



*Vision, Commitment, Results*

31 August 2009

NEWS RELEASE

ASX: PAN

**NET PROFIT AFTER TAX & IMPAIRMENT OF \$5.6 MILLION AND 2 CENT FINAL DIVIDEND DECLARED**

**Key Points**

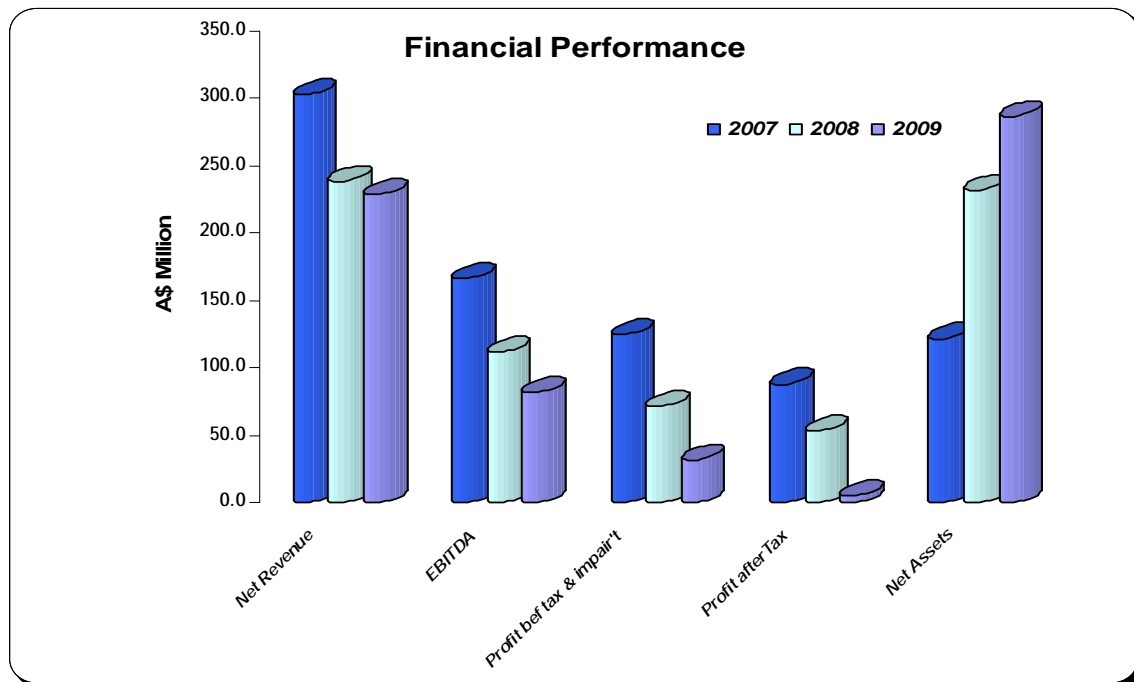
- Gross profit of \$31.7 million (before tax & impairment)
- Net profit after tax and impairment of \$5.6 million
- Net assets of \$286.3 million, a 24% y-o-y increase
- Final fully franked dividend of 2 cents declared
- Total dividend payout for FY2008/09 of 3 cents
- Operations generated \$21.2 million surplus cash in 2<sup>nd</sup> half
- Hedge book \$43.7 million in the money
- Strong cash position & receivables of \$95.9 million
- Net cash flow of \$54.8 million from operations before tax
- Record nickel production of 18,752 tonnes (100% basis)

**Summary**

Panoramic Resources Limited ("Panoramic") wishes to announce a gross profit for FY2008/09 of \$31.7 million and a net profit after tax and impairment of \$5.6 million. The final result was pleasing given the weak commodity price environment and reflects strong 2<sup>nd</sup> half net earnings of \$14.2 million from record group nickel production combined with aggressive cost cutting, production optimisation and a well executed nickel hedging program. Details of the 2008/09 results are summarised in Table 1.

