

# 2014 Results and 2015 Outlook



27 August 2014

ASX: PAN  
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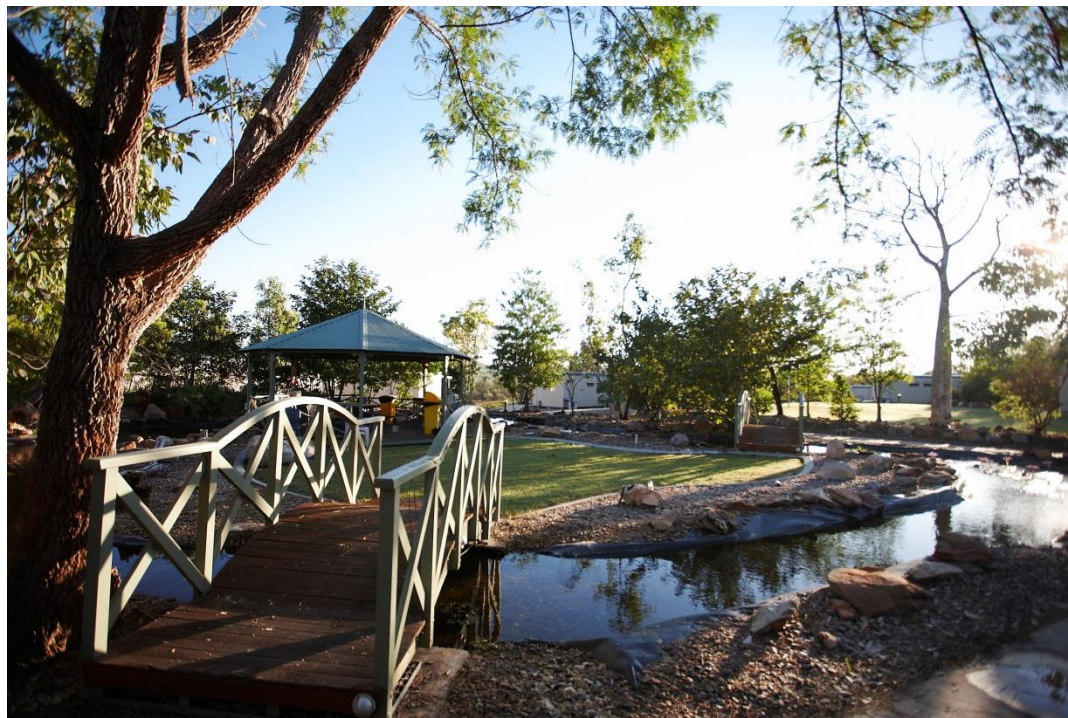
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This presentation contains “forward-looking statements”. Such forward-looking statements include, without limitation:

- estimates of future earnings, the sensitivity of earnings to metal prices and foreign exchange rate movements;
- estimates of future metal production and sales;
- estimates of future cash flows, the sensitivity of cash flows to metals prices and foreign exchange rate movements;
- statements regarding future debt repayments;
- estimates of future capital expenditures;
- estimates of reserves and statements regarding future exploration results and the replacement of reserves; and
- statements regarding modifications to the Company’s hedge position.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.





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# Key points

- **Strong production - up 14% to 22,256t Ni, a new record**
- **Nickel price - strong rally post Indonesian nickel ore export ban implemented on 12 January 2014**
- **Strong sales revenue - up 31% to \$238.2 million**
- **Underlying EBITDA - up 167% to \$73.3 million**
- **Strong second half cashflow - \$41.4 million**
- **Second half profit after tax - \$14.0 million**
- **Group payable cash costs - down ~13%**
- **Liquid assets - up 115% to \$96.7 million**
- **Fully franked dividend - 2 cents per share**















