

vision  
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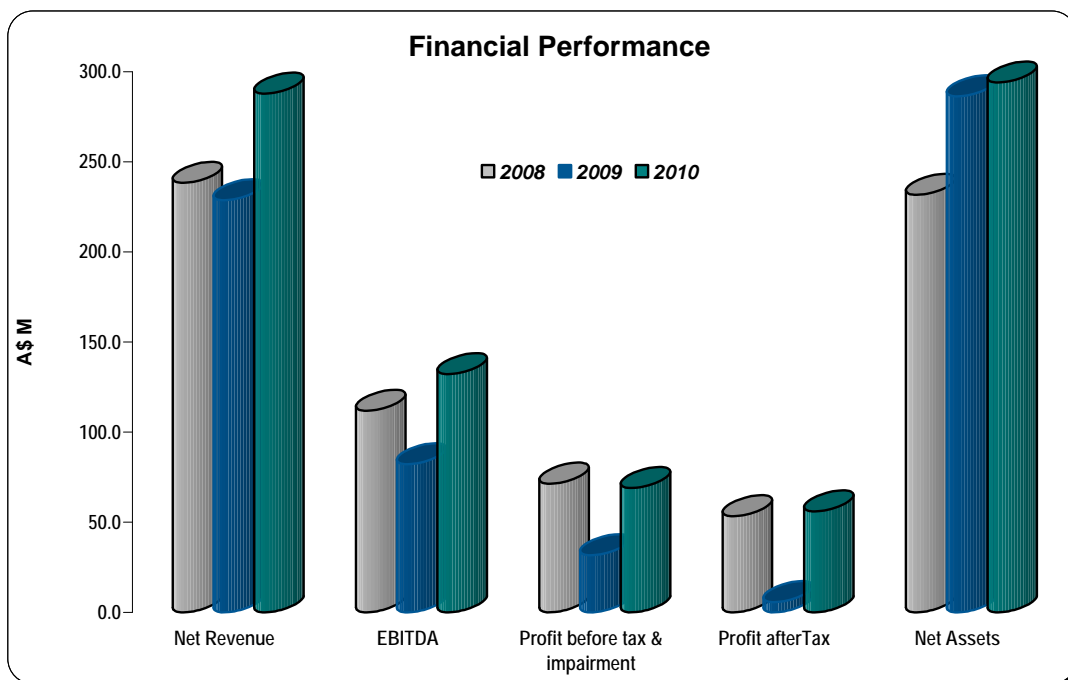
26 August 2010

ASX: PAN

## Panoramic Delivers Strong \$56.2M Profit

### Key Points

- Strong \$56.2 million Net Profit after Tax, a \$50.6 million increase on 2008/09
- Final fully franked dividend of 6.5 cents per share declared
- Total dividends declared of 16.5 cents per share, all fully-franked, representing a 60% pay-out ratio over the year
- Cash and current receivables increase strongly to \$158.3 million, up 68% on the previous financial year
- Effective hedging program delivers revenue contribution of \$34.1 million
- Net cash flow of \$131.8 million from operations before tax, a robust increase of \$47.0 million
- Steady full year Group average payable nickel cash costs of **A\$5.46/lb**, reflecting tight control of operating costs
- Average realised nickel price after hedging of **A\$10.49/lb**, reflected in a 26% increase in net revenue
- Group nickel production of 17,458 tonnes (equity basis), an excellent achievement and a credit to our operations





## Summary

Panoramic Resources Limited ("Panoramic") is pleased to announce a **net profit after tax (NPAT) for 2009/10 of \$56.2 million**. This represents the second highest net earnings result in the Company's history, and reflects another year of solid group nickel production combined with ongoing tight control of operating costs, and the earnings contribution of a well executed hedging program. Details of the 2009/10 financial results are summarised in Table 1.

