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7 August 2012

ASX: PAN

## Gidgee Gold Project – Scoping Study

### Key Highlights

- **Gold Production** – estimated at **606,000oz of gold over an initial seven years, average annual production of 87,000oz**
- **Operating Cash Costs** - very competitive at an estimated **A\$870/oz** of gold or A\$80/t ore milled
- **Capital Cost** - approximately **A\$127M** (mining development, processing and associated infrastructure)
- **Project Economics** - estimated cumulative pre-tax free **cash flow of \$213M** for the A\$1,500/oz Base Case and **\$516M** for the A\$2,000/oz Alternative Case
- **First Production** - targeting **2014**
- **Upside** - from pending resource upgrades, optimisation studies, third-party arrangements for power and infrastructure.

### Details

Panoramic Resources Limited (“Panoramic”) is pleased to release the results of its recently completed Gidgee Gold Project Scoping Study (“Study”). The Study consists of capital and operating costs of mining, geotechnical, metallurgical, processing, infrastructure, and financial analysis based on current defined Resources. The Study has not taken into account the pending resource upgrades at Howards and Heron South, which Panoramic believes offers further upside to the Project.

The Scoping Study contemplates a number of mining and processing scenarios, with the preferred scenario being to mine from a combination of underground and open pit sources. The Study utilises open pit ore from Swan Bitter, Swift, Howards, Toedter, Specimen Well, and underground ore from Wilsons, treated through a 1.05Mtpa processing plant to produce an estimated total of 606,000oz gold over an initial seven years at an estimated average cash cost of A\$870/oz. The Study assumes initial construction capital costs of approximately \$127M which is inclusive of all processing facilities, associated infrastructure and open pit and underground pre-development. The Base Case assumes a gold price of A\$1,500/oz and produces a pre-tax cash flow of \$213M (before royalties).

The positive results from the Scoping Study demonstrate the significant value of the Gidgee Project, creating a positive step towards implementing the stated strategy of becoming a diversified resources Company with revenue from base metals, gold and PGMs.

**Table 1 – Key Scoping Study Parameters**

| Item                                      |        | Base Case*<br>A\$1,500/oz Gold | Alternative Case*<br>A\$2,000/oz Gold |
|---|--------|--------------------------------|---------------------------------------|
| Mill Throughput                           | tpa    | 1.05M                          | 1.05M                                 |
| Gold produced                             | Au oz  | 606,366                        | 606,366                               |
| Initial mine life                         | Years  | 7                              | 7                                     |
| Cash Cost (C1)                            | A\$/oz | 870                            | 870                                   |
| Initial Capital Costs                     | A\$M   | 127                            | 127                                   |
| Pre-tax cash flow ( <i>ex-royalties</i> ) | A\$M   | 213                            | 516                                   |

\*Both the Base and Alternative Case assume open pits optimised at A\$1,500/oz.



## Mining

The Study assumes ore will be sourced from Swan Bitter, Swift, Howards, Toedter, Specimen Well (via open pits) and from Wilsons (via underground). A breakdown of open pit and underground ore is shown in Table 2.

**Table 2 - Mining Assumptions**

| Item              | Mined Tonnes (MT) | Mined Grade (Au g/t) | Contained Metal ('000 oz Au) |
|-------------------|-------------------|----------------------|------------------------------|
| Open Pit Total    | 5.0               | 2.26                 | 362                          |
| Underground Total | 1.7               | 5.78                 | 311                          |
| <b>TOTAL</b>      | <b>6.7</b>        | <b>3.15</b>          | <b>673</b>                   |

### Open Pit Mining

The mine plans for the open pit schedule are based on JORC compliant Indicated and Inferred Resources from the Swan Bitter, Swift, Toedter, Specimen Well and Howards ore bodies (refer *Appendix 1*). Conceptual pit shells were derived using Whittle software to maximise the Project's Net Present Value. Key assumptions include:

- Mining undertaken by a contractor
- 10% dilution at 0 g/t Au
- Pits optimised at a gold price of A\$1,500/oz
- Pit wall angles varied between 45-57 degrees (based on preliminary geotechnical investigations)
- Power from a diesel fired power station (capital cost included)

### Underground Mining

A conceptual underground mine was designed for the Wilsons orebody based on Indicated and Inferred JORC compliant Resources to enable the scheduling of the decline, level accesses, stoping panels and ventilation requirements. The mine was designed to access the orebody from a single decline with 20m horizontal sub levels. Mining is by mechanised longhole open stoping, in a top-down extraction method. Pillars are placed systematically to maintain stope stability and to control ore dilution. An independent geotechnical investigation undertaken in 2008 indicates that the orebody and immediate country rocks are predominantly 'good' to 'very good'<sup>1</sup> and are amendable to open stope mining methods.

