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results



18 Dec 2012

ASX: PAN

## POSITIVE RESULTS FROM MT HENRY SCOPING STUDY

### Key Highlights (100% Basis)

- Annual production - averaging **116,000oz Au pa**
- Initial project life – **7.25 years**, aggregate production of **840,000oz Au**
- Average operating costs – approximately **A\$930/oz**
- Capital costs – estimated initial capital of approximately **A\$195M** (including contingency)
- Robust project economics – cumulative pre-tax free cash flow of **A\$215M** for the Base Case (A\$1,500/oz), **A\$425M** for Spot Case (A\$1,750/oz), and **\$635M** for the Alternative Case (A\$2,000/oz)
- Current activities – drill program underway to convert Resources from Inferred to Indicated, test extensions at depth, and for geotechnical and metallurgical optimisation.

### Details

Panoramic Resources Limited ("Panoramic") is pleased to release the results of its recently completed Scoping Study for the Mt Henry Gold Project. Since acquiring a 70% interest in the project from Matsa Resources Limited ("Matsa") in July 2012, Panoramic has advanced a number of key work streams for the Project, reported here as the Mt Henry Scoping Study December 2012. A number of value enhancement opportunities have been identified which Panoramic believes could add significant further value to the Project. Panoramic is targeting the completion of a Bankable Feasibility Study (BFS) by Q4 2013.

The preferred scenario is to mine from three open pits (Mt Henry, Selene and North Scotia) with ore processed through a centrally located facility. Mining costs are based on market rates provided by a Western Australian open pit mining contractor who was supplied with production schedules and rock property information. A 2.5Mtpa gravity-flotation-leach processing facility was chosen as the optimum mill configuration and capacity based on Whittle optimisation of the three proposed open pits and metallurgical recoveries of 92% were used, based on previous test-work. Key Scoping Study outcomes are provided in Table 1.

Table 1 – Production and Valuation Summary (100% Basis)

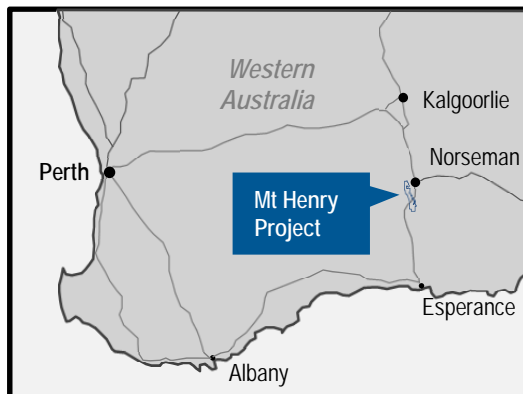
Item		Base Case A\$1,500/oz Au*	Spot Case A\$1,750/oz Au*	Alternative Case A\$2,000/oz Au*
Mine Life	Years	7.25	7.25	7.25
Recovery	%	92%	92%	92%
Payable Gold (Life of Mine)	Oz Au LOM	840,000	840,000	840,000
Average Payable Gold per annum	Oz Au / annum	116,000	116,000	116,000
Operating Cost (Life of Mine average)	\$/oz Au	927	927	927
Initial Capital (incl contingency)	A\$M	195	195	195
Pre-tax cash flow (ex-royalties)	A\$M	215	425	635

\* Note - Pits optimised at A\$1,500/oz Au for all scenarios

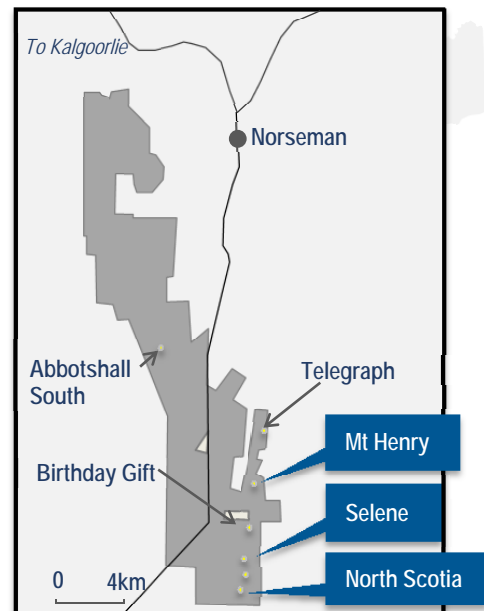


## Location

The Mt Henry tenements cover ~135km<sup>2</sup> and are located south of Norseman in Western Australia. The Project comprises the Mt Henry, Selene and North Scotia deposits, all of which are located on granted mining leases.



