



Vision, Commitment, Results

29 January 2009

ASX: PAN

QUARTERLY REPORT

for the period ending 31 December 2008

SIGNIFICANT POINTS

GROUP

- Safety – three LTI's occurred during the quarter
- Production - 5,103t Ni (100% basis), a 22% increase
- Cash and receivables - \$70 million
- Costs - Group cash costs down 9% to US\$3.44/lb Ni
- Opex reductions - significant initiatives implemented to reduce costs
- Hedge book - \$74 million "in the money"
- Impairment - \$17.8 million write-down of assets

SAVANNAH

- Production - 2,283t Ni, 1,140t Cu and 115t Co
- Nickel production - increased by 33%
- Costs - Payable cash costs down to US\$3.32/lb
- Copernicus - operation on care and maintenance

LANFRANCHI

- Production - 2,820t Ni, 229t Cu (100% Basis)
- Nickel production – increased by 18%
- Deacon Resource - increased to 71,800t Ni (100% Basis)
- Costs - Payable cash costs down to US\$3.58/lb Ni

EXPLORATION

- Savannah - extension drilling continued with best results:
 - 42.9 metres at 2.43% Ni, 1.08% Cu, 0.12% Co
 - 67.8 metres at 1.28% Ni, 0.51% Cu, 0.06% Co
- Deacon - drilling confirms mineralisation extends 100m down-plunge
- Expenditure - after significant activity to increase our resource base, exploration expenditure to be reduced

MANAGING DIRECTOR'S COMMENTARY

- **Safety** - Our core value is safety and we are pleased by the efforts being made by all our employees and contractors towards improving our safety performance. We are encouraged by the safety statistics for the December quarter.
- **Cost Reduction** - In light of the weak nickel price environment and the possibility that the nickel price could remain subdued for an extended period; the Company has taken action to implement significant cost reduction measures across its operations to ensure long term sustainability of our business and an acceptable return on our investments. Regrettably, this resulted in a limited number of redundancies which placed the operations on a more secure basis. In addition, we implemented a 10% salary reduction and discontinued some employee benefits (private health cover and additional super contributions above the statutory 9% level) across all employees including directors, to assist in reducing costs. The board acknowledges all employees for their support in adopting these aggressive but essential cost reduction measures. We will continue to focus on cost reduction and productivity improvement initiatives as follows:

Short Term

- Deferral of all discretionary capital projects and associated expenditure
- Reduce exploration expenditure to focus on high value-adding activities (ie. new discoveries, resource extensions)
- Continue to engage with the workforce on cost saving and productivity initiatives

Medium Term

- Improve equipment utilisation and availability to maximise productivity
- Seek price reductions from all existing suppliers and consultants
- Implement group buying initiatives across both sites
- Target meaningful cost reductions across the top 10 cost centres

Long Term

- Improve marketing terms with our customers
- Reduce reliance on diesel power generation at our Savannah project
- Look at every facet of our business and determine if there is a lower cost option

