

## December 2014 Half Year Results

### Key Points

- Net Revenue of \$105.9 million, reflecting steady production and higher spot A\$ nickel price
- Positive cash flow from operating activities of \$27.1 million before tax and after corporate costs and greenfield exploration
- Underlying Nickel Division EBITDA of \$21.7 million, up 21% on previous corresponding half-year
- Impairment write-backs of \$14.4 million, split between Copernicus (\$13.2 million) and Lanfranchi (\$1.2 million)
- Reported net loss after tax of \$4.8 million
- Interim fully franked dividend of 1 cent per share declared
- Liquid assets of \$79.8 million, up 46% on previous corresponding half-year

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

"The continuing strong production performance is a credit to the Panoramic team and has enabled the Company to generate strong operating margins and cash flows in the half-year. The re-start of mining at Copernicus, the exploration success at both operations, together with the Company's robust balance sheet has put Panoramic in a strong position to leverage off the expected increase in the A\$ nickel price".

### Key Metrics

Description (Units in A\$ million unless otherwise stated)	Dec Half 2014	Dec Half 2013	Dec Half 2012
Group nickel production (dmt)	10,003t	10,803t	9,236t
Group nickel sales (dmt)	10,050t	10,740t	9,048t
A\$ average spot nickel price	\$8.74/lb	\$6.84/lb	\$7.39/lb
Total net revenue	\$105.9	\$98.5	\$94.8
Cost of sales before depreciation and amortisation (D&A)	(\$84.2)	(\$80.5)	(\$81.3)
Underlying Nickel Division EBITDA	\$21.7	\$18.0	\$13.5
Depreciation and amortisation (D&A)	(\$30.4)	(\$29.3)	(\$26.9)
Loss before tax and impairment	(\$20.5)	(\$17.8)	(\$19.8)
Underlying net loss after tax	(\$14.9)	(\$14.1)	(\$13.0)
Impairments/write-backs after tax	\$10.11	(\$9.2)	-
Reported net loss after tax	(\$4.8)	(\$23.3)	(\$13.0)
Cash inflow from operating activities before tax	\$27.1	\$12.6	\$16.0
Cash outflow from investing activities	(\$20.7)	(\$13.6)	(\$13.9)
Cash, term deposits and current receivables	\$79.8	\$54.6	\$66.9
Payable Nickel Cash Cost, including royalties (A\$/lb)	\$5.89	\$5.47	\$6.71
C1 Cash Cost (Ni in concentrate) <sup>2</sup> (A\$/lb)	\$3.66	\$3.38	\$4.19
Interim Dividend (cents/share)	1.0	-	1.0

<sup>1</sup> non-cash impairment write-backs at (1); the Copernicus Project for \$13.2 million before tax (\$9.2 million after tax), and (2); the Lanfranchi Project for \$1.2 million before tax (\$0.8 million after tax)

<sup>2</sup> excluding smelter payability deductions and royalties

## Commentary

### Underlying Earnings

The Nickel Division performed strongly on a production and cash flow basis, which is reflected in the 8% increase in net revenue to \$105.9 million and the \$27.1 million cash inflow over the half-year from operating activities before tax and after corporate costs and greenfield exploration. The spot A\$ nickel price averaged A\$8.74 per pound over the half-year, which was higher than the previous corresponding half-year. The fall in the US\$ nickel price below US\$7 per pound in the later part of the period (see Figure 1) impacted sales revenue on deliveries made in the September 2014 quarter with the booking of negative \$4.9 million final quotational pricing (QP) adjustments on a net payable basis. In addition, the lower A\$ nickel price after the end of the period resulted in a \$3.5 million reduction in accrued provisional sales revenue after an equivalent fall in the fair value of trade receivables at 31 December 2014.

Payable and C1 cash costs in the Nickel Division were ~8% higher due to a reduction in ore production, the lower average mined nickel grade and a ~5% increase in aggregate cost of sales, principally from additional maintenance costs on plant and fixed and mobile equipment. The Nickel Division reported **underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$21.7 million for the first half of FY2015**, an increase of 21% over the previous corresponding half-year.

