News Release

PANORAMIC RESOURCES LTD

vision
commitment
results

29 August 2013 ASX: PAN

FY2013 Full-Year Results

Key Points

- Safety - LTI Frequency Rate of 5.42 at 30 June 2013, trending down from December 2012
- Production - 19,561t Ni in concentrate/ore produced and 18,959t Ni in concentrate/ore sold
- Net revenue - $181.8 million, reflecting the weaker A$ nickel price and lower nickel deliveries
- Cost of sales before D&A - $154.3 million, down 11% due to the implementation of cost saving initiatives
- Net cashflow from operating activities - $23.0 million before tax and after corporate costs and greenfield exploration
- Underlying Nickel Division EBITDA - $27.5 million
- Reported net loss after tax - $31.7 million, due to lower sales revenue, higher D&A and non-cash impairment charge

Commenting on the financial results, Panoramic's Managing Director, Peter Harold said: *"Despite the average A$ nickel price being 15% below last year's average and sold nickel being ~4% lower than last year due to shipping schedules, the Nickel Division still managed to generate $23 million in free cash which is a highly commendable result in what was one of the toughest years I have experienced."*

Key Metrics

Description (Units in A$ million unless otherwise stated)	FY2013	FY2012
Group nickel production (dmt)	**19,561**	19,791
Group nickel sales (dmt)	**18,959**	19,820
A$ average cash nickel price	**$7.23/lb**	$8.48/lb
Total net revenue	**$181.8**	$233.0
Cost of sales before depreciation and amortisation (D&A)	**($154.3)**	($170.7)
Underlying Nickel Division EBITDA	**$27.5**	$62.3
D&A	**($54.4)**	($51.4)
Loss before tax and impairment	**($39.0)**	($14.1)
Underlying net loss after tax	**($26.1)**	($11.0)
Impairment and write-offs after tax	**($5.6)**[1]	($7.2)
Reported net loss after tax	**($31.7)**	($18.2)
Cash flow from operating activities before tax	**$23.0**	$38.2
Cash, term deposits and current receivables	**$44.9**	$79.0
Dividend (cents/share)	**1.0**	2.0
Payable Nickel Cash Cost, including royalties (A$/lb)	**$6.18**	$6.01
C1 Cash Cost (Ni in concentrate)[2] (A$/lb)	**$3.84**	$3.72

[1] non-cash impairments totaled $14.5 million before tax ($10.1 million after tax), of which $8.0 million before tax ($5.6 million after tax) was recognised in the consolidated income statement and the balance of $6.5 million before tax was taken to the asset revaluation reserve in equity

[2] excluding smelter deductions and royalties

Commentary

Revenue

Sales revenue was impacted by the lower A$ nickel price which averaged A$7.23 per pound during FY2013, down 15% on the previous year's average of A$8.48 per pound (*refer Figure 1*). In addition, Savannah shipped 4.3% less in nickel contained in concentrate and ore sold than in FY2012 due to shipment schedules, with approximately 500 tonnes of nickel contained in concentrate stockpiled at Wyndham at 30 June, valued in inventory at ~$6 million. Hedging gains of $9.7 million were 46% lower than the prior year on reduced nickel hedging. Other income of $3.8 million was made up of a $2.3 million gain on the sale of the Company's equity investment in Hot Chili (following a $2.2 million write-down in this shareholding in FY2012) and $1.4 million from the booking of Federal Government grants in relation to the *Jobs and Competitiveness Program*, which is available for some companies that produce carbon emissions and that are unable to pass through increased costs under the new carbon trading scheme.

While revenue was lower, costs were down significantly compared to the previous year due to the implementation of various cost saving initiatives including salary reductions and reduced personnel levels across the Group. The lower cost base allowed the **Nickel Division to report a positive underlying EBITDA of $27.5 million**.