*Table 1: Key Financial Indicators: Comparison of 2010, 2009 & 2008*

Year Ended 30 June	2010	2009	2008
Total net revenue (including interest income)	\$287.8M	\$228.7M	\$238.4M
EBITDA (and before impairment)	\$123.8M	\$82.2M	\$111.8M
Depreciation and amortisation	\$52.7M	\$49.5M	\$40.4M
Profit before tax (and before impairment)	\$71.1M	\$31.7M	\$71.4M
NPAT (and before impairment)	\$51.2M	\$24.0M	\$53.3M
Net impairment/impairment reversal (after tax)	(\$5.0M)	\$18.4M	-
NPAT	\$56.2M	\$5.6M	\$53.3M
Earnings per share (EPS)	27.5c	2.9c	28.4c
Cash flow from operating activities before tax	\$131.8M	\$54.8M	\$111.3M
Cash and current receivables	\$158.3M	\$95.9M	\$128.1M
Total assets	\$416.8M	\$380.3M	\$332.1M
Total liabilities	\$125.7M	\$94.0M	\$100.4M
Shareholders equity	\$291.1M	\$286.3M	\$231.7M
Return on equity	55%	6%	71%
Dividend payment per share	16.5c	3.0c	12.0c
Dividend pay-out ratio	60%	103%	42%

## Key Financial Points

Panoramic has delivered a strong financial result on the back of solid production from both operations. A combination of improved global commodity prices together with the \$34.1 million hedge book contribution to pre-tax earnings, resulted in the Company achieving a 14% increase in the average realised nickel price of A\$10.50/lb compared to last year. Overall, net sales revenue (including interest income) was up 26% on last year to \$287.8 million.

EBITDA was 50% higher than FY2008/09 at \$123.8 million, while depreciation and amortisation was up 7% to \$52.7 million, resulting in a gross profit of \$71.1 million (up 124% compared to last year). Since the introduction of the cost reduction strategy during FY2008/09, the operations have kept a firm control on costs. The Group's payable operating costs averaged A\$5.46/lb nickel over the year.

The Company made a \$7.2 million (before tax) reversal in respect of the \$12.8 million pre-tax impairment against the Savannah Project's non-current assets recognised in the FY2008/09 financial statements. The major factors leading to the impairment reversal are the improvement in the global economy and the outlook for commodity prices, the robust economics of the Savannah Lower Zone Ore Reserve based on forecast operating costs and commodity prices, and the strong financial position of the Company.



The pre-tax Savannah impairment charge of \$12.8 million recognised in FY2008/09 has been adjusted for notional depreciation from 1 January 2010, resulting in the adjusted reversal amount at 30 June 2010 of \$7.2 million. The \$13.5 million pre-tax impairment charge against Panoramic's 60% interest in the Copernicus Project is to remain while that project is on care and maintenance.

Cash flow from operating activities before tax was a solid \$131.8 million (up 86% on last year), while net assets increased marginally to \$291.1 million. Net cash inflows included \$4.4 million of interest income, and cash outflows of \$8.8 million for exploration activities. The Company has a very strong balance sheet, after adding \$62.4 million this year to cash and current receivables, totaling \$158.3 million as at 30 June 2010. The Company has no bank debt and only \$4.7 million in finance leases.

## Final Dividend Declaration

In light of the strong profit result, the Company has declared a fully franked final dividend of 6.5 cents per share, bringing the total dividend payout for the 2010 financial year to 16.5 cents per share (fully franked), representing a pay-out ratio of 60%. The Board is pleased to be able to maintain the payment of fully franked dividends to shareholders that now total 43.5 cents per share over four consecutive financial years.

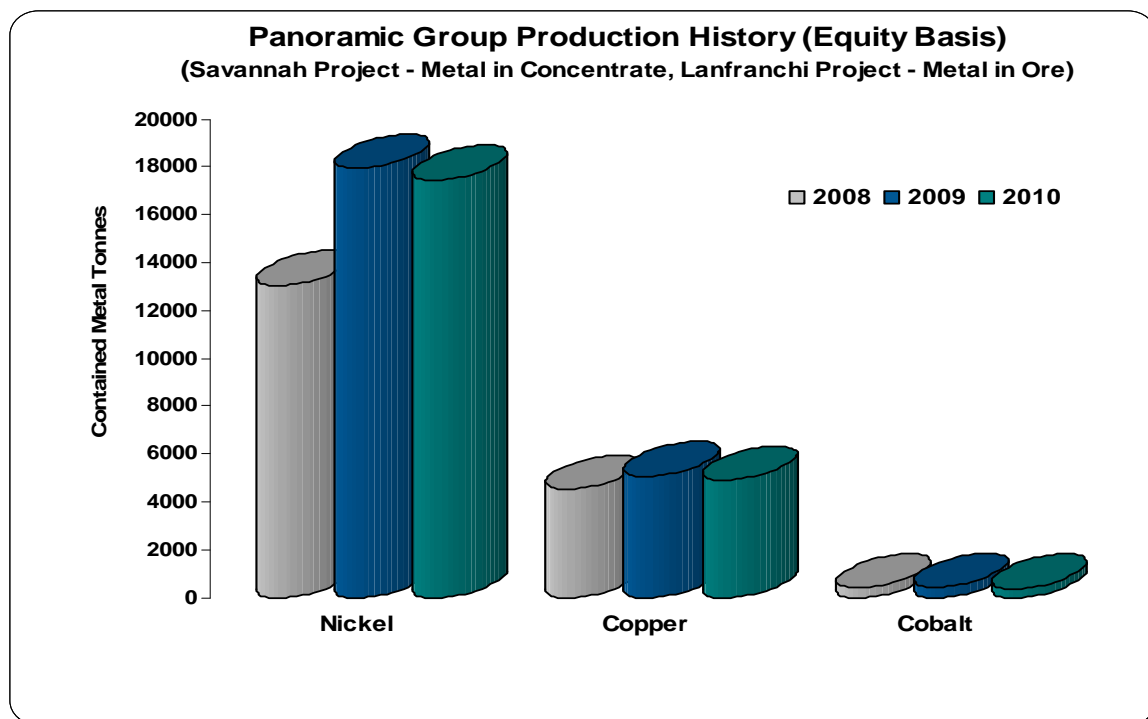
Details of the final dividend are as follows:

