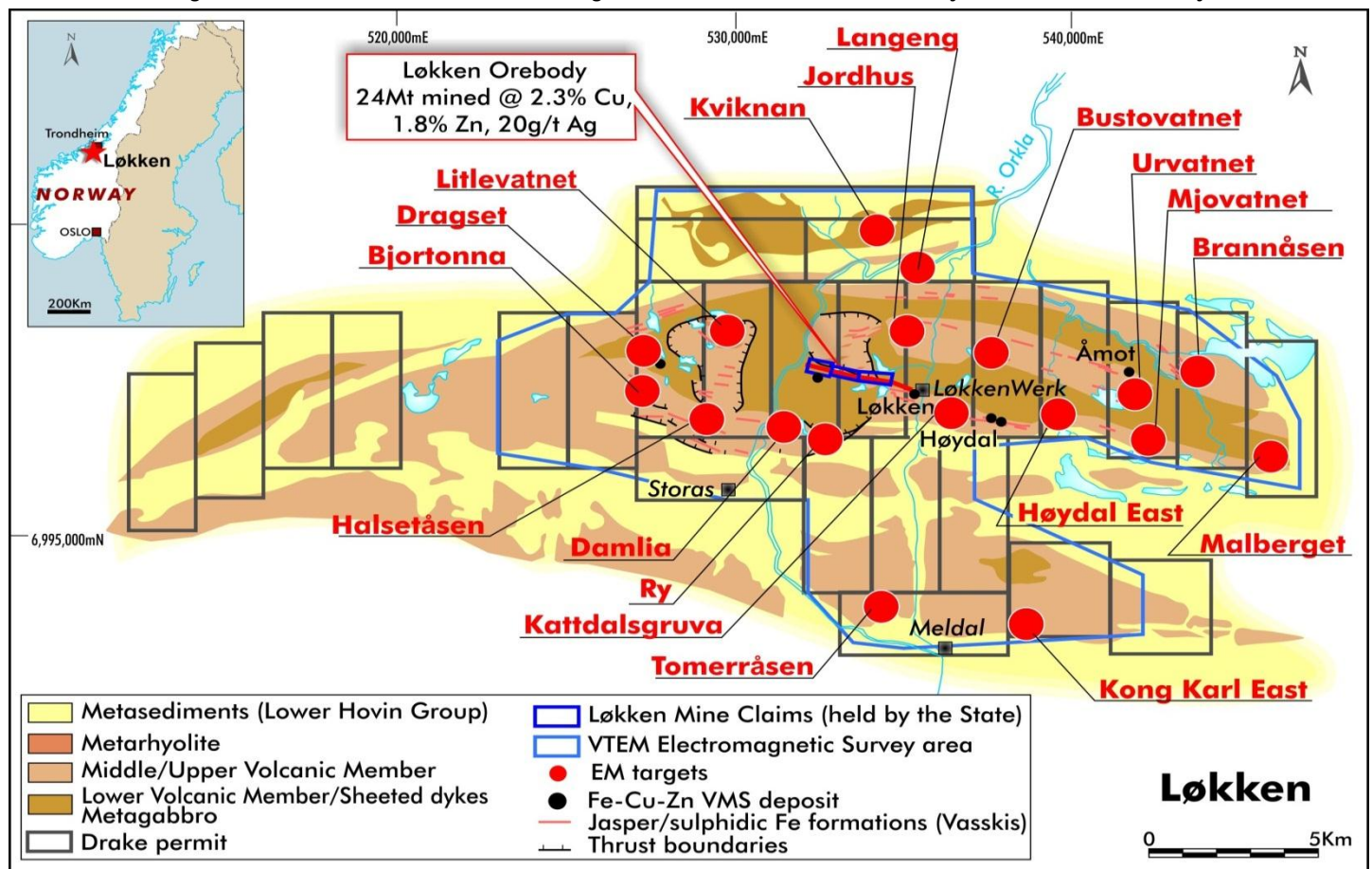


## Norway (Løkken, Sulitjelma & Hersjo Joint Ventures)

### Løkken

The identification and ranking of anomalies generated by the 2011 VTEM survey has been completed. An exploration program and budget for tenement renewal and follow-up ground EM surveying has been approved for 2012. Ground gravity surveying will also be employed in conjunction with ground EM to help prioritise anomalies for drill testing later in 2012. Depending on the weather, field activities are expected to commence in late April 2012.

