News Release

27 August 2014

PANORAMIC RESOURCES LTD

VISION | COMMITMENT | RESULTS

ASX:PAN

FY2014 Full-Year Results

Key Points

- **Production - record 22,256t Ni in concentrate/ore produced, up 14% on FY2013**
- **Net revenue - $238.2 million, up 31% on FY2013 reflecting the increase in nickel sales and stronger A$ nickel price**
- **Net cashflow from operating activities - $54.0 million before tax, up 135% on FY2013**
- **Underlying Nickel Division EBITDA - $73.3 million, up 167% on FY2013**
- **Reported net profit/loss - second half net profit of $14 million**, FY2014 net loss of $9.3 million
- **Final dividend declared - 2 cents per share fully franked, representing a 47% pay-out ratio on the June half year result**
- **Liquid assets - $96.7 million, up 115% on FY2013**

Commenting on the financial results, Panoramic's Managing Director, Peter Harold said: *"The record full year production performance was an outstanding achievement and a great credit to the teams at both of our mines. The strong production together with the continued focus on cost control and the nickel price appreciation, post the Indonesian ban on nickel ore exports, allowed the Company to generate strong cash flows and record a profit in the second half of the year. The ramp up in nickel exploration at both sites has already resulted in a major success with the Savannah North discovery, while the farm-out of our PGM project in Canada frees up additional funds to invest into the Nickel Division, to ensure we have a sustainable business going forward".*

Key Metrics

Description (Units in A$ million unless otherwise stated)	Dec Half	June Half	FY2014	FY2013
Financials				
Total net revenue	$98.5	**$139.7**	**$238.2**	$181.8
Cost of sales before D&A	($80.5)	**($84.4)**	**($164.9)**	($154.3)
Underlying Nickel Division EBITDA	$18.0	**$55.3**	**$73.3**	$27.5
Depreciation and amortisation (D&A)	($29.3)	**($30.4)**	**($59.7)**	($54.4)
Profit/(Loss) before tax and impairment	($17.8)	**$19.8**	**$2.0**	($39.0)
Underlying net loss after tax	($14.1)	**$14.0**	**($0.1)**	($26.1)
Impairment and write-offs after tax[1]	($9.2)	**-**	**($9.2)**	($5.6)
Reported net profit/(loss) after tax	($23.3)	**$14.0**	**($9.3)**	($31.7)
Cash flow from operating activities before tax	$12.6	**$41.4**	**$54.0**	$23.0
Cash, term deposits and current receivables	$54.6	**$96.7**	**$96.7**	$44.9
A$ average cash nickel price	$6.84/lb	**$8.19/lb**	**$7.52/lb**	$7.23/lb
Payable Nickel Cash Cost, including royalties	$5.47/lb	**$5.35/lb**	**$5.41/lb**	$6.18/lb
C1 Cash Cost (Ni in concentrate)[2]	$3.38/lb	**$3.26**	**$3.32/lb**	$3.84/lb
Dividend (cents/share)	-	**2.0**	**2.0**	1.0
Nickel produced/sold				
Group nickel production (dmt)	10,803	**11,453**	**22,256**	19,561
Group nickel sales (dmt)	10,740	**11,647**	**22,387**	18,959

[1] non-cash impairments totaled $18.3 million before tax ($12.8 million after tax), of which $13.1 million before tax ($9.2 million after tax) was recognised in the consolidated income statement and the balance of $5.2 million before tax was taken to the asset revaluation reserve in equity

[2] excluding smelter deductions and royalties

Commentary

Revenue and Cost of Production

Savannah shipped 20% more nickel contained in concentrate and Lanfranchi delivered 17% more nickel contained in ore compared to FY2013. Consequently, sales revenue improved significantly due to the increase in Group nickel sold and the higher A$ nickel price, which averaged A$7.52 per pound during FY2014, up 4% on the previous year's average of A$7.23 per pound (*refer Figure 1*). For the June half, the A$ nickel price averaged A$8.19 per pound which further enhanced revenue. The current spot nickel price is approximately A$9.20 per pound and the Indonesian nickel ore export ban remains in place, which bodes well for FY2015.

