

# VISION COMMITMENT RESULTS



**PANORAMIC**  
**RESOURCES LTD**

**Group Payable Cash Cost Analysis**  
**October 2008**



# Forward Looking Statements



This presentation contains “forward-looking statements”.

Such forward-looking statements include, without limitation:

- estimates of future earnings, the sensitivity of earnings to metal prices and foreign exchange rate movements;
- estimates of future metal production and sales;
- estimates of future cash flows, the sensitivity of cash flows to metals prices and foreign exchange rate movements;
- statements regarding future debt repayments;
- estimates of future capital expenditures;
- estimates of reserves and statements regarding future exploration results and the replacement of reserves; and
- statements regarding modifications to the Company’s hedge position.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

# Table of Contents



Introduction and Highlights

Group Payable Cash Cost and Cash Margin

Overview of Payable Cash Cost Methodology

Historical Payable Cash Cost Analysis

Conclusion

# Introduction and Highlights



**Panoramic's Savannah and Lanfranchi nickel mines have an attractive cash cost profile and generate a healthy cash margin even at current low nickel prices.**

**Panoramic's hedge book has significant value and will deliver incremental cash flow over the next 2 years based on the current forward nickel curve.**

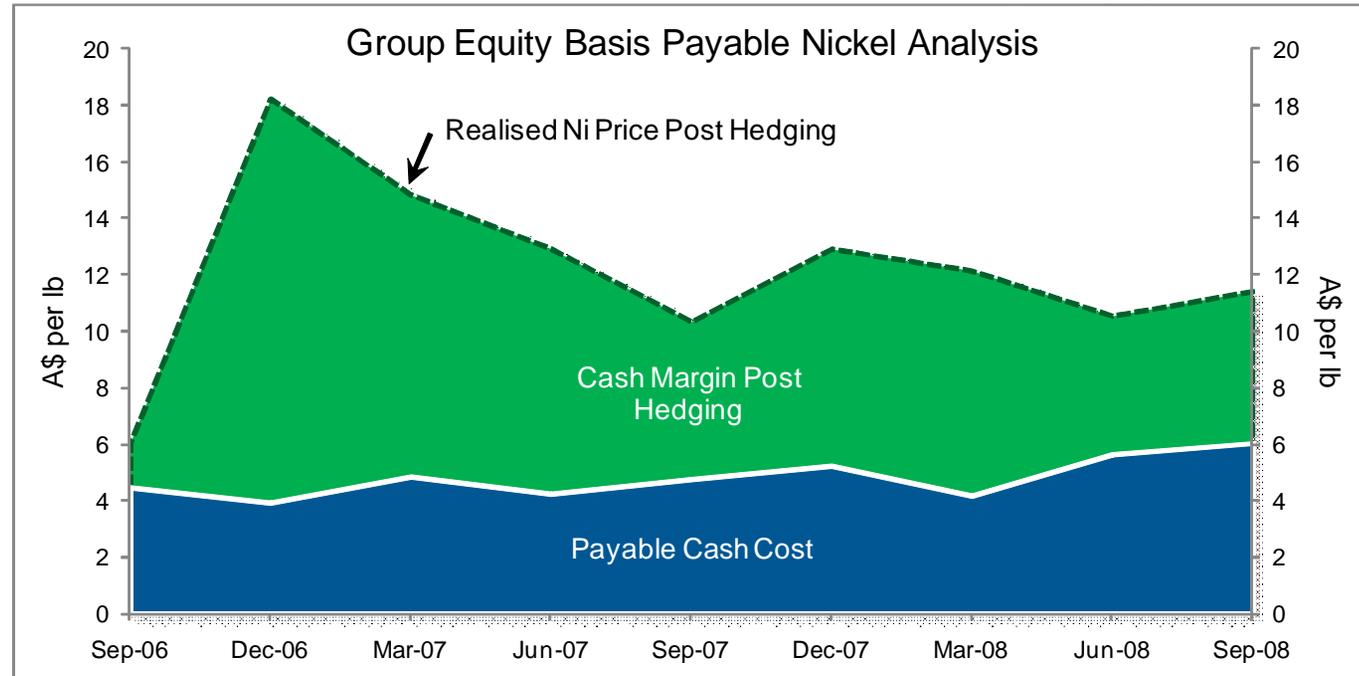
- In light of recent market developments, Panoramic considers that investors may appreciate a full historical analysis of Panoramic's payable nickel cash costs and realised operating cash margin.
- The analysis set out in this presentation is not intended to be exhaustive and should be read in conjunction with commentary provided by Panoramic in its quarterly reports for periods covered by the analysis.
- Panoramic's group operating cash cost on a payable nickel basis for the September 2008 Quarter was A\$6.05 per lb (approximately US\$3.76 per lb at current exchange rates). This payable nickel cash cost profile is significantly below current spot prices and current forward prices.
- Importantly, Panoramic has in place a strong hedge book with a mark-to-market value of approximately A\$109 million (as at 27 October 2008). Based on current forward curves the hedge book will deliver the incremental cash flows to Panoramic of A\$45 million (2009) and A\$65 million (2010).
- Panoramic has invested heavily at each of its Savannah and Lanfranchi operations over the last year adding significantly to resources which should lead to increased reserves, extended mine life and establishes a strong foundation for delivering organic production growth and delivering operating efficiencies.
- Panoramic is on target to achieve its stated objective of producing 20,000 tonnes of contained Ni annually for at least a further 10 years (group basis).