**Figure 10 - Plan of Løkken area showing main EM anomalies identified by the 2011 VTEM survey**



### Sulitjelma

No field activity, awaiting completion of VTEM survey planned for later in 2012.

### Hersjo

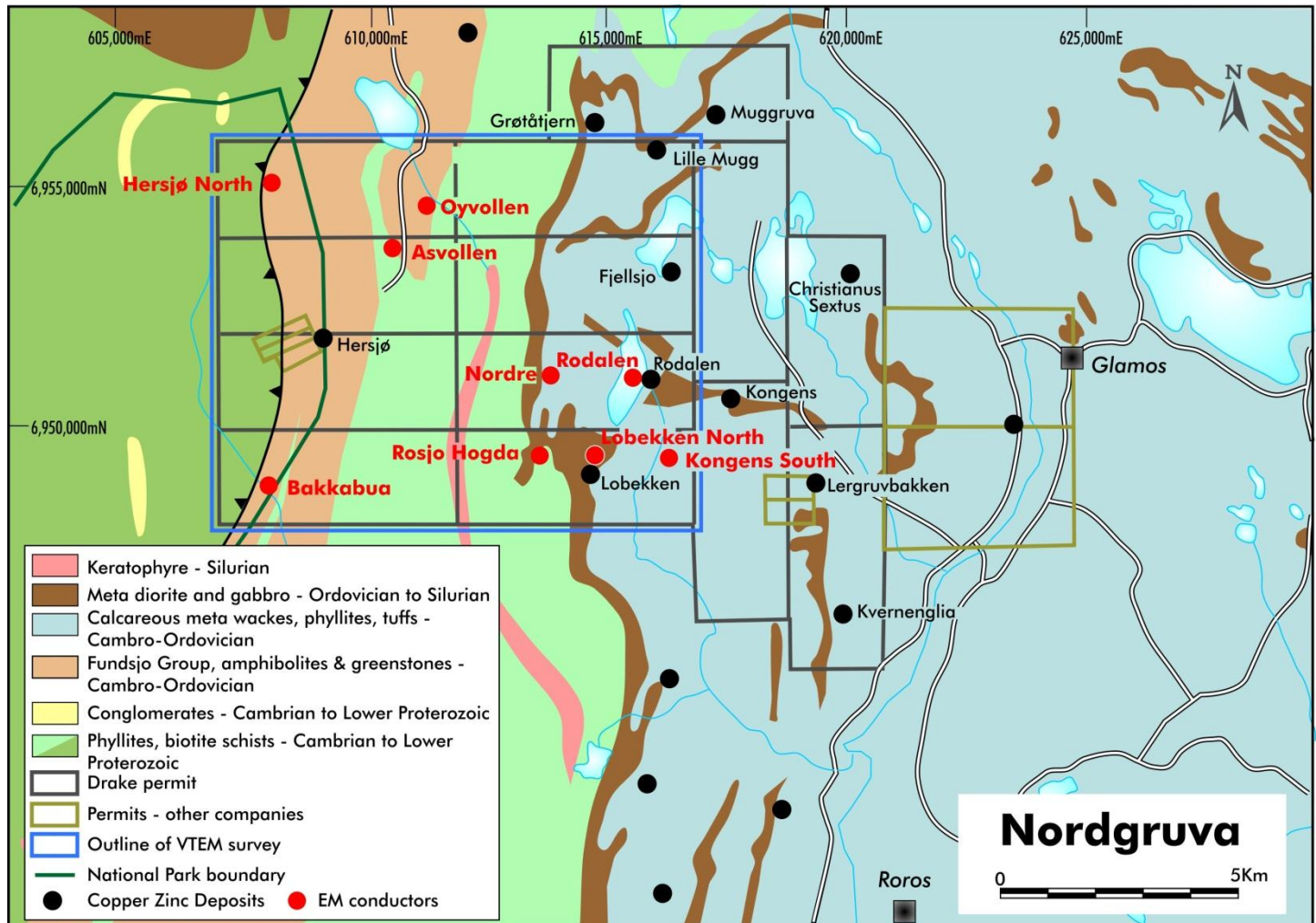
The identification and ranking of anomalies generated by the 2011 VTEM survey has been completed. An exploration program and budget for tenement renewal and follow-up geophysical surveying has been approved for 2012. Seven fixed loop EM surveys were proposed over the highest ranked VTEM anomalies at Kongens (1), Kongens South (2), Rodalen (1), Lobekken (1), Asvollen (1) and Oyvollen (1). Single gravity lines across Kongens and Kongens South will also be completed to test the effectiveness of gravity with the Hersjo- Nordgruva style of base metal mineralisation.