Payable and C1 cash costs were ~13% lower than FY2013 due to the combination of improved productivity and various cost saving initiatives introduced over the last two years. Higher revenue and the lower cost base allowed the **Nickel Division to report a positive underlying EBITDA of $73.3 million for FY2014, up 167% on FY2013**.

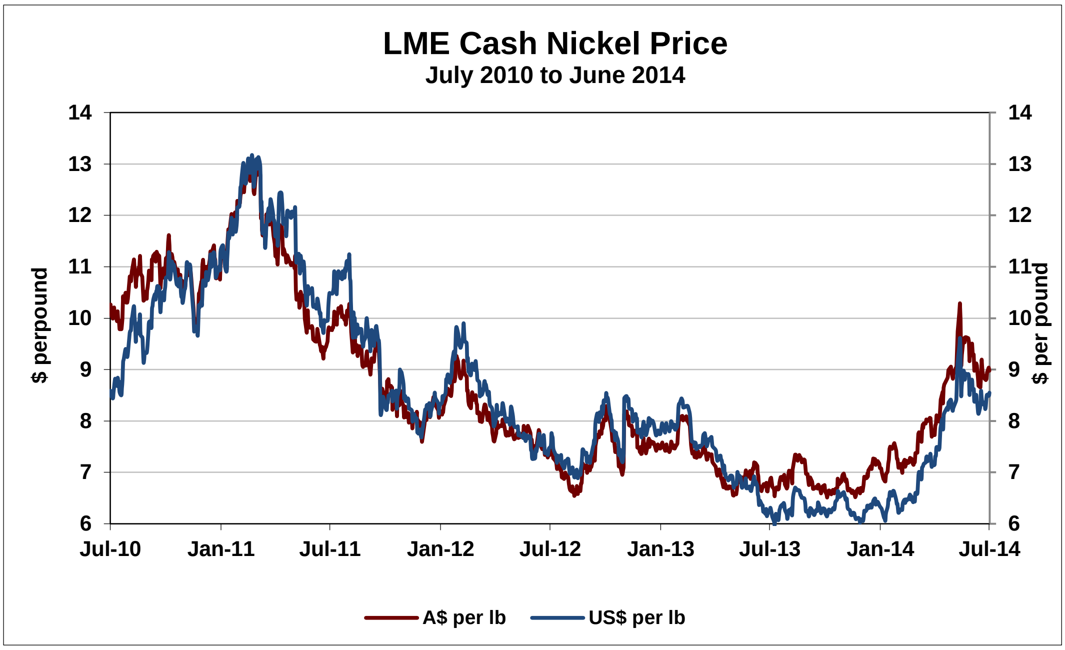

Figure 1

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

Cash Flow

Net cashflow from operating activities was up 135% to $54.0 million, before tax and after working capital movements, corporate costs and greenfield exploration ($3.2 million). Cash outflow on financing items included mine development costs in the Nickel Division of $13.5 million and exploration and evaluation costs of $8.1 million on nickel resource drilling and on the gold and PGM projects. Expenditure on plant and equipment of $4.1 million was down significantly, for the second year in a row.

In November 2014, the Company raised $14.5 million of new equity (after costs) in order to fast track nickel exploration at both sites, well before the Indonesian ban on nickel laterite ore exports was implemented (in January 2014).

At 30 June 2014, the Company's liquid assets of $96.7 million comprised $64.1 million of cash at bank, $28.7 million in trade receivables and $3.9 million of other receivables.

Other Items

The following non-cash items impacted on the FY2014 reported result:

Impairment charge – at the half-year, an $18.3 million pre-tax impairment charge ($12.8 million after tax), was booked against the carrying value of the Lanfranchi Nickel Project. Of this amount, $13.1 million was recognised in the Consolidated Income Statement and the balance was taken to the Asset Revaluation Reserve in equity.