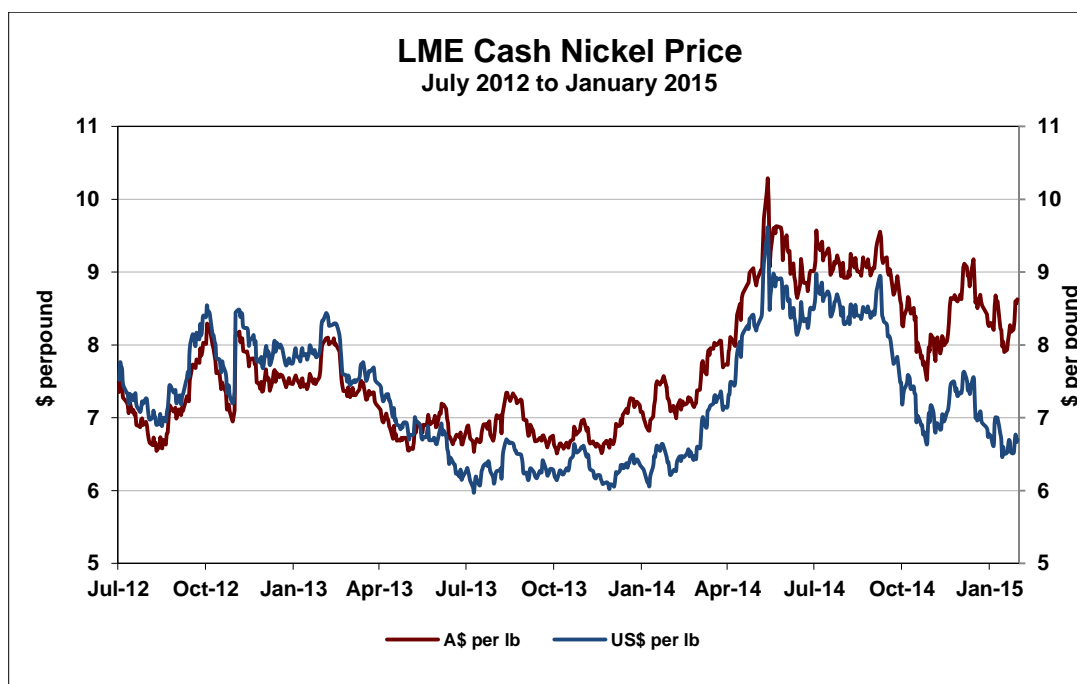


Figure 1

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

### Cash Flow

Net cash from operating activities before tax was \$27.1 million after working capital movements, corporate costs and greenfield exploration, an increase of 115% over the previous corresponding half-year period. There was a 52% increase in net cash outflow on investing activities to \$20.7 million, including \$8.3 million on new for old plant and mobile equipment, \$8.7 million on capitalised development costs and \$5.7 million of capitalised exploration and evaluation costs on nickel resource definition drilling.

At 31 December 2014, the Company's liquid assets of \$79.8 million comprised \$61.8 million of cash at bank, \$14.0 million in trade receivables and \$4.0 million of other receivables.

### Other Items

The following items impacted on the December 2014 half-year financial results:

- **Impairment write-backs** – a \$13.2 million pre-tax (\$9.2 million after tax) reversal on the previous FY2009 impairment on the carrying value of the Copernicus Nickel Project following the commencement of mining at Copernicus in November 2014, and a \$1.2 million pre-tax (\$0.8 million after tax) write-back on the carrying value of Lanfranchi, were booked; and

- Exploration and evaluation expenditure – as a consequence of the increased focus on adding mine life at both nickel operations, expenditure of \$5.0 million on greenfield exploration and evaluation work was expensed during the period, a ~\$3.8 million increase on the previous corresponding half-year.

## Nickel Production

For the December 2014 half-year, the Savannah Nickel Mine produced 56,428 tonnes of concentrate at an average nickel grade of 7.30% containing 4,119 tonnes of nickel, compared to the December 2013 half-year production of 57,281 tonnes of concentrate at an average nickel grade of 7.25% containing 4,151 tonnes of nickel.

The Lanfranchi Nickel Mine produced 256,709 tonnes of ore at an average nickel grade of 2.29% containing 5,884 tonnes of nickel in the December 2014 half-year, compared to the December 2013 half-year production of 238,243 tonnes of ore at an average nickel grade of 2.79% containing 6,652 tonnes of nickel.

On a consolidated basis, the Nickel Division produced 10,003 tonnes of nickel contained in concentrate/ore for the December 2014 half-year. Based on the budget performance on a group basis, the total group production guidance for the full 2014/15 financial year has been maintained at **20,000-21,000 tonnes** of nickel contained in concentrate/ore.

## Summary of December 2014 Half-Year Results

Description (Units in A\$ million unless otherwise stated)	Dec Half 2014	Dec Half 2013	Dec Half 2012
<b>Financials</b>			
A\$ average spot nickel price <sup>1</sup>	\$8.74/lb	\$6.84/lb	\$7.39/lb
Total net revenue <sup>2</sup>	\$105.9	\$98.5	\$94.8
Cost of sales before depreciation and amortisation	(\$84.2)	(\$80.5)	(\$81.3)
<i>Underlying Nickel Division EBITDA</i>	\$21.7	\$18.0	\$13.5
Depreciation and amortisation	(\$30.4)	(\$29.3)	(\$26.9)
Exploration and evaluation	(\$5.0)	(\$1.2)	(\$1.8)
Other net costs including corporate costs	(\$6.8)	(\$5.3)	(\$4.6)
<i>Profit/(loss) before tax and impairment</i>	(\$20.5)	(\$17.8)	(\$19.8)
Impairments/write-backs before tax	\$14.4	(\$13.1)	-
<i>Profit/(loss) before tax</i>	(\$6.1)	(\$30.9)	(\$19.8)
Tax benefit	\$1.3	\$7.6	\$6.8
<i>Reported net loss after tax</i>	(\$4.8)	(\$23.3)	(\$13.0)
EPS (cents/share)	(1.5c)	(8.3c)	(5.2c)
<b>Cash Flow</b>			
Cash flow from operating activities before tax	\$27.1	\$12.6	\$16.0
Payments for property, plant, and equipment	(\$8.3)	(\$3.0)	(\$5.6)
Capitalised development costs	(\$8.7)	(\$8.4)	(\$10.6)
Exploration and evaluation expenditure (capital component)	(\$5.7)	(\$2.5)	(\$12.2)
New equity, net of costs (excluding SPP)	-	\$14.4	-
Cash, term deposits and current receivables	\$79.8 <sup>3</sup>	\$54.6 <sup>3</sup>	\$66.9
<b>Physicals</b>			
Group nickel production (dmt)	10,003t	10,803t	9,236t
Group nickel sales (dmt)	10,050t	10,740t	9,048t

<sup>1</sup> LME US\$ nickel daily cash price converted to A\$ using the daily RBA US\$/A\$ Settlement Rate

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

<sup>3</sup> comprising cash and term deposits (\$61.8M), trade receivables (\$14.0M) and other current receivables (\$4.0M). At 31 December 2013: cash and term deposits (\$34.4M), trade receivables (\$17.3M) and other current receivables (\$2.9M)