- Ex-Dividend Date – Monday 6 September 2010
- Record Date – 5.00pm (WST) Friday 10 September 2010
- Payment Date – Friday 24 September 2010

## 2010 Production Results

### Group Production Highlights

Group production (on an equity basis) in FY2009/10 was 17,458 tonnes nickel, 4,900 tonnes copper and 387 tonnes cobalt.





## Savannah Project

### 2010 Financial Year Highlights

- 673,894t ore milled at 1.25% Ni for a total of 7,273t Ni, 4,019t Cu and 387t Co in concentrate
- Ni recovery averaged 86%, compared to 88% in FY2008/09, well above the original feasibility study recovery of 78%
- Maiden Ore Reserve of 43,200t Ni, 23,200t Cu, and 2,160t Co announced for the Lower Zone, between 500m and 900m below surface (see Appendix 1)
- Additional mineralisation was intersected to the east of the resource model boundary below the 500 Fault
- Extended Concentrate Sales Agreement signed with Jinchuan with terms similar to the 2003 Concentrate Sales Agreement. The Off-take Agreement is for 100% of the nickel concentrate from the Savannah Project for a further ten years, from 1 April 2010.

## Lanfranchi Project

### 2010 Financial Year Highlights

- 398,920t of ore mined containing 10,122t Ni and 838t Cu
- Record production month of 1,197t Ni in June 2010
- Mining rates at Deacon ramped up to full production of 30-40,000t per month
- BHP Billiton Nickel West exercised its option and extended the 2004 Tramways Ore Tolling and Concentrate Purchasing Agreement on same terms and conditions for a further nine years to 27 February 2019

## Exploration 2009/10 Highlights

### Savannah & Kimberley Regional

- Drill hole KUD 810 testing the depth extensions of the Savannah Intrusion and the Lower Zone Resource below the offset dyke skimmed in and out of Savannah style mineralisation between 593m and 910m down hole demonstrating the Savannah orebody could continue below the 900 fault
- Strong off-hole EM anomaly detected in a previously lightly tested area of the Savannah Intrusion
- Low grade mineralisation intersected from RC drilling on EM targets identified on the southern tenements

### East Kimberley JV (Panoramic earning 61%)

- Major regional airborne gravity survey completed over the JV tenements and target area selection for follow-up EM work finalised
- We are encouraged by the quality of the gravity data collected and look forward to positive results from the planned EM surveys in our search for more Savannah style orebodies in close proximity to the Savannah concentrator

### Lanfranchi Project

- Encouraging results from the 15 hole diamond drill program testing possible western extensions of the current Lanfranchi resource including 5.27m at 3.81% Ni, 7.45m at 3.96% Ni, 7.13m at 4.40% Ni and 9.4m at 2.99% Ni
- Better than expected intersections from surface drilling at Cruickshank including 7m at 1.72% Ni and 6.98m at 1.79% Ni, this drill core will be used for metallurgical testwork to determine the expected recoveries and concentrate grades from Cruickshank ore
- On the Northern Dome drill hole TD8137 intersected 4m at 2.2% from the upper contact with a significant down-hole EM anomaly

### Other Projects - Australia

- Cowan - drill testing of a 11 EM targets occurred during the year and while none resulted in the discovery of new nickel orebodies our understanding of the geology of the Cowan tenements has improved, and there remains numerous targets to be drill tested



- Bluebush JV – Three of the five drill targets identified in our search for Iron Ore Copper Gold style orebodies were tested during the year and one hole confirmed the presence of potential copper-gold host rocks beneath Palaeozoic cover and returned an anomalous intersection of 1m at 0.14g/t gold from 293m. The best two anomalies will be drill tested in 2010/11.