Depreciation and amortisation (D&A) – D&A expenses of $59.7 million were 10% higher than in the previous reporting period, reflecting the 14% increase in Group ore tonnes mined.

Nickel Production

The Savannah Nickel Project mined 760,335 tonnes of ore at an average grade of 1.29% Ni and produced 117,122 tonnes of concentrate containing 8,481 tonnes of nickel, 5,439 tonnes of copper and 426 tonnes of cobalt. In FY2013, Savannah mined 689,551 tonnes at 1.29% Ni and produced 100,615 tonnes of concentrate containing 7,703 tonnes of nickel, 4,443 tonnes of copper and 382 tonnes of cobalt.

The Lanfranchi Nickel Project mined 518,273 tonnes of ore at an average grade of 2.66% Ni containing 13,775 tonnes of nickel compared to the previous year's production of 520,523 tonnes of ore at an average grade of 2.28% Ni containing 11,858 tonnes of nickel. While annual ore tonnes mined were steady, the average ore grade was 17% higher, resulting in 16% more contained nickel in ore, a new annual production record.

On a Group basis, the Nickel Division produced 22,256 tonnes of nickel contained in concentrate/ore for the full year, a Group production record. As started previously, this is a great credit to all concerned.

Summary of 2014-Financial Year Results

Description (Units in A$ million unless otherwise stated)	FY 2014	FY 2013	FY 2012
Financials			
A$ average cash nickel price[1]	**$7.52/lb**	$7.23/lb	$8.48/lb
Total net revenue[2]	**$238.2**	$181.8	$233.0
Cost of sales before depreciation and amortisation	**($164.9)**	($154.3)	($170.7)
Underlying Nickel Division EBITDA	**$73.3**	$27.5	$62.3
Depreciation and amortisation	**($59.7)**	($54.4)	($51.4)
Other net costs including corporate costs and exploration	**($11.6)**	($12.1)	($25.0)
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
Cash Flow			
Cashflow from operating activities before tax	**$54.0**	$23.0	$38.2
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[3]**	$44.9[3]	$79.0
Physicals			
Group nickel production (dmt)	**22,256**	19,561	19,791
Group nickel sales (dmt)	**22,387**	18,959	19,820

[1] LME US$ nickel daily cash price converted to A$ using the daily RBA US$/A$ Settlement FX Rate

[2] net of by-product credits, interest income, smelter/ concentrate treatment charges and profit/(losses) on commodity/foreign exchange hedges

[3] comprising cash and term deposits ($64.1M), trade receivables ($28.7M) and other current receivables ($3.9M). At 30 June 2013: cash and term deposits ($23.2M), trade receivables ($16.3M) and other current receivables ($5.4M)

Final Dividend

Based on the strong second-half performance, the Company has declared a fully franked final dividend of **2.0 cents per share, representing a pay-out ratio of 47% on the second half net profit of $14 million**. The Board is pleased to be able to maintain the payment of fully franked dividends to shareholders that now total **54.5 cents per share** over the last eight consecutive financial years, equating to $111.1 million.

Details of the final divided are as follows:

- Ex-Dividend Date — Wednesday, 17 September 2014
- Record Date — 5.00pm (WST) Friday, 19 September 2014
- Payment Date — Friday, 26 September 2014