## Infrastructure

The Gidgee Gold Project is located 640 kilometres north-east of Perth in the Murchison region of Western Australia, and includes a 600,000tpa process facility (not in operation) a 50 person camp and a recently re-commissioned airstrip. The Project also can be accessed by a number of gravel roads from either the Great Northern Highway to the west or from the Goldfield Highway to the east.

The Study assumes a 1.05Mtpa processing facility to be constructed as a new, stand-alone facility, separate from the existing 600,000tpa facility (not in operation). The design of the new processing facilities also incorporates a number of refurbished components from the existing facilities.

In addition to the processing facilities, other required infrastructure includes:

- Power station (diesel) and fuel farm
- Tailing storage facility (lift on existing facility)
- Waste water treatment facility
- Reverse osmosis water treatment facility
- Workshop, stores, offices and buildings

<sup>1</sup> Based on the Q-System for empirical rock mass classification



### Processing and Metallurgy

As the Gidgee Project contains both free milling and refractory ore types, the Study focused on identifying a potential processing path that takes full advantage of both ore types. The proposed flow sheet assumes two circuits (refer *Figure 1*);

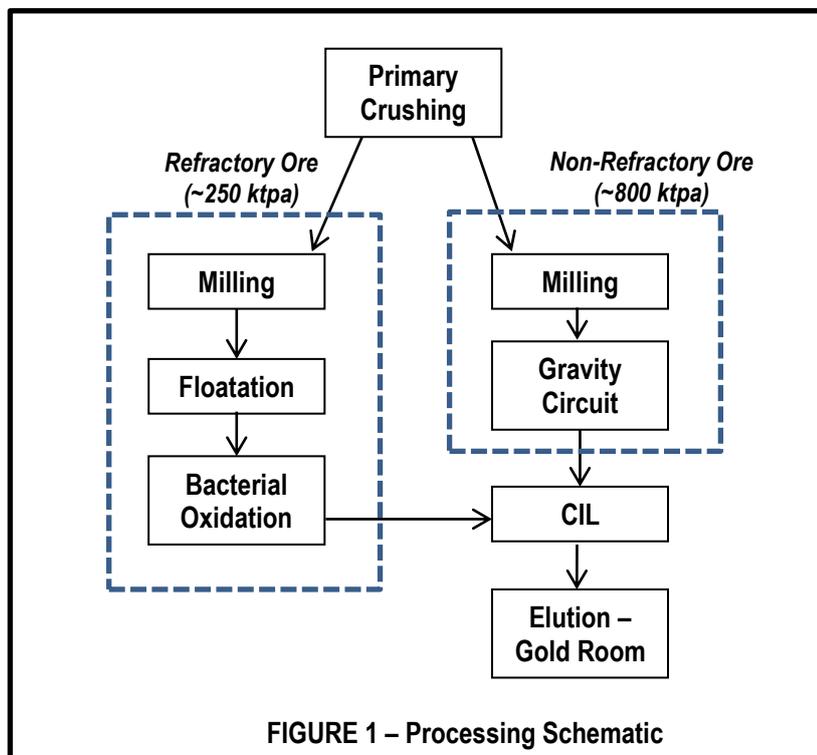
- a standard carbon in-leach circuit capable of treating ~800kt/year to process free milling ore; and
- a bacterial oxidation circuit capable of treating ~250kt/yr of Wilsons ore.

The Study largely relies on existing metallurgical test work and on this basis an overall gold recovery of 90% has been assumed. The review of the metallurgical test work has identified a number of areas that require further investigation and optimisation, including a fine grinding option to treat the refractory ore, and/or the production of a gold rich concentrate for sale.

**Table 3 – Recovery Assumptions**

| Ore Type        | Assumed Recovery (%) |
|-----------------|----------------------|
| Free milling    | 94                   |
| Refractory      | 86                   |
| <b>Combined</b> | <b>90</b>            |

A schematic overview of the proposed flow sheet is shown in *Figure 1*.



## Cost Estimates

Cost estimates for open pit mining are based on selective mining using conventional drill-blast-truck methods, while underground costs are inclusive of operating and capital costs necessary for accessing and mining the Wilsons orebody. Processing costs of \$36/t ore includes labour, power, reagents, consumables and maintenance costs for processing both free milling and refractory ores.