# Group Payable Cash Cost and Cash Margin

Panoramic has consistently delivered strong cash margins from its Savannah and Lanfranchi nickel operations.

Panoramic's group realised operating cash margin remains healthy.

Panoramic's valuable hedge book mitigates risk by delivering incremental cash flows of A\$45 million (2009) and A\$65 million (2010) based on forward prices as at 27 October 2008.



✓ Panoramic's nickel mines at Savannah and Lanfranchi are well positioned and expected to continue to make a strong operating cash contribution to the group into the foreseeable future.

✓ Panoramic's hedge book (mark-to-market value of A\$109 million (as at 27 October 2008)) will ensure that Panoramic will realise nickel prices well in excess of the current forward nickel price over the next two financial years.

# Overview of Payable Nickel Cash Cost Methodology



Expressing nickel cash costs in terms of payable nickel units is simple and eliminates distortions created by fluctuating nickel prices.

Analysing operating cash costs on a payable nickel basis is a practice widely adopted by Panoramic's peers

- Reporting operating cash costs on a payable nickel basis is a practice widely adopted by Panoramic's peers.
- The Payable Nickel Cash Cost Methodology is superior to alternative accounting measures that distort reported costs on a contained nickel basis. Such alternative measures necessarily impute a "notional" smelting charge based on the market value of nickel units retained by the smelter customer (thus generally materially overstating costs and overstating saleable nickel units).
- Panoramic supplies nickel in ore to BHP Billiton Nickel West and concentrate to Jinchuan under long term off-take agreements pursuant to which Panoramic is paid only for a contracted portion of the contained nickel units. The smelter retains a portion of the contained nickel units to cover smelter metallurgical recovery losses and the cost of processing ore/concentrate to nickel matte.
- The Payable Nickel Cash Cost Method shows a more accurate and consistent picture of the operating cash cost from a nickel producer perspective (that is, the cash cost of delivering each payable nickel unit to the smelter customer). Direct comparisons of payable nickel cash cost to the prevailing or forecast nickel price can then be made to highlight the operating cash margin.
- Applying the Payable Nickel Cash Cost Methodology is relatively straight forward and easy to understand and involves three steps.
  - ➊ Aggregate all operating cash costs (including royalties).
  - ➋ Calculate payable nickel units in concentrate (as opposed to contained nickel units in concentrate).
  - ➌ Divide the aggregate operating cash costs (Step 1) by payable nickel units produced (Step 2).
- The tables on the following pages set out Panoramic's quarterly payable nickel operating cash costs for the two financial years ended 30 June 2008 and for the current quarter (September 2008). The analysis is provided on a Group Basis (equity share) and for each of the Savannah and Lanfranchi mines (100% project basis).