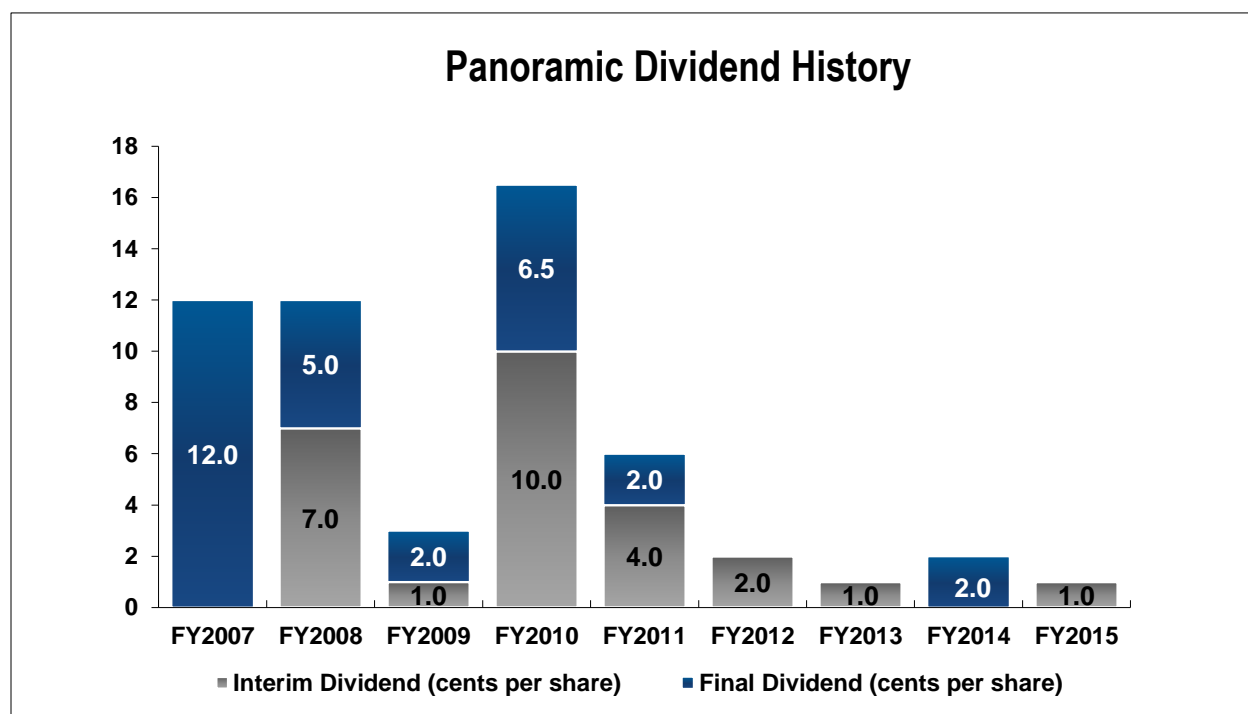
## Capital Management

### Interim Dividend

Based on the strong first-half cash generating performance of the operations, the Company has declared a fully franked interim dividend of **1.0 cent per share**. The Board is pleased to be able to maintain the payment of fully franked dividends to shareholders that now total **55.5 cents per share** over the last nine consecutive financial years, equating to \$114.3 million.

Details of the final dividend are as follows:

- Ex-Dividend Date Tuesday, 24 March 2015
- Record Date 5.00pm (WST) Thursday, 26 March 2015
- Payment Date Thursday, 2 April 2015



### On-market Share Buyback

On 15 December 2014, the Company announced its intention to conduct an on-market share buyback of up to 15.96 million shares. At that time, the directors believed that the Company's shares were trading at a level which was significantly undervaluing the Company's assets. The merits of this capital management initiative will continually be monitored during 2015 as markets and the Company's state of affairs change. As at the date of this release, the Company had bought back on-market 851,809 shares at an average share price of \$0.3909, with all the shares having been subsequently cancelled.

## Outlook

The outlook for nickel remains positive despite the fall in the US\$ nickel price in late 2014 and early 2015, with several forecasters now predicting stronger nickel prices during the Northern summer months and beyond with a pick-up in demand for stainless steel and the continuation of the Indonesian nickel laterite ore ban. The fall in the Australian dollar to around US\$0.78, together with lower diesel prices, is also having a positive impact on the Company's operating cashflow. The FY2015 exploration program has returned early success with the discovery of the Lower Schmitz high-grade nickel mineralisation. This success follows on from the exciting discovery at Savannah North in early 2014. A revised 2015 Exploration Program to advance exploration activities on these two projects has been approved. Details on the 2015 Exploration Program are shown in the attached FY2015 Half-Year Presentation.

Work continues on the feasibility studies for the gold projects. The Company is planning to commence a parallel IPO/trade sale process on these projects during the June 2015 quarter.

## About the Company

Panoramic Resources Limited (ASX code: PAN) is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic commissioned the \$65 million Savannah Project in late 2004 and then purchased and restarted the Lanfranchi Nickel Project, near Kambalda in 2005. In FY2014, the Company produced a record 22,256t contained nickel and is forecasting to produce 20-21,000t contained nickel in FY2015.

Following the successful development of the nickel projects, the Company diversified its resource base to include gold and platinum group metals (PGM). The Gold Division consists of the Gidgee Project located near Wiluna and the Mt Henry Project (70% interest), near Norseman. Both projects are currently under feasibility study. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada.

Panoramic has been a consistent dividend payer and has paid out a total of \$111 million in fully franked dividends since 2008. At 31 December 2014, Panoramic had \$61 million in cash, no bank debt and employed around 400 people.