# FY14 results

- **Net revenue** - \$238.2 million, reflecting the stronger A\$ nickel price and increased nickel production/deliveries
- **Nickel Division EBITDA** (underlying) - \$73.3 million
- **Net cash flow** - \$54.0 million before tax and after corporate costs and greenfield exploration
- **NPAT** - \$9.3 million loss, after non-cash impairment charge of \$9.2 million
- **Underlying NPAT** - (\$0.1 million)
- **Liquid assets** - \$96.7 million in cash, term deposits and current receivables
- **Average Group Nickel Payable Cash Cost** - A\$5.41/lb
- **Average Group C1 Cash Cost** - A\$3.32/lb



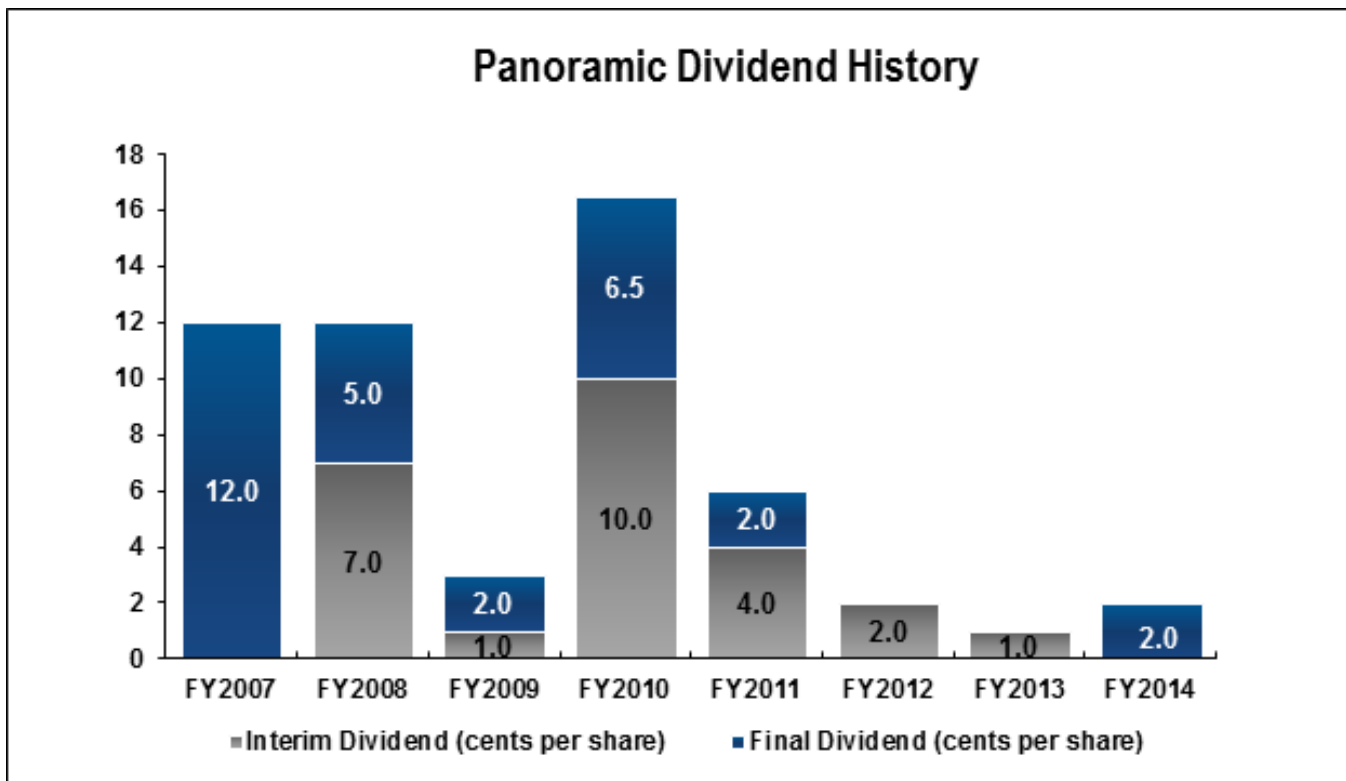
# Key financial results

Record production and higher \$A nickel price contributed to increased earnings

Description (Units in A\$ million unless otherwise stated)	2014	2013	2012		
<b>Financials</b>					
A\$ average cash nickel price	\$7.52/lb	\$7.23/lb	\$8.48/lb		4%, benefiting from the Indonesian export ore ban
Total net revenue	\$238.2	\$181.8	\$233.0		31%, stronger A\$ Ni and increased Ni deliveries
Cost of sales before depreciation and amortisation	(\$164.9)	(\$154.3)	(\$170.7)		
