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PANORAMIC RESOURCES LTD

27 February 2013 ASX: PAN

December 2012 Half-Year Results

Panoramic Resources Limited (ASX: PAN) has today reported an underlying Nickel Division EBITDA of $13.5 million for the December 2012 half-year and declared a fully franked interim dividend of 1 cent per share.

Key Points

- Net revenue of $94.8 million, reflecting the weaker A$ nickel price and lower nickel deliveries
- Positive cash flow from operating activities of $16 million before tax and after corporate costs and greenfield exploration
- Underlying Nickel Division EBITDA of $13.5 million, reflecting lower production and flat operating costs
- Net loss after tax of $13.0 million, due to lower A$ sales revenue and higher non-cash depreciation and amortisation charges
- Strong Balance Sheet with cash, term deposits and current receivables totaling $66.9 million
- Interim fully franked dividend of 1 cent per share declared

Commenting on the financial results, Panoramic's Managing Director, Peter Harold said:

> "The performance by our Nickel Division in a low A$ nickel price and high input cost environment is a credit to the dedication of the Panoramic team. This performance has enabled the Company to continue to generate positive operating cash flow, reward shareholders with a fully-franked dividend and to advance our gold and PGM projects".

Key Metrics

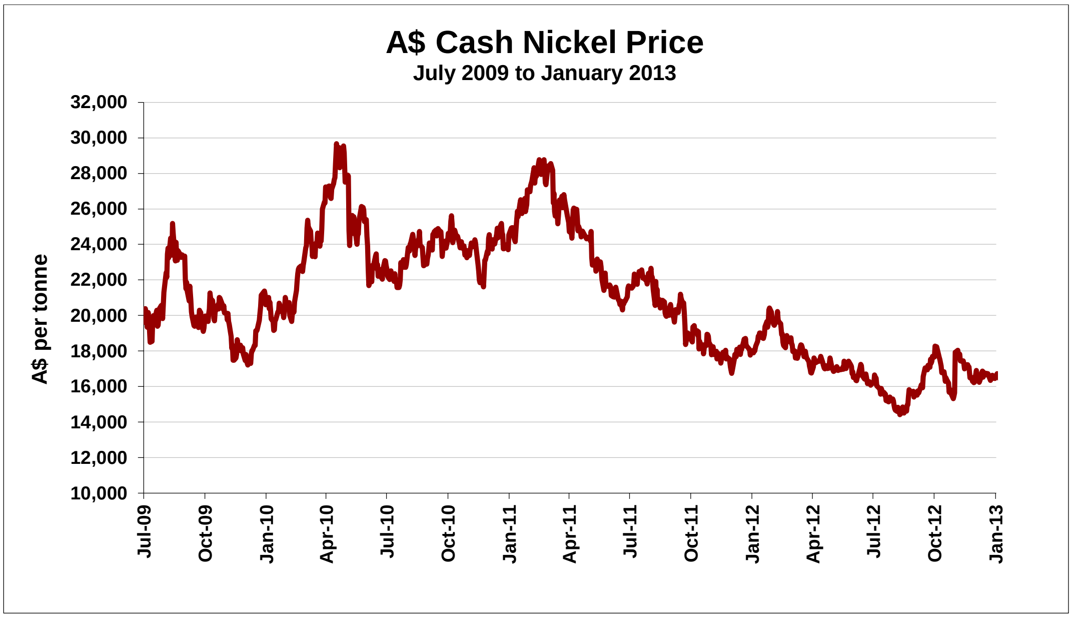
Description (Units in A$ million unless otherwise stated)	Dec Half 2012	Dec Half 2011	Dec Half 2010
Group nickel production (dmt)	**9,236t**	9,613t	8,216t
Group nickel sales (dmt)	**9,048t**	9,341t	8,205t
A$ average cash nickel price	**$7.39/lb**	$8.88/lb	$10.73/lb
Total net revenue	**$94.8**	$116.1	$129.2
Underlying Nickel Division EBITDA	**$13.5**	$35.9	$55.0
Depreciation and amortisation	**($26.9)**	($23.6)	($22.1)
Profit/(loss) before tax	**($19.8)**	($4.8)	$26.6
Net profit/(loss) after tax	**($13.0)**	($3.9)	$17.5
Cash flow from operating activities before tax	**$16.0**	$23.0	$20.5
Cash, term deposits and current receivables	**$66.9**	$96.5	$156.2
Dividend (cents/share)	1.0	2.0	4.0
Nickel Division Payable Cash Cost, including royalties (A$/lb)	$6.71	$5.94	$6.41
Nickel Division Cash Cost (Ni in concentrate)[1] (A$/lb)	$3.88	$3.16	$3.31

[1] excluding smelter payability deductions and royalties

Commentary

Earnings

The Nickel Division produced 9,237 tonnes of contained nickel in concentrate/ore, which was 4% lower than the previous corresponding half-year primarily due to the lower than forecast production from Savannah. Sales revenue of $94.8 million reflects the weaker US$ nickel price, the continued strength in the Australian dollar and lower nickel deliveries. The A$ nickel price averaged $7.39/lb over the half-year, which was 17% lower than the previous corresponding half-year. Notwithstanding, the nickel division reported **underlying EBITDA of $13.5 million**, reflecting flat operating costs on an aggregate basis for the first half of FY2013.