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. The growth path will include developing existing resources, discovering new ore bodies, acquiring additional projects and is being led by an experienced exploration-to-production team with a proven track record.

**For further information contact:  
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# Half-Year 2014/15 Financial Results

(31 December 2014)



26 February 2015

ASX: PAN  
[www.panoramicresources.com](http://www.panoramicresources.com)

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# Half-Year Highlights

- **Production on track** - 10,003t Ni, FY15 guidance maintained
- **Nickel price** - strong improvement in A\$ price, average spot A\$8.74/lb
- **Strong cashflow** - \$27.1 million (up 115%)
- **Dividend maintained** - 1 cent fully franked
- **Game changing exploration**
  - Lower Schmitz
  - Savannah North
  - Savannah below the 900 Fault
  - Between Savannah and Savannah North





# Summary of 2014/15 Half-Year financial results

- **Net revenue** - \$105.9 million, up 7.5% reflecting the stronger A\$ nickel price
- **Nickel Division EBITDA** (underlying) - \$21.7 million, up 21% on previous corresponding half-year
- **Net cash flow** - \$27.1 million before tax and after corporate costs and greenfield exploration, up 115% on previous corresponding half-year
- **NPAT** - \$4.8 million loss, after non-cash impairment write-back of \$14.4 million
- **Liquid assets** - \$79.8 million in cash, term deposits and current receivables, up 46% on previous corresponding half-year
- **Average Group Nickel Payable Cash Cost** - A\$5.89/lb
- **Average Group C1 Cash Cost** - A\$3.66/lb
- **Cash at bank** - \$61.8 million