*Table 1: Key Financial Indicators: Comparison of 2009, 2008 & 2007*

	2009	2008	2007
Total net revenue	\$228.7M	\$238.4M	\$302.2M
EBITDA (and before impairment)	\$82.2M	\$111.8M	\$166.5M
Depreciation and amortisation	\$49.5M	\$40.4M	\$41.9M
Profit before tax (and before impairment)	\$31.7M	\$71.4M	\$124.6M
NPAT (and before impairment)	\$24.0M	\$53.3M	\$88.1M
Net impairment after tax	\$18.4M	-	-
NPAT	\$5.6M	\$53.3M	\$88.1M
Earnings per share (EPS)	2.9c	28.4c	47.6c
Cash flow from operating activities before tax	\$54.8M	\$111.3M	\$203.3M
Cash and current receivables	\$95.9M	\$128.1M	\$134.7M
Total assets	\$380.3M	\$332.1M	\$283.7M
Total liabilities	\$94.0M	\$100.4M	\$161.8M
Shareholders equity	\$286.3M	\$231.7M	\$121.8M
Return on equity	6%	76%	122%
Dividend payment per share	3.0c	12.0c	12.0c
Dividend pay-out ratio	109%	43%	25%



### Key Financial Points

The Company has weathered the global financial crisis well due to a combination of prudent commodity hedging, an aggressive cost reduction program and record Group production of 18,752 tonnes of contained nickel (17,928 tonnes on an equity basis). Against a very weak commodity price environment in which the average nickel price realised by the Group, after hedging, fell by 30% to A\$9.23/lb of payable nickel, compared to A\$13.28/lb for the previous year, the Company managed to contain costs which were only 8% higher than last year with Group payable operating costs averaging A\$5.29/lb nickel. Significantly, the Group average payable operating cost fell to A\$4.58/lb in the June 2009 quarter, reflecting the higher production rates from Lanfranchi, higher grades from Savannah and the benefits of the cost reduction strategy introduced in January 2009. Strong 2<sup>nd</sup> half production and lower costs resulted in the operations generating surplus cash (after capital and before tax) of \$21.2 million for that period.

Net revenue for the year was \$228.7 million, down only 4% compared to last year, the higher production offsetting the lower realised price. EBITDA was 27% lower than FY2007/08 at \$88.2 million while depreciation and amortisation was up 23% to \$49.5 million mainly due to reserve depletion, resulting in a gross profit of \$31.7 million (down 56% compared to last year). NPAT (before impairment) was a satisfactory \$24.0 million (compared to \$53.3 million last year), however asset write-downs after tax of \$18.4 million (\$17.6 million of which were booked in the 1<sup>st</sup> half net loss of \$8.6 million) dragged the 2008/09 NPAT down to \$5.6 million.

Cash flow from operating activities before tax was solid at \$54.8 million and net assets increased 24% to \$286.3 million. As a result, the Company has maintained its strong balance sheet with cash and current receivables of \$95.9 million as at 30 June 2009, no bank debt and only \$5.2 million in equipment finance leases.

### Final Dividend Declaration

In light of the profit result, solid 2<sup>nd</sup> half cash flow and strong balance sheet, the Company has declared a fully franked final dividend of 2 cents per share, bringing the total dividend payout for the 2009 financial year to 3 cents per share (fully franked). The Board is pleased to be able to maintain the payment of fully franked dividends to shareholders that commenced in the 2007 financial year.

Details of the final dividend are as follows:

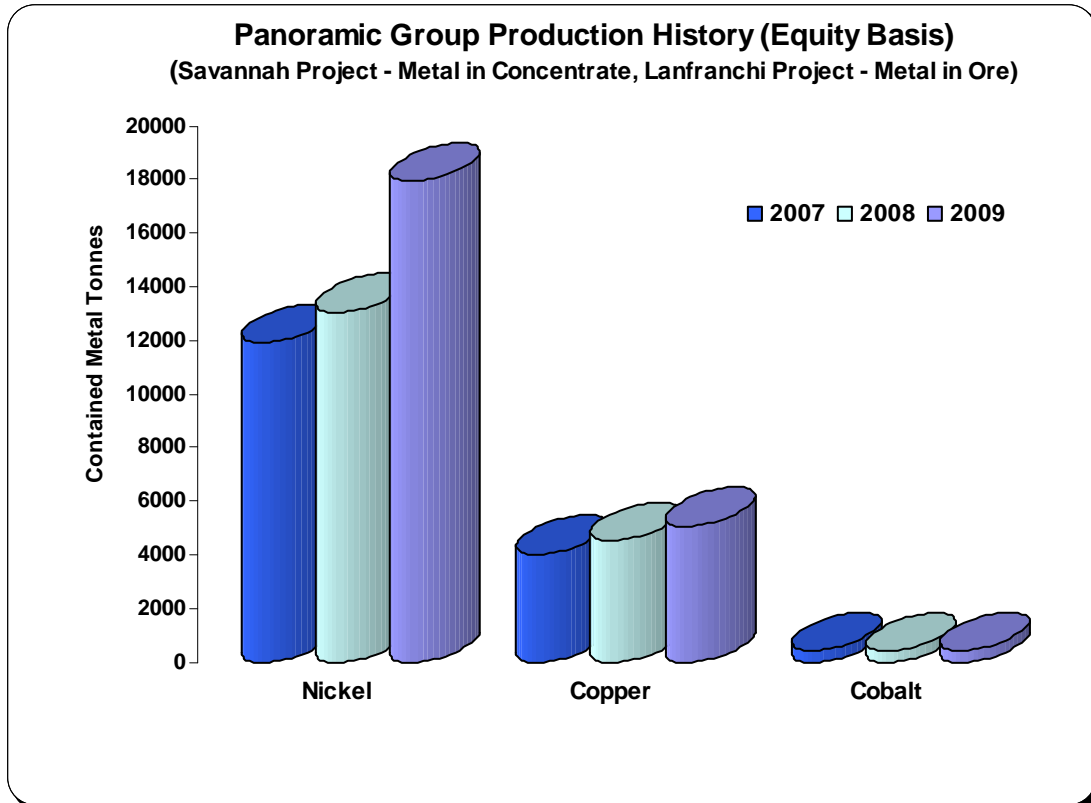
- Ex-Dividend Date – Thursday, 10 September 2009;
- Record Date – 5.00pm (WST), Wednesday, 16 September 2009;
- Payment Date – Friday, 25 September 2009.



## 2009 PRODUCTION RESULTS

### Group Production Highlights

- Record production of 17,928t Ni, 5,084t Cu & 424t Co (equity basis) based on including 100% of Lanfranchi Project production from 1 November 2008.



## SAVANNAH PROJECT

### 2009 Financial Year Highlights

- 684,237t ore milled at 1.35% Ni for a total of 8,062t Ni, 4,246t Cu and 424t Co in concentrate
- Ni recovery averaged 88%, compared to 87% in 2007/08 and is still well above the original feasibility study recovery of 78%
- Cost reductions implemented in January 2009 were apparent in the June quarter with payable cash costs dropping to US\$2.87/lb Ni
- Indicated Resource of 50,120t Ni announced for the Lower Zone, 500 to 900m below surface (*see Appendix 1*)
- Total Savannah Project Resources (Upper Zone and Lower Zone) increased to 98,740t Ni (*see Appendix 1*)

## LANFRANCHI PROJECT

### 2009 Financial Year Highlights

- 405,770t of ore was mined containing 10,690t Ni a 46% increase on 2007/08
- New Deacon ventilation system completed and production ramp up at Deacon on track
- Remaining 25% interest in the Lanfranchi Project purchased from our joint venture partner for 12 million shares and 3 million options (strike of \$1.50, expiry 31 December 2012) bringing our interest to 100%
- Significant project production milestones achieved since ownership of the Lanfranchi Project was secured in November 2004 including 1 million tonnes ore mined, and 25,000t contained nickel in ore delivered to the Kambalda concentrator



## EXPLORATION

### Kimberley Highlights

- Significant resource upgrade with maiden Indicated Resource reported for the Savannah Lower Zone
- Down-hole EM confirms "Savannah-style" mineralisation likely to extend below the mafic dyke at approx. 900m below surface
- Farm-in Agreement signed with Thundelarra Exploration Limited to earn up to 61% in Thundelarra's extensive East Kimberley tenement package which surrounds the Savannah Project

### Lanfranchi Highlights

- 29% increase in Deacon Ore Reserve to 63,100t Ni reflecting a 92% resource to reserve conversion (*see Appendix 2*)

### Other Projects

- Work continued on identifying and prioritizing drill targets on the Cowan Nickel Project, near Lanfranchi
- Ten priority targets identified by gravity surveys at our Norrland Nickel JV in Sweden (Panoramic earning up to 70%)
- Farm-in Agreement signed with Territory Uranium Limited to earn up to 80% in Territory's Bluebush copper-gold project in Tennant Creek where a combined gravity and magnetic anomaly is analogous to IOCG style systems

## OUTLOOK

### General

The board remains cautious on the short term outlook for nickel and is therefore being opportunistic and looking to hedge additional nickel at prices that provide an acceptable margin. We expect the global recovery to gather momentum in 2010 and strongly believe the longer term outlook for all commodities is very positive with future prices expected to reflect higher capital and operating costs for new projects and strong demand.