Underlying Nickel Division EBITDA	\$73.3	\$27.5	\$62.3		167%, benefiting from increased operating margins
Depreciation and amortisation	(\$59.7)	(\$54.4)	(\$51.4)		
Other net costs including corporate costs and exploration	(\$11.6)	(\$12.1)	(\$25.0)		Lower due to sustainable cost savings initiatives
Profit/(loss) before tax and impairment	\$2.0	(\$39.0)	(\$14.1)		
Impairment and write-offs before tax	(\$13.1)	(\$8.0)	(\$7.2)		
Profit/(loss) before tax	(\$11.1)	(\$47.0)	(\$21.3)		
Tax benefit/(expense)	\$1.8	\$15.3	(\$3.1)		
Reported net profit/(loss) after tax	(\$9.3)	(\$31.7)	(\$18.2)		
EPS (cents/share)	(3.1c)	(12.5c)	(8.6c)		
Net Assets	\$276.1	\$271.6	\$307.5		
<b>Cash Flow</b>					
Cashflow from operating activities before tax	\$54.0	\$23.0	\$38.2		135%
Payments for property, plant, and equipment	(\$4.1)	(\$9.0)	(\$33.6)		
Capitalised mine development costs	(\$13.5)	(\$19.3)	(\$20.9)		
Exploration and evaluation expenditure (capital component)	(\$8.1)	(\$20.1)	(\$19.2)		
Cash, term deposits and current receivables	\$96.7	\$44.9	\$79.0		115%
<b>Physicals</b>					
Group nickel production (dmt)	22,256	19,561	19,791		14%, record production
Group nickel sales (dmt)	22,387	18,959	19,820		18%

