News Release

PANORAMIC RESOURCES LTD

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commitment
results

26 February 2014 **ASX: PAN**

December 2013 Half-Year Results

Key Points

- **Improved safety performance, LTIFR down to 3.29 at 31 December**
- Net revenue of $98.5 million, higher sales volume offset by lower realised A$ nickel price
- **Nickel Division underlying EBITDA of $18.0 million, up 33% on the previous half year**
- **Positive cash flow from operating activities of $12.6 million** before tax and after corporate costs and greenfield exploration
- Reported net loss after tax of $23.3 million, due to the lower A$ nickel price, higher D&A and non-cash impairment charge
- **Payable Nickel Cash Cost (including royalties) of A$5.47/lb, down 18% on the previous half-year**

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

> "The strong production performance in a low A$ nickel price environment, together with the continued reduction in costs, is a credit to the Panoramic team and has enabled the Company to continue to generate positive operating cash flow. The recent capital raising and immediate exploration success at Savannah, together with the stronger US$ nickel price, weaker A$, lower cost base and productivity improvements are all helping to ensure that we have a sustainable business going forward".

Key Metrics

Description (Units in A$ million unless otherwise stated)	Dec Half 2013	Dec Half 2012	Dec Half 2011
Group nickel production (dmt)	**10,803t**	9,236t	9,613t
Group nickel sales (dmt)	**10,740t**	9,048t	9,341t
A$ average cash nickel price	**$6.84/lb**	$7.39/lb	$8.88/lb
Total net revenue	**$98.5**	$94.8	$116.1
Cost of sales before depreciation and amortisation (D&A)	**($80.5)**	($81.3)	($80.2)
Underlying Nickel Division EBITDA	**$18.0**	$13.5	$35.9
D&A	**($29.3)**	($26.9)	($23.6)
Loss before tax and impairment	**($17.7)**	($19.8)	($0.7)
Underlying net loss after tax	**($14.1)**	($13.0)	($1.0)
Impairment and write-offs after tax	**($9.2)**[1]	-	($2.9)
Reported net loss after tax	**($23.3)**	($13.0)	($3.9)
Cash flow from operating activities before tax	**$12.6**	$16.0	$23.0
Cash, term deposits and current receivables	**$54.6**	$66.9	$96.5
Payable Nickel Cash Cost, including royalties (A$/lb)	**$5.47**	$6.71	$5.94
C1 Cash Cost (Ni in concentrate)[2] (A$/lb)	**$3.38**	$4.19	$3.63

[1] non-cash impairment at the Lanfranchi Project totalled $18.3 million before tax ($12.8 million after tax), of which $13.1 million before tax ($9.2 million) was recognised in the consolidated income statement and the balance of $5.2 million before tax was taken to the asset revaluation reserve in equity

[2] excluding smelter payability deductions and royalties

Commentary

Underlying Earnings

The Nickel Division produced 10,803 tonnes of contained nickel in concentrate/ore, which was 17% higher than the previous corresponding half year. **Both nickel operations performed strongly which reflects positively on the cost and productivity improvements that were progressively achieved at each mine in 2013**. Due to the higher production level, net sales revenue of $98.5 million was reported which was 3.9% higher than the previous half-year. The A$ nickel price averaged A$6.84/lb over the half-year, which was 7% lower than the previous corresponding half-year (*see Figure 1*). The Nickel Division reported **underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $18.0 million for the first half of FY2014**, an increase of 33% over the previous corresponding period and a reflection of the strong operating performance and lower Group payable cash costs.

