



27 November 2013

ASX: PAN

Company Update – November 2013

Highlights

- Nickel Operations - **on track to exceed the upper end of 20,000-21,000t Ni contained guidance for FY2014**
- Nickel Exploration - drilling is underway at Lanfranchi to test the possible channel east of Deacon
- Gold - Gidgee and Mt Henry feasibility studies due during March 2014 quarter
- PGM - **positive outlook for PGM prices** as work continues on securing a partner for our PGM business
- Corporate - Placement and SPP undertaken at \$0.27 per share to raise up to \$25.1million to accelerate nickel exploration

Details

Panoramic Resources Limited (“Panoramic”) is pleased to provide an update of the nickel operations, exploration activities and the Company’s strategy for the gold and PGM divisions.

Nickel Division

Both nickel operations have had a solid start to FY2014. The Board has now reviewed forecast production until the end of FY2014 for both sites and based on production to date and those forecasts, the Company has **revised upward the production guidance to 21,000-21,500t Ni in ore/concentrate**, an increase on the previous guidance of 20,000-21,000 t Ni.

The Company continues to find opportunities to reduce costs at both sites and in the Perth office. Given that between 70-80% of costs are labour, contractors, equipment (maintenance and parts), services, consumables, fuel and power, the majority of the work to reduce cost is focused in these areas. Table 1 summarises the major opportunities and actions taken across these input costs.

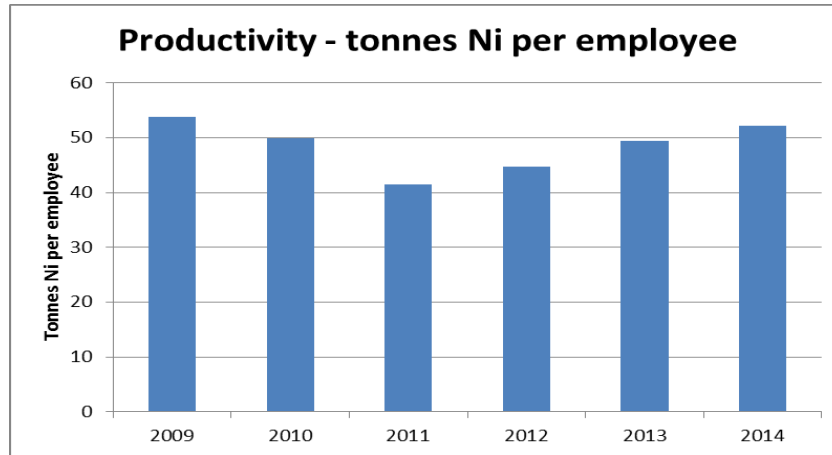
Table 1 – Cost Reductions

Cost area	Previous situation	Action taken, current situation
Labour	The resources boom led to salary increases due to increased demand and a relatively static pool of labour supply	Staff numbers reduced (two rounds of redundancies) and salaries reduced by 5-10% across the Company from 1 January 2013
Mobile equipment	There was predominately one make of equipment for jumbos, loaders and trucks across both operating sites	Restructuring the mobile fleet to ensure equipment is more suitable to the specific operating environment. In the case of trucks, this has brought the operating cost down from ~\$300/hour to closer to \$100/hour
Services and consumables	As with labour, during the boom the Company was a “price taker” with very little opportunity to negotiate lower prices	Service and consumable suppliers are far more willing to negotiate improved terms in this environment for continuity of supply, and good progress has been made in securing discounts and price reductions from existing suppliers or changing suppliers
Power	Equipment was mostly operating permanently or for the duration of a shift with little focus on power cost savings	The sites have implemented a number of power saving initiatives and are continuing to look for ways of reducing power consumption



There has also been a major focus on productivity, “doing more with less”. Figure 1 shows the increase in tonnes of nickel produced per employee from FY2011 to FY2013 and the forecast for FY2014, demonstrating the productivity improvements achieved to date.