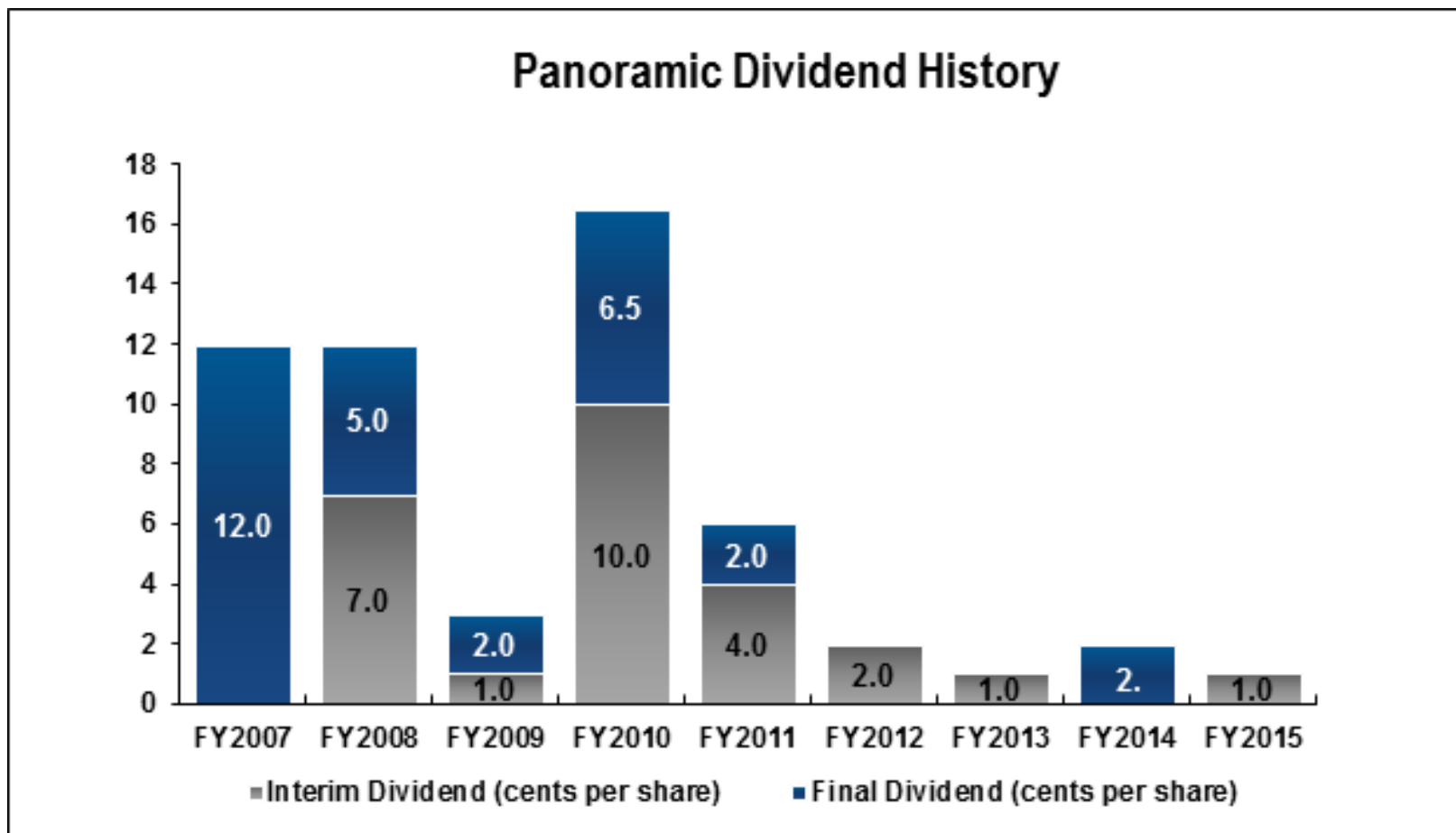


# Key financial results

Description (Units in A\$ million unless otherwise stated)	Dec Half 2012	Dec Half 2013	Dec Half 2014	
<b>Financials</b>				
A\$ average cash nickel price	\$7.39/lb	\$6.84/lb	\$8.74/lb	
Total net revenue	\$94.8	\$98.5	\$105.9	
Cost of sales before depreciation and amortisation	(\$81.3)	(\$80.5)	(\$84.2)	
<i>Underlying Nickel Division EBITDA</i>	\$13.5	\$18.0	<b>\$21.7</b>	Improved underlying EBITDA
Depreciation and amortisation	(\$26.9)	(\$29.3)	(\$30.4)	
Exploration and evaluation	(\$1.8)	(\$1.2)	(\$5.0)	
Other net costs including corporate costs and exploration	(\$4.6)	(\$5.3)	(\$6.8)	
<i>Profit/(loss) before tax and impairment</i>	(\$19.8)	(\$17.8)	(\$20.5)	
Impairments/write-backs before tax	-	(\$13.1)	<b>\$14.4</b>	Write back of the Copernicus Open Pit
<i>Profit/(loss) before tax</i>	(\$19.8)	(\$30.9)	(\$6.1)	
Tax benefit	\$6.8	\$7.6	\$1.3	
<i>Reported net loss after tax</i>	(\$13.0)	(\$23.3)	<b>(\$4.8)</b>	Significantly improved NPAT
EPS (cents/share)	(5.2c)	(8.3c)	(1.5c)	
<b>Cash Flow</b>				
Cash flow from operating activities before tax	\$16.0	\$12.6	<b>\$27.1</b>	Cash flow increased with improved A\$ Ni
Payments for property, plant, and equipment	(\$5.6)	(\$3.0)	(\$8.3)	
Capitalised development costs	(\$10.6)	(\$8.4)	(\$8.7)	
Exploration and evaluation expenditure (capital component)	(\$12.2)	(\$2.5)	(\$5.7)	
New equity, net of costs (excluding SPP)	-	\$14.4	-	
Cash, term deposits and current receivables	\$66.9	\$54.6	<b>\$79.8</b>	Strong Balance Sheet
<b>Physicals</b>				
Group nickel production (dmt)	9,236t	10,803t	<b>10,003t</b>	Solid production
Group nickel sales (dmt)	9,048t	10,740t	10,050t	

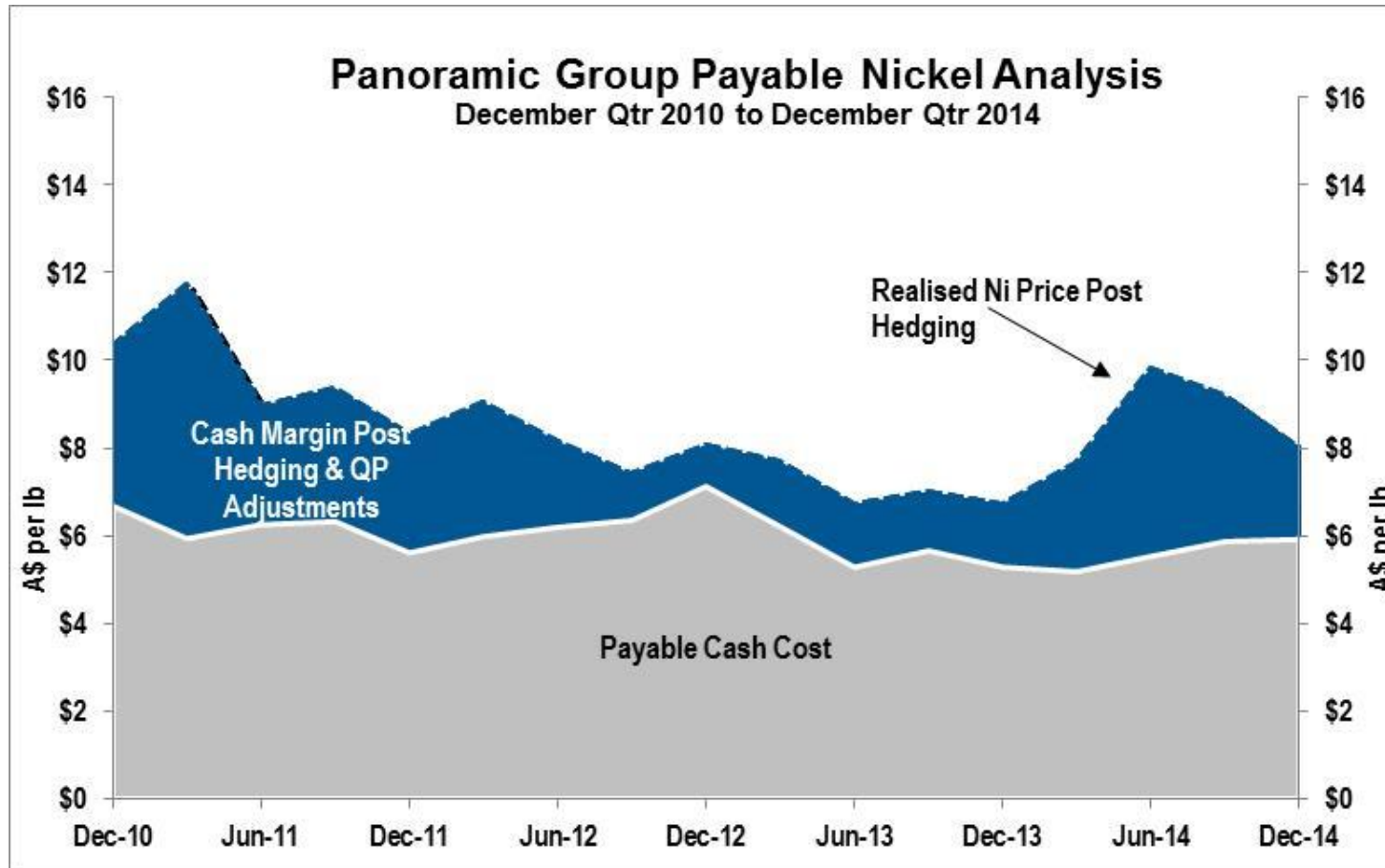
## Dividend stream maintained

- **Interim dividend** - 1 cent fully franked, paid 2 April 2015
- **Aggregate dividends** - 55.5 cents per share
- **Total payout** - \$114.3 million paid in fully franked dividends