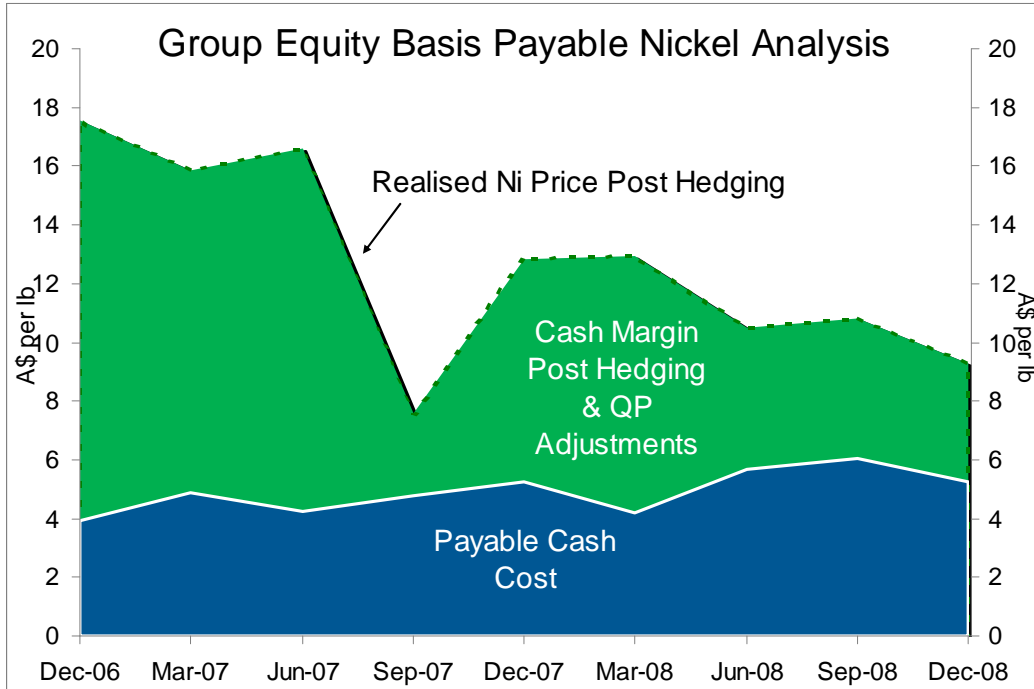
We are anticipating some of the cost reduction initiatives that we have implemented recently will have an immediate beneficial impact. Others will take longer to flow through and while some initiatives will become more evident in the March 2009 quarterly, others will take more time to flow through.

- **Improved Productivity** – We have been and will continue to work with all of our stakeholders (employees, suppliers and contractors) to improve productivity at our operations. We have already made modifications at both sites to optimise our production to meet future challenges.
- **Customers** – We have two very substantial customers in BHP Billiton Nickel West and the Jinchuan Group who have provided solid support to our business. BHP Billiton Nickel West has advised us that while it has indefinitely suspended its Ravensthorpe Operation, it is business as usual at the Kambalda Nickel Concentrator to which the Lanfranchi ore is delivered. Jinchuan has a publicly stated goal to increase its annual nickel production and 3rd party concentrate feed. The concentrate it receives from our Savannah project is an important part of that strategy.
- **Quotational Period Nickel Price Adjustments** – Our contract with BHP Billiton Nickel West for ore deliveries from Lanfranchi is based on an average nickel price for a month, with adjustments coming a few months after the month of ore delivery to the concentrator. As a consequence, we have experienced negative final invoice pricing adjustments since the nickel price began falling in late 2007. Our contract with Jinchuan is based on the average nickel price for the month of shipment and therefore there are only limited pricing adjustments applicable to revenue from our Savannah project.
- **Challenges Ahead** – Our industry is facing very difficult times and we are doing our best to move with the times to ensure our business is sustainable. Our employees and contractors are very much the key to the success of our business to date and we are endeavouring to minimise the impact on them as we attempt to reduce the cost base of our business. We have had to make some difficult decisions recently which have had a direct impact on all of our people and I thank them for their understanding and support. I hope that with their ongoing assistance and a reasonable nickel market, we will be able to steer our way through these volatile times.

GROUP SUMMARY

The Panoramic Group nickel unit cash costs are summarised in Figure 1 on a quarterly basis since the beginning of 2007, together with the Group net realised A\$ average quarterly nickel price (after hedging and quotational period sale adjustments) and the resultant historical Group A\$ cash margin on a payable nickel basis.

Figure 1: Cash Margin & Payable Costs



Importantly, the cost graph shows that the Group payable cash cost is trending down for the first time since the March 2008 quarter.