Figure 1– Productivity – tonnes of nickel per employee

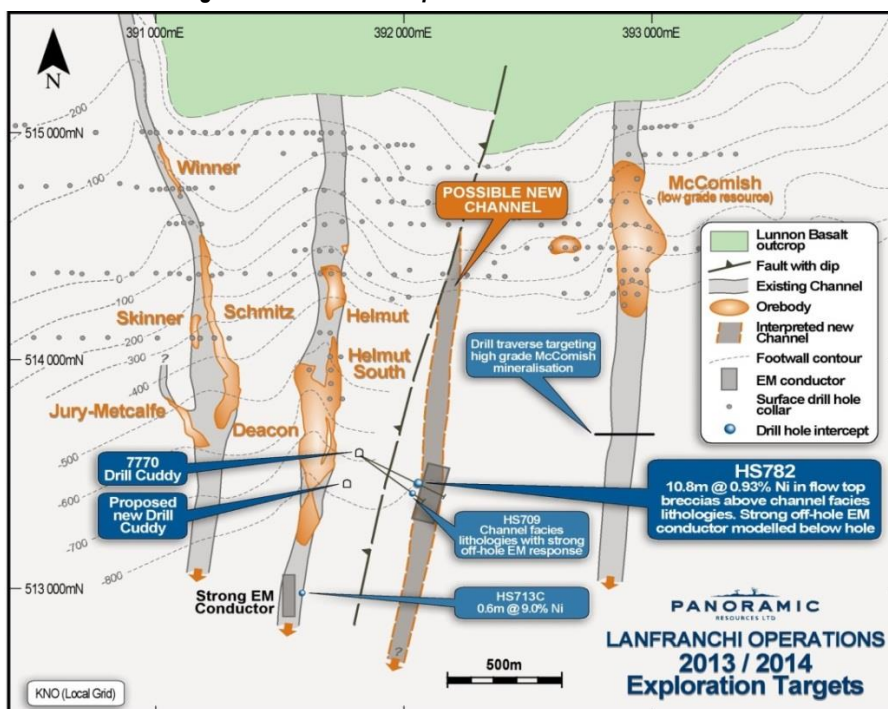


Nickel Exploration

Lanfranchi

During September 2013, Panoramic completed drill hole HS782, designed to follow-up drill hole HS709, to the east of the Deacon orebody. As previously reported, drill hole HS709 intersected high MgO “channel facies” lithologies coincident with a strong, but incomplete down hole electromagnetic (DHEM) conductor. Drill hole HS782 was targeted approximately 35m to the north-east of HS709 intersecting **10.8m grading 0.93% Ni** and is interpreted to have intersected the top sequence of a komatiite flow located within the potential new channel. The DHEM survey data from HS782 and HS709 indicated the presence of a strong off-hole EM conductor lying directly below both holes, placing it within the interpreted channel position shown in Figure 2. **The combination of channel facies lithologies, a strong off-hole conductor and mineralisation all suggests there could be another mineralised channel east of Deacon.** The Company has now mobilised a second drill rig to site to continue testing this potential new channel.

Figure 2 – Plan view of potential channel zone east of Deacon





In addition to the drilling east of Deacon, other exploration activities at Lanfranchi this financial year will include:

- Surface drilling below the known M^cComish channel and orebody; and
- Testing EM conductors down dip of Deacon.

Savannah

At Savannah, the focus this financial year is on the possible depth extension to the orebody below the 900 Fault. Planned work includes:

- Surface drilling to locate the northern extent of the Savannah intrusion below the 900 Fault;
- Establishing a new drill drive to provide a dedicated drilling platform for drilling below the 900 Fault;
- Initial Resource definition drilling program below the 900 Fault; and
- Recommencing near mine exploration activities to follow up existing targets.

PGM Division

The Company has built a sizeable PGM resource base through the acquisition of the Thunder Bay North and Panton projects. Both projects have JORC resources with the Panton Project having had a Bankable Feasibility Study undertaken in 2003 and updated in 2012 and the Thunder Bay North Project had a Preliminary Economic Assessment completed in 2011. The strategy for these assets is to find a partner to invest at the asset or subsidiary level to provide funding to advance these projects to the next stage.

The Company believes the outlook for PGM prices is positive. The Macquarie Bank Commodities Research Unit made the following observations on platinum and palladium in its October 2013 Commodities Outlook.

“Platinum should see solid price gains in 2014 as European auto demand increases and a stronger rand puts further pressures on South African PGM miners. Short-term we expect consolidation around current levels as we (Macquarie) don’t expect disruptions in the South Africa industry to have a large impact and investor holdings of platinum are plentiful. The key data will be European car sales and Chinese economic indicators. We remain fundamentally bullish on palladium seeing the market as in deficit for the foreseeable future on constrained supply and strong autocatalyst demand. Large above-ground stocks continue to dampen price appreciation, and palladium is very sensitive to global economic conditions. But again we foresee strong price gains in 2014 as the world economy picks up.”

Gold Division

Work is continuing on the Bankable Feasibility Studies for both Gidgee and Mt Henry. Both studies are expected to be delivered during the March 2014 quarter.

The outlook for the gold price appears to be mixed. The Macquarie Bank Commodities Research Unit made the following observations on gold in its October 2013 Commodities Outlook.