A follow-up geophysical program commenced on 5 March 2012 and by the end of the quarter the program was largely completed, with the geophysical team preparing to move to Løkken. Processing of the ground geophysical data is underway, with the aim to have all drill targets identified and the drill test program and budget prepared in the June 2012 quarter.





**Figure 11 - Plan of Hersjo Nordgruva area showing EM conductors identified (to date) by the 2011 VTEM survey**



## Corporate

### Liquid Assets & Debt

Cash on hand at the end of the quarter was \$62 million plus receivables of \$34 million, for a total of **\$96 million in current liquid assets**. The operations generated \$11 million in free cash flow during the quarter. Significant cash outflows for the quarter outside of normal operating and sustaining capital expenditure requirements included:

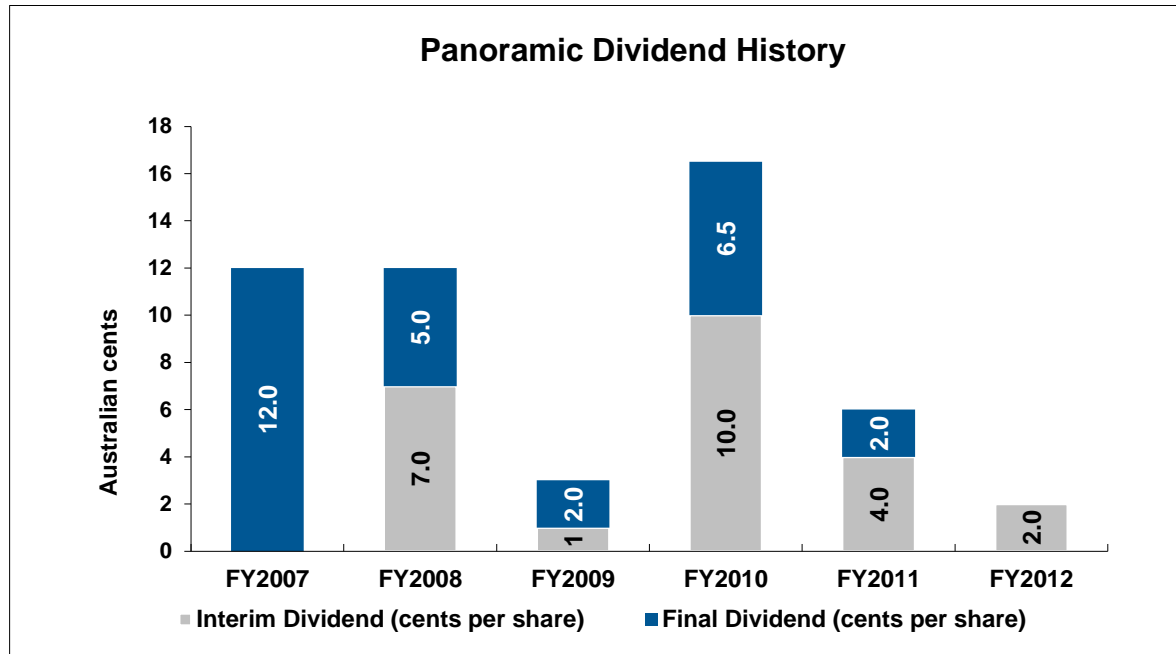
- \$4.1 million – half year interim dividend payment in March 2012;
- \$2.9 million – 4.83 million shares in Hot Chili Limited acquired at \$0.60 per share in February 2012;
- \$1.5 million – exploration and feasibility activities at the Gidgee gold project; and
- \$2.4 million – Savannah Lower Zone ventilation project.