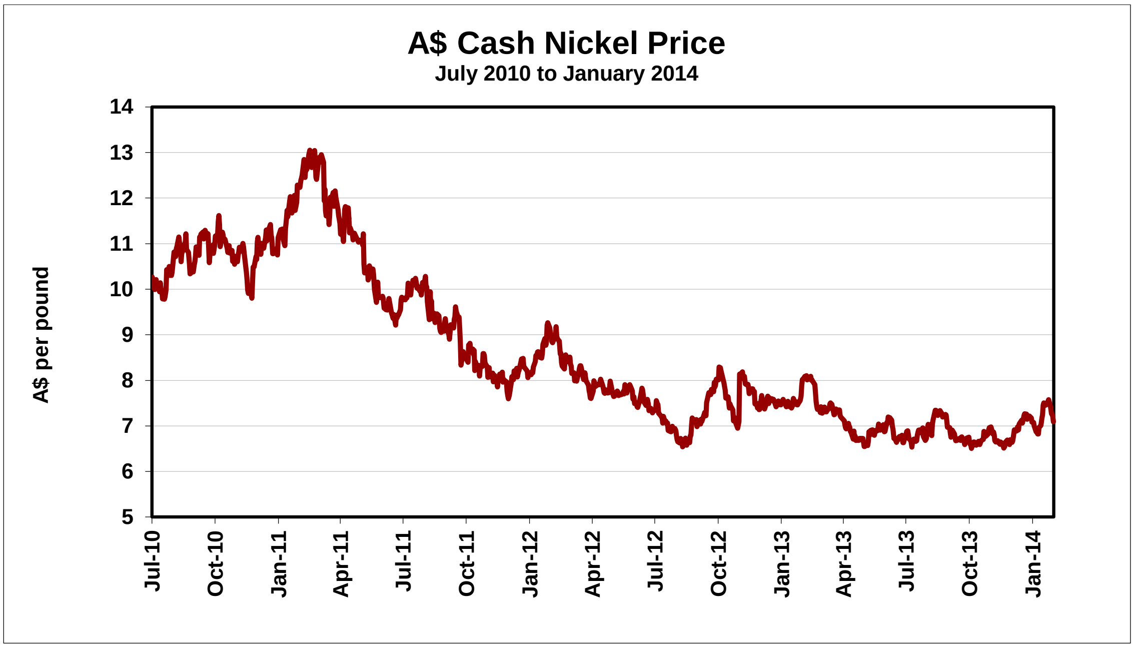

Figure 1

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

Cash Flow

Net cash from operating activities before tax was $12.6 million after working capital movements, corporate costs and greenfield exploration. Cash outflow on financing items included capitalised development costs in the Nickel Division of $8.4 million, exploration and evaluation costs of $2.5 million on nickel resource drilling and on the Company's gold and PGM projects. **In total, expenditure of $13.9 million on capital items was down a significant $14.5 million on the previous corresponding half year.**

At 31 December 2013, the Company's liquid assets comprised $34.4 million of cash at bank, $17.3 million in trade receivables and $2.9 million of other receivables.

Other Items

The following items also impacted the December 2013 half-year financial results:

- *Impairment charge* – in response to the continuing low nickel price environment and lower near-term nickel price forecast (based on January 2014 external consensus estimates), a $18.3 million pre-tax impairment charge ($12.8 million after tax) was booked against the carrying value of the Lanfranchi Nickel Project. Of this amount, $13.1 million was recognised in the consolidated income statement and the balance of $5.2 million before tax was taken to the mineral properties asset revaluation reserve in equity; and
- *Depreciation and amortisation (D&A)* – as a consequence of the increased production at the nickel operations over the period, non-cash depreciation and amortisation expense increased by 9% to $29.3 million.

Nickel Production

For the December 2013 half-year, the Savannah Nickel Mine produced 57,281 tonnes of concentrate at an average nickel grade of 7.25% containing 4,151 tonnes of nickel, compared to the December 2012 half-year production of 43,865 tonnes of concentrate at an average nickel grade of 7.83% containing 3,434 tonnes of nickel.

The Lanfranchi Nickel Mine produced 238,243 tonnes of ore at an average nickel grade of 2.79% containing 6,652 tonnes of nickel in the December 2013 half-year, compared to the December 2012 half-year production of 251,767 tonnes of ore at an average nickel grade of 2.30% containing 5,802 tonnes of nickel. **This performance produced a new contained nickel production half-year record at Lanfranchi**.

On a consolidated basis, the Nickel Division produced 10,803 tonnes of nickel contained in concentrate/ore for the December 2013 half-year. Based on the strong performance at both operations, in November 2013, the total group production guidance for the full 2013/14 financial year was increased to **21,000-21,500 tonnes** of nickel contained in concentrate/ore.

Summary of December 2013 Half-Year Results

Description (Units in A$ million unless otherwise stated)	Dec Half 2013	Dec Half 2012	Dec Half 2011
Financials			
A$ average cash nickel price[1]	**$6.84/lb**	$7.39/lb	$8.88/lb
Total net revenue[2]	**$98.5**	$94.8	$116.1
Cost of sales before depreciation and amortisation	**($80.5)**	($81.3)	($80.2)
Underlying Nickel Division EBITDA	**$18.0**	$13.5	$35.9
Depreciation and amortisation	**($29.3)**	($26.9)	($23.6)
Other net costs including corporate costs and exploration	**($6.5)**	($6.4)	($13.0)
Profit/(loss) before tax and impairment	**($17.8)**	($19.8)	($0.7)
Impairment before tax	**($13.1)**	-	($4.1)
Profit/(loss) before tax	**($30.9)**	($19.8)	($4.8)
Tax benefit/(expense)	**$7.6**	$6.8	$0.9
Net profit/(loss) after tax	**($23.3)**	($13.0)	($3.9)
EPS (cents/share)	**(8.3c)**	(5.2c)	(1.9c)
Cash Flow			
Cash flow from operating activities before tax	**$12.6**	$16.0	$23.0
Payments for property, plant, and equipment	**($3.0)**	($5.6)	($22.0)
Capitalised development costs	**($8.4)**	($10.6)	($11.2)
Exploration and evaluation expenditure (capital component)	**($2.5)**	($12.2)	($5.3)
New equity, net of costs (excluding SPP)	**$14.4**	-	-
Cash, term deposits and current receivables	**$54.6**[3]	$66.9	$96.5
Physicals			
Group nickel production (dmt)	**10,803t**	9,236t	9,613t
Group nickel sales (dmt)	**10,740t**	9,048t	9,341t