Table 1: Group Production & Unit Costs

	Units	Savannah 100% 3mths ending 31 Dec 2008	Lanfranchi 100% 3mths ending 31 Dec 2008	Group Equity 3mths ending 31 Dec 2008	Group Equity Previous Qtr 30 Sep 2008
Ore Tonnes Mined	dmt	173,851	115,064	260,149	228,259
Ore Tonnes Treated	dmt	179,421	112,346	263,681	222,555
Average Nickel Grade	%	1.43	2.45	1.69	1.54
Nickel in Concentrate/Ore	tonnes	2,283	2,820	4,398	3,515
Copper in Concentrate/Ore	tonnes	1,140	229	1,312	1,020
Cobalt in Concentrate/Ore	tonnes	115	-	115	91
Costs Per Pound Payable Nickel					
Mining	A\$ per lb	2.57	3.84	3.13	3.61
Milling	A\$ per lb	1.59	1.08	1.37	1.75
Administration	A\$ per lb	1.66	0.22	1.03	1.25
Haulage	A\$ per lb	0.24	0.19	0.22	0.25
Port Charges/Shipping	A\$ per lb	0.38	-	0.21	0.20
Royalties	A\$ per lb	0.49	0.29	0.40	0.54
Net By-product Credits	A\$ per lb	(1.86)	(0.15)	(1.11)	(1.55)
Payable Operating Cash Costs^(a)	A\$ per lb	5.07	5.47	5.25	6.06
Payable Operating Cash Costs^(b)	US\$ per lb	3.32	3.58	3.44	3.76

(a) Capital development unit cost for the December quarter on a group equity basis was A\$1.18/lb. This cost is not included in Table 1. Capital development costs represent capitalised mining cash costs for deposits in production. These costs do not include pre-production costs for deposits being developed for future mining.
 (b) Exchange rate of US\$0.6550 as at 21 January 2009 (September 2008 quarter exchange rate was US\$0.62).

Commentary

Group production on an equity basis for the December quarter was a record 4,398t Ni contained (5,103t on a 100% basis). The 17% quarter-on-quarter increase in nickel head grade at Savannah, and the 36% increase in ore tonnes mined at Lanfranchi were the main contributing factors to the record production result. The increase in production of nickel contained assisted in reducing the Group's nickel unit cash costs by 15% over the same period from A\$6.06/lb (US\$3.76/lb) to A\$5.25/lb (US\$3.44/lb).

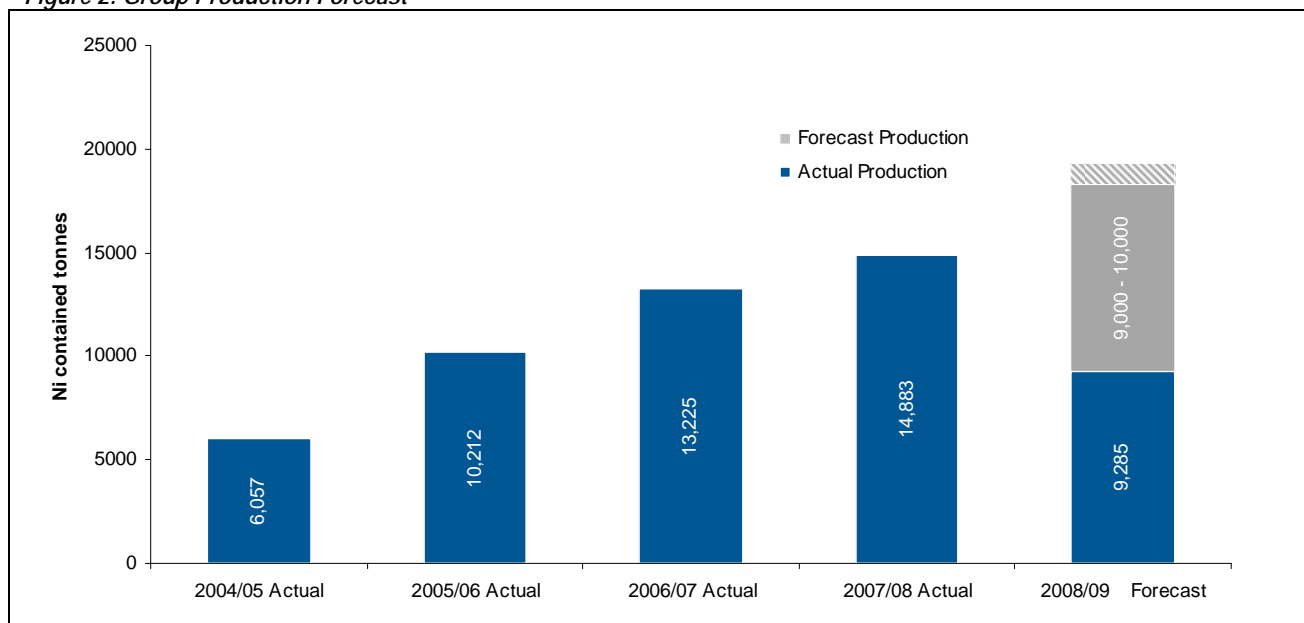
Production Outlook

In light of the following:

1. Copernicus being placed on care and maintenance, reducing the forecast production for 2008/09 by 1,600t Ni contained (100% basis); and
2. Lanfranchi – following optimisation studies, the decision to move from a four to a three jumbo operating basis which will trim forecast production for 2008/09 by between 1,000-2,000t Ni contained,

the revised production forecast for the combined operations for 2008/09 is now expected to be in the range of 18,000 -19,000t Ni contained plus copper and cobalt credits (100% project basis), which represents a 20-30% increase on FY2007/08. Panoramic's equity share of forecast production is now expected to be in the range of 15,500-16,500t Ni contained.

Figure 2: Group Production Forecast



Notes

1. Savannah production is based on Ni in concentrate (PAN owns 100% of Savannah)
2. Lanfranchi production is based Ni in ore (PAN owns 75% of Lanfranchi)
3. 2008/09 Forecast is based on Deacon ventilation system commissioning in late February 2009 and 3 Jumbo operating scenario

SAVANNAH PROJECT

The Savannah Project produced 2,283t Ni, 1,140t Cu and 115t Co contained with nickel production 33% higher than the September quarter, due to a combination of increased milled tonnes (11%) and higher nickel head grade (17%). This significant increase in contained nickel assisted in decreasing unit costs for the December quarter, and importantly the nickel grade is forecast to remain at these higher levels for at least the next quarter as we access higher grade areas of the mine.

Table 2 – Savannah Project Operating Statistics

Area	Details	Units	3 mths ending 31 Dec 2008	3 mths ending 30 Sep 2008	2008/09 YTD	2007/08 Full Year
Mining	Ore mined	dmt	173,851	167,033	340,884	689,324
	Ni grade	%	1.45	1.20	1.33	1.26
	Cu grade	%	0.67	0.55	0.61	0.62
	Co grade	%	0.08	0.06	0.07	0.07
Milling	Ore milled	dmt	179,421	161,992	341,413	688,486
	Ni grade	%	1.43	1.22	1.33	1.26
	Cu grade	%	0.66	0.56	0.61	0.62
	Co grade	%	0.07	0.06	0.07	0.07
	Ni Recovery	%	89.0	87.3	87.9	87.3
	Cu Recovery	%	96.9	96.5	96.6	96.1
Concentrate Production	Concentrate	dmt	29,573	22,442	52,015	96,082
	Ni grade	%	7.72	7.66	7.69	7.89
	Ni metal contained	dmt	2,283	1,719	4,002	7,579
	Cu grade	%	3.85	3.89	3.87	4.24
	Cu metal contained	dmt	1,140	872	2,012	4,072
	Co grade	%	0.39	0.40	0.40	0.43
Concentrate Shipments	Concentrate	dmt	26,300	23,712	50,012	97,657
	Ni grade	%	7.72	7.47	7.60	7.87
	Ni metal contained	dmt	2,031	1,772	3,803	7,681
	Cu grade	%	3.85	3.92	3.89	4.24
	Cu metal contained	dmt	1,013	931	1,944	4,141
	Co grade	%	0.39	0.40	0.40	0.42
	Co metal contained	dmt	103	95	198	412

LANFRANCHI JOINT VENTURE (PANORAMIC 75%)

December quarter production from Lanfranchi was 115,064 tonnes of ore at 2.45% Ni for 2,820 tonnes Ni contained. Ore tonnes mined for the December quarter was 41% above the previous quarter, while nickel head-grade was down 16% due to additional ore from Deacon at lower grade. Importantly, nickel contained increased 18% compared to the previous quarter.

