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PANORAMIC
RESOURCES LTD

28 February 2012 ASX: PAN

December 2011 Half Year Results

Summary of Financial Results

- Cash flow from operating activities before tax of $23 million, up 12% on the corresponding period last year
- Cash, term deposits and current receivables of $96.5 million**, after significant investment in major one-off capital items
- Net loss before tax and impairment of $0.7 million, and after tax and impairment of $3.9 million

Summary of Financial Results (A$ million)	Dec Half 2011	Dec Half 2010	Dec Half 2009
Financials			
Total net revenue*	$116.1	$129.2	$135.6
EBITDA before impairment	$23.5	$49.4	$60.2
Depreciation and amortisation	$23.6	$22.1	$27.6
Profit/(loss) before tax and impairment	($0.7)	$26.6	$32.3
Impairment before tax	($4.1)	-	-
Profit/(loss) before tax	($4.8)	$26.6	$32.3
Net profit/(loss) after tax	($3.9)	$17.5	$23.1
EPS (cents/share)	(1.9c)	8.5c	11.3c
Cash flow from operating activities before tax	$23.0	$20.5	$63.1
Payments for property, plant, and equipment	$22.0	$6.9	$3.9
Payments on exploration (capital component)	$5.3	$0.9	$0.7
Cash, term deposits and current receivables	$96.5**	$156.2	$136.7
Production			
Nickel (tonnes)	9,613	8,216	8,603
Copper (tonnes)	3,095	2,239	2,578
Cobalt (tonnes)	253	179	202

* Net of by-product credits, interest income, smelter/ concentrate treatment charges and profit/(losses) on commodity/foreign exchange hedges

** Comprising cash and term deposits ($66.1M), trade receivables ($24.6M) and other current receivables ($5.8M). At 30 June 2011: cash and term deposits ($91.9M), trade receivables ($28.6M) and other current receivables ($5.9M)

Commentary

While reporting a net loss after tax is disappointing, it needs to be explained in the context of the business and the external factors influencing revenue and non-cash items.

The net loss is in line with the Company's guidance provided in the December 2011 Quarterly Report. Since that guidance, two off-setting adjustments were made to pre-tax earnings, namely:

- *Net revenue* - a $4.5 million increase in sales revenue following the final pricing for the Savannah December 2011 concentrate shipment and Lanfranchi's October 2011 ore deliveries and updated provisional pricing for November and December 2011 ore deliveries. An equivalent increase was made to current receivables to reflect the higher amount expected from customers; and
- *Impairment* - the booking of a non-cash impairment of $4.1 million against the carrying value of the Company's 24.9 million shares in Magma Metals Limited ("Magma") (ASX Code: MMW). It should be noted that since 1 January 2011, the Company has been required to write-down its investment in Magma due to the sustained fall in the Magma share price over the period. The total write-down to date is $9.6 million, which has had a material impact on the Company's net earnings.

Other minor variances to the guidance were as a result of an internal re-allocation between line items.

In addition to the $4.1 million impairment charge noted above, other contributing factors on a pre-tax basis explaining the movement between the December 2011 half year and the previous corresponding period, were:

- a $13 million decrease in total net revenue, due to a combination of the lower realised A$ price of nickel sold (after hedging and $4.5 million of negative quotational period adjustments for final pricing on the May and June 2011 Lanfranchi ore deliveries) partially off-set by revenue from the higher quantity of sales in the period;
- a $9.3 million increase in the cost of goods sold (COGS) (including depreciation and amortisation) reflecting the increase in total costs associated with increased product sold, partially off-set by lower unit COGS on a per sold basis; and
- other sundry variations giving rise to a net decrease in earnings of $4.8 million.