# Historical Payable Cash Costs Analysis



## Group Equity Basis

Group payable nickel cash costs for the most recent quarter were A\$6.05 per pound or US\$3.76 per pound (based on current exchange rates)

Increases in operating cash costs over the last 2 years is consistent with industry trends and reflects the escalation in fuel, wages, flights and equipment maintenance

Physicals		2007 Financial Year				2008 Financial Year				2009 FY
		Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Ore Tonnes	tonnes	222,835	244,370	211,897	223,959	217,976	215,164	235,465	235,306	228,259
Nickel Grade	%	1.41	1.53	1.41	1.42	1.38	1.57	1.72	1.59	1.66
Copper Grade	%	0.42	0.48	0.48	0.52	0.53	0.51	0.52	0.50	0.47
Cobalt Grade	%	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.04	0.04
Contained Nickel	dmt	3,145	3,739	2,988	3,173	2,999	3,383	4,060	3,734	3,800
Payable Nickel	tonnes	1,849	2,211	1,722	1,895	1,751	1,997	2,399	2,187	2,217
Payable Nickel	lb	4,075	4,874	3,797	4,177	3,859	4,403	5,288	4,821	4,888
Capital Charges	A\$'000	2,862	3,134	3,094	3,848	2,929	4,285	5,167	5,149	7,244
<b>Operating Cash Costs</b>										
Mining Costs	A\$'000	11,216	11,314	10,306	9,560	11,047	13,703	14,221	16,817	17,669
Milling Costs	A\$'000	6,284	6,326	5,372	5,570	6,116	6,800	6,942	8,150	8,541
Administration	A\$'000	3,273	3,945	4,431	4,634	4,234	5,321	5,355	5,965	6,096
Ore & Concentrate Haulage	A\$'000	771	1,247	906	983	924	1,100	1,313	1,289	1,207
Port Charges/Shipping	A\$'000	356	614	653	334	868	1,019	690	1,485	993
Royalty Costs	A\$'000	2,917	3,822	3,692	4,305	3,080	3,401	3,989	3,058	2,622
By-Product Credits	A\$'000	-6,542	-8,061	-6,896	-7,619	-7,841	-8,251	-10,356	-9,493	-7,542
<b>Operating Cash Cost</b>	A\$'000	<b>18,274</b>	<b>19,207</b>	<b>18,463</b>	<b>17,767</b>	<b>18,428</b>	<b>23,094</b>	<b>22,155</b>	<b>27,271</b>	<b>29,586</b>
<b>Operating Cash Costs per Payable Ni lb</b>										
Mining Costs	A\$/lb	2.75	2.32	2.71	2.29	2.86	3.11	2.69	3.49	3.61
Milling Costs	A\$/lb	1.54	1.30	1.41	1.33	1.58	1.54	1.31	1.69	1.75
Administration	A\$/lb	0.80	0.81	1.17	1.11	1.10	1.21	1.01	1.24	1.25
Ore & Concentrate Haulage	A\$/lb	0.19	0.26	0.24	0.24	0.24	0.25	0.25	0.27	0.25
Port Charges/Shipping	A\$/lb	0.09	0.13	0.17	0.08	0.22	0.23	0.13	0.31	0.20
Royalty Costs	A\$/lb	0.72	0.78	0.97	1.03	0.80	0.77	0.75	0.63	0.54
By-Product Costs	A\$/lb	-1.61	-1.65	-1.82	-1.82	-2.03	-1.87	-1.96	-1.97	-1.54
<b>Payable Cash Cost</b>	A\$/lb	<b>4.48</b>	<b>3.94</b>	<b>4.86</b>	<b>4.25</b>	<b>4.77</b>	<b>5.24</b>	<b>4.19</b>	<b>5.66</b>	<b>6.05</b>
Spot A\$:US\$ as at 27 Oct 08		0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62
<b>Payable Cash Cost</b>	US\$/lb	<b>2.79</b>	<b>2.45</b>	<b>3.02</b>	<b>2.64</b>	<b>2.97</b>	<b>3.26</b>	<b>2.60</b>	<b>3.52</b>	<b>3.76</b>

(A)

(B)

(B=A)

# Historical Payable Cash Costs Analysis

## Savannah Mine (100% Project Basis)

Savannah payable nickel cash costs for the most recent quarter were A\$6.79 per pound or US\$4.22 per pound (based on current exchange rates)

Savannah is a Ni, Cu, Co orebody resulting in significant by product credits

Based on current Nickel, copper and cobalt spot prices the Savannah equivalent Ni reserve head grade is approximately 2%