**Figure 1 – Mt Henry Project Location Map**



**Figure 2 – Mt Henry Tenement Map**

## Geology & Mineralisation

The Mt Henry Project is located at the southern end of the Wiluna–Norseman Greenstone belt of the Eastern Goldfields of Western Australia. Whilst the greenstone rocks from the Norseman region can be broadly correlated with those of the Kalgoorlie–Kambalda region, they form a distinct lithology which is bounded on all sides by major regional shears.

The **Mt Henry Resource** is 1.9km long, 6–10 metres wide and dips 65-75 degrees towards the west. The host rock is predominantly banded iron formation with minor meta-basalts and dolerites. Sulphide minerals range from trace to 10%. The predominant sulphide is pyrrhotite with minor pyrite, arsenopyrite, chalcopyrite and marcasite.

The host rock of the **Selene Resource** is also a banded iron formation which is intruded by numerous dolerite sills. The footwall contact is characterised by metamorphic sedimentary schist and the hanging wall by the overlying dolerites of the Woolyeener Formation. The Selene mineralisation extends for 1.3km along strike and extends 550 metres down-dip at a shallow angle of around 20 degrees. The mineralisation thickens in the central part of the Resource up to a true thickness of 35 to 40 metres.

The **North Scotia Resource** covers a strike length of 600 metres within Achaean mafic rocks of the Woolyeener Formation. The Woolyeener Formation is host to the auriferous quartz veins that have been mined in the Norseman district continuously for 80 years. Gold mineralisation is hosted by laminated quartz veins that dip at around 70° towards the west. Sulphides present include pyrite and galena.

## Mining

The schedules used in the Scoping Study are based on JORC compliant Indicated and Inferred Resources for Mt Henry, Selene and North Scotia (refer Appendix 1). Mining is based on production from the three open pits, using contract mining. Two cutbacks are planned, one in Mt Henry and one for Selene. The average life of mine waste to ore stripping ratio across all the pits is 5 to 1. Conceptual pit shells were optimised at a gold price of A\$1,500/oz using Whittle software. A breakdown of the open pit mining inventory is shown in Table 2. Figures 3 and 4 below show the conceptual pit shells for Mt Henry and Selene optimised at a gold price of A\$1,500/oz. Historic drilling at Mt Henry intercepted a parallel zone of mineralisation in the hanging wall of the orebody. This zone has not been included in either the Resource estimate or economic evaluations and represents upside to the project. The Resources at Mt Henry, Selene and North Scotia remain open at depth.



Table 2 – Mining Inventory Summary (100% Equity Basis)

Resource	Tonnes (Mt)	Mined Grade (g/t Au)	Contained Metal (Au oz)
Selene	9.8	1.60	500,000
Mt Henry	6.1	1.89	370,000
North Scotia	0.4	3.40	45,000
<b>Total</b>	<b>16.3</b>	<b>1.74</b>	<b>915,000</b>