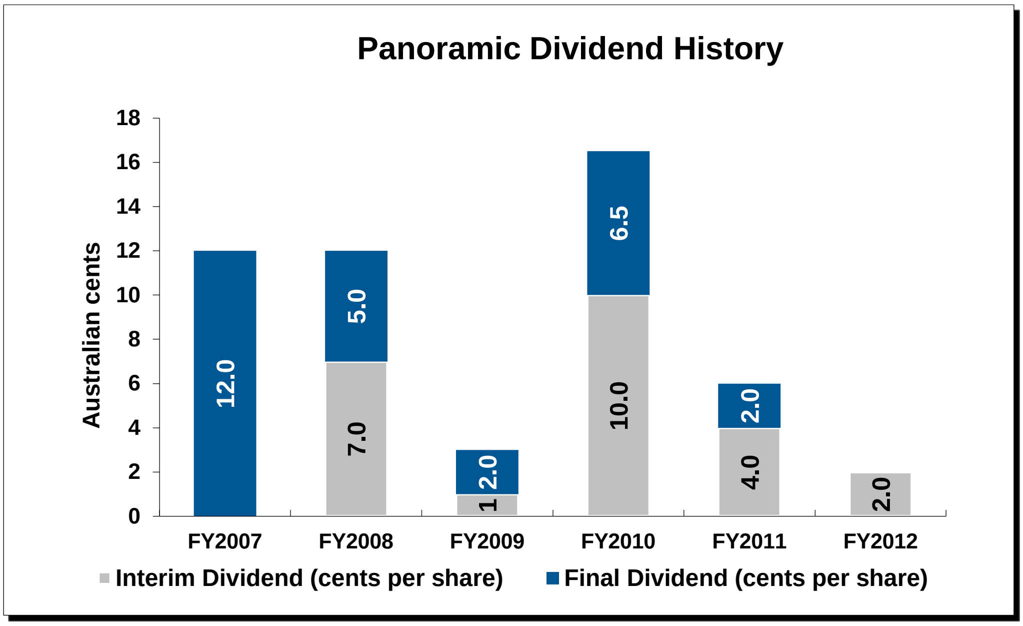
During the six months to 31 December 2011, the operations achieved a **17% increase in contained nickel production and a 12% increase in cash flow from operating activities before tax of $23 million**. The Company's overall net cash position (including term deposits) reduced by $25.7 million, primarily as a consequence of significant expenditure during the period on major one-off capital items (including construction of a concentrate storage shed at the port of Wyndham, construction of the accommodation village at Lanfranchi, and the ventilation raise at Savannah) totaling $22.0 million, $16.5 million in capitalised mine development and exploration costs, $4.0 million equity investment in Hot Chili Limited (ASX Code: HCH), payment of the $4.1 million 2011 final dividend to shareholders and the net movement in working capital.

Interim Dividend

On 13 February 2012, the Panoramic Board declared an interim, fully franked dividend of 2 cents per share. This dividend demonstrates the Company's robust Balance Sheet and continuing commitment to pay franked dividends to Panoramic shareholders, despite the continuing volatility in commodity prices, foreign exchange rates and global equity markets. The details of the dividend payment are as follows:

- Ex-Dividend Date – Monday, 5 March 2012;
- Record Date – 5.00pm (WST) Friday, 9 March 2012;
- Payment Date – Friday, 23 March, 2012.

The payment of fully franked dividends now totals 51.5 cents per share over the last six financial years.



Exploration Expenditure Forecast

In light of the increase in exploration and evaluation activities across the Group, especially at the Gidgee Gold Project, the Group is forecasting to spend up to $18 million on exploration over the full 2011/12 financial year.