The Panoramic Group debt totalled \$4.9 million for finance leases on mobile equipment and financed insurance premiums.

On 23 March 2012, the Company paid a fully-franked interim dividend of 2.0 cents per share maintaining our record of continuous payment of fully-franked dividends to shareholders since September 2007 that now totals 51.5 cents per share, as shown in Figure 12.



**Figure 12 – Dividend Payment History**



## Management Team

There was some re-organisation of the senior management team during the quarter to streamline our business:

- Chris Williams - previously GM Operations has moved to the new role of GM Project Development and Technical Services
- Terry Strong - previously Operations Manager Savannah to GM Nickel Operations, based in Perth
- Mark Rechlies - previously Mining Manager Savannah to Operations Manager Savannah

## Hedging

During the quarter, the Company added the following hedging:

### **Nickel**

- Purchased 225t of nickel put options at US\$19,000/t (US\$8.62/lb) for delivery April 2012 to June 2012. To partially offset the cost of the put options, 225t of nickel call options were sold at US\$26,000/t (US\$11.79/lb) for delivery over the same period.
- Purchased 1,200t of nickel put options at US\$18,000/t (US\$8.16/lb) for delivery July 2012 to June 2013. To partially offset the cost of the put options, 1,200t of nickel call options were sold at US\$25,250/t (US\$11.45/lb) for delivery over the same period.

### **Diesel**

- Purchased 2.25 million litres of US\$ diesel call options (basis Singapore Gasoil 0.5s FOB pricing) at an exercise price of US\$0.90/litre for delivery from October 2012 to March 2013. To offset the cost of the call options, the strike on the existing US\$ diesel call options was increased from US\$0.60/litre to US\$0.687/litre.

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

- Purchased US\$24 million of currency put options at an average exercise US\$/A\$ FX rate of US\$1.115 for delivery July 2012 to December 2012. To partially offset the cost of the put options, US\$24 million of currency call options were sold at an exercise US\$/A\$ FX rate of US\$0.95 for delivery over the same period.

At the current spot US\$ nickel price and based on current forecast production (on a payable nickel basis), the Company is approximately 25% hedged for the remainder of FY2012 (14% comprising of forwards and 11% comprising of puts) and approximately 10% hedged for FY2013 (4% comprising of forwards and 6% comprising of puts). At the current spot US\$ nickel price, the 1,575t of future US\$ nickel call options will not be exercised by the holder of the options.



**Table 5: Group Hedge Book – A\$ Mark-to-Market Valuation as at 31 March 2012**

Commodity	Mark-to-Market 31 Mar 2012	Mark-to-Market 31 Dec 2011
Nickel Forwards	<b>\$10.6 million</b>	\$14.3 million
Bought Nickel Put Options	<b>\$2.6 million</b>	\$1.1 million
Sold Nickel Call Options	<b>(\$0.3 million)</b>	-
Bought Diesel Call Options	<b>\$0.4 million</b>	\$0.6 million
Bought US\$ Currency Put Options	<b>\$0.1 million</b>	\$0.2 million
Sold US\$ Currency Call Options	<b>(\$0.4 million)</b>	(\$0.3 million)
<b>Total Mark-to-Market</b>	<b>\$13.0 million</b>	\$15.9 million

## Investment in Listed Entities

As at 31 March 2012, the Company had investments in the following listed entities:

- Magma Metals ( ASX & TSX: MMW) – 25.0 million shares;
- Hot Chili Limited (ASX:HCH) – 11.5 million shares, 1.61 million unlisted options @ \$0.75 strike, expiry 9 Dec. 2012;
- Thundelarra Exploration (ASX:THX) – 2.2 million shares; and
- Liontown Resources (ASX: LTR) – 2.8 million shares.

The market value of these equity investments as at 31 March 2012 was approximately \$11.9 million.

## Off-Market Takeover of Magma Metals

Refer to earlier comments in the Managing Director's Commentary on page 2.