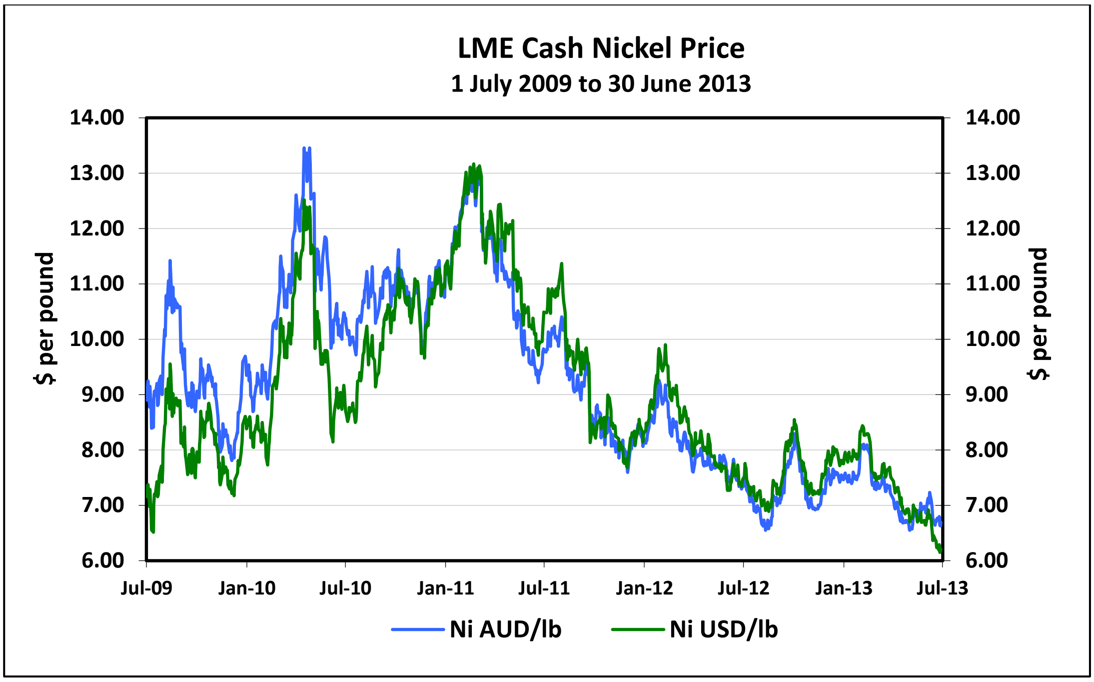

Figure 1

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

Cash Flow

Net cashflow from operating activities before tax was a positive $23.0 million after working capital movements, corporate costs and greenfield exploration. Cash outflow on financing items included mine development costs in the Nickel Division of $21.0 million and exploration and evaluation costs of $18.4 million on nickel resource drilling and on the Company's gold and PGM projects (including the final $3.5 million payment to acquire the 70% interest in the Mt Henry Gold Project). Expenditure on plant and equipment of $9.0 million was significantly lower than the $33.6 million in FY2012.

At 30 June 2013, the Company's liquid assets comprised $23.3 million of cash at bank, $16.3 million in trade receivables and $5.4 million of other receivables.

Other Items

The following items also impacted on FY2013 full year results:

Impairment charge – based on lower near-term nickel price forecasts, using consensus estimates, a $14.4 million pre-tax impairment charge, being $10.1 million after tax, was booked against the carrying value of the Lanfranchi Nickel Project. Of this amount, $7.9 million was recognised in the Consolidated Income Statement and the balance was taken to the Mineral Properties Asset Revaluation Reserve in equity.

This accounting treatment differs to that used in determining the FY2013 Financial Results Guidance release on 1 August 2013, in which the full impairment charge was recognised in the Consolidated Income Statement.

Depreciation and amortisation (D&A) – as a consequence of expenditure on major capital projects in the Nickel Division over the last two years, non-cash depreciation and amortisation expense increased by 6% to $54.4 million.

Nickel Production

The Savannah Nickel Project mined 689,551 tonnes of ore at an average grade of 1.29% Ni and produced 100,615 tonnes of concentrate containing 7,703 tonnes of nickel. In the previous year, Savannah mined 657,814 tonnes at 1.53% Ni and produced 114,628 tonnes of concentrate containing 8,633 tonnes of nickel. While annual ore tonnes mined were up 5%, the average ore grade was 16% lower due to the mining schedule, resulting in 11% less production of nickel in concentrate. The process plant did extremely well to increase average nickel recoveries from 85.6% to 87.1% off the lower nickel head grade.

The Lanfranchi Nickel Project mined a record 520,523 tonnes of ore at an average nickel grade of 2.28% containing 11,858 tonnes of nickel compared to the previous year's production of 464,188 tonnes of ore at an average nickel grade of 2.40% containing 11,158 tonnes of nickel. The 12% increase in ore tonnes mined is an outstanding result.

On a Group basis, the Nickel Division produced 19,561 tonnes of nickel contained in concentrate/ore for the full year, only down 1% on the Group production record achieved in FY2012.