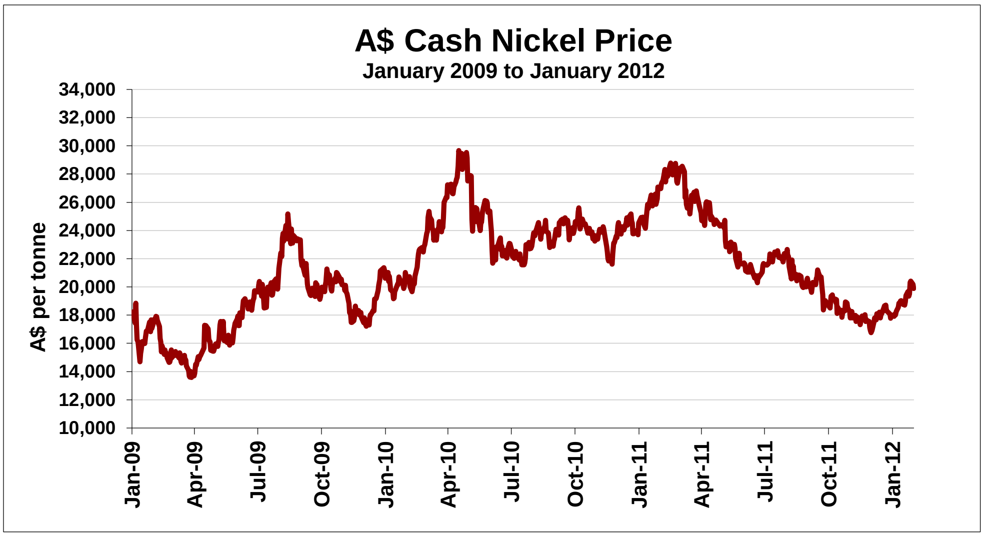
Production and Outlook

For the December 2011 half year, the Savannah Nickel Mine produced 63,000 tonnes of concentrate at an average nickel grade of 7.47% containing 4,707 tonnes of nickel, compared to the December 2010 half year production of 43,549 tonnes of concentrate at an average nickel grade of 7.54% containing 3,285 tonnes of nickel.

The Lanfranchi Nickel Mine produced 208,827 tonnes of ore at an average nickel grade of 2.35% containing 4,906 tonnes of nickel in the December 2011 half year, compared to December 2010 half year production of 203,292 tonnes of ore at an average nickel grade of 2.43% containing 4,931 tonnes of nickel.

On a consolidated group basis, the operations produced 9,613 tonnes of nickel contained in concentrate/ore for the December 2011 half year. As a result of production being above forecast for the half year, total group production guidance for the full financial 2011/12 year has been increased from 17,500-18,500 tonnes to **18,500-19,000 tonnes** of nickel contained in concentrate/ore.

We believe the nickel price will be influenced by three main factors; namely (1) the recovery in global stainless steel demand post the 2008/09 *GFC*; (2) the commissioning and production ramp-up of new nickel laterite projects, particularly those employing high-pressure acid-leaching technology; and (3) the quantity of nickel pig iron (NPI) produced. The fact that the nickel market is relatively small in global terms, has historically resulted in significant volatility in the nickel price as shown in the chart below. Any underperformance or delayed ramp-up of new nickel projects or NPI supply constraints, caused by factors such as the Indonesian laterite ore export ban set down for 2014, could impact global nickel supply and support the nickel price.



Source – LME US$ nickel daily cash price converted to A$'s using the daily RBA US$/A$ Settlement Rate

Proposed Acquisition of Magma Metals

On 3 February 2012, Panoramic announced its intention to make an off-market takeover offer for all of the shares in Magma Metals Limited. Under Panoramic's Offer, accepting Magma shareholders will receive 2 New Panoramic Shares for every 17 Magma Shares held. The Offer is subject to a number of conditions, including Panoramic obtaining a relevant interest in 90% of Magma Shares on issue.

On 27 February 2012, Panoramic dispatched its Bidder's Statement to Magma Shareholders thereby opening the Offer to Magma shareholders. The Offer is scheduled to close on Thursday, 29 March 2012, unless extended or withdrawn by Panoramic.

The proposed modest acquisition is consistent with Panoramic's stated strategy of building the Company into a significant diversified mining company through organic growth, exploration success, project development and selective acquisitions. Magma's early stage projects are in the Company's Tier 1 commodity group of target assets, namely platinum group metals (Thunder Bay North in Canada), along with gold and nickel (Western Australia).

About the Company

Panoramic Resources Limited (ASX Code **PAN**, ABN 47 095 792 288) is an established Western Australian based nickel sulphide producer operating two 100% owned underground mines; the Savannah Project in the Kimberley, and the Lanfranchi Project south of Kambalda. On a Group basis, Panoramic is forecasting to produce between 18,500-19,000t nickel In FY2012 (new guidance January 2012). In February 2011, the Company acquired the Gidgee Gold Project, located 640kms north-east of Perth. Exploration and evaluation studies have commenced at Gidgee, with the aim of expanding the existing 310,000oz gold Resource. The Panoramic Group has strong cash reserves, minimal bank debt and is continually looking to grow its business through internal exploration success, selective acquisitions and/or joint ventures.