“Main dynamic in gold market in 2013 has been institutional investor selling and Asian retail buying. This ‘rebalancing’ required a lower price. Investor sales of gold since August slowed significantly and so the gold price had to rise to choke off this retail demand, although some other factors – Indian government policy, central banks – were a drag on demand and so reduced the necessary gold price increase. In the next few quarters, continued strong Chinese demand and recovering Indian demand will limit downside for the gold price, but will also cap upside as such demand is very price sensitive. A recovery in institutional investment is needed for significantly higher prices. We think the Fed’s decision not to taper QE and the evident difficulties it is having in exiting the programme are supportive and should support a modest 4Q rally, although so far this has not happened. Either way we (Macquarie) expect the price to resume its downward trend in 2014 as the Fed finally starts to tighten monetary policy. The main risk for higher prices is if inflation finally picks up.”

Given the mixed outlook on the US\$ gold price and on the US\$/A\$ exchange rate, the Company will use a number of different price and FX assumptions for the economic modeling of these projects. Once the Bankable Feasibility Studies have been delivered, the Board will review the economics of each project to determine the best way to unlock the value of each project for Panoramic shareholders.



Corporate

Leverage to US\$ nickel price and A\$/US\$ exchange rate

Panoramic is highly leveraged to a lower A\$ and/or improving US\$ nickel price, as shown in Figures 3 and 4. For every US\$0.50/lb rise in the nickel price, annual revenue increases by approximately US\$15 million, and for every 1 cent fall in the A\$/US\$ exchange rate, annual revenue increases by approximately A\$2.5 million, based on FY2014 production guidance, US\$ 3/lb Cu and US\$12.50/lb Co.

Figure 3 – Annual A\$ revenue difference against A\$/US\$ exchange rate

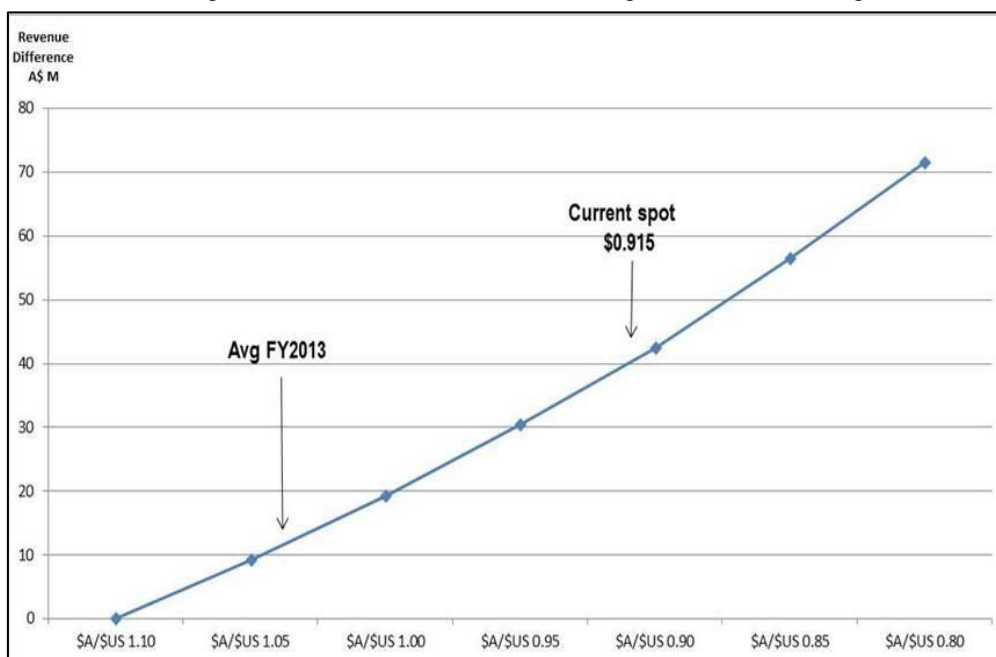
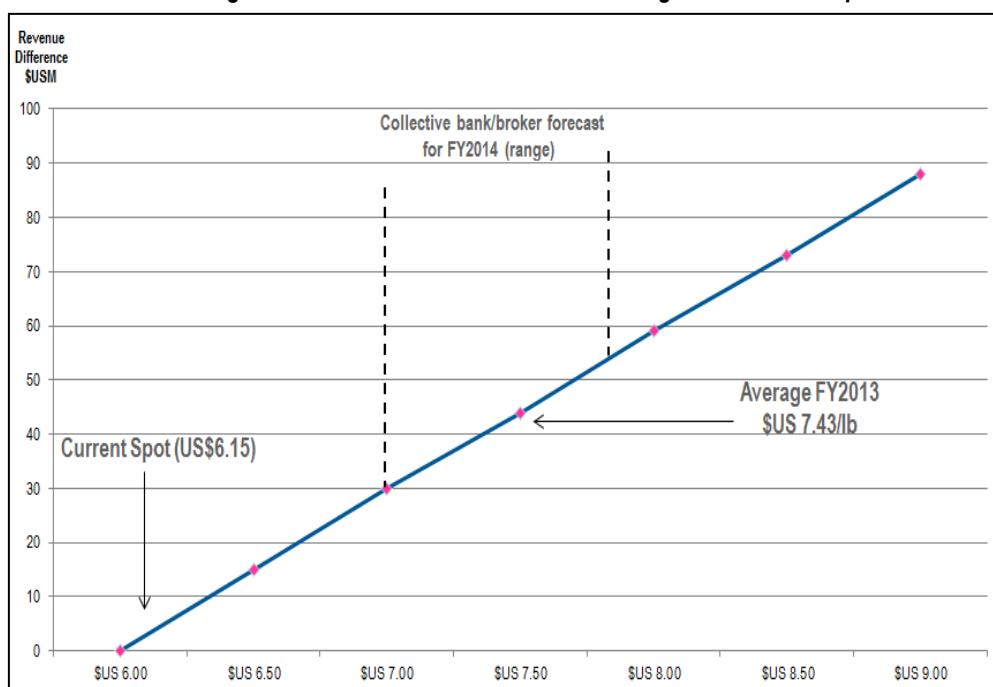


