



*Vision, Commitment, Results*

13 October 2008

ASX: PAN

## LETTER TO SHAREHOLDERS

### RECORD QUARTERLY PRODUCTION, STRONG CASH & HEDGING POSITION

#### Highlights for September 2008 Quarter

- Record quarterly production of 4,182t Ni (100% basis)
- Strong cash & receivables of \$94 million
- Hedge book approximately \$80 million in the money (based on 13 October 2008 spot nickel price & A\$/US\$)
- Cash, receivable & hedge book backing of approximately \$0.90 per share (pre tax)
- Savannah Resources increased 44% to 70,300t Ni, Lanfranchi Resources total 125,360t Ni
- Group Resources increased to 164,300t Ni (equity basis)
- Savannah Reserves increased to 37,750t Ni & Lanfranchi Reserves increased to 66,260t Ni
- Group Reserves increased to 87,450t Ni (equity basis)
- Excellent exploration results at Savannah in the Upper Zone, 500 Fault Zone & Lower Zone
- Deacon down-plunge drilling confirms extensions

### HIGHLIGHTS

#### Production

- Record group production of 4,182 tonnes contained nickel (100% basis) for the quarter, a 4% increase on the previous quarter
- Lanfranchi Project quarterly production increased to 2,462 tonnes contained nickel with grade averaging 3% Ni
- Savannah Project quarterly production remained steady at 1,720 tonnes contained nickel