1 LME US$ nickel daily cash price converted to A$ 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 ($34.4M), trade receivables ($17.3M) and other current receivables ($2.9M). At 31 December 2012: cash and term deposits ($39.4M), trade receivables ($22.9M) and other current receivables ($4.6M)

Capital Management

On 4 November 2013, the Company announced a capital raising. The capital raising consisted of a two Tranche Placement ("Placement") to new and existing institutions and other sophisticated investors and a Share Purchase Plan ("SPP") to eligible shareholders. The Placement and SPP were both priced at $0.27 per share and raised ~$16 million before costs.

The funds raised are being used:

- to accelerate the Company's exploration activities and for production efficiencies at each nickel operation;
- for gold and PGM project studies; and
- for general working capital purposes.

The use of funds raised to accelerate the Company's exploration activities has had immediate success with the recent discovery of the Savannah North mineralised zone at the Savannah Nickel Mine (*see below*).

The Company would again like to thank the new and existing institutional shareholders who participated in the Placement and those eligible shareholders that took up the SPP for their support.

In light of the capital raising and the priority of using funds to extend the mine life at each nickel operation, the Board has decided not to pay an interim dividend to shareholders.

Cost Saving Initiatives

To ensure that the nickel business remains competitive in times of weaker commodity prices, the Company has introduced various initiatives in order to achieve sustainable cost reductions and productivity improvements across both nickel operations. The Company has also made significant changes in the Perth office, resulting in reduced staffing levels and lower corporate costs.

GPR Delher, a well-respected corporate advisory organisation, has assisted the Company to undertake a comprehensive review of operational practices at Savannah, identifying areas for improvement and has supported the implementation of certain changes that have led to improved productivity and lower costs. GPR Delher is now undertaking a similar program at Lanfranchi.

Savannah North

On 18 February 2014 (as supplemented by an announcement dated 19 February 2014), the Company announced the discovery of a major new mineralised zone at the Savannah Nickel Mine. The discovery of Savannah North was made in the first hole (KUD1525) of a drill program designed to explore for the faulted continuation of the Savannah orebody to the north of the existing mine. As at the date of the above announcements, drill-hole KUD1525 had returned the following outstanding interim results.

Table 1: Summary of interim drill results for KUD1525

Hole ID	East	North	RL	Azimuth	Dip	From	To	Length (m)	Ni(%)	Cu(%)	Co(%)	EOH
KUD1525	6012.14	1923.75	1678.48	0	-41	704.9	794.2	89.3	1.60	0.76	0.12	Drilling ongoing
Including						741.8	755.0	13.2	2.10	0.72	0.15	
						777.0	794.0	17.0	2.28	1.16	0.17	

The above information and other disclosures required under the JORC Code, 2012 Edition are variously contained in the 19 February 2014 announcement and also in Table 1, Section 2 of the 18 February 2014 announcement.

The discovery of Savannah North has opened up a previously unexplored area at Savannah and could have a major impact on the mine life at the Savannah Project. Further holes are planned to define the extent of the new mineralised zone.

Outlook

The outlook for nickel has improved with many forecasters now predicting stronger nickel prices due to a combination of the recent Indonesian export ore ban and robust demand for stainless steel. The recent fall in the Australian dollar to around US$0.90 is also having a positive impact on the Company's revenue stream. The recent discovery of Savannah North is also a very positive development for our nickel business. Work continues on the feasibility studies for the gold projects, targeting completion by mid-2014 in a more buoyant gold price environment.

With new exploration programs gathering momentum and returning immediate success, together with an improved commodity price outlook and the lower Australian dollar, the Company is making good progress towards ensuring the long term sustainability of its business.

Competent Person

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 2012 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.

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 contained nickel in FY2013 and is forecasting to produce between 21,000 and 21,500t 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 more than 400 people (including contractors).

In early 2011, Panoramic acquired the Gidgee Gold Project, located near Wiluna, Western Australia. Panoramic subsequently acquired 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 company in the S&P/ASX 100 Index.

For further information contact:

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