Summary of 2013-Financial Year Results

Description (Units in A$ million unless otherwise stated)	2013	2012	2011
Financials			
A$ average cash nickel price[1]	**$7.23/lb**	$8.48/lb	$11.01/lb
Total net revenue[2]	**$181.8**	$233.0	$249.6
Cost of sales before depreciation and amortisation	**($154.3)**	($170.7)	($149.3)
Underlying Nickel Division EBITDA	**$27.5**	$62.3	$100.3
Depreciation and amortisation	**($54.4)**	($51.4)	($46.1)
Other net costs including corporate costs and exploration	**($12.1)**	($25.0)	($17.9)
Profit/(loss) before tax and impairment	**($39.0)**	($14.1)	$36.3
Impairment and write-offs before tax	**($8.0)**	($7.2)	($5.5)
Profit/(loss) before tax	**($47.0)**	($21.3)	$30.8
Tax benefit/(expense)	**$15.3**	$3.1	($10.2)
Reported net profit/(loss) after tax	**($31.7)**	($18.2)	$20.6
EPS (cents/share)	**(12.5c)**	(8.6c)	10.0c
Net Assets	**271.6**	307.5	303.1
Cash Flow			
Cashflow from operating activities before tax	**$23.0**	$38.2	$61.5
Payments for property, plant, and equipment	**($9.0)**	($33.6)	($27.6)
Capitalised mine development costs	**($21.0)**	($20.9)	($27.8)
Exploration and evaluation expenditure (capital component)	**($18.4)**	($19.2)	($16.3)
Cash, term deposits and current receivables	**$44.9**[3]	$79.0	$126.4
Physicals			
Group nickel production (dmt)	**19,561**	19,791	17,027
Group nickel sales (dmt)	**18,959**	19,820	16,940

1 LME US$ nickel daily cash price converted to A$ using the daily RBA US$/A$ Settlement FX 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 ($23.2M), trade receivables ($16.3M) and other current receivables ($5.4M). At 30 June 2012: cash and term deposits ($46.0M), trade receivables ($29.0M) and other current receivables ($4.0M)

Dividends

The Panoramic Board has decided not to pay a final dividend for the FY2013 year in order to maintain balance sheet flexibility.

In May 2013, a fully franked interim dividend of 1 cent per share was paid to shareholders. **Fully franked dividends paid now total $104.7 million over the last seven financial years.**

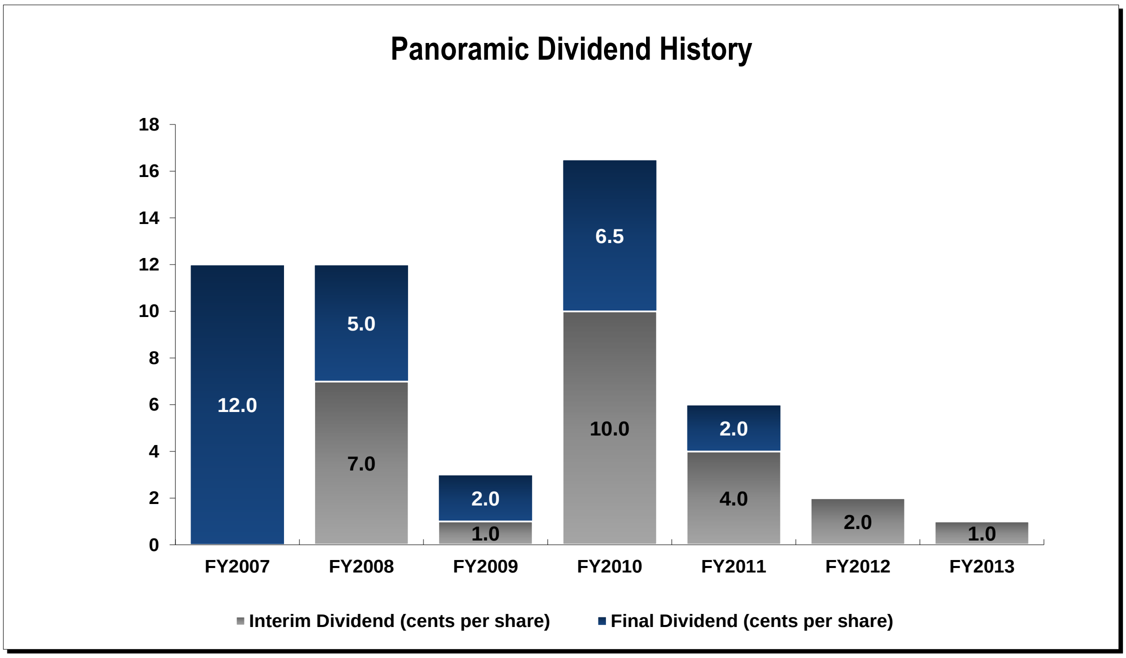

Figure 2

FY 2014 Production Guidance

As previously advised, the production guidance for the Nickel Division for FY2014 is in the range of 20,000-21,000 tonnes of nickel contained in concentrate/ore.