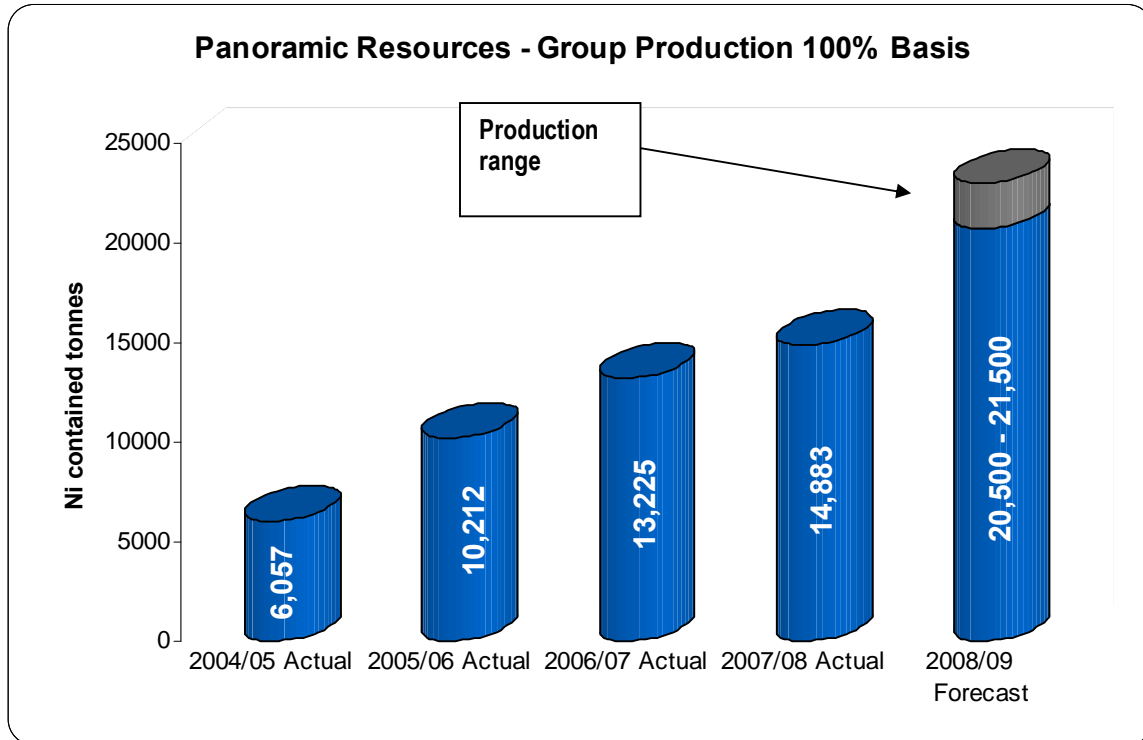
#### Exploration

- Deacon infill drilling of the Inferred Resource returned best results of:
  - 24.57m at 2.87%Ni, 0.24%Cu
  - 14.48m at 2.89%Ni, 0.20%Cu
  - 25.79m at 3.27%Ni, 0.33%Cu
  - 23.10m at 2.73%Ni, 0.23%Cu
- Deacon down-plunge holes, below the Inferred boundary, intersect >20m of matrix style Ni sulphides
- Savannah Lower Zone drilling intersects significant mineralisation
  - 51.14 metres at 1.68% Ni, 0.46% Cu, 0.08% Co
  - 53.00 metres at 1.50% Ni, 0.89% Cu, 0.09% Co
  - 49.95 metres at 1.58% Ni, 1.02% Cu, 0.08% Co
- 500 Fault Zone drilling intersects consistent massive sulphide mineralisation



## PANORAMIC 2008/09 FORECAST NICKEL PRODUCTION

As previously stated, our 2008/09 production forecast for the combined operations is between 20,500-21,500 tonnes contained nickel (100% project basis), plus copper and cobalt credits, a 30-45% increase on 2007/08 production. This forecast is based on first Copernicus ore treated at the Savannah mill in October 2008, and commissioning of the new Deacon ventilation system in late December 2008. Panoramic's equity share of forecast production is in the range of 17,000-18,000 tonnes contained nickel.



**Notes**

1. Savannah and Copernicus production is based on Ni in concentrate (PAN owns 100% of Savannah & 60% Copernicus)
2. Lanfranchi production is based Ni in ore (PAN owns 75% of Lanfranchi)
3. 2008/09 Forecast is based on Copernicus ore into Savannah mill from Oct.2008 and Deacon vent system commissioning in Dec.2008