# Operating cash margin improving

- Improved Group A\$ cash margin, on a payable nickel basis



The Panoramic Group A\$ cash margin, on a payable nickel basis records the Panoramic Group payable nickel unit cash costs on a quarterly basis from the December 2010 quarter, together with the Group net realised A\$ average quarterly nickel price (after hedging and quotational period pricing adjustments).



# 2015 nickel exploration program delivering results already



Lanfranchi team with the Lower Schmitz discovery

# Savannah - targeting mine life extension

## Savannah North

- Resource definition drilling from dedicated drill drive will commence early April 2015 targeting maiden Resource by mid year

## Below the 900 Fault

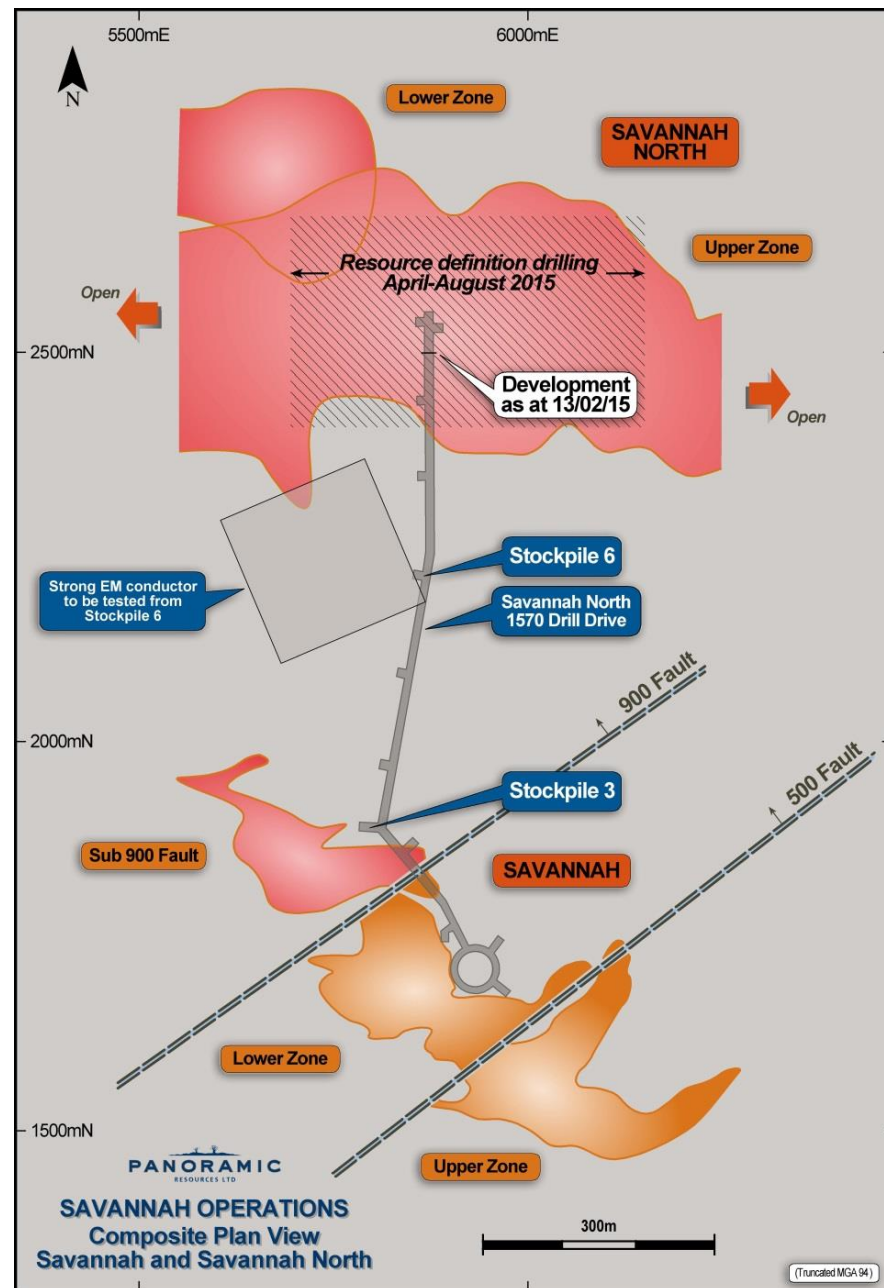
- Resource definition drilling ongoing, targeting inclusion in June 2015 Resource Statement

## Between Savannah and Savannah North

- Drill test strong EM anomaly, EM plate (200m x 200m) located above KUD1530

## Testing around Savannah North

- Test extensions of Savannah North mineralisation to the east and west
- Test theories regarding possible links between Savannah and Savannah North