## Dividend stream maintained

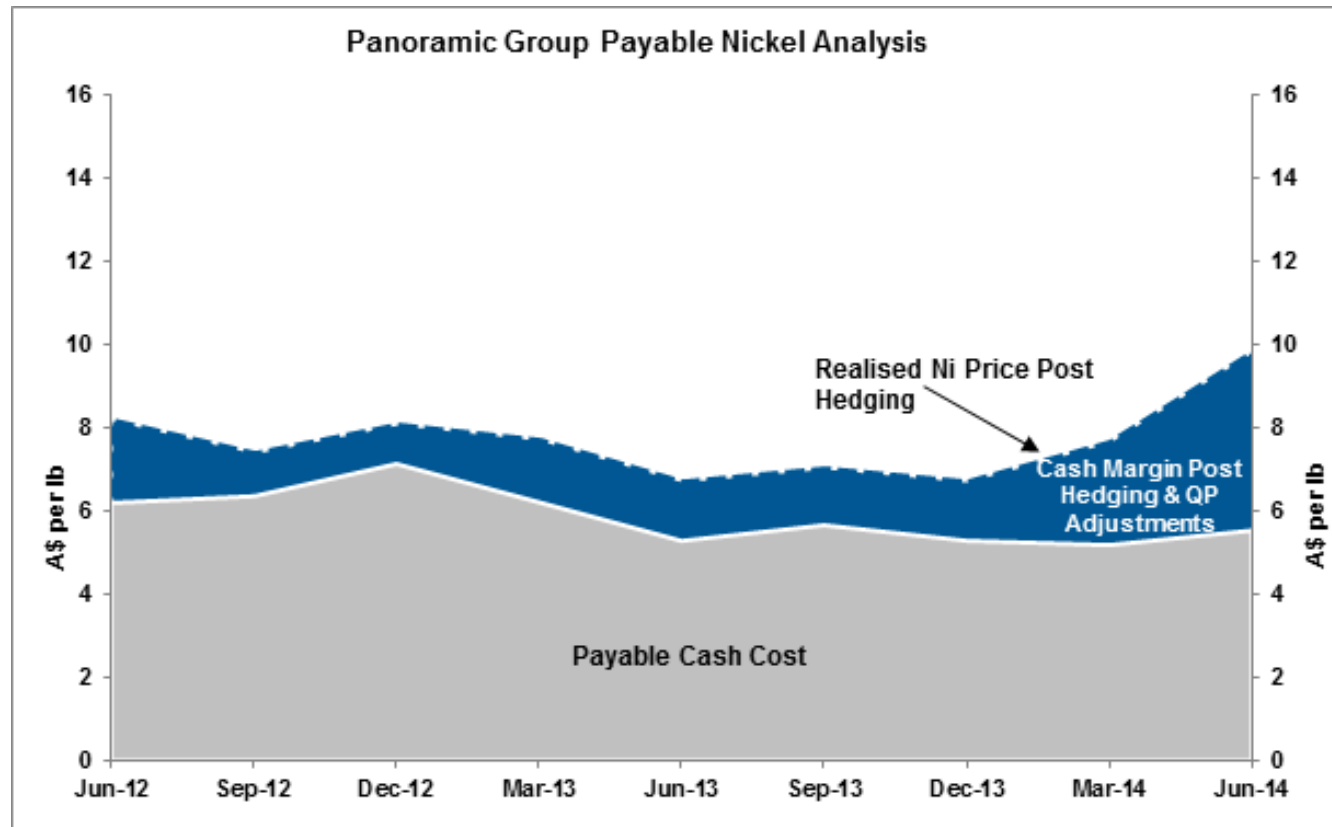
- **Final dividend - 2 cents fully franked**
- **Payout ratio - 47%** on the second half net profit of \$14 million
- **Aggregate dividends - 54.5 cents per share**
- **Total payout - \$111.1 million** paid in fully franked dividends





# Operating cash margin improving

- Significant improvement in the Group A\$ cash margin, on a payable nickel basis