## SEPTEMBER QUARTER EXPLORATION UPDATE

### Kimberley Highlights

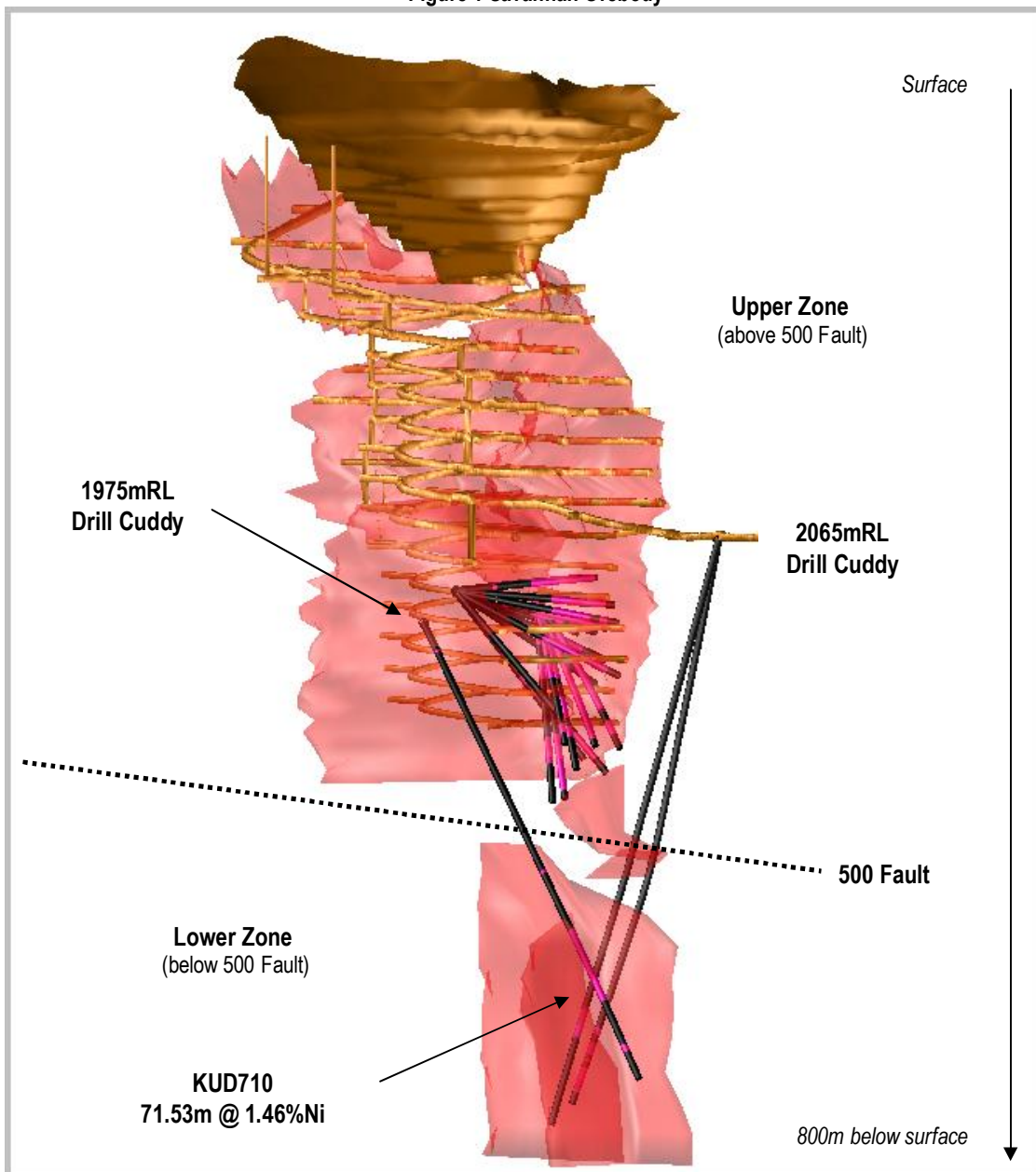
On 29 July 2008, Panoramic announced an updated Mineral Resource of 4.74Mt at 1.48% Ni, 0.72% Cu and 0.08% Co for **70,300 tonnes of contained nickel** (Table 1) and on 3 October 2008, an updated Ore Reserve of 2.9Mt at 1.29% Ni for **37,750 tonnes contained nickel** (Table 2).

- The resource is a 44% increase in contained nickel compared to the 30 June 2007 resource of 48,940 tonnes contained nickel.
- The resource now includes mineralisation above and below the 500 fault as follows:
  - Savannah Upper Zone Resource (above the 500 fault) - 49,500 tonnes contained nickel;
  - Savannah Lower Zone Resource (below the 500 fault) - 20,700 tonnes contained nickel;
- The Upper Zone reserve remains largely unchanged despite the production of 7,579 tonnes contained nickel (after metallurgical recovery) mined during the 2007/08 financial year;
- There has been a significant increase in contained copper and cobalt which reports to the concentrate and contributes significant by-product credits;



- The latest Upper Zone drilling returned best ever Savannah drill results as follows:
  - 105.63m at 2.03%Ni, 0.82%Cu, 0.10%Co
  - 80.33m at 1.67%Ni, 0.85%Cu, 0.09%Co
  - 58.92m at 2.58%Ni, 1.03%Cu, 0.13%Co
  - 55.12m at 2.26%Ni, 1.11%Cu, 0.11%Co
- An updated Savannah resource estimate is expected to be completed during the December quarter 2008; and
- Drilling is continuing to test the depth extensions of the Lower Zone to 900m below surface and the best results to date are as follows:
  - 71.53 metres at 1.46% Ni, 0.42%Cu, 0.07%Co
  - 51.14 metres at 1.68% Ni, 0.46% Cu, 0.08% Co
  - 53.00 metres at 1.50% Ni, 0.89% Cu, 0.09% Co
  - 49.95 metres at 1.58% Ni, 1.02% Cu, 0.08% Co