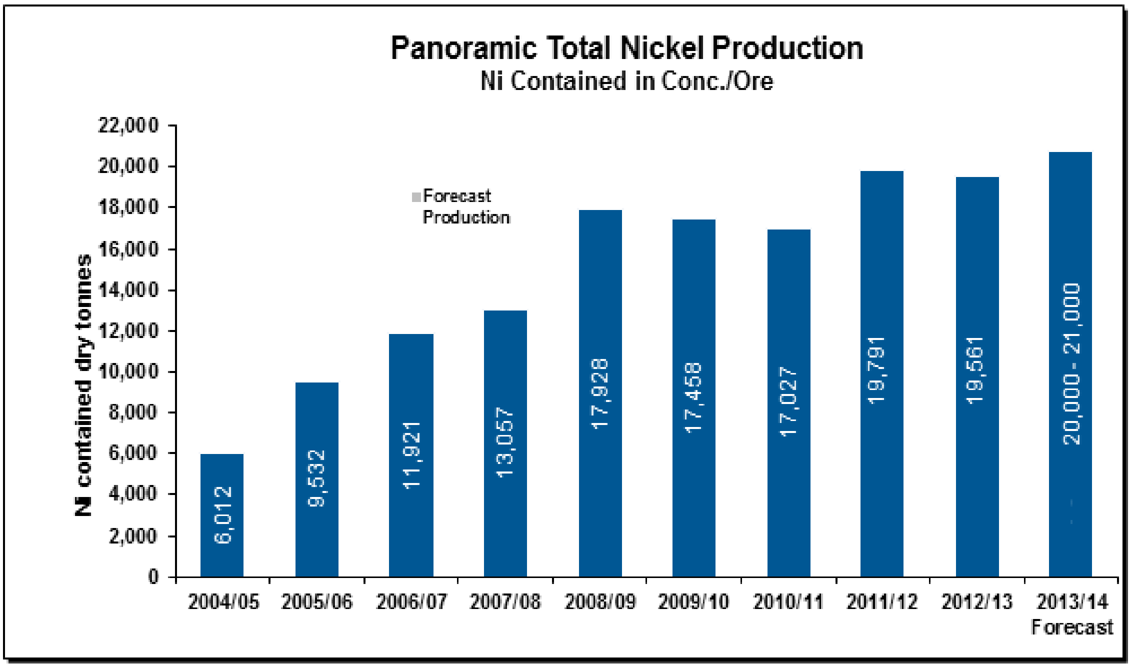

Figure 3

Notes:

1. *Savannah production is based on nickel in concentrate*
2. *Lanfranchi production is based on nickel in ore*

Outlook for FY2014

Production

Both nickel operations have set themselves aggressive but realistic production budgets in order to achieve the FY2014 production guidance of 20,000-21,000 tonnes of nickel contained in concentrate/ore. To assist, the Company has engaged GHP Delher, an experienced change management company, who is helping to find and implement productivity improvements and cost reductions in order to ensure a sustainable and profitable business.

Costs and Productivity

The focus remains on cost control and productivity improvements. The Group will continue to find ways to reduce operating costs and increase productivity, which the Nickel Division has been very successful in achieving over the past six months resulting in an average Payable Nickel Cash Cost including royalties of $5.28 a pound for the June 2013 quarter.

Gold and PGM Projects

The Bankable Feasibility Studies on both the Gidgee and Mt Henry gold projects are progressing well and the Company is encouraged by the recent increase in the gold price sparking a renewed interest in the gold sector. The PGM projects remain pivotal to the Company's diversification strategy and work will continue on flowsheet optimisation in FY2014. Total evaluation expenditure on the gold and PGM projects is forecast to be in the range of $3-5 million in FY2014.

Exploration

The primary aim of the exploration programs this year is to add mine life at both nickel operations. The geological teams at both sites, under the guidance and direction of John Hicks (GM Exploration), have identified various targets to be tested and the Board has approved a total of $6 million (excluding rents and rates of $1.5 million) to be spent on exploration activities in FY2014, with the majority of work to be on near mine nickel exploration. Funds have also been allocated to drill test one of five exceptional targets identified from a detailed airborne electromagnetic survey at the Nordgruva Copper Zinc prospect in Norway and for limited greenfield exploration on the gold and PGM projects.

Mine Capital Expenditure

In FY2014, the Group has budgeted to spend $9 million on capital mine development and $6 million on other sustaining capital (including plant and equipment).

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 19,561t of nickel contained in FY2013 and is forecasting to produce between **20,000 and 21,000t** of contained nickel in FY2014. Panoramic is an S&P/ASX 300 Index company with a solid balance sheet, no bank debt and a growing nickel, gold and PGM resource base, employing approximately 500 people (including contractors).

In early 2011, Panoramic acquired the Gidgee Gold Project, located near Wiluna, Western Australia. Panoramic subsequently 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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