Table 3 – Lanfranchi Project Operating Statistics

Area	Details	Units	3mths ending 30 Dec 2008	3mths ending 30 Sep 2008	2008/09 YTD	2007/08 Full Year
Mining	Ore mined	dmt	115,064	81,634	196,698	286,116
	Ni grade	%	2.45	2.93	2.65	2.55
	Ni metal contained	dmt	2,820	2,394	5,214	7,304
	Cu grade	%	0.20	0.24	0.22	0.20
Ore Delivered	Ore delivered	dmt	112,346	80,750	193,096	281,251
	Ni grade	%	2.45	2.95	2.66	2.55
	Ni metal contained	dmt	2,750	2,384	5,134	7,178
	Cu grade	%	0.20	0.24	0.22	0.22

The Deacon Ventilation Project progressed well during the quarter. Raise boring activities were completed and vent fan construction commenced with commissioning expected during the March quarter. Following optimisation studies, the decision was made to move to a three jumbo production scenario which resulted in some redundancies and will trim forecast production for 2008/09 by between 1,500-2,000t Ni contained.

Copernicus Open Pit Project

Due to continuing weakness in the nickel price, the Company and its joint venture partner, Thundelarra Exploration, decided to suspend operations at Copernicus. The open pit mine was placed on care and maintenance in January 2009 pending a sustained improvement in the nickel price. Approximately 8,000 tonnes of ore grading 1.1% Ni was mined during the December quarter and has been stockpiled at the Savannah mill awaiting treatment which is anticipated to occur during the March quarter, subject to mill availability. At the cessation of open pit production, 20,000 tonnes of ore grading 1.47% was mined and will be stockpiled for treatment at the Savannah mill. The open pit and associated infrastructure are fully developed, and have been left in a state that will enable mining to recommence at short notice.

The open pit was scheduled to produce approximately 1,600 tonnes of contained nickel this financial year (equating to 950 tonnes of nickel for Panoramic's 60% share).

EXPLORATION

Savannah Project (Panoramic 100%)

500 Fault Zone & Lower Zone Drilling

Drilling to evaluate the resource in the 500 Fault Zone was completed in December (eleven holes for a total of 3,240m). Assays results have been received for all but two holes with best results to date as follows:

- KUD746 **13.7 metres at 2.93% Ni, 1.83% Cu, 0.14% Co**
- KUD747 19.4 metres at 1.50% Ni, 0.80% Cu, 0.07% Co
- KUD749 8.5 metres at 1.59% Ni, 0.39% Cu,
- KUD750 13.4 metres at 2.04% Ni, 1.08% Cu, 0.10% Co
- KUD751 **42.9 metres at 2.43% Ni, 1.08% Cu, 0.12% Co**
- KUD755 15.7 metres at 2.04% Ni, 0.69% Cu, 0.09% Co
- KUD762 19.4 metres at 2.11% Ni, 0.63% Cu, 0.10% Co

The 500 Fault Zone resource drilling will be incorporated into the resource update which will also include the Lower Zone drilling at Savannah.

Drilling of the Lower Zone resource at Savannah is ongoing and continues to return excellent results, especially on the north-western contact of the Savannah intrusion. Four holes were completed during the December quarter with three of the four holes intersecting broad intervals of significant "Savannah style" mineralisation. A total of nine holes have been completed on the north-western contact. Results from the latest Lower Zone holes are as follows:

- KUD753 42.3 metres at 1.09% Ni, 0.31% Cu, 0.05% Co
- KUD761 67.8 metres at 1.28% Ni, 0.51% Cu, 0.06% Co

The current phase of resource drilling is scheduled to be complete by the end of the March 2009 quarter, followed by the necessary mining studies to allow the Lower Zone Reserve to be estimated and reported in the June 2009 quarter.