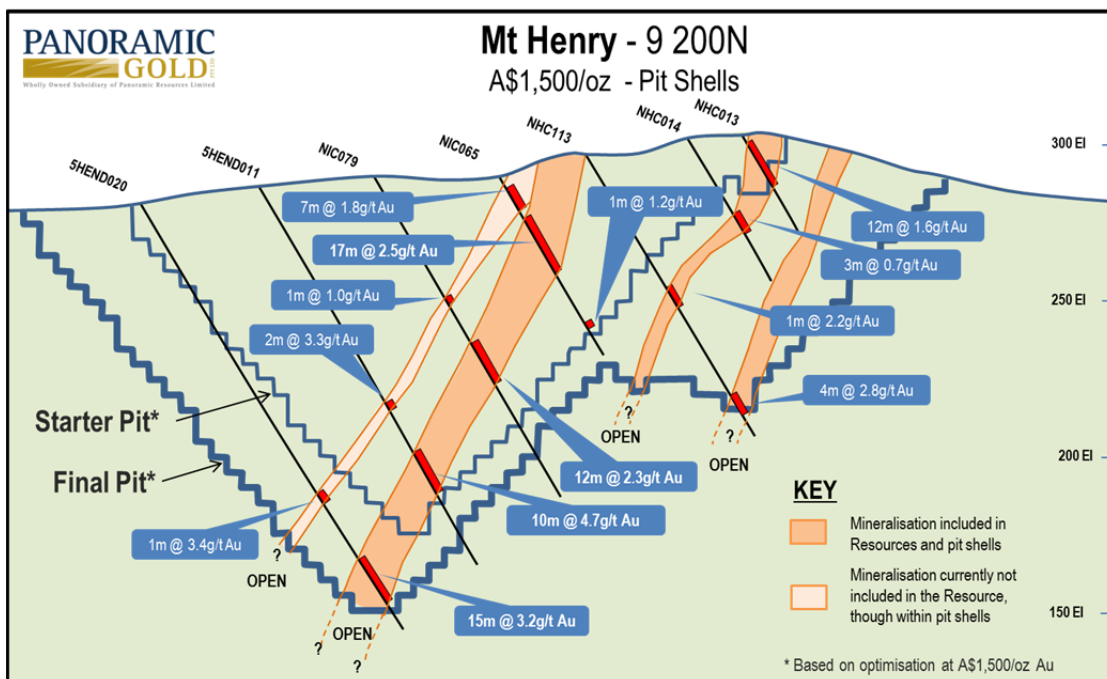


Figure 3 – Mt Henry - Conceptual A\$1,500/oz Au Pit Shells

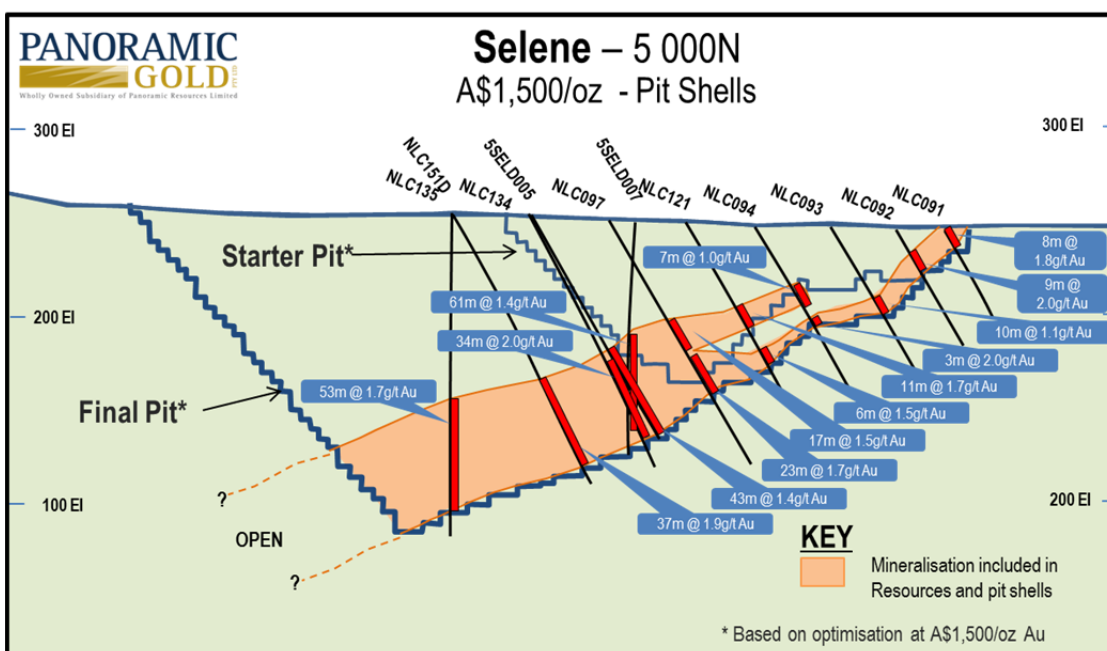


Figure 4 – Selene - Conceptual A\$1,500/oz Au Pit Shells



## Processing

GR Engineering Services Ltd (GR) undertook a review of historic cominution and metallurgical test-work. A 2.5Mtpa processing plant was selected as the optimal throughput rate. As some gold is associated with sulphide minerals, the currently proposed flow-sheet assumes ore will be ground to a P80 of 75 micron prior to flotation with the concentrate re-ground in an Isa Mill prior to leaching. The flotation tail will also be leached to maximise overall recoveries. Historic metallurgical test-work indicates that overall recoveries of 92% can be achieved with the proposed flow-sheet, and potential exists for higher recoveries subject to further test-work (planned for Q1 2013). A summary of the proposed flow-sheet is shown in Figure 5.

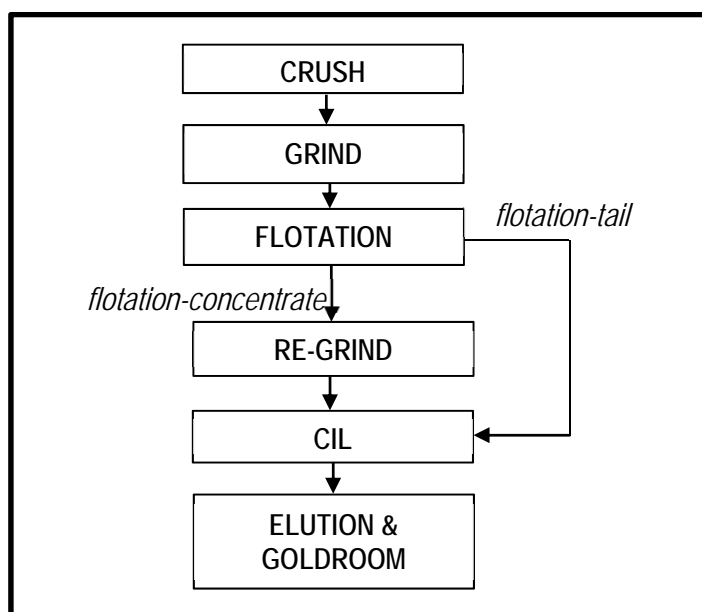


Figure 5 – Processing Flow-sheet Schematic