Source – LME US$ nickel daily cash price converted to A$'s using the daily RBA US$/A$ Settlement Rate

Cash Flow

Net cash from operating activities before tax was $16.0 million after working capital movements, corporate costs and greenfield exploration. Cash outflow on financing items included capitalised development costs in the Nickel Division of $10.6 million, exploration and evaluation costs of $12.2 million on nickel resource drilling and on the Company's gold and PGM projects. Expenditure on major one-off capital projects, that were prevalent in the previous corresponding half-year (new concentrate storage shed at Wyndham, the Lanfranchi accommodation village and the ventilation project at Savannah), was significantly lower in the current period as these projects reached completion.

At 31 December 2012, the Company's liquid assets comprised $39.3 million of cash at bank, $22.8 million in trade receivables and $4.8 million of other receivables.

Other Items

The following items also impacted the December 2012 half-year financial results:

- *Depreciation and amortisation* – as a consequence of expenditure on major capital projects in the Nickel Division over the last 18 months, **non-cash depreciation and amortisation expenses increased by 14% to $26.9 million**; and
- *Equity investments* – included in "Other net costs" was a $2.3 million gain on the sale of the Company's interest in Hot Chili.

PANORAMIC RESOURCES LTD

Nickel Production

For the December 2012 half-year, the Savannah Nickel Mine produced 43,865 tonnes of concentrate at an average nickel grade of 7.83% containing 3,434 tonnes of nickel, compared to the December 2011 half-year production of 63,000 tonnes of concentrate at an average nickel grade of 7.47% containing 4,707 tonnes of nickel.

The Lanfranchi Nickel Mine produced 251,767 tonnes of ore at an average nickel grade of 2.30% containing 5,802 tonnes of nickel in the December 2012 half-year, compared to the December 2011 half-year production of 208,827 tonnes of ore at an average nickel grade of 2.35% containing 4,906 tonnes of nickel.

On a consolidated basis, the Nickel Division produced 9,236 tonnes of nickel contained in concentrate/ore for the December 2012 half-year. As previously advised, the total group production guidance for the full 2012/13 financial year has been maintained in the range of **18,000-19,000 tonnes** of nickel contained in concentrate/ore.

Summary of December 2012 Half-Year Results

Description (Units in A$ million unless otherwise stated)	Dec Half 2012	Dec Half 2011	Dec Half 2010
Financials			
A$ average cash nickel price[1]	**$7.39/lb**	$8.88/lb	$10.73/lb
Total net revenue[2]	**$94.8**	$116.1	$129.2
Cost of sales before depreciation and amortisation	**($81.3)**	($80.2)	($74.2)
Underlying Nickel Division EBITDA	**$13.5**	$35.9	$55.0
Depreciation and amortisation	**($26.9)**	($23.6)	($22.1)
Other net costs including corporate costs and exploration	**($6.4)**	($13.0)	($6.3)
Profit/(loss) before tax and impairment	**($19.8)**	($0.7)	$26.6
Impairment before tax	**-**	($4.1)	-
Profit/(loss) before tax	**($19.8)**	($4.8)	$26.6
Tax benefit/(expense)	**$6.8**	$0.9	($9.1)
Net profit/(loss) after tax	**($13.0)**	($3.9)	$17.5
EPS (cents/share)	**(5.2c)**	(1.9c)	8.5c
Cash Flow			
Cash flow from operating activities before tax	**$16.0**	$23.0	$20.5
Payments for property, plant, and equipment	**($5.6)**	($22.0)	($6.9)
Capitalised development costs	**($10.6)**	($11.2)	($13.0)
Exploration and evaluation expenditure (capital component)	**($12.2)**	($5.3)	($0.9)
Cash, term deposits and current receivables	**$66.9**[3]	$96.5	$156.2
Physicals			
Group nickel production (dmt)	**9,236t**	9,613t	8,216t
Group nickel sales (dmt)	**9,048t**	9,341t	8,205t

[1] LME US$ nickel daily cash price converted to A$'s using the daily RBA US$/A$ Settlement Rate

[2] net of by-product credits, interest income, smelter/ concentrate treatment charges and profit/(losses) on commodity/foreign exchange hedges