**Table 4 - Operating Costs**

| Item                            | Cash Cost (C1)*<br>(A\$/t ore) |
|---------------------------------|--------------------------------|
| Mining (Open Pit + Underground) | 39                             |
| Processing                      | 36                             |
| General and Administrative      | 4                              |
| <b>Total (A\$/t ore)</b>        | <b>79</b>                      |
| <b>Total (A\$/oz Au)</b>        | <b>870</b>                     |

\* C1 Cash cost - estimated average cost over the project life.

Initial mining capital development for the Wilsons underground is estimated at \$10M, which includes the establishment of the decline and ventilation system, with sustaining capital totaling \$6M. Based on a review of the existing processing facilities, the Study assumes a number of components will be refurbished and incorporated into the design. Cost estimates for infrastructure includes construction and installation of a 10MW power station, fuel farm, a lift on the existing tailings storage facility and upgrading the existing camp to facilitate additional personnel.

**Table 5 - Capital Costs**

| Item                       | Initial Capital<br>(A\$M) | Sustaining /<br>Closure<br>(A\$M) | TOTAL over<br>Project Life<br>(A\$M) |
|----------------------------|---------------------------|-----------------------------------|--------------------------------------|
| Mining Capital Development | 10                        | 6                                 | 16                                   |
| Processing Facilities      | 88                        |                                   | 88                                   |
| Plant and Equipment        | 8                         |                                   | 8                                    |
| Infrastructure             | 17                        |                                   | 17                                   |
| Tailings Dam Lift          | 2                         | 3                                 | 5                                    |
| Studies                    | 2                         |                                   | 2                                    |
| Sustaining                 |                           | 11                                | 11                                   |
| Closure                    |                           | 10                                | 10                                   |
| <b>Sub Total</b>           | <b>127</b>                | <b>30</b>                         | <b>157</b>                           |
| Contingency                | 10                        |                                   | 10                                   |
| <b>Total</b>               | <b>137</b>                | <b>30</b>                         | <b>167</b>                           |

## Environmental

Panoramic has commenced base line environmental monitoring, data collection, and heritage studies to assist with environmental approvals.

## Identified Upsides

A number of potential upsides have been identified which will be addressed in future studies, including:

- Process flow sheet optimisation
- Incorporation of additional resources
- Optimisation of production rates and mine schedules
- External contractor to build, own and operate the power station and / or other infrastructure (“BOOT” or “BOO”)

## Identified Risks

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

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

## Next Steps

On the basis of the positive economics of the Scoping Study, Panoramic is planning to carry out further detailed work to produce an updated Scoping Study during Q4 2012. The key work streams to be focused on this next work phase include:

- Conversion of Inferred Resources to Indicated Resources
- Metallurgical sampling and analysis
- Geotechnical drilling and analysis
- Process flow sheet design and optimisation
- Baseline environmental and heritage studies
- Mine design, scheduling and cost estimates
- Preliminary discussions with financial institutions to determine debt to equity levels and to review preliminary term sheets