Figure 4 – Annual US\$ revenue difference against US\$ nickel price





Placement and Share Purchase Plan to raise up to \$25.1 million

As previously announced, Panoramic received commitments from domestic and international institutions and sophisticated investors to raise \$15.12 million before costs (the Placement). The funds will be received in two tranches:

- **Tranche 1** (received) raised \$8.586 million and was carried out under the 15% placement provisions (under ASX Listing Rule 7.1). A total of 31.8 million new ordinary shares were placed at \$0.27 per share, a 10% discount to the Company's 30 day VWAP immediately prior to announcement of the capital raising; and
- **Tranche 2** will raise an additional \$6.534 million, also at \$0.27 per share. Tranche 2 is subject to shareholder approval at a General Meeting to be held on the 16 December 2013.

The Company is also implementing a Share Purchase Plan (SPP) capped at \$10 million. Under the SPP, shareholders are able to subscribe for up to \$15,000 worth of shares in the Company. The new shares under the SPP will be issued at \$0.27 per share, the same price as the Placement.

The majority of funds raised from the Placement and SPP will be used to accelerate the Company's nickel exploration programs with a focus on extending mine life. The balance of funds will be used for nickel production efficiencies, gold and PGM project studies and for general working capital purposes.

Corporate Strategy

The Company's overriding corporate strategy is to make money for shareholders through a combination of capital growth and dividends and this can only be achieved by having a **"sustainable business"**. To be sustainable, the Company must:

- operate safely;
- continue to reduce operating costs;
- continue to add resources and reserves and extend mine life;
- diversify the commodity base; and
- have a good team of motivated people, a good corporate culture and supportive shareholders.

Key drivers and deliverables for Panoramic are:

- Increase the mine life of the Savannah and Lanfranchi operations - through a combination of extensions to existing orebodies, finding new ones on the leases or in close proximity (ie. East Kimberley JV, Lanfranchi Northern Dome, Cowan tenements);
- Leverage off existing infrastructure – at Savannah by finding other orebodies that can be treated through the mill (ie. Panton PGM project, Copernicus), at Lanfranchi by utilising existing infrastructure (camp, infrastructure, personnel, BHP Nickel West off-take agreement);
- Leverage off existing corporate relationships – Jinchuan, BHP Nickel West, brokers and bankers;
- Unlock the value of the undeveloped gold and PGM assets – through development, joint venturing, partnering, trade sale or any other scenario that unlocks value;
- Growing the resource base – to be well positioned for the next upswing in commodity prices; and
- Keeping the team together – retaining the great team, all of whom are well respected in the industry, with a proven track record of finding, financing, developing and operating underground mines.



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 **19,561t of nickel contained in FY2013** and is forecasting to produce between **21,000 and 21,500t of nickel in FY2014**. Panoramic is an S&P/ASX 300 Index Company with a solid balance sheet, no bank debt and a growing nickel, gold and PGM resource base, employing more than 400 people (including contractors).

In early 2011, Panoramic acquired the Gidgee Gold Project, located near Wiluna, Western Australia. Panoramic subsequently 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 released a Scoping Study in August 2012 on the recommencement of gold production from Gidgee and released a positive Scoping Study on the Mt Henry Project in December 2012. Bankable Feasibility Studies on both Gidgee and Mt Henry have commenced and are due for completion during FY2014.

The Company has expanded into Platinum Group Metals (PGM) with the purchase of the Panton PGM Project located approximately 60km south of the Savannah Project in the East Kimberley and the Thunder Bay North PGM Project in northern Ontario, Canada.

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

For further information contact:

Peter Harold
Managing Director
+61 8 6266 8600

The information in this release that relates to Exploration Results is based on information reviewed 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 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 consents to the inclusion in the release of the matters based on the information in the form and context in which it appears.