Lanfranchi Joint Venture (Panoramic 75%)

Deacon

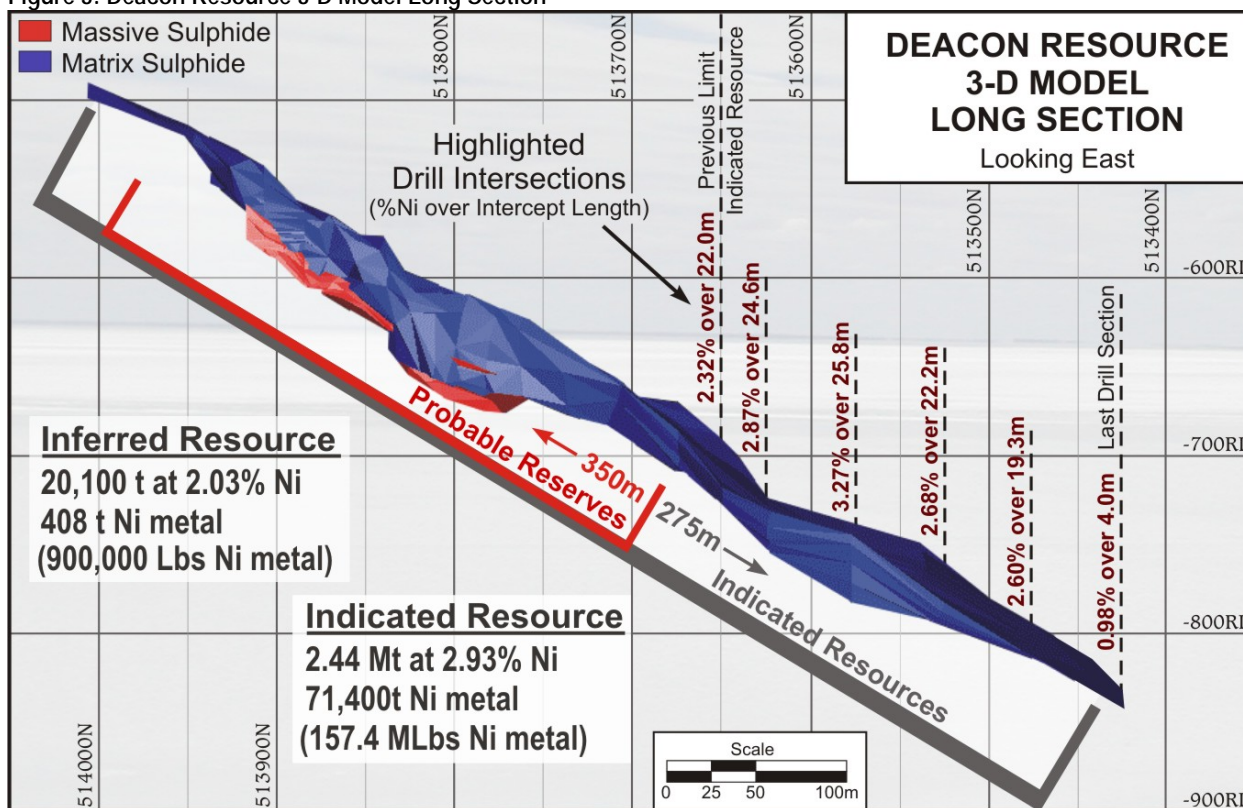
Down-plunge drilling of the Deacon Resource was completed during the quarter resulting in an increased Mineral Resource of 2.46Mt at 2.92% Ni for **71,800 tonnes of contained nickel** (Table 4) representing a 13% increase on the 30 June 2008 Deacon Resource. Importantly, the increased drill density has enabled the Indicated component of the Deacon Resource to be increased from 51,365 Ni tonnes in June 2008 to 71,400 Ni tonnes in December 2008, a 39% increase (Figure 3).

Table 4: Deacon – December 2008 Mineral Resource Estimate (at 1.0% Ni cut-off)

Class	Tonnes	Ni %	Ni Tonnes	Cu %	Cu Tonnes
Indicated	2,440,000	2.93	71,400	0.26	6,300
Inferred	20,000	2.03	400	0.19	40
Total	2,460,000	2.92	71,800	0.26	6,340

The drilling extended the Deacon orebody at least an additional 100m down-plunge, adding approximately 8,000 tonnes of contained nickel to the Resource. Drill results from the three holes completed on Section 513425mN (275m down-plunge of Deacon Reserve limit) contrast from the fence drilled on 513475mN, and indicate either a possible change in channel geometry or structural dislocation. Further down-plunge exploration will be undertaken during 2009 to search for further extensions to the Deacon orebody.