## Capital Costs

Initial capital is estimated at ~A\$195M (including A\$16M in contingency). Sustaining and closure capital costs over the mine life is estimated at A\$67M. Infrastructure capital costs of A\$18M includes roads, fuel farm, administration buildings, water storage, laboratory, workshop, and mobile equipment. A summary of the capital cost estimates is shown in Table 3.

Table 3 – Capital Cost Summary (100% Basis)

Item	Initial Capital (A\$M)	Sustaining / Closure (A\$M)	Total (A\$M)
Site Establishment	6		6
Processing Facilities	130		130
Infrastructure	18		18
Accommodation Camp	10		10
Tailings Storage Facility	6	10	16
Commissioning	3		3
Mining Cutbacks	6	29	35
Sustaining		8	8
Closure		20	20
<b>Total</b>	<b>179</b>	<b>67</b>	<b>246</b>
Contingency	16		16
<b>Total</b>	<b>195</b>	<b>67</b>	<b>262</b>

## Operating Costs

Open pit mining costs were based on estimates provided by a Western Australian mining contractor, who used the proposed production schedules and rock property information (eg. hardness and abrasion) to provide mining cost estimates. Mining is based on conventional drill and blast on 5m and 10m benches with a conventional 100t excavator loading 100t dump trucks. Process operating costs were estimated by GR. Site power is assumed to be sourced from a diesel fired power station. A summary of the operating costs is shown in Table 4.