Physicals		2007 Financial Year				2008 Financial Year				2009 FY
		Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Ore Tonnes	tonnes	181,175	198,490	172,874	178,311	178,311	168,260	173,698	169,055	167,033
Nickel Grade	%	1.21	1.33	1.23	1.22	1.22	1.29	1.30	1.24	1.20
Copper Grade	%	0.47	0.54	0.54	0.60	0.60	0.60	0.64	0.62	0.55
Cobalt Grade	%	0.06	0.07	0.06	0.06	0.06	0.07	0.07	0.06	0.06
Contained Nickel	dmt	2,192	2,640	2,126	2,175	2,175	2,171	2,258	2,096	2,004
Payable Nickel	tonnes	1,304	1,582	1,229	1,324	1,279	1,288	1,344	1,234	1,167
Payable Nickel	'000 lb	2,874	3,488	2,710	2,919	2,821	2,839	2,964	2,721	2,573
Capital Charges	A\$'000	1,835	2,107	2,066	2,820	2,929	2,627	3,859	4,705	4,346
<b>Operating Cash Costs</b>										
Mining Costs	A\$'000	6,637	7,849	6,714	5,667	6,616	7,072	7,069	8,258	9,446
Milling Costs	A\$'000	4,897	4,798	4,040	4,012	4,762	5,199	4,781	5,833	6,400
Administration	A\$'000	1,550	2,031	2,701	3,117	3,635	4,733	4,402	5,206	5,186
Ore & Concentrate Haulage	A\$'000	561	1,005	754	763	706	752	876	784	828
Port Charges/Shipping	A\$'000	356	614	653	334	868	1,019	690	1,485	993
Royalty Costs	A\$'000	2,098	2,780	2,666	3,051	2,390	2,439	2,639	1,939	1,688
By-Product Credits	A\$'000	-6,214	-7,721	-6,676	-7,311	-7,572	-7,919	-9,943	-8,987	-7,066
<b>Operating Cash Cost</b>	<b>A\$'000</b>	<b>9,885</b>	<b>11,356</b>	<b>10,851</b>	<b>9,633</b>	<b>11,405</b>	<b>13,296</b>	<b>10,515</b>	<b>14,517</b>	<b>17,474</b>
<b>Operating Cash Costs per Payable Ni lb</b>										
Mining Costs	A\$/lb	2.31	2.25	2.48	1.94	2.35	2.49	2.39	3.04	3.67
Milling Costs	A\$/lb	1.70	1.38	1.49	1.37	1.69	1.83	1.61	2.14	2.49
Administration	A\$/lb	0.54	0.58	1.00	1.07	1.29	1.67	1.49	1.91	2.02
Ore & Concentrate Haulage	A\$/lb	0.20	0.29	0.28	0.26	0.25	0.26	0.30	0.29	0.32
Port Charges/Shipping	A\$/lb	0.12	0.18	0.24	0.11	0.31	0.36	0.23	0.55	0.39
Royalty Costs	A\$/lb	0.73	0.80	0.98	1.05	0.85	0.86	0.89	0.71	0.66
By-Product Credits	A\$/lb	-2.16	-2.21	-2.46	-2.50	-2.68	-2.79	-3.35	-3.30	-2.75
<b>Payable Cash Cost</b>	<b>A\$/lb</b>	<b>3.44</b>	<b>3.26</b>	<b>4.00</b>	<b>3.30</b>	<b>4.04</b>	<b>4.68</b>	<b>3.55</b>	<b>5.34</b>	<b>6.79</b>
Spot A\$:US\$ as at 27 Oct 08		0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62
<b>Payable Cash Cost</b>	<b>US\$/lb</b>	<b>2.14</b>	<b>2.02</b>	<b>2.49</b>	<b>2.05</b>	<b>2.51</b>	<b>2.91</b>	<b>2.21</b>	<b>3.32</b>	<b>4.22</b>

(A)

(B)

(B=A)

# Historical Payable Cash Costs Analysis



## Lanfranchi Mine (100 % Project Basis)

Lanfranchi payable nickel cash costs for the most recent quarter were A\$5.23 per pound or US\$3.25 per pound (based on current exchange rates)