Figure 1 Savannah Orebody



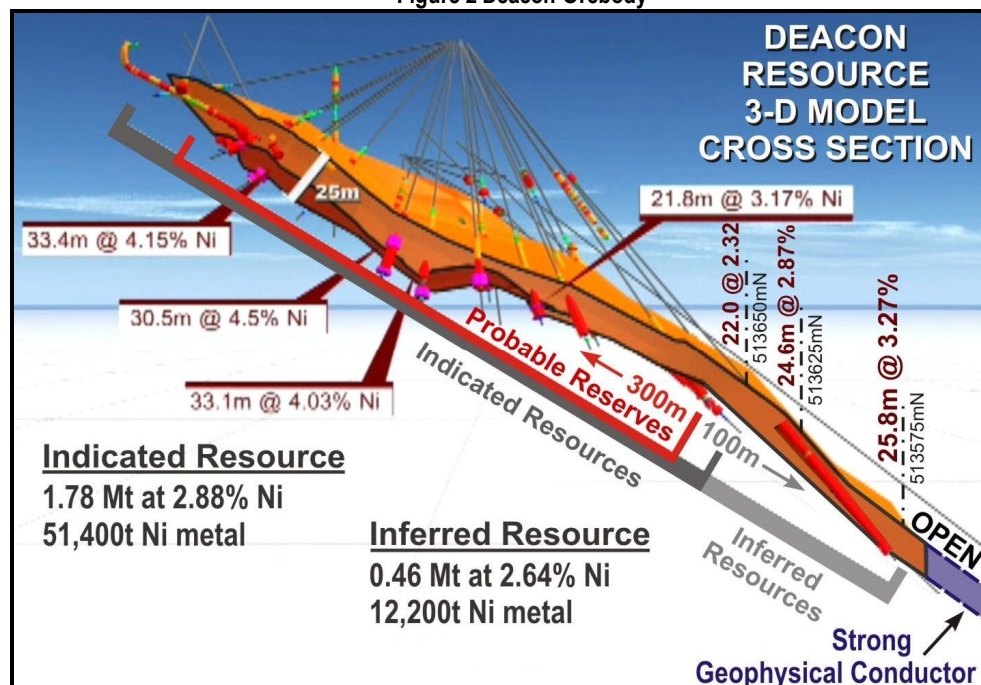


## Lanfranchi Highlights

On 1 August 2008, Panoramic announced an updated Lanfranchi Project Resource of 5.3Mt at 2.35% Ni for **125,360 tonnes of contained nickel** (Table 4) and on the 18 September 2008 and an updated Lanfranchi Project Reserve of 2.7Mt at 2.42% Ni for **66,260 tonnes of contained nickel** (Table 3).

- There has been a four-fold increase in reserves over three years which highlights the quality of the project;
- The Deacon resource has increased to **2.24Mt at 2.83% Ni for 63,550 tonnes contained nickel**;
- Deacon infill drilling of the Inferred Resource returned best results of:
  - **24.57m at 2.87%Ni, 0.24%Cu**
  - **14.48m at 2.89%Ni, 0.20%Cu**
  - **25.79m at 3.27%Ni, 0.33%Cu**
  - **23.10m at 2.73%Ni, 0.23%Cu**
- Deacon down-plunge holes, below the Inferred boundary, intersect >20m of matrix style Ni sulphides;
- The Winner mineralisation has potential to extend down-plunge given the strong EM conductor interpreted below the resource; and
- The Lanfranchi resource continues to extend down plunge and has increased by 10%.

Figure 2 Deacon Orebody



## Group Exploration Focus

This year our exploration activities are focused on adding to our significant resource and reserve base by:

- Completing the drill out of the Savannah Upper Zone and Lower Zone and converting resources to reserves;
- Continuing exploration of the contact of the Savannah Intrusion;
- Converting the Deacon Inferred Resources into Indicated and then into Reverse
- Drilling down plunge Deacon, Helmut South, Schmitz, and Lanfranchi;
- Continuing to explore the Northern Dome channel structures for massive sulphide mineralisation; and
- Commencing exploration on our newly acquired Cowan Nickel Project, located south of Lanfranchi.