## 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, Panoramc produced 17,027t nickel contained in FY2011 and is forecasting to produce between 19,400 to 19,600t nickel in FY2012 (revised forecast April 2012). In 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 Panoramc 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 Panoramc 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 31 March 2012

Commodity	Quantity 31 Mar 2012	Average Price/Rate 31 Mar 2012	Quantity 31 Dec 2011	Average Price/Rate 31 Dec 2011
<b>Nickel -</b>				
<b>Nickel Forwards</b> (delivery Apr 2012-Jun 2012)	675t	US\$25,309/t <b>US\$11.48/lb</b>	1,350t	US\$25,462/t <b>US\$11.55/lb</b>
<b>Nickel Forwards</b> (delivery to Jul 2012-Mar 2013)	675t	US\$26,468/t <b>US\$12.00/lb</b>	675t	US\$26,468/t <b>US\$12.00/lb</b>
<b>Bought Nickel Put Options</b> (delivery Apr 2012-Jun 2012)	225t	US\$19,000/t <b>US\$8.62/lb</b>	-	-
<b>Bought Nickel Put Options</b> (delivery Apr 2012-Jun 2012)	300t	US\$18,000/t <b>US\$8.16/lb</b>	1,200t	US\$18,000/t <b>US\$8.16/lb</b>
<b>Bought Nickel Put Options</b> (delivery Jul 2012-Jun 2013)	1,200t	US\$18,000/t <b>US\$8.16/lb</b>	-	-
<b>Bought Nickel Put Options</b> (delivery Apr 2012-Jun 2012)	300t	US\$15,000/t <b>US\$6.80/lb</b>	600t	US\$15,000/t <b>US\$6.80/lb</b>
<b>Sold Nickel Call Options</b> (delivery Apr 2012-Jun 2012)	150t	US\$30,000/t <b>US\$13.61/lb</b>	600t	US\$28,500/t <b>US\$12.93/lb</b>
<b>Sold Nickel Call Options</b> (delivery Apr 2012-Jun 2012)	225t	US\$26,000/t <b>US\$11.79/lb</b>	-	-
<b>Sold Nickel Call Options</b> (delivery Jul 2012-Jun 2013)	1,200t	US\$25,250/t <b>US\$11.45/lb</b>	-	-
<b>Diesel -</b>				
<b>Bought Diesel Call Options</b> (delivery Apr 2012-Sep 2012)	375,000litres/mth	US\$0.687/litre	375,000litres/mth	US\$0.60/litre
<b>Sold Diesel Call Options</b> (delivery Oct 2012-Mar 2013)	375,000litres/mth	US\$0.90/litre	-	-
<b>Sold Diesel Put Options</b> (delivery Apr 2012-Sep 2012)	375,000litres/mth	US\$0.440/litre	375,000litres/mth	US\$0.440/litre
<b>US\$/A\$ FX -</b>				
<b>Bought US\$ Put Options</b> (delivery Apr 2012 to Jun 2012)	US\$18.0 million	US\$1.10 FX	US\$36.0 million	US\$1.10 FX
<b>Sold US\$ Put Options</b> (delivery Jul 2012 to Dec 2012)	US\$24.0 million	US\$1.115 FX	-	-
<b>Sold US\$ Call Options</b> (delivery Apr 2012 to Jun 2012)	US\$18.0 million	US\$0.90 FX	US\$36.0 million	US\$0.90 FX
<b>Sold US\$ Call Options</b> (delivery Jul 2012 to Dec 2012)	US\$24.0 million	US\$0.95 FX	-	-