**Table 4 – Operating Cost Summary**

Item	Unit	Amount
Mining	A\$/t ore	15
Processing	A\$/t ore	29
Geology + OH&S + Enviro + Admin	A\$/t ore	4
<b>TOTAL</b>	<b>A\$/t ore</b>	<b>48</b>
<b>TOTAL</b>	<b>A\$/oz payable</b>	<b>927</b>

## Value Enhancement Opportunities

Panoramic has identified a number of opportunities which could provide significant value enhancement to the Mt Henry Project. The Company will investigate these opportunities as part of the BFS which is underway and due for completion in Q4 2013. Opportunities include:

- Recovery – GR has indicated that recovery rates higher than 92% are possible. GR Engineering has indicated that recoveries of 94.5% could be achievable based on the proposed flow-sheet. The potential for this increased recovery will be confirmed by the metallurgical test-work planned in early 2013;
- Power – the Scoping Study is based on using a diesel fired power station. If an alternative power source such as gas is available, power costs may be significantly reduced;
- Resource upgrade – the drill program planned in Q1 2013 will target depth extensions to each of the Resources;
- Parallel zones – historic drilling at Mt Henry intercepted mineralisation in the hanging wall adjacent to the Resource. These zones have not been included in either the Resource estimates or the economic evaluations. As this mineralisation falls within the current A\$1,500/oz pit shell, the inclusion of these zones could enhance project economics;
- Financing options – the Company will investigate the opportunity for contractors to build, own, and operate certain infrastructure;
- Optimisation – work will be undertaken to optimise costs, production rates, mining schedules and the process flow-sheet as part of the BFS work; and
- Magnetite – previous drilling has intercepted broad zones of magnetite rich Banded Iron Formation (BIF). The Company will investigate the potential for production of a magnetite concentrate.

## Identified Risks

A number of key risks have been identified that may impact (either positively or negatively) on the economics of the Mt Henry Project. These risks include, but are not limited to:

- Gold price
- Foreign currency exchange rates
- Capital and operating costs
- Processing optimisation and recoveries
- Project financing terms
- Regulatory approvals

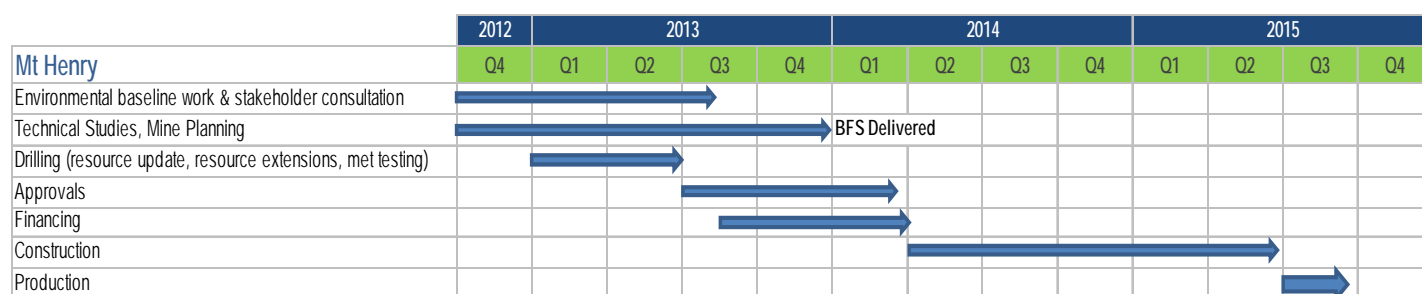


## Project Timeline

Panoramic is targeting completion of the BFS in Q4 2013, with construction to start in Q2 2014, subject to successful technical results and necessary approvals being granted. Key baseline and technical studies for the BFS are:

- Resource infill and extensional drilling
- Geotechnical drilling and analysis
- Metallurgical sampling and studies
- Process flow-sheet design and optimisation
- Baseline environmental and heritage studies
- Mine design and cost estimates

The proposed development timeline for the Mt Henry Project is shown in Figure 6.