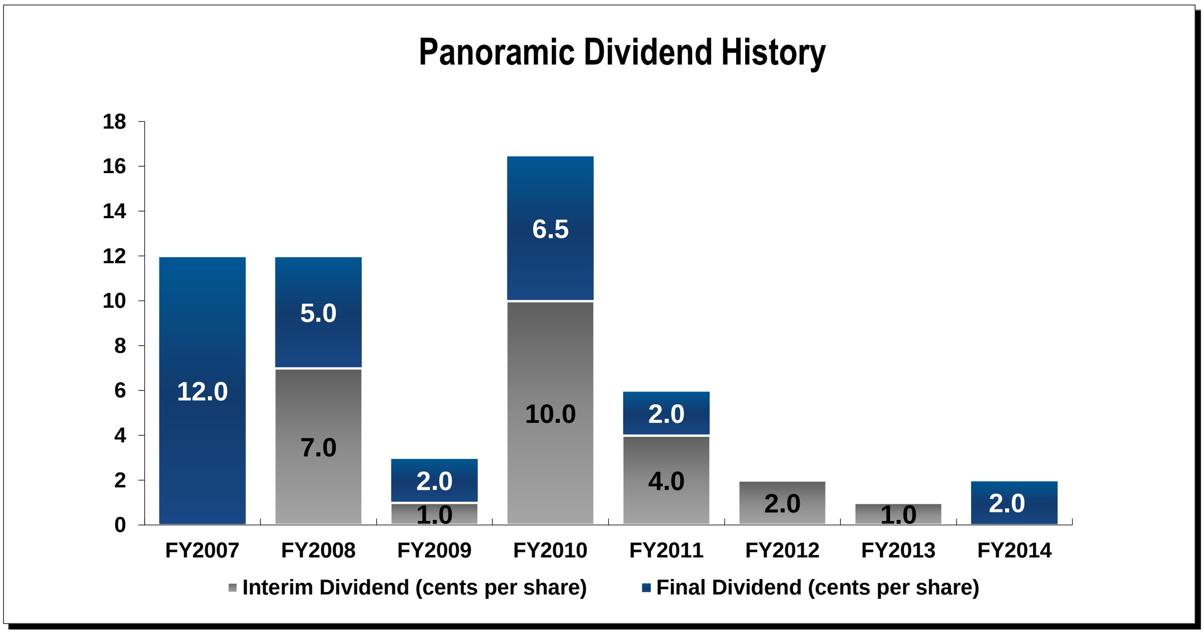

Figure 2

FY2015 Production Guidance

As previously advised, the production guidance for the Nickel Division for FY2015 is in the range of 20,000-21,000 tonnes of nickel contained in concentrate/ore.