## Appendix 2 - Summary of Gidgee Reverse Circulation (RC) Drill Results received in the March 2012 Quarter

Hole	East	North	RL	Prospect	Dip	Azi	From	To	Intercept	Notes
CRC201	739724.6	7002439.9	565.8	Camel Bore			136	148	12m @ 0.83 g/t	
CRC202	739698.9	7002479.9	565.7	Camel Bore			148	152	4m @ 1.52 g/t	
CRC205	739649.5	7002629.9	566.0	Camel Bore	-60	90	96	108	12m @ 2.39 g/t	
GWRC500	736566.1	7027619.9	606.6	Psi	-60	270	84	92	8m @ 2.02 g/t	
GWRC503	736570.1	7027640.3	605.4	Psi	-60	270	80	92	12m @ 2.30 g/t	
GWRC504	736572.7	7027600.0	607.1	Psi	-57	270	96	116	<b>20m @ 2.96 g/t</b>	
HRC501	743585.8	6969017.7	506.3	Heron South	-60	270	146	154	<b>8m @ 8.11 g/t</b>	
HRC502	743593.9	6969097.4	506.1	Heron South	-60	270	151	163	12m @ 2.86 g/t	
HRC503	743595.3	6969161.7	506.5	Heron South	-65	270	171	181	10m @ 2.03 g/t	
HRC504	743426.3	6969060.4	506.7	Heron South	-58	94	106	110	4m @ 1.32 g/t	
							163	177	14m @ 2.74 g/t	
HRC505	743432.9	6969141.0	506.6	Heron South	-56	90	102	108	6m @ 1.27 g/t	
							129	135	<b>6m @ 6.44 g/t</b>	
HRC506	743597.7	6969047.1	506.2	Heron South	-60	270	159	171	<b>12m @ 3.12 g/t</b>	
HRC507	743433.5	6969160.0	506.7	Heron South	-55	90	90	92	2m @ 7.01 g/t	
							123	129	<b>6m @ 37.13 g/t</b>	
							132	138	6m @ 2.34 g/t	
HRC509	743402.8	6969120.0	506.7	Heron South	-60	90	219	225	6m @ 1.68 g/t	
HWRC161	753954.2	6960729.5	495.5	Howards	-58	89	72	84	12m @ 1.31 g/t	1
							91	112	21m @ 2.55 g/t	1
HWRC162	753949.7	6960808.8	495.7	Howards	-55	88	79	89	10m @ 1.82 g/t	1
SBRC001	739191.7	6983741.6	521.0	Swan Bitter	-55	260	150	155	5m @ 2.83 g/t	
							259	261	2m @ 6.31 g/t	
SBRC002	739240.9	6983743.0	523.4	Swan Bitter	-60	270	81	84	3m @ 2.64 g/t	
							215	222	7m @ 2.80 g/t	
SBRC003	739226.2	6983775.1	523.1	Swan Bitter	-60	270	220	225	5m @ 1.28 g/t	
							232	234	2m @ 2.78 g/t	
							271	274	3m @ 2.92 g/t	
SBRC004	739237.2	6983783.8	522.9	Swan Bitter	-60	270	192	206	<b>14m @ 3.57 g/t</b>	
							225	228	3m @ 7.04 g/t	
SBRC006	738950.9	6983625.0	522.0	Swan Bitter	-60	90	15	26	11m @ 0.83 g/t	
SBRC016	739811.0	6983215.1	519.8	Swift	-61	270	123	125	2m @ 6.07 g/t	
							132	141	9m @ 2.39 g/t	
SBRC017	739775.2	6983175.3	520.6	Swift	-60	270	123	127	4m @ 2.55 g/t	
SBRC026	739832.0	6983089.9	519.5	Swift	-60	275	129	135	6m @ 1.80 g/t	
							137	143	6m @ 1.38 g/t	
SBRC027	739790.9	6983150.1	520.5	Swift	-60	275	80	88	8m @ 1.09 g/t	
SBRC028	739827.0	6983149.7	519.6	Swift	-60	275	108	112	4m @ 1.54 g/t	
SBRC030	739820.9	6983180.0	519.6	Swift	-60	275	16	20	4m @ 2.70 g/t	
SBRC031	739763.0	6983201.8	520.6	Swift	-59	275	97	100	3m @ 3.96 g/t	
SBRC033	739780.7	6983226.1	521.4	Swift	-60	275	113	119	6m @ 2.70 g/t	
SBRC034	739739.8	6983249.8	519.6	Swift	-60	275	101	104	3m @ 2.75 g/t	
SBRC036	739724.1	6983376.7	521.1	Swift	-60	270	118	129	<b>11m @ 5.72 g/t</b>	
SBRC037	739751.1	6983380.1	522.1	Swift	-60	270	119	138	<b>19m @ 4.65 g/t</b>	
SBRC038	739763.0	6983320.1	522.0	Swift	-59	270	118	125	7m @ 1.06 g/t	
SBRC041	739686.1	6983435.1	520.7	Swift	-60	270	77	84	7m @ 1.60 g/t	
SBRC042	738729.8	6981774.9	520.3	Eagle	-60	90	56	60	4m @ 2.10 g/t	
							176	180	4m @ 2.21 g/t	
SERC001	743794.5	6964140.1	501.1	Kingston Town	-60	270	120	123	3m @ 3.10 g/t	
SWRC252	734931.0	7026850.1	585.6	Specimen Well	-60	270	140	144	4m @ 2.81 g/t	
							148	160	12m @ 1.69 g/t	
SWRC254A	734930.9	7026800.1	585.8	Specimen Well	-60	270	44	48	4m @ 2.60 g/t	
TDR003	733150.4	7031050.2	584.8	Toedter	-60	270	64	68	4m @ 1.37 g/t	