**Figure 6 – Proposed Project Timeline**

## About the Company

Panoramic Resources Limited (ASX Code PAN, ABN 47 095 792 288) is an established Western Australian mining company operating two 100% owned underground nickel sulphide mines, the Savannah Project in East Kimberley, and the Lanfranchi Project near Kambalda, Western Australia. On a Group basis, Panoramic produced a record 19,791t of nickel contained in FY2012 and is forecasting to produce between 18,000 and 19,000t of nickel in FY2013. Panoramic is an S&P/ASX 300 Index Company with a strong balance sheet, minimal bank debt and a growing nickel, gold and PGMs resource base, employing more than 500 people (including contractors).

In early 2011, Panoramic acquired the Gidgee Gold Project, located near Wiluna, Western Australia. Panoramic recently purchased the high-grade Wilsons Project located within the Gidgee tenement package as well as a 70% interest in the Mt Henry Gold Project. Panoramic's Gold Resources now contain 2.07M oz of gold. Panoramic released a Scoping Study in August 2012 on the recommencement of gold production from Gidgee and has commenced a Bankable Feasibility Study on the Mt Henry Project. The Company has recently expanded into Platinum Group Metals (PGMs) with the purchase of the Panton PGM Project located approximately 60km south of the Savannah Project in the East Kimberley, which contains approximately 1.0Moz of Pt and 1.1Moz of Pd in Resource. Following the takeover of Magma Metals, Panoramic also owns the Thunder Bay North PGM Project in northern Ontario, Canada which contains approximately 0.4Moz Pt and 0.4Moz Pd and a suite of exploration projects for gold and base metals in Western Australia.

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house in the S&P/ASX 100 Index.

For further information contact:

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## Appendix 1: Gold Resources

Resource	Equity	Metal	Date of Resource	Measured		Indicated		Inferred		Total		Metal (Au oz)
				Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	
<b>Gidgee Project</b>		<b>100%</b>	<b>Gold</b>									
Swan Bitter Open Pit			Jun-12	-	-	3,399,000	2.40	327,000	3.51	3,726,000	2.49	298,600
Heron South Open Pit			Oct-12	-	-	1,000,000	2.31	136,000	1.41	1,136,000	2.20	80,300
Howards Open Pit			Oct-12	-	-	2,557,000	1.43	975,000	2.08	3,532,000	1.61	182,500
Specimen Well Open Pit			Jun-12	-	-	289,000	2.06	72,000	1.79	361,000	2.00	23,200
Toedter Open Pit			Jun-12	-	-	-	-	661,000	1.62	661,000	1.62	34,400
Eagles Peak Open Pit			Mar-06	-	-	13,000	3.46	-	-	13,000	3.46	1,400
Orion Open Pit			Mar-06	-	-	22,000	3.04	-	-	22,000	3.04	2,200
Deep South Open Pit			Mar-06	-	-	20,000	3.02	-	-	20,000	3.02	1,900
Swan Bitter Underground			Jun-12	-	-	207,000	8.71	125,000	9.02	332,000	8.83	94,200
Swift Underground			Jun-12	-	-	-	-	72,000	9.23	72,000	9.23	21,400
Omega Underground			Mar-06	-	-	31,000	9.20	-	-	31,000	9.20	9,200
Kingfisher Underground			Mar-06	-	-	390,000	6.80	-	-	390,000	6.80	85,300
Wilson's Underground			Apr-08	-	-	921,000	7.25	535,000	6.42	1,457,000	6.95	325,400
<b>Mt Henry Project</b>		<b>70%</b>	<b>Gold</b>									
Selene			Feb-08	-	-	8,243,000	1.59	2,183,000	1.44	10,426,000	1.56	522,500
Mt Henry			Sep-09	-	-	4,112,000	1.93	3,569,000	1.76	7,680,000	1.85	457,100
North Scotia			Feb-09	-	-	150,000	5.20	241,000	2.17	391,000	3.33	42,000
<b>Total (Equity)</b>		<b>Gold</b>										<b>2,181,700</b>

- Individual project resources and reserves are stated on an equity basis.