Our target is to ensure that our Lanfranchi and Savannah operations have at least 10 years of reserves.



## FINANCIALS

### Cash & Receivables - \$94 million

Cash and receivables at 30 September 2008 were:

- Cash on hand of \$82 million (\$111 million at 30 June 2008)
- Trade receivables of \$12 million (\$15 million at 30 June 2008)

The reduction in cash on hand and receivables from 30 June 2008 was due to the following payments being made during the quarter:

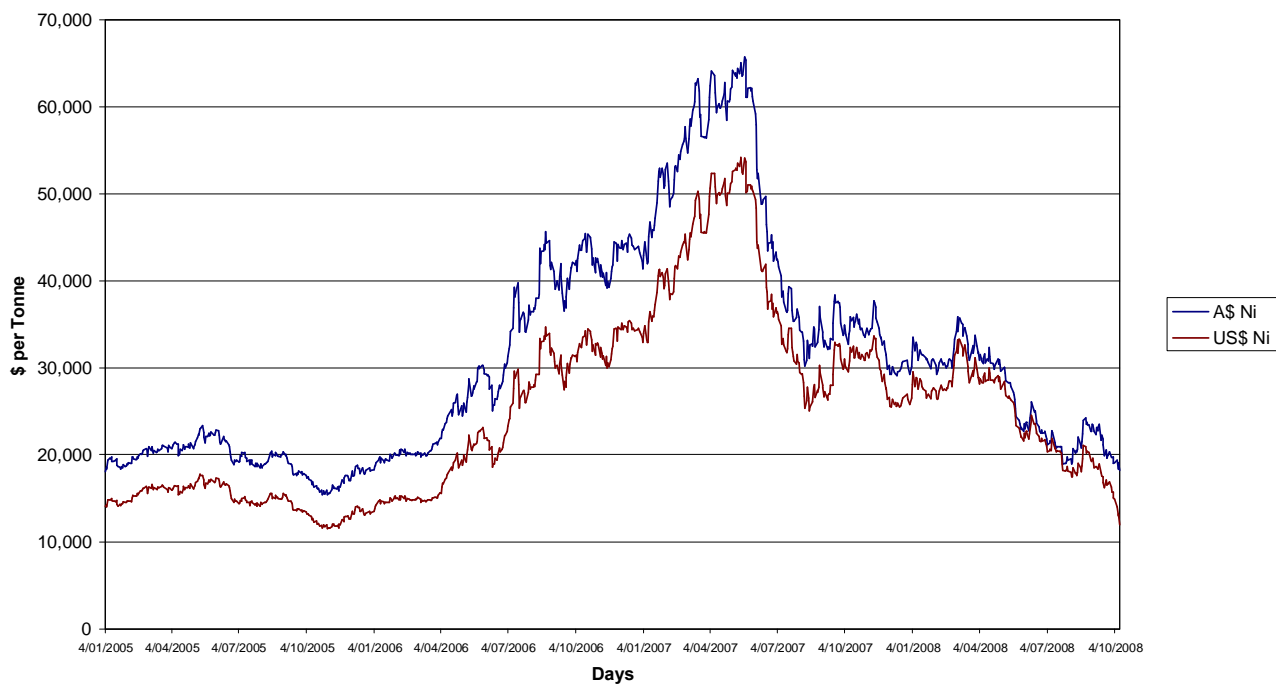
- \$9.5 million – final 7c per share, fully franked, dividend to shareholders
- \$7.5 million – acquisition of four new mobile mining plant items & finance lease residual payouts on existing equipment
- \$2.2 million – Lanfranchi Deacon Ventilation Upgrade Project (75%)
- \$4.0 million – capital investment in Copernicus open pit development (60%)
- \$2.0 million – currency hedging premiums
- \$3.5 million – state and other royalties
- \$1.6 million – Lanfranchi (75%) June quarter nickel price Quotational Period Adjustments

A number of these payments were capital/investing items that will assist us in achieving our production target in 2008/09.