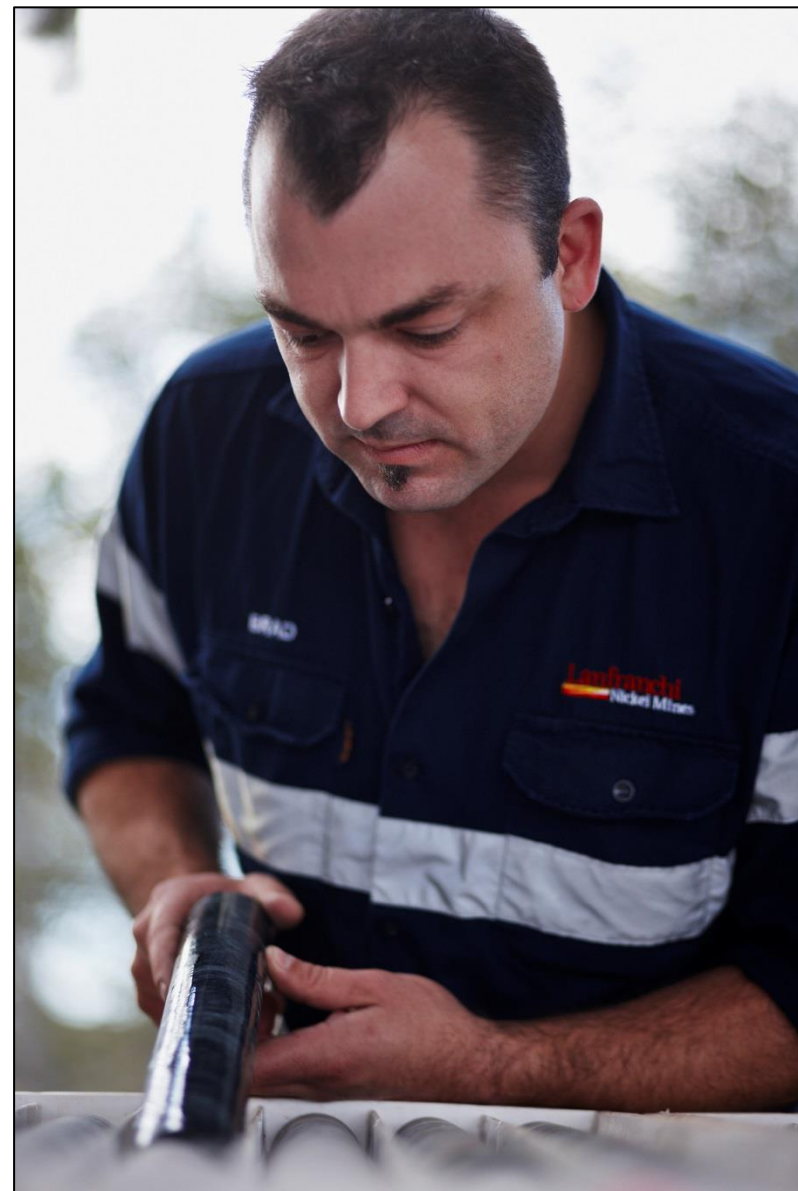


*Group payable nickel unit cash costs on a quarterly basis from the June 2012 quarter, together with the Group net realised A\$ average quarterly nickel price (after hedging and quotational period pricing adjustments).*



# Outlook – FY2015 production and expenditure

- **Production Guidance - 20-21,000t Ni**
- **Exploration Expenditure**
  - \$16 million on near mine and regional exploration including:
    - \$5 million on the Savannah exploration drive
- **Mine Capital Expenditure**
  - \$17 million on capital mine development
  - \$11 million on sustaining capital including plant and equipment
  - \$2 million on equipment finance leases
- **Project Studies**
  - \$1-2 million on the gold and PGM projects
    - Finalising the gold Feasibility Studies
    - Metallurgical test work on Panton ore



# FY2015 outlook

<b>Safety</b>	<ul style="list-style-type: none"><li>• Improve safety performance</li></ul>
<b>Nickel</b>	<ul style="list-style-type: none"><li>• Production guidance 20-21,000t Ni</li><li>• Maintain focus on costs and productivity</li><li>• Maximise operating margin</li></ul>
<b>PGMs</b>	<ul style="list-style-type: none"><li>• Advance Panton</li><li>• Thunder Bay North Earn-in and JV</li></ul>
<b>Gold</b>	<ul style="list-style-type: none"><li>• Deliver Feasibility Studies</li><li>• Realise value</li></ul>
<b>Exploration</b>	<ul style="list-style-type: none"><li>• Savannah - drill below 900F</li><li>• Savannah North - continue drilling</li><li>• Lanfranchi - test channels and EM targets</li></ul>
<b>Corporate</b>	<ul style="list-style-type: none"><li>• Maintain dividend <i>(subject to A\$ Ni price &amp; CAPEX requirements)</i></li><li>• Return to S&amp;P/ASX200</li></ul>
<b>Growth</b>	<ul style="list-style-type: none"><li>• Extend nickel mine life</li></ul>