### Safety

Safety is the No.1 Value in our business. Our safety mission statement is:

Vision	Safety is a value not just a priority
Commitment	Safety improvement through leadership
Results	Safely home everyday

Pro-active safety behaviours in the workplace were a key focus during the year. The emphasis of our training and development work was on hazard identification, improved process for incident investigations and broadening our knowledge of risk management in the workplace. We were very pleased to report no Lost Time Injuries during the June quarter and a reduction in the Lost Time Injury Frequency Rate from 11.6 to 9.6. We will continue to focus on safety in all facets of our business going forward.

### Mine Life Extensions

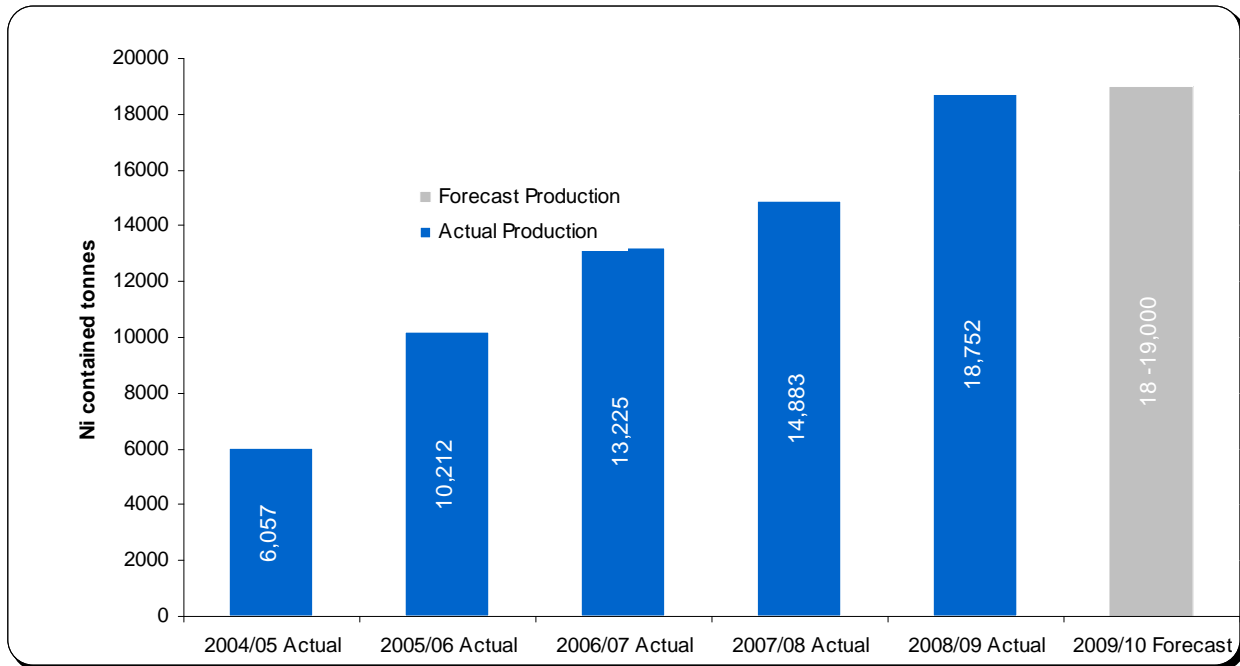
In FY2009/10 our exploration budget is approx. \$8 million with activities focused on adding to the significant resource and reserve base by:

- Reporting the Savannah Lower Zone Reserves
- Continuing to explore the Savannah depth extensions (low the mafic dyke at 900m) and the contact of the Savannah Intrusion
- Identifying and prioritizing drill targets on the extensive East Kimberley JV tenement package
- Drilling down plunge Deacon, Helmut South, Schmitz, and Lanfranchi
- Continuing to explore the Northern Dome structure at Lanfranchi for massive sulphide mineralisation
- Drilling targets on the Cowan, Norrland JV and Bluebush JV projects



## Production

Our preliminary production forecast for the combined operations for FY2009/10 is in the range of 18,000-19,000t Ni contained, plus copper and cobalt credits.