### Nickel Price

The nickel price in US\$ terms dropped significantly during the quarter, however in Australian dollar terms, the nickel is back to around 2005 levels of A\$20,000/t. Our hedging policy has given us good protection from the falling US\$ nickel price while giving us exposure to the weakening Australian dollar.

**Nickel Price - US\$ & A\$ [4 Jan 2005 to 10 Oct 2008]**





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## Hedge Book – Approximately \$80 million “in the money” at 13 October 2008

Based on a 13 October 2008 spot nickel price of US\$11,995/t and spot currency of US\$0.68, the Panoramic Group hedge book was approximately \$80 million “in the money” compared to \$41.5 million at 30 June 2008, as summarised below:

### Group Hedge Book – A\$ Mark-to-Market Valuation as at 9 October 2008

Commodity	Mark-to-Market 13 Oct 2008	Mark-to-Market 30 June 2008
Nickel Fwds (Oct 2008 to Jun 2010)	\$76 million	\$18.5 million
Bought Nickel Put Options (to Dec 2008)	\$5 million	\$2.4 million
Put/Call Nickel Collar*	\$3 million	N/A
Bought US\$ Currency Put Options	\$0.2 million	\$8.4 million
US\$ Currency Fwds (Oct 2008 to Apr 2009)	(\$5.0) million	\$12.2 million
<b>Total Mark-to-Market</b>	<b>79.2\$million</b>	<b>\$41.5 million</b>

\*In early October, we purchased an additional 693 tonnes of Ni put options at US\$15,000/t (and sold 1,040 tonnes of Ni call options at US\$18,000/t to finance the put options) for delivery January to June 2009.

## Cash Costs

With the fall in the US\$ nickel price and the forecast 2008/09 group production (30-40% increase on 2007/08), our payable nickel unit cash costs in US\$/lb Ni should fall given that 30-35% of the contained nickel is paid away to the smelters as the treatment charge. Full details of our unit costs will be provided in the September Quarterly Report, which is due to be released in late October.

## About the Company

Panoramic Resources Limited (ABN:47 095 792 288) is an established Western Australian based nickel sulphide producer with two underground mines, the Savannah Project (100% owned) in the Kimberley, and Lanfranchi Mine (75% owned and operator) 42km south of Kambalda. In 2007/08 our operations produced close to 15,000t Ni contained and a NPAT of \$53.3M. The Company is on track to achieve its internal target of group production of 20,000t Ni per annum for at least the next 10 years. Panoramic has a significant exploration portfolio in the Kimberley and at Lanfranchi and is expanding exploration activities in order to grow the resource base and to increase the operations' mine life. Panoramic is continuing to assess opportunities to grow the Company through acquisitions of projects and/or companies that would be complementary to existing business, and reflect the Company's commodity expertise and risk profile.

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The information in this release that relates to Exploration Results and Mineral Resources is based on information compiled by John Hicks who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Hicks 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 he 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 his information in the form and context in which it appears.

Information in this release relating to Ore Reserves has been completed by or reviewed by Mr Jon Bayley, Mr Rob Thorburn & Mr Lilong Chen who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM). Each are a full-time employee of Panoramic Resources Limited and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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. The aforementioned consent to the inclusion in the release of the matters based on their information in the form and context in which it appears.



## Savannah Resources

**Table 1 Savannah Mineral Resource (using 0.5% Ni cut-off) at 30 June 2008**

Category	Tonnes	Ni %	Cu %	Co %	Ni (t)	Cu (t)	Co (t)
Measured	819,000	1.63	0.78	0.09	13,380	6,380	730
Indicated	3,234,000	1.50	0.76	0.08	48,450	24,520	2,490
Inferred	687,000	1.23	0.46	0.07	8,470	3,150	450
<b>Total</b>	<b>4,740,000</b>	<b>1.48</b>	<b>0.72</b>	<b>0.08</b>	<b>70,300</b>	<b>34,050</b>	<b>3,670</b>

*Notes:*

1. Aongus Burke of Panoramic Resources Limited undertook the bulk of the initial interpretation work.
2. All mineralised zone interpretations were reviewed and modified where necessary by Cube Consulting Pty Ltd ("Cube") in consultation with the Panoramic staff prior to resource estimation.
3. Cube believes that the current geological model is fundamentally sound and provides an appropriate basis for mine planning and project evaluation.