Figure 3: Deacon Resource 3-D Model Long Section



Mine planning studies to convert the December 2009 Deacon Resource into Ore Reserve status are currently underway. The previous Resource to Reserve conversion at Deacon achieved conversion rates of 95% on a contained nickel tonne basis.

Cowan Nickel Project (Panoramic 100%)

The Cowan Nickel Project comprises three project areas:

- Cowan Nickel (100% nickel rights) - approximately 450km² of tenements adjacent to Mincor's nickel mines at Miitel, Mariners, Wannaway and Redross;
- Junction South (60% Panoramic) - 20km² of tenements located 10km south of the Lanfranchi Project; and
- Logan's Find (100% nickel rights) - one tenement (approximately 56km²) located 30km west of Kambalda and 15km northwest of the historic Spargoville nickel mine, in the same stratigraphic succession that hosts the Widgiemooltha nickel deposits.

Field mapping and moving loop electromagnetic (MLEM) surveys continued during the December quarter to locate drill targets. No drilling is planned at this stage.

Norrland Nickel JV (Earning up to 70%)

Panoramic entered a joint venture with Norrland Resources Ltd in October 2008 to explore for nickel sulphide mineralisation in the Vasterbotten district of Sweden. Norrland has secured over 1,000km² of exploration licences within the Vasterbotten District surrounding areas of historical nickel sulphide mineralisation and advanced nickel sulphide projects. Vasterbotten is geologically similar to the Thompson Nickel Belt in Canada which contains >2 million tonnes of nickel. Airborne electromagnetic (EM) geophysical surveys will be utilised as a first pass exploration tool with drill targets being defined using a combination of EM surveys, aeromagnetic data and the distribution of nickel sulphide occurrences in boulders. Limited work was carried out during the December quarter.

Safety

The LTIFR decreased from 13.5 at the end of September to 12.0 at the end of December, with three LTI's reported during the quarter. Strong emphasis across the organisation continues to be placed on improving our safety performance in line with our mission statement:

Vision	Safety is a value not just a priority
Commitment	Safety improvement through leadership
Results	Safely home everyday

Liquid Assets & Debt

Cash on hand at the end of the quarter was \$50 million plus receivables of \$20 million, for a total of \$70 million in short term liquid assets. The reduction in cash and receivables from \$94 million at 30 September 2008 was primarily due to some significant payments being made during the December 2008 quarter, as summarised in the table below:

Table 6: Significant expenditure items during the December 2008 quarter

Payment	Description
\$21.7 million	Company income tax paid on FY2007/08 taxable income
\$1.4 million	Acquisition of mobile mining plant items & finance lease residual payouts on existing equipment
\$3.8 million	Lanfranchi Deacon Ventilation Upgrade Project (75%)
\$4.0 million	Capital investment in Copernicus open pit development (60%)
\$3.2 million	Exploration expenditure
\$1.3 million	Currency hedging premiums (bought puts)
\$2.8 million	September quarter nickel price quotational period sales revenue adjustments for Lanfranchi (75%) Note: Non-cash quotational period sales revenue adjustments for the December quarter was an additional reduction of \$6.5 million (Lanfranchi 75%)
\$38.2 million	Total significant expenditure items during December 2008 quarter

A number of these payments were capital items that will assist us in achieving our higher production target in 2008/09 and in future years. The Panoramic Group debt totals only \$5 million for finance leases on mobile equipment and sundry items.

Hedging

As at 31 December 2008, the Panoramic Group hedge book was **\$73.7 million "in the money"** compared to being \$56.4 million "in the money" at the end of the last quarter, as summarised in the table below.

Table 7: Group Hedge Book – A\$ Mark-to-Market Valuation as at 31 December 2008

Commodity	Mark-to-Market 31 Dec 2008	Mark-to-Market 30 Sep 2008
Nickel Fwds	\$71.7 million	\$50.0 million
Bought Nickel Put Options	\$3.6 million	\$3.5 million
Sold Nickel Put Options	(\$0.2 million)	-
Bought US\$ Currency Put Options	\$1.0 million	\$1.5 million
US\$ Currency Fwds	(\$2.4 million)	\$1.4 million
Total Mark-to-Market	\$73.7 million	\$56.4 million

During the quarter our hedging activity continued to provide protection from the falling US\$ nickel price, while providing exposure to the weaker Australian dollar. In October 2008, we purchased 693t of European style nickel put options at a strike price of US\$15,000/t (US\$6.80/lb), exercisable between January 2009 and June 2009. The cost was funded by granting 1,040t of European style nickel call options between January 2009 and June 2009 at US\$18,000/t (US\$8.16/lb). With nickel prices forecast to remain steady at current levels for the medium term, this hedging could result in ~A\$4 million of additional pre-tax profit in FY2008/09.