### Gidgee Project

- Swan Bitter Open Pit Resource cutoff grade is 0.7 g/t
- Eagles Peak Resource cutoff grade is 1.2 g/t
- Orion Resource cutoff grade is 1.3 g/t
- Deep South Resource cutoff grade is 1.2 g/t
- Swan Bitter Underground Resource cutoff grade is 4.0 g/t for Indicated Resources and 5.0 g/t for Inferred Resources
- Swift Underground Resource cutoff grade is 5.0 g/t
- Omega Underground Resource cutoff grade is 3.0 g/t
- Kingfisher Underground Resource cutoff grade is 3.0 g/t.

The information in this report that relates to the Swan Bitter Open Pit, Eagles Peak, Orion, Deep South, Swan Bitter Underground, Swift Underground, Omega, and Kingfisher Mineral Resources is based on information compiled by or reviewed by Dr Spero Carras (FAusIMM). Dr Carras is the Executive Director of Carras Mining Pty Ltd and was acting as a consultant to Legend Mining Ltd in 2006 and Panoramic Resources Ltd in 2012. Dr Carras has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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. Dr Carras consents to the inclusion in the presentation of the matters based on their information in the form and context in which it appears.

- Heron South Resource cutoff grade is 0.5 g/t
- Howards Resource cutoff grade is 0.5 g/t
- Specimen Well Resource cutoff grade is 0.5 g/t
- Toedter Resource cutoff grade is 0.5 g/t.

The information in this report that relates to the Heron South, Howards, Specimen Well, and Toedter Mineral Resources is based on information compiled by or reviewed by John Hicks (MAusIMM). John Hicks is a full time employee of Panoramic Resources Ltd. John Hicks has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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. John Hicks consents to the inclusion in the presentation of the matters based on their information in the form and context in which it appears.

- Wilson's Resource cutoff grade is 4.5 g/t.

The information in this report that relates to the Wilson's Mineral Resource is based on information compiled by or reviewed by Andrew Thomson (MAusIMM). Andrew Thomson was a full-time employee of Apex Mining NL in 2009 and is currently a full-time employee of Corazon Mining Ltd. Andrew Thomson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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. Andrew Thomson consents to the inclusion in the presentation of the matters based on their information in the form and context in which it appears.



## **Mt Henry Project**

- Mt Henry Project Resource cutoff grades are 1.0 g/t.

The information in this report that relates to the Mt Henry Project Mineral Resources is based on information compiled by or reviewed by Richard Breyley (MAusIMM). Richard Breyley is a full-time employee of Matsa Resources Ltd. Richard Breyley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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. Richard Breyley consents to the inclusion in the presentation of the matters based on their information in the form and context in which it appears.

## **Limitations of the Mt Henry Gold Project Scoping Study**

The Scoping Study which has been undertaken is, by its nature, not as reliable or certain in its outcomes as a Pre-Feasibility Study or Feasibility Study. As further modeling of the Resources and the Project is to be undertaken and the Scoping Study updated, the Study is not a definitive indication on how, or if, the Mt Henry Project will be developed. The Scoping Study (inclusive of the cost estimates contained within it) is subjected to a range of sensitivities, qualifications, assumptions and risk factors, which could affect the Project's development. Capital costs are estimated to a sensitivity of +/-35%, however future changes in assumptions, such as processing and/or mining, may result in differing estimates which may fall outside this range. There is also a range of statutory approvals which are required before Project development can commence.

## **Forward-Looking Statements.**

All statements other than those of historical facts included in this announcement are "forward-looking statements". Where the Company expresses or implies an expectation or belief as to the future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward-looking statements are subject to risk, uncertainties and other factors, which could cause actual results to differ materially from future results express, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variance to ore grade or recovery rates from those assumed mining plans, as well as political and operational risk and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publically any revisions to any "forward-looking statement".