Physicals		2007 Financial Year				2008 Financial Year				2009 FY
		Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Ore Tonnes	tonnes	55,547	61,173	52,030	60,864	52,886	62,539	82,356	88,335	81,634
Nickel Grade	%	2.29	2.40	2.21	2.19	2.08	2.59	2.92	2.47	2.93
Copper Grade	%	0.20	0.20	0.19	0.20	0.19	0.21	0.19	0.21	0.24
Cobalt Grade	%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contained Nickel	dmt	1,270	1,465	1,149	1,330	1,098	1,617	2,403	2,184	2,394
Payable Nickel	tonnes	727	838	657	761	628	946	1,406	1,270	1,400
Payable Nickel	lb	1,602	1,848	1,449	1,677	1,385	2,085	3,099	2,800	3,087
Capital Charges	A\$'000	1,370	1,370	1,370	1,370	0	2,210	1,743	592	3,865
<b>Operating Cash Costs</b>		<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>Q4 2007</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>Q1 2009</b>
Mining Costs	A\$'000	6,105	4,620	4,789	5,190	5,908	8,841	9,536	11,411	10,964
Milling Costs	A\$'000	1,849	2,036	1,776	2,077	1,805	2,134	2,881	3,090	2,856
Administration	A\$'000	2,296	2,552	2,306	2,023	799	784	1,271	1,011	1,213
Ore & Concentrate Haulage	A\$'000	280	323	203	293	291	463	583	674	506
Port Charges/Shipping	A\$'000	0	0	0	0	0	0	0	0	0
Royalty Costs	A\$'000	1,092	1,389	1,368	1,671	920	1,283	1,801	1,493	1,245
By-Product Credits	A\$'000	-437	-452	-294	-411	-358	-442	-551	-674	-635
<b>Operating Cash Cost</b>	<b>A\$'000</b>	<b>11,185</b>	<b>10,468</b>	<b>10,148</b>	<b>10,845</b>	<b>9,365</b>	<b>13,064</b>	<b>15,521</b>	<b>17,005</b>	<b>16,149</b>
<b>Operating Cash Costs per Payable Ni lb</b>		<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>Q4 2007</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>Q1 2009</b>
Mining Costs	A\$/lb	3.81	2.50	3.30	3.09	4.27	4.24	3.08	4.08	3.55
Milling Costs	A\$/lb	1.15	1.10	1.23	1.24	1.30	1.02	0.93	1.10	0.93
Administration	A\$/lb	1.43	1.38	1.59	1.21	0.58	0.38	0.41	0.36	0.39
Ore & Concentrate Haulage	A\$/lb	0.17	0.17	0.14	0.17	0.21	0.22	0.19	0.24	0.16
Port Charges/Shipping	A\$/lb	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Royalty Costs	A\$/lb	0.68	0.75	0.94	1.00	0.66	0.62	0.58	0.53	0.40
By-Product Credits	A\$/lb	-0.27	-0.24	-0.20	-0.24	-0.26	-0.21	-0.18	-0.24	-0.21
<b>Payable Cash Cost</b>	<b>A\$/lb</b>	<b>6.98</b>	<b>5.67</b>	<b>7.00</b>	<b>6.47</b>	<b>6.76</b>	<b>6.26</b>	<b>5.01</b>	<b>6.07</b>	<b>5.23</b>
Spot A\$:US\$ as at 27 Oct 08		0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62
<b>Payable Cash Cost</b>	<b>US\$/lb</b>	<b>4.34</b>	<b>3.52</b>	<b>4.35</b>	<b>4.02</b>	<b>4.20</b>	<b>3.89</b>	<b>3.11</b>	<b>3.78</b>	<b>3.25</b>

(A)

(B)

(B=A)

# Conclusion

- Panoramic's operations at Savannah and Lanfranchi are in excellent shape. This is a testament to our people, the quality of the orebodies and our strong capital investment program in recent years which together provide a strong foundation for achieving our production growth, mine life extension, productivity and profitability targets.
- In the last two years we have added over 100,000 tonnes of contained nickel to our Resources, far exceeding depletion through mining activities over the same period.
- Early in 2009, the Company will be in a position to update Resources and Reserves for Savannah and Deacon incorporating the results of the ongoing definitional drill programs.
- Our mining operations are generating positive cash margins even in today's low nickel price environment.
- Our hedge book is in excess of \$100m "in-the-money" and will deliver significant incremental cashflow over 2009 and 2010 providing a welcome buffer in the current nickel price environment.

# The 10 Year Plan

*Improve our safety performance to better than the industry average*

*Increase production to an annual rate of at least 20,000 tonnes contained nickel*

*Grow our existing resource and reserve base to extend the mine life of both operations*

*Acquire additional assets to become a diversified mining house*

*Maintain a steady dividend stream and ultimately become an ASX Top 100 Company*