### Other Projects - Overseas

- Norrland JV – Geological and geophysical assessment during the year resulted in 14 targets of interest being identified, and drilling has commenced to test the best five of these targets

## Outlook

### General

The Board remains cautiously optimistic in relation to the short term outlook for the world economy, commodity prices and in particular nickel, however expects there to be continued volatility. The Company will continue to actively manage its exposure to commodity prices, diesel and the US\$/A\$ exchange rate through its hedging program and take opportunities when they arise to protect margins and optimise revenue. Longer term the outlook for commodities remains very positive and we are committed to growing the Company in accordance with our 10 Year Plan:

- Improve our safety culture so every employee believes that safety is our most important value in line with our safety mantra: Vision, Commitment, Results;
- Optimise our metal production to maximise our margins;
- Grow the existing resource and reserve base to extend the mine life of our operations;
- Maintain dividend payments; and
- Acquire additional assets to become a diversified mining house and an ASX Top 100 Company.

### Safety

The safety, health and well being of all the employees and contractors is the foundation of the Company's values. At Panoramic we are continually seeking improvements in safety performance and in 2010/11 the focus will be on:

- Improving communications with all employees and contractors with regard to defining strategies, meeting expectations and planning;
- Emergency preparedness including training and resourcing of emergency response teams and mock drills;
- Planning and setting of quarterly targets to reduce risk and occurrence of incidents; and
- Promoting leadership at all levels which makes a direct contribution to fulfilling our safety mantra of "safely home every day"

### Exploration

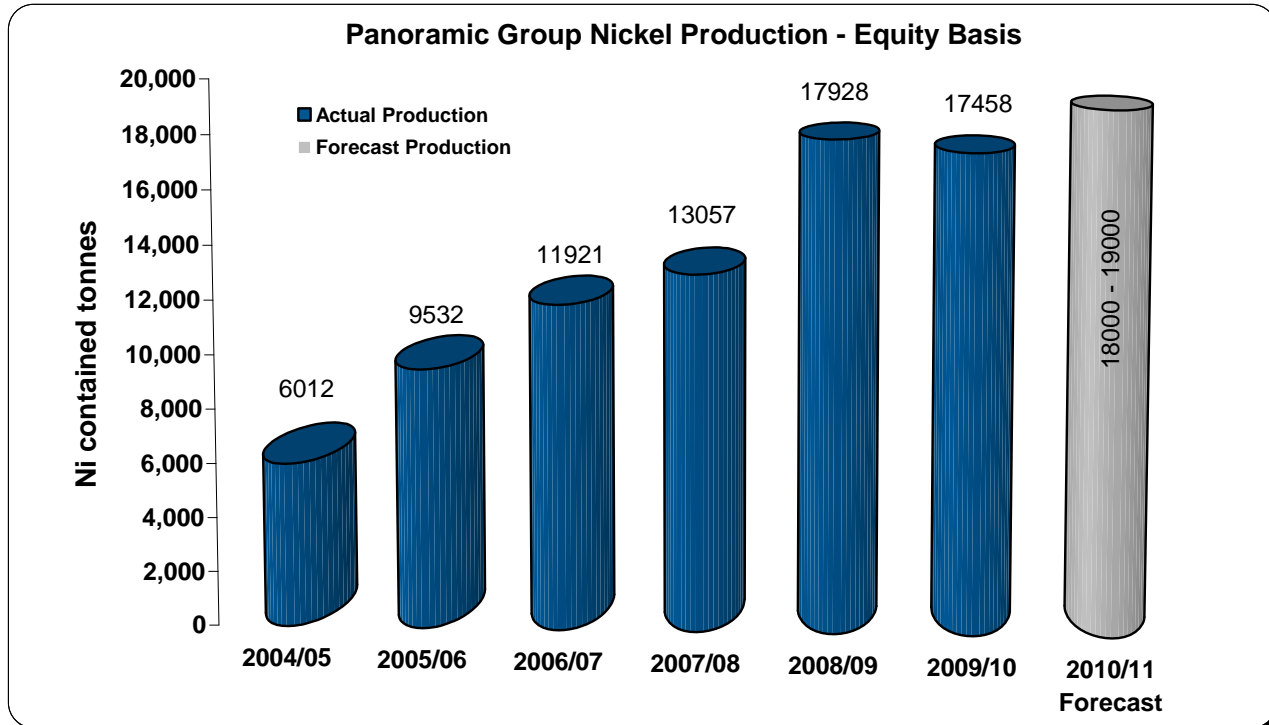
During FY20010/11 Panoramic will embark on our largest ever exploration expenditure program, budgeted at around \$12 million, as we focus on adding to Panoramic's Group resource and reserve base by:

- Drill testing the strong EM response below the 900m level at Savannah to test depth extensions of the orebody;
- Continuing to drill test around the Savannah Intrusion;
- Undertaking a major EM survey of the gravity anomalies identified on the East Kimberley Joint Venture tenements;
- Drilling down plume of the Deacon, Helmut South, Schmitz, and Lanfranchi orebodies;
- Continuing to drill test the Northern Dome structure at Lanfranchi for massive sulphide mineralisation;
- Further drilling on the Cowan tenements and drill testing of the EM targets on the Norrland JV tenements in Sweden;
- Testing the remaining two coincident magnetic/gravity anomalies on the Bluebush JV tenement in the Northern Territory;
- Drilling at the Tushtena JV Gold Project in Alaska chasing high grade gold orebodies; and
- Supporting Drake Resources in our strategic alliance for base and precious metals in Scandinavia;



## Production

The current production forecast for the combined operations for FY2010/11 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. 2010/11 Forecast is based on not mining Copernicus ore

## Business Development

The Company continues to assess opportunities to grow the business through quality acquisitions of projects and/or companies that would be complementary to the existing business, and to utilise management's experience and expertise. The primary focus is nickel, copper, and gold, and the preference is to buy assets at pre-feasibility stage through to operating mines. The Company is also interested in opportunities in other base metals, PGMs and selected bulk commodities. While Australia remains the preferred location, the Company is actively pursuing opportunities in selected overseas countries which have mining friendly regulatory regimes and established infrastructure.

Part of the Company's business development strategy is to take small and strategic equity positions when the opportunity arises. The Company will either look to exit these investments at the right time, or develop long-term relationships with companies seeking additional funding and/or technical expertise in order to bring projects into production.

During the financial year, the Company made direct investments in two ASX listed exploration companies with good quality assets. As at 30 June 2010 the Company held the following investment in ASX listed exploration companies:

- Ampella Mining Limited (ASX:AMX) 3.467 million shares
- Magma Metals Limited (ASX:MMW) 6.311 million shares
- Thundelarra Exploration Limited (ASX:THX) 2.500 million shares
- Liontown Resources Limited (ASX:LTR) 1.250 million shares



## 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 FY2010 our operations produced 17,458t Ni contained (equity basis). Panoramic has significant exploration portfolios in the Kimberley and at Lanfranchi and is expanding exploration activities in Australia and overseas order to grow the resource and reserve base. 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.

*The information in this release that relates to the Savannah and Lanfranchi Mineral Resources is based on information compiled 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 deposits under consideration and to the activity which the 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 consents to the inclusion in the release of the matters based on the information in the form and context in which it appears.*

*The Information in this release relating to the Savannah Lower Zone Mineral Ore Reserve has been completed by, or reviewed by Mr Lilong Chen who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Chen is a full-time employee of Panoramic Resources Limited, 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 Chen consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.*

## Appendix 1

**Table 1: Savannah Lower Zone Mineral Ore Reserve (using 1.05% Ni eq cut-off)**

Category	Tonnes	Ni %	Cu %	Co %	Ni (t)	Cu (t)	Co (t)
Probable	3,670,000	1.17	0.64	0.06	43,200	23,500	2,160
<b>Total</b>	<b>3,670,000</b>	<b>1.17</b>	<b>0.64</b>	<b>0.06</b>	<b>43,200</b>	<b>23,500</b>	<b>2,160</b>

*Notes:*

- 1. Panoramic undertook mine planning, scheduling, costing and economic evaluation to calculate the Reserve*
- 2. Production from this zone is subject to various statutory approvals.*