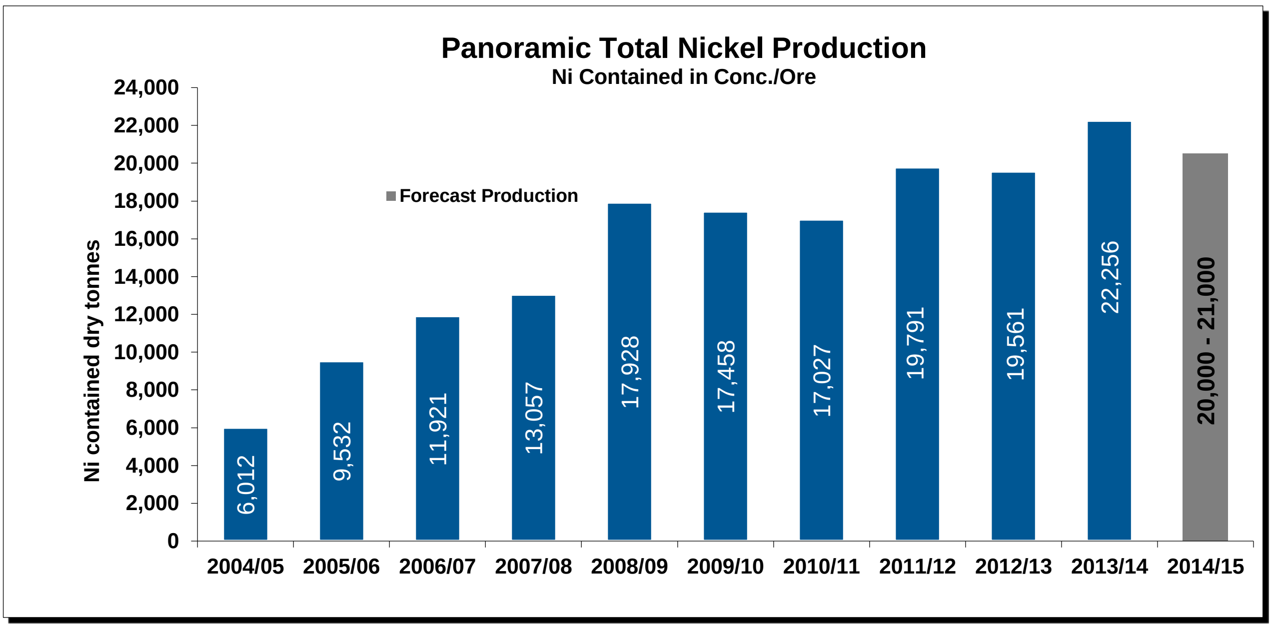

Figure 3

Outlook for FY2015

Production

Based on planned mining schedules and ore grades, the FY2015 Group production guidance is 20,000-21,000 tonnes of nickel contained in concentrate/ore. Subject to economic conditions and receiving all necessary statutory approvals, mining of the Copernicus open pit is scheduled to recommence during the December 2014 quarter.

Costs and Productivity

The focus remains on safety, cost control and productivity improvements. The Group will continue to work hard to reduce operating costs and increase productivity. The Nickel Division demonstrated this can be achieved, with record annual nickel production in FY2014 at an average Payable Nickel Cash Cost including royalties of A$5.41 a pound, down from A$6.18/b in FY2013. The Company will continue to benefit from the changes made under the guidance of GPR Delher, an experienced change management company, who has helped the Company to find and implement productivity improvements and cost reductions to ensure a sustainable and profitable business.

Gold and PGM Projects

Gold - the Feasibility Studies on both the Gidgee and Mt Henry gold projects are nearing completion and are due to be released before the end of 2014. These projects will then be assessed on their individual merits before any decision is made on the way forward.

PGM - these projects are integral to the Company's diversification strategy. The agreement with Rio Tinto Exploration Canada Inc. (RTEC) announced on 30 July 2014, is a significant development for the Thunder Bay North Project. RTEC has an option to spend up to C$20 million over the next five years to earn a 70% interest in the project, subject to a detailed review of all existing data on the project. At Panton, further metallurgical work will be undertaken to assess alternative processing options for the project.

Total evaluation expenditure on the gold and PGM projects is forecast to be a modest $1-2 million in FY2015.

Exploration

The primary aim of the exploration programs this year is to add mine life at both nickel operations. Following on from the Savannah North discovery in February 2014, additional funds have been allocated to continue testing for further extensions of the Savannah North mineralised zones to the north-west of the existing Savannah mine. At Lanfranchi, exploration to test identified targets (EM and potential depth extension to existing orebodies) and on the Tramways Overturned Dome will continue in FY2015. Approximately $16 million is budgeted to be spent on Group exploration activities in FY2015, inclusive of rents and rates of $1.4 million and ~$5 million on the Savannah underground exploration drive which has commenced.

Mine Capital Expenditure

In FY2015, the Group has budgeted to spend $17 million on capital mine development, $11 million on other sustaining capital (including plant and equipment) and $2 million on equipment finance leases.

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 had a record production of 22,256t contained nickel in FY2014 and is forecasting to produce between 20,000 and 21,000t contained nickel in FY2015.** Panoramic has a solid balance sheet, no bank debt and a growing nickel, gold and PGM resource base, employing more than 400 people (including contractors).

Panoramic also owns significant gold and PGM development projects:

- The Gidgee Gold Project, located near Wiluna, Western Australia;
- a 70% interest in the Mt Henry Gold Project, near Norseman, Western Australia;
- the Panton PGM Project, approximately 60km south of the Savannah Project in the East Kimberley; and
- the Thunder Bay North PGM Project in Northern Ontario, Canada, where Panoramic and Rio Tinto Exploration Canada Inc. (RTEC) are jointly carrying out a review of existing data for Thunder Bay North and RTEC's Escape Lake tenement until December 2014, when RTEC may exercise an option to spend up to C$20 million over the next five years to earn a 70% interest in Thunder Bay North and Panoramic to earn a 30% interest in the Escape Lake tenement.

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.

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