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results



24 February 2011

ASX: PAN

## December 2010 Half Year Results and Interim Dividend

Panoramic Resources Limited ("Panoramic") is pleased to report an after tax profit of **\$17.5 million** for the first half of the 2010/11 financial year. As a result of the solid earnings for the period and the continuing commitment to return value to shareholders, the Company has declared an **interim fully franked dividend of 4 cents per share** to be paid on 25 March 2011.

### Summary of Financial Results

- Net profit after tax of \$17.5 million, in line with the previous profit guidance of \$18 million
- Strong financial position with **cash and receivables of \$156 million**, and no bank debt

Summary of Financial Results (A\$ million)	Dec Half 2010	Dec Half 2009	Dec Half 2008
<b>Financials</b>			
Total net revenue*	\$129.2	\$135.6	\$113.3
EBITDA	\$49.4	\$60.2	\$39.5
Profit before tax and impairment	\$26.6	\$32.3	\$12.3
Impairment before tax	-	-	(\$25.1)
Profit/(loss) before tax	\$26.6	\$32.3	(\$12.8)
Net profit/(loss) after tax	\$17.5	\$23.1	(\$8.6)
EPS (cents/share)	8.5c	11.3c	(4.5)c
Cash flow from operating activities before tax	\$20.5	\$63.1	\$20.7
Cash, term deposits and current receivables	\$156.2	\$136.7	\$79.9
<b>Production</b>			
Nickel (tonnes)	8,216	8,603	7,913**
Copper (tonnes)	2,239	2,578	2,337***
Cobalt (tonnes)	179	202	206

\* Net of smelter/ concentrate treatment charges and profit/(losses) on commodity hedges

\*\* Nickel in concentrate from Savannah and 75% share of nickel in ore from Lanfranchi

\*\*\* Copper in concentrate from Savannah and 75% share of copper in ore from Lanfranchi

### Commentary

Overall, net earnings were in line with the Company's internal forecast made in early 2010. The principal reason for the lower half year earnings than for the previous half year was as a result of lower total net revenue, from a combination of:

- total group nickel production of 8,216 tonnes Ni contained being down 5% period-on-period; and
- commodity derivative hedging losses of \$4.1 million due to higher spot US\$ nickel prices.



Earnings before tax included a \$5.2 million profit from the on-market sale of listed equity investments.

Income tax of \$9.1 million was expensed for the half year which was above the 30% Company tax rate, at 34%. This higher rate was due to non-deductible exploration being spent overseas and a prior year adjustment on research and development accelerated deductions. Cash out-flows in the half year included a \$18 million payment in Company tax to the Australian Taxation Office for the 2009/10 tax year.

Importantly, since 30 June 2010 the group's depreciation and amortisation (D&A) charges have fallen on a per tonne mined basis following the conversion of the Savannah Lower Zone Resource to reserve status. These lower D&A charges will have a positive impact for the remainder of the 2010/11 financial year and on future year's earnings.

## Interim Dividend

The Panoramic Board has declared an interim fully franked dividend of 4 cents per share, which is a dividend pay-out ratio of 47%. This dividend demonstrates the Company's continuing commitment to return value to shareholders. The details of the dividend payment are as follows:

- Ex-Dividend Date – Monday, 7 March 2011;
- Record Date – 5.00pm (WST) Friday, 11 March 2011;
- Payment Date – Friday, 25 March, 2011.

## Production and Outlook

For the December 2010 half year, the Savannah Nickel Mine produced 43,549 tonnes of concentrate at an average nickel grade of 7.54% containing 3,285 tonnes of nickel, compared to the December 2009 half year production of 51,035 tonnes of concentrate at an average nickel grade of 7.64% containing 3,897 tonnes of nickel.

The Lanfranchi Nickel Mine produced 203,292 tonnes of ore at an average nickel grade of 2.43% containing 4,931 tonnes of nickel in ore in the December 2010 half year, compared to December 2009 half year production of 177,756 tonnes of ore at an average nickel grade of 2.65% containing 4,706 tonnes of nickel in ore.

On a consolidated group basis, the operations produced 8,216 tonnes of nickel contained in concentrate/ore for the December 2010 half year. Total group production for the second half of 2010/11 is forecast to exceed 9,700 tonnes of nickel contained, resulting in the Panoramic Group guidance of around 18,000 tonnes nickel contained in FY2011.

For further information contact:  
Peter Harold  
Managing Director  
+61 8 9225 0999

### About the Company

Panoramic Resources Limited (ASX Code **PAN**, ABN 47 095 792 288) is an established Western Australian based nickel sulphide producer with two underground mines, the Savannah Project in the Kimberley, and the Lanfranchi Project 42km south of Kambalda. In FY2010 our two operations produced 17,458t Ni contained and we are forecasting to produce around 18,000t Ni contained in FY2011. The Company recently completed the purchase of the Gidgee Gold Project incorporating a tenement package of approximately 1,200 km<sup>2</sup> of the Gum Creek greenstone belt together with existing infrastructure, 310,000ozs of gold in resource and substantial exploration potential. Panoramic also 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 mine life. Panoramic is continuing to assess opportunities to grow the Company through acquisitions of projects and/or companies that would be complementary to the existing business, and reflect the Company's commodity expertise and risk profile.