## Savannah Upper Zone Reserves

**Table 2 Savannah Upper Zone Ore Reserve at 30 June 2008**

Category	Tonnes	Ni %	Cu %	Co %	Ni (t)	Cu (t)	Co (t)
Probable	2,926,000	1.29	0.62	0.07	37,750	18,140	2,050
<b>Total</b>	<b>2,926,000</b>	<b>1.29</b>	<b>0.62</b>	<b>0.07</b>	<b>37,750</b>	<b>18,140</b>	<b>2,050</b>

*Notes:*

1. The Ore Reserve is based on a Ni cut-off grade of 0.7% and sub-level open stoping method, incorporating appropriate mining and dilution parameters.

## Lanfranchi Project Reserves

**Table 3 Lanfranchi Mineral Resource at 30 June 2008**

Project	Category	30 June 2008			30 June 2007		
		Tonnes (,000)	Ni (%)	Ni (t)	Tonnes (,000)	Ni (%)	Ni (t)
Deacon Reserves	Probable	2,085	2.35	48,954	1,695	2.54	43,009
	<b>Total</b>	<b>2,085</b>	<b>2.35</b>	<b>48,954</b>	<b>1,695</b>	<b>2.54</b>	<b>43,009</b>
Helmut South Reserves	Proven	268	2.29	6,129	410	2.17	8,909
	Probable	-	-	-	-	-	-
<b>Total</b>	<b>Total</b>	<b>268</b>	<b>2.29</b>	<b>6,129</b>	<b>410</b>	<b>2.17</b>	<b>8,909</b>
Winner Reserves	Probable	99	3.92	3,878	144	4.26	6,139
	<b>Total</b>	<b>99</b>	<b>3.92</b>	<b>3,878</b>	<b>144</b>	<b>4.26</b>	<b>6,139</b>
Lanfranchi Reserves	Probable	126	2.86	3,594	25	1.92	486
	<b>Total</b>	<b>126</b>	<b>2.86</b>	<b>3,594</b>	<b>25</b>	<b>1.92</b>	<b>486</b>
Schmitz Reserves	Probable	87	2.66	2,318	94	2.93	2,750
	<b>Total</b>	<b>87</b>	<b>2.66</b>	<b>2,318</b>	<b>94</b>	<b>2.93</b>	<b>2,750</b>
Martin Reserve	Probable	75	1.86	1,385	-	-	-
	<b>Total</b>	<b>75</b>	<b>1.86</b>	<b>1,385</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Reserves</b>	<b>Proven</b>	<b>268</b>	<b>2.29</b>	<b>6,129</b>	<b>410</b>	<b>2.17</b>	<b>8,909</b>
	<b>Probable</b>	<b>2,471</b>	<b>2.43</b>	<b>60,129</b>	<b>1,958</b>	<b>2.68</b>	<b>52,396</b>
	<b>Total</b>	<b>2,739</b>	<b>2.42</b>	<b>66,258</b>	<b>2,368</b>	<b>2.59</b>	<b>61,305</b>

Note 1: Reserves calculated at a 1.0% cut-off except the stoping component of Deacon which is at 0.8% Ni cut-off