### Notes

1. Savannah production is based on nickel in concentrate
2. Lanfranchi production is based on nickel in ore
3. 2009/10 Forecast is based on no mining of Copernicus ore

## Business Development

While the Company is well placed to grow organically, with two operating assets generating significant cash flow and increasing resources, we are also keen to acquire additional assets that are value-accretive to our existing business. The Company is primarily seeking assets in Australia in the following commodities:

- Tier 1: Nickel, Copper, Gold and pgms
- Tier 2: Zinc, Lead and Bulk Commodities
- Tier 3: Energy and selected Industrial Minerals

Acquisitions of this nature will assist us in achieving our 10 Year Plan which is to:

- Improve our safety performance to zero lost time injuries in line with our safety mantra of Vision, Commitment, Results
- Optimise our metal production to maximise our margins
- Grow our existing resource and reserve base to extend the mine life of our existing operations
- Acquire additional assets to become a diversified mining house
- Maintain a steady dividend stream and ultimately become an ASX Top 100 Company





## About the Company

Panoramic Resources Limited (ABN:47 095 792 288) is an established Western Australian based nickel sulphide producer with two 100% owned underground mines, the Savannah Project in the Kimberley, and the Lanfranchi Project, 42kms south of Kambalda. In FY2008/09 our operations produced a record 18,752t Ni contained. The Company is forecasting to produce between 18,000 to 19,000 tonnes Ni contained in FY2009/10. Panoramic has significant exploration portfolios 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 exploration, the acquisition of projects and/or companies that would be complementary to its existing business, and which can benefit from the Company's commodity expertise, management, financial and technical capabilities and risk profile.

### For further information contact:

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*The information in this release that relates to Mineral Resources is based on information compiled by John Hicks and Aongus Burke. Both Mr Hicks and Mr Burke are members of the Australasian Institute of Mining and Metallurgy (AusIMM) and full-time employees of Panoramic Resources Limited. Mr Hicks and Mr Burke have 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 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hicks and Mr Burke both consent to the inclusion in the release of the matters based on the information in the form and context in which it appears.*

*Information in this release relating to Mineral Resources has been either completed by or reviewed by Christopher Black of Cube Consulting Pty Ltd. Mr Black is a member of The Australian Institute of Geoscientists (AIG) and 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 Black consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.*

## APPENDICES

### Appendix 1: Total Savannah Mineral Resource (using 0.5% Ni cut-off)

Category	Tonnes	Ni %	Cu %	Co %	Ni (t)	Cu (t)	Co (t)
<b>Upper Zone</b>	<b>(as at 1 March 2009)</b>						
Measured	1,642,600	1.72	0.86	0.09	28,300	14,160	1,470
Indicated	1,271,500	1.56	0.76	0.08	19,890	9,710	1,020
Inferred	65,700	0.65	0.25	0.04	430	160	30
<b>Sub-Total</b>	<b>2,979,800</b>	<b>1.63</b>	<b>0.80</b>	<b>0.08</b>	<b>48,620</b>	<b>24,030</b>	<b>2,520</b>
<b>Lower Zone</b>	<b>(as at 30 June 2009)</b>						
Indicated	3,395,000	1.48	0.83	0.07	50,120	28,210	2,380
Inferred	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>3,395,000</b>	<b>1.48</b>	<b>0.83</b>	<b>0.07</b>	<b>50,120</b>	<b>28,210</b>	<b>2,380</b>
<b>Total</b>	<b>6,374,800</b>	<b>1.55</b>	<b>0.82</b>	<b>0.08</b>	<b>98,740</b>	<b>52,240</b>	<b>4,900</b>

Note: Upper Zone Resource has not been adjusted for the mining of ore for the period from March to June 2009

### Appendix 2: Deacon – March 2009 Ore Reserve Estimate (1.0% Ni cut-off)

Reserve Classification	Tonnes	Ni %	Ni Tonnes
Probable	2,501,000	2.52	63,100
<b>Total</b>	<b>2,501,000</b>	<b>2.52</b>	<b>63,100</b>