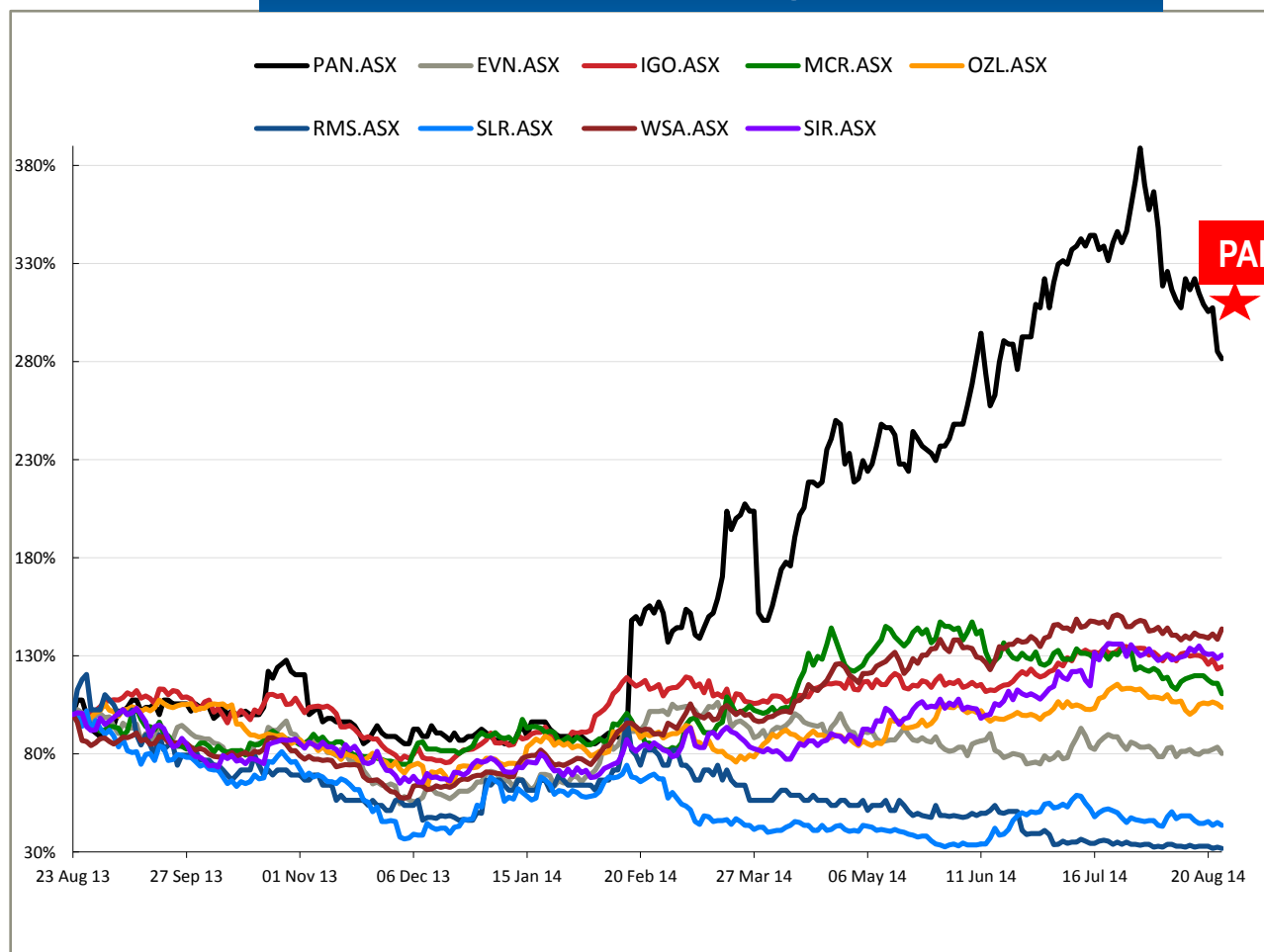


# Capital growth - share price performance

## Market Cap and Enterprise Value Pro forma

ASX Ticker	ASX:PAN
Shares on issue	322.3M
Share Price	\$0.77 (26 August 2014)
Market Cap	~A\$250M
Cash	A\$65M (30 June 2014)
Bank debt	Nil
Enterprise Value	~A\$185M