## Lanfranchi Project Resources

**Table 4 Lanfranchi Project Mineral Resource at 30 June 2008**

Project	Category	30 June 2008			30 June 2007		
		Tonnes (,000)	Ni (%)	Ni (t)	Tonnes (,000)	Ni (%)	Ni (t)
Deacon Resource	Indicated	1,783	2.88	51,365	1,607	3.09	49,692
	Inferred	460	2.64	12,186	303	2.77	8,389
	<b>Sub-Total</b>	<b>2,243</b>	<b>2.83</b>	<b>63,551</b>	<b>1,910</b>	<b>3.04</b>	<b>58,081</b>
Helmut South Resource	Measured	216	2.85	6,172	457	2.44	11,138
	Indicated	38	2.58	973	-	-	-
	<b>Sub-Total</b>	<b>254</b>	<b>2.80</b>	<b>7,144</b>	<b>457</b>	<b>2.44</b>	<b>11,138</b>
Winner Resource	Indicated	82	5.67	4,673	112	6.16	6,879
	<b>Sub-Total</b>	<b>82</b>	<b>5.67</b>	<b>4,673</b>	<b>112</b>	<b>6.16</b>	<b>6,879</b>
Lanfranchi Resource	Measured	11	4.11	471	-	-	-
	Indicated	67	5.79	3,887	99	3.04	3,002
	Inferred	11	5.24	552	35	4.25	1,476
	<b>Sub-Total</b>	<b>89</b>	<b>5.51</b>	<b>4,909</b>	<b>134</b>	<b>3.35</b>	<b>4,478</b>
Schmitz Resource	Indicated	75	4.55	3,412	75	4.55	3,412
	Inferred	11	3.58	376	11	3.58	376
	<b>Sub-Total</b>	<b>86</b>	<b>4.43</b>	<b>3,788</b>	<b>86</b>	<b>4.43</b>	<b>3,788</b>
Martin Resource	Indicated	44	3.88	1,722	44	3.88	1,722
	Inferred	6	3.50	208	6	3.50	208
	<b>Sub-Total</b>	<b>50</b>	<b>3.84</b>	<b>1,930</b>	<b>50</b>	<b>3.84</b>	<b>1,930</b>
Cruikshank Gigantus Resource	Indicated	1,139	1.41	16,025	1,139	1.41	16,025
	Inferred	931	1.33	12,397	931	1.33	12,397
	<b>Sub-Total</b>	<b>2,070</b>	<b>1.37</b>	<b>28,422</b>	<b>2,070</b>	<b>1.37</b>	<b>28,422</b>
Remnant Resources	Indicated	253	2.69	6,816	253	2.69	6,816
	Inferred	203	2.03	4,127	203	2.03	4,127
	<b>Sub-Total</b>	<b>456</b>	<b>2.40</b>	<b>10,943</b>	<b>456</b>	<b>2.40</b>	<b>10,943</b>
<b>Total Resources</b>	<b>Measured</b>	<b>227</b>	<b>2.93</b>	<b>6,643</b>	<b>457</b>	<b>2.44</b>	<b>11,138</b>
	<b>Indicated</b>	<b>3,481</b>	<b>2.55</b>	<b>88,873</b>	<b>3,328</b>	<b>2.63</b>	<b>87,548</b>
	<b>Inferred</b>	<b>1,622</b>	<b>1.84</b>	<b>29,846</b>	<b>1,489</b>	<b>1.81</b>	<b>26,973</b>
	<b>Total</b>	<b>5,330</b>	<b>2.35</b>	<b>125,362</b>	<b>5,273</b>	<b>2.38</b>	<b>125,659</b>

*Notes:*

1. Resources estimated at 1.0% Ni cut-off and 1.6% cut-off for Deacon and Schmitz at 30 June 2007
2. Resources estimated at 1.0% Ni cut-off at 30 June 2008 (Deacon resource cut-off was reduced due to the bulk mining method utilized supporting the 0.8%Ni economic cut-off for reserves).
3. All mineralised zone interpretations were reviewed and modified where necessary by BM Geological Services Pty Ltd (BMGS) in consultation with the Panoramic staff prior to resource estimation.
4. BMGS believes that the current geological models are fundamentally sound and provides an appropriate basis for mine planning and project evaluation.
5. Remnant Resources reflect ore remaining post historical mining by WMC