Note 1: Intercepts were reported in Panoramic's December 2011 Quarterly Report, however the final results were only received in the March 2012 quarter.



## Appendix 3 - Summary of Gidgee Aircore (AC) Drill Results received in the March 2012 Quarter

Hole	East	North	RL	Prospect	Dip	Azi	From	To	Intercept	Notes
GPAC0481	743969	6964350	500	Kingston Town	-90	0	41	44	3m @ 4.34 g/t	1
GPAC0482	743825	6964251	501	Kingston Town	-90	0	27	28	1m @ 9.70 g/t	1
GPAC0483	743849	6964250	501	Kingston Town	-90	0	35	42	7m @ 1.34 g/t	1
GPAC0484	743874	6964252	501	Kingston Town	-90	0	59	62	3m @ 0.88 g/t	2
GPAC0490	743823	6964151	501	Kingston Town	-90	0	35	39	4m @ 2.46 g/t	1
GPAC0523	743250	6963685	503	Think Big	-90	0	29	31	2m @ 6.46 g/t	1
							35	37	2m @ 1.74 g/t	2
GPAC0524	743267	6963638	503	Think Big	-90	0	15	23	8m @ 5.95 g/t	1
							32	33	1m @ 4.53 g/t	2
GPAC0525	743250	6963638	503	Think Big	-90	0	24	30	6m @ 1.81 g/t	1
GPAC0531	743200	6964000	503	Think Big	-90	0	115	117	2m @ 1.74 g/t	2
GPAC0531	743200	6964000	503	Think Big	-90	0	121	124	3m @ 0.73 g/t	2
GPAC0532	743225	6964000	503	Think Big	-90	0	90	96	6m @ 2.11 g/t	
GPAC0536	743275	6964000	503	Think Big	-90	0	81	84	3m @ 1.92 g/t	1
GPAC0560	743680	6964390	501	Kingston Town	-90	0	32	45	13m @ 2.22 g/t	1
GPAC0568	743640	6964300	501	Kingston Town	-90	0	26	28	2m @ 3.60 g/t	1
GPAC0627	747400	6968060	504	Victory	-90	0	52	56	4m @ 1.49 g/t	
GPAC0628	747500	6968060	505	Victory	-90	0	28	36	8m @ 2.06 g/t	
GPAC0631	747800	6968060	506	Victory	-90	0	36	44	8m @ 0.84 g/t	
GPAC0632	747900	6968060	505	Victory	-90	0	28	32	4m @ 5.24 g/t	
GPAC0639	747600	6967860	505	Victory	-90	0	92	96	4m @ 5.26 g/t	
GPAC0663	747950	6967060	504	Intrepid	-90	0	92	96	4m @ 1.38 g/t	
GPAC0678	748200	6965260	500	Intrepid	-90	0	36	40	4m @ 3.22 g/t	

**Parameters:** Intercepts calculated using 0.5g/t Au lower cut-off, 1m maximum internal waste, & minimum intercept of 1m; Only those intercepts with greater than 5 gram-metres (width (m) x grade (g/t) ) are shown in the Appendix 3, with exceptions as explained in Note 2.

**Notes:**

1. Replaces previously reported intercept where the previous intercept was calculated using composited samples
2. As above, but gram-metres of new intercept is below the 5 gram-metres threshold
3. Intercepts were reported in Panoramic's December 2011 Quarterly Report, however final results were only received in the March 2012 quarter.