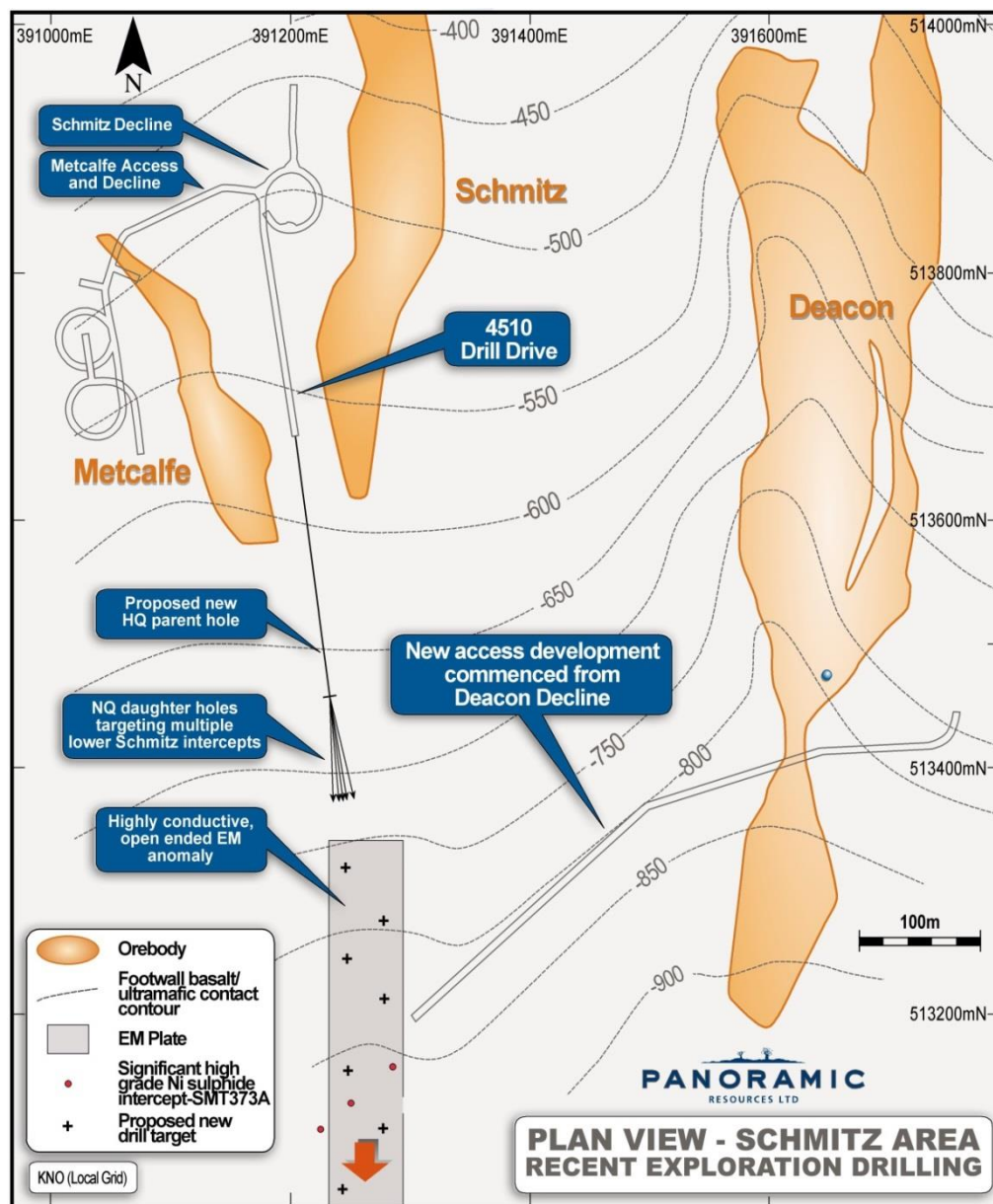
# Lanfranchi – chasing high-grade ore bodies to extend mine life

## Lower Schmitz background

- High-grade mineralisation intersected down-plunge of Schmitz
- Significant assay results include:
  - 6.10m @ 5.73% Ni from 482.90m
  - 6.80m @ 5.02% Ni from 525.30m
  - 6.50m @ 6.11% Ni from 550.54m
- EM anomaly modelled as a single highly-conductive 300 x 100m conductor, open to the south

## Next Steps

- Drill test EM plate from Schmitz 4510 drill-drive, using directional drilling from a HQ parent hole
- Test down-plunge extent of EM anomaly
- Develop access drive from the Deacon decline (underway)



# Strategy for FY2015

<b>Safety</b>	<ul style="list-style-type: none"> <li>• Improve safety performance</li> </ul>
<b>Nickel</b>	<ul style="list-style-type: none"> <li>• Production guidance 20-21,000t Ni</li> <li>• Maintain focus on costs and productivity</li> <li>• Maximise operating margin</li> </ul>
<b>PGM</b>	<ul style="list-style-type: none"> <li>• Thunder Bay North Earn-in and JV ✓</li> <li>• Advance Panton</li> </ul>
<b>Gold</b>	<ul style="list-style-type: none"> <li>• Deliver Feasibility Studies</li> <li>• Trade sale or IPO to realise value</li> </ul>
<b>Exploration</b>	<ul style="list-style-type: none"> <li>• Savannah - below 900F maiden Resource</li> <li>• Savannah North - maiden Resource</li> <li>• Lanfranchi - test extent of down-plunge Schmitz high-grade discovery</li> </ul>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Maintain dividend ✓</li> <li>• Return to S&amp;P/ASX300</li> </ul>
<b>Growth</b>	<ul style="list-style-type: none"> <li>• Extend the mine life of our nickel operations</li> </ul>