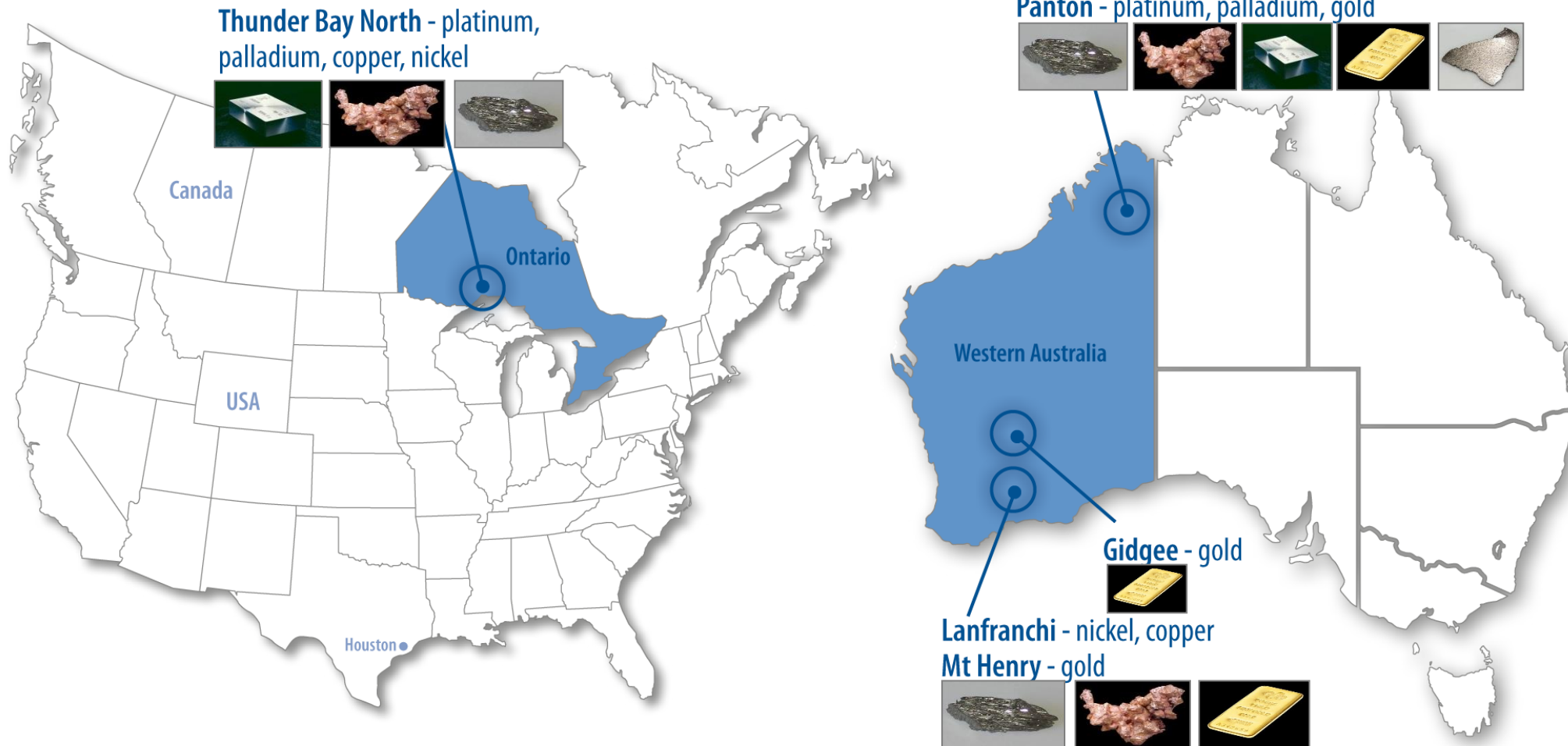
## 12 month performance against peers



Price, Volume & Performance (Rebased)

# Our portfolio – nickel, copper, cobalt, gold, platinum, palladium

## OUR PROJECTS





# Building a sustainable business

**ASX : PAN**

**[www.panoramicresources.com](http://www.panoramicresources.com)**

## **Mission Statement**

We strive to achieve excellence in all aspects of our business to provide long term capital growth and dividend return to our shareholders, a safe and rewarding work environment for our employees, and opportunities and benefits to the people in the communities we operate in.