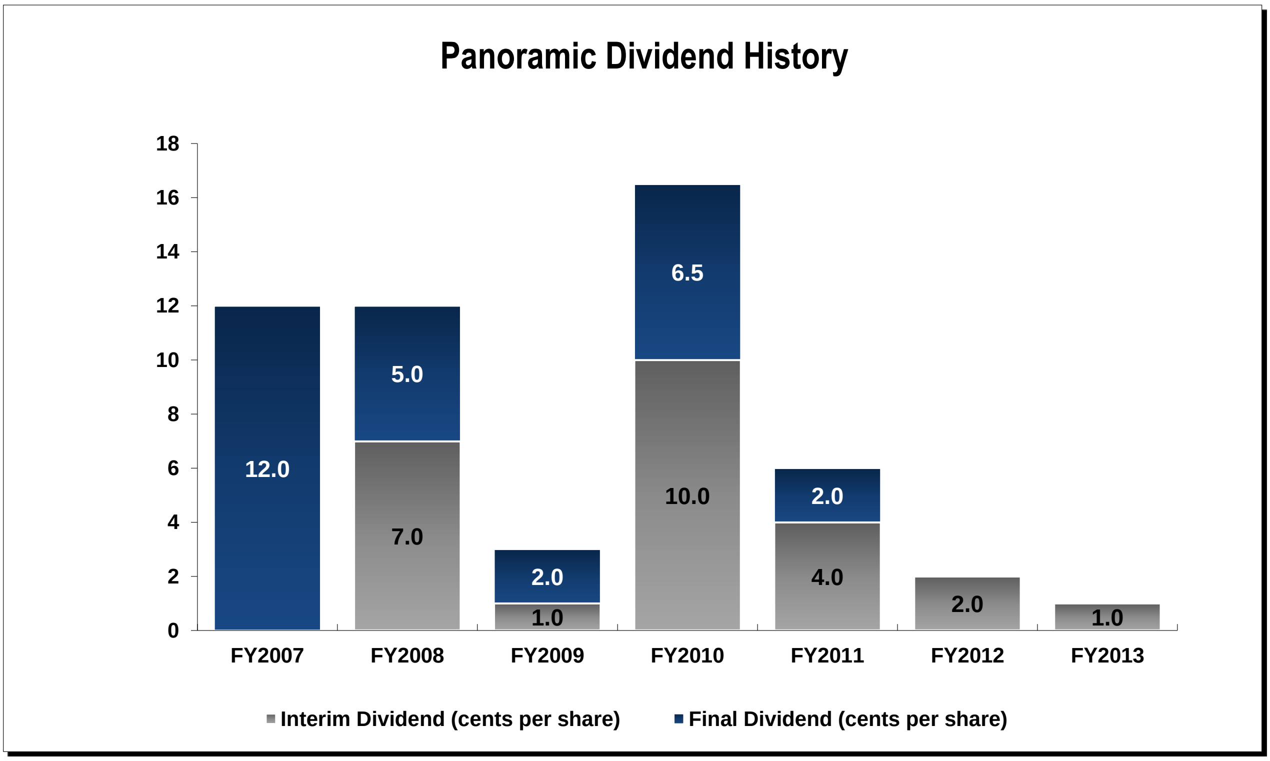
[3] comprising cash and term deposits ($39.3M), trade receivables ($22.8M) and other current receivables ($4.8M). At 30 June 2012: cash and term deposits ($46.0M), trade receivables ($29.0M) and other current receivables ($4.0M)

Interim Dividend

The Panoramic Board is pleased to declare an interim, fully franked dividend of 1 cent per share. This dividend reflects the positive cash flow from the Nickel Division over the half-year and recognises that the efforts made to reduce costs across the business are starting to show results. **Fully franked dividends paid will now total 52.5 cents per share, equating to $104.7 million over the last seven financial years.**

The details of the dividend payment are as follows:

- Ex-Dividend Date – Monday, 13 May 2013;
- Record Date – 5.00pm (WST) Friday, 17 May 2013;
- Payment Date – Friday, 31 May 2013.



Cost Saving Initiatives

The focus on cost reduction remains a high priority across the business. Several cost savings initiatives were introduced in late 2012, including:

- a 5% reduction in the total workforce (more heavily weighted at the corporate level);
- a downward adjustment of salaries; and
- a request for cost/pricing reduction assistance from all suppliers, consultants, contractors and other service providers.

The target is to reduce the Group total cost base by $10-15 million on an annualised basis.

The support from employees and existing suppliers has been outstanding and the Company is confident that the cost saving target can be achieved.

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 East Kimberley, and the Lanfranchi Project near Kambalda, Western Australia. On a Group basis, Panoramic produced a record 19,791t of nickel contained in FY2012 and is forecasting to produce between 18,000 and 19,000t of nickel in FY2013. Panoramic is an S&P/ASX 300 Index Company with a strong balance sheet, minimal bank debt and a growing nickel, gold and PGM resource base, employing more than 500 people (including contractors).

In early 2011, Panoramic acquired the Gidgee Gold Project, located near Wiluna, Western Australia. Panoramic recently purchased the high-grade Wilsons Project located within the Gidgee tenement package as well as a 70% interest in the Mt Henry Gold Project. Panoramic released a Scoping Study in August 2012 on the recommencement of gold production from Gidgee and released a positive Scoping Study on the Mt Henry Project in December 2012. Technical studies for the Mt Henry Bankable Feasibility Study have commenced. The Company has expanded into Platinum Group Metals (PGM) with the purchase of the Panton PGM Project located approximately 60km south of the Savannah Project in the East Kimberley and the Thunder Bay North PGM Project in northern Ontario, Canada.

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house in the S&P/ASX 100 Index.

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