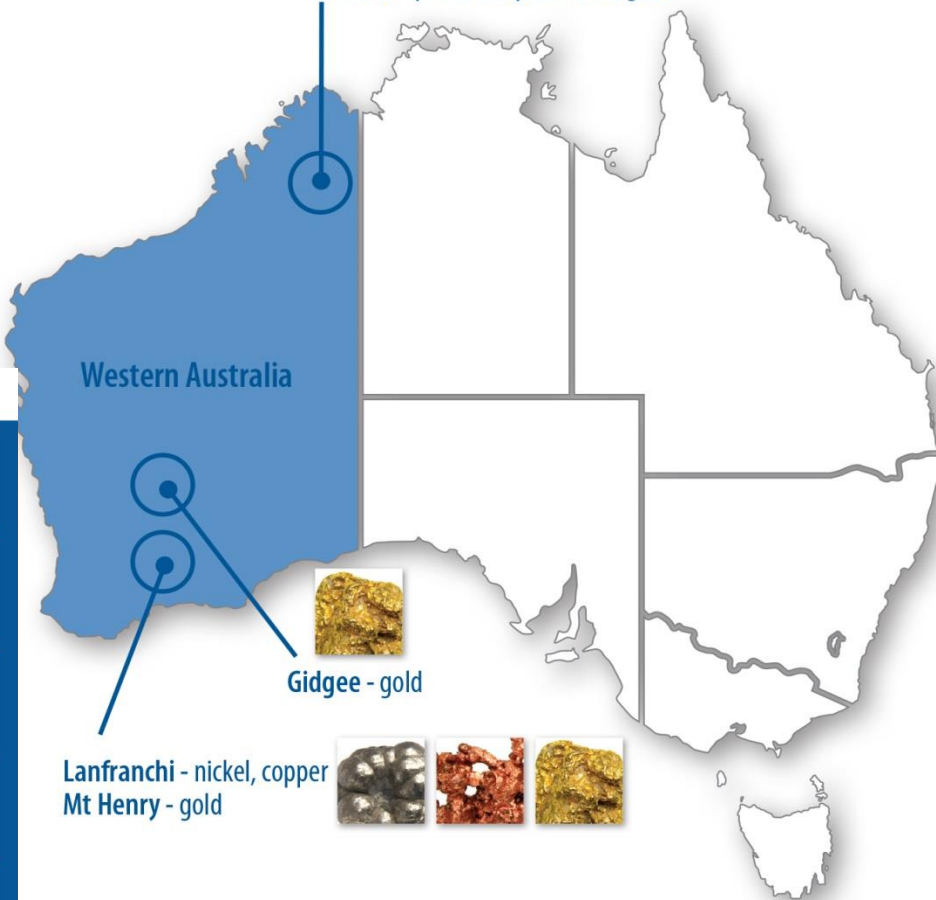
# Our portfolio – nickel, copper, cobalt, gold, platinum, palladium



Thunder Bay North - platinum, palladium, copper, nickel



Savannah - nickel, copper, cobalt  
Copernicus - nickel, copper, cobalt  
Panton - platinum, palladium, gold



	Pt+Pd 2.8Moz
	Au 2.5Moz
	Ni 156kt
	Cu 34kt
	Co 3kt



Gidjee - gold



Lanfranchi - nickel, copper  
Mt Henry - gold

# Capital structure

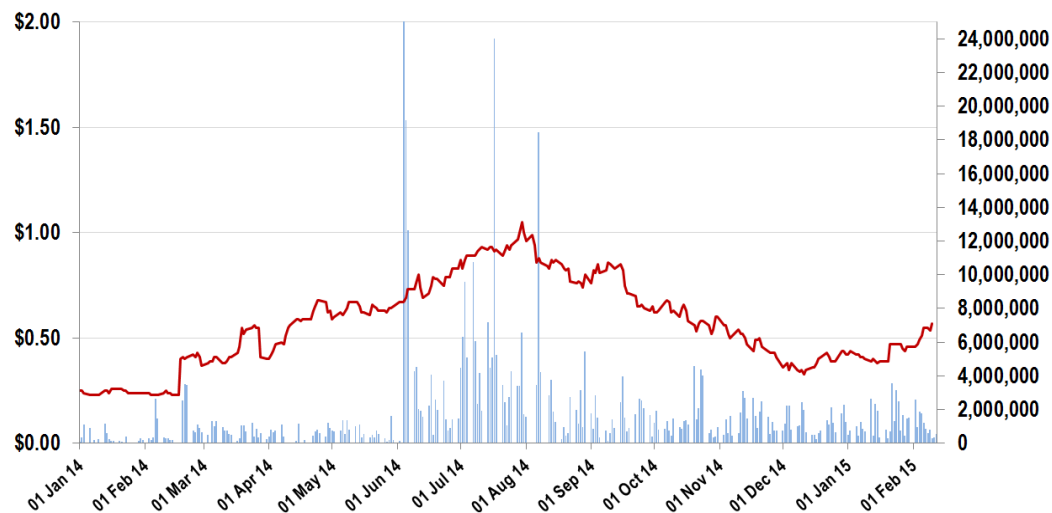
## Market Cap and Enterprise Value Pro forma

ASX Ticker	ASX:PAN
Shares on issue	321.4M
Share Price	\$0.555 <i>(25 February 2015)</i>
Market Cap	\$178M
Cash	\$61.8M <i>(31 December 2014)</i>
Bank debt	Nil
Enterprise Value	\$116M
Avg monthly turnover	22M shares

## Board

Brian Phillips	Non Executive Chairman
Peter Harold	Managing Director
Chris Langdon	Non Executive Director
John Rowe	Non Executive Director
Trevor Eton	CFO/Company Secretary

## 12 month share price performance



## Shareholder spread +60% institutional