To supplement our existing currency protection, the Company purchased US\$36 million of puts at an exercise price of US\$0.80 for a cost of A\$1.3 million in November 2008. These US\$ puts can be exercised in calendar 2009 (US\$3 million/month) if the A\$ retraces above US\$0.80. The Company's metal and currency hedge book as at 31 December 2008 is summarised in Table 8.

Table 8: Group Hedge Book as at 31 December 2008

Commodity	Quantity 31 Dec 2008	Average Price/Rate 31 Dec 2008	Quantity 30 Sep 2008	Average Price/Rate 30 Sep 2008
Nickel Fwds (delivery Jan 2009-Jun 2010)	3,750t	US\$25,570/t US\$11.60/lb	4,500t	US\$25,356/t US\$11.50/lb
Bought Nickel Put Options (delivery Jan 2009 to Jun 2009)	693t	US\$15,000/t US\$6.80/lb	300t	US\$25,000/t US\$11.34/lb
Sold Nickel Call Options (delivery Jan 2009 to Jun 2009)	1,040t	US\$18,000/t US\$8.16/t	-	-
Bought US\$ Put Options (delivery Jan 2009 to Jun 2009)	US\$124.0 million	US\$0.9000	US\$194.5 million	US\$0.9000
Bought US\$ Put Options (delivery Jan 2009 to Dec 2009)	US\$36.0 million	US\$0.8000	-	-
US\$ Currency - matched with Ni	US\$22.3 million	US\$0.7589	US\$36.5 million	US\$0.7602

Including the bought nickel put options (which will continue to be exercised by Panoramic if the US\$ nickel price remains below US\$15,000/t between January to June 2009), and based on current forecast production on a payable nickel basis for FY2008/09 and FY2009/10, the Company is 30-40% hedged for the remainder of FY2008/09, and 20-30% hedged for FY2009/10.

Impairment & half year earnings guidance

Due to the low nickel price environment, the Company has reviewed the carrying values of its mining assets, which has resulted in write-downs totalling \$17.8 million. The details of the write-downs are as follows:

Table 9: Impairment of Assets

Write-down	Description
\$12.2 million	Copernicus - open pit development costs (Panoramic's 60% interest)
\$5.6 million	Savannah Project - a portion of capitalised development costs
\$17.8 million	Total

Given the state of world commodity markets and the subdued outlook for nickel in the short to medium term, the Board has taken a prudent and conservative approach (without reference to the future contribution from our "in the money" hedge book) to the carrying values of the Company's mining assets. These write-downs will result in the Company reporting an after tax loss for the half year to 31 December 2008 in the vicinity of \$10 million (unaudited).

About the Company

Panoramic Resources Limited (ABN:47 095 792 288) is an established Western Australian based nickel sulphide producer with two underground mines, the Savannah Project (100% owned) in the Kimberley, and Lanfranchi Mine (75% owned and operator) south of Kambalda. In 2007/08 our operations produced close to 15,000t Ni contained and generated a NPAT of \$53.3M. The Company is on track to achieve its internal target of group production of 20,000t Ni per annum for at least the next 10 years. Panoramic has a significant exploration portfolio in the Kimberley and at Lanfranchi and is expanding exploration activities in order to grow the resource base and to increase the operations' mine life. Panoramic is continuing to assess opportunities to grow the Company through acquisitions of projects and/or companies that would be complementary to existing business, and reflect the Company's commodity expertise and risk profile.

The information in this Public Report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr John Hicks who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Hicks is full time employee of Panoramic Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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 report of the matters based on his information in the form and context in which it appears.