## Appendix 1: Resources

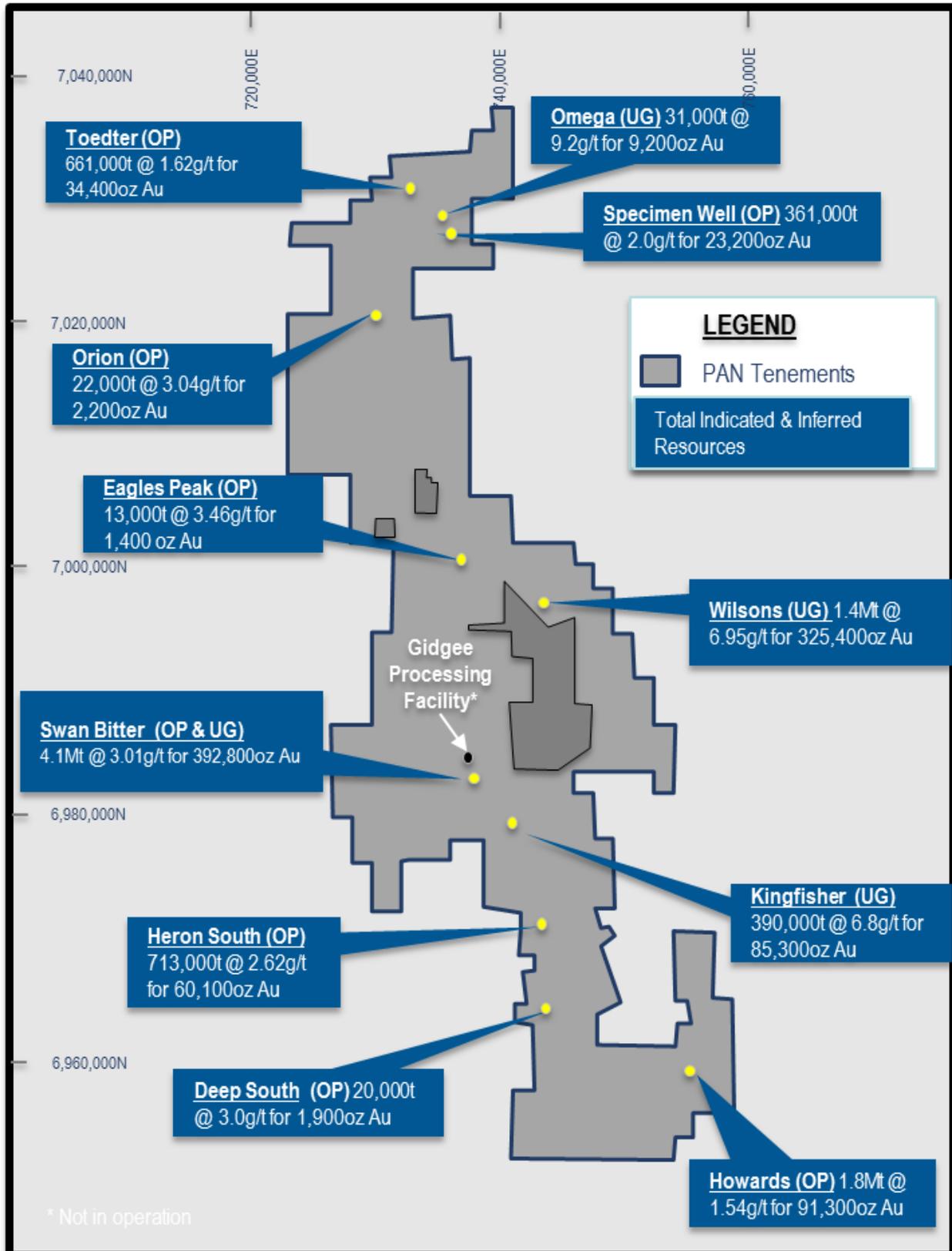
The Scoping Study has utilised the existing resources of Swan Bitter, Wilsons, Howards and Toedter which have previously been defined at Gidgee as tabled below:

| Resource                     | Equity | Date of resource | Measured |              | Indicated        |              | Inferred         |              | Total            |              | Contained Metal |
|------------------------------|--------|------------------|----------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|-----------------|
|                              |        |                  | Tonnes   | Grade g/t Au | Tonnes           | Grade g/t Au | Tonnes           | Grade g/t Au | Tonnes           | Grade g/t Au | Ounces of Au    |
| <b>Gidgee Project</b>        |        | 100%             |          |              |                  |              |                  |              |                  |              |                 |
| <b>Open Pit Resources</b>    |        |                  |          |              |                  |              |                  |              |                  |              |                 |
| Swan Bitter                  |        | Jun-12           | -        | -            | 3,399,000        | 2.40         | 327,000          | 3.51         | 3,726,000        | 2.49         | 298,600         |
| Heron South                  |        | Jun-12           | -        | -            | 383,000          | 3.05         | 330,000          | 2.13         | 713,000          | 2.62         | 60,100          |
| Howards                      |        | Jun-12           | -        | -            | 530,000          | 1.59         | 1,313,000        | 1.52         | 1,843,000        | 1.54         | 91,300          |
| Specimen Well                |        | Jun-12           | -        | -            | 289,000          | 2.06         | 72,000           | 1.79         | 361,000          | 2.00         | 23,200          |
| Toedter                      |        | Jun-12           | -        | -            | -                | -            | 661,000          | 1.62         | 661,000          | 1.62         | 34,400          |
| Eagles Peak                  |        | Mar-06           | -        | -            | 13,000           | 3.46         | -                | -            | 13,000           | 3.46         | 1,400           |
| Orion                        |        | Mar-06           | -        | -            | 22,000           | 3.04         | -                | -            | 22,000           | 3.04         | 2,200           |
| Deep South                   |        | Mar-06           | -        | -            | 20,000           | 3.02         | -                | -            | 20,000           | 3.02         | 1,900           |
| <b>Sub total</b>             |        |                  | -        | -            | <b>4,656,000</b> | <b>2.35</b>  | <b>2,703,000</b> | <b>1.87</b>  | <b>7,359,000</b> | <b>2.17</b>  | <b>513,100</b>  |
| <b>Underground Resources</b> |        |                  |          |              |                  |              |                  |              |                  |              |                 |
| Swan Bitter                  |        | Jun-12           | -        | -            | 207,000          | 8.71         | 125,000          | 9.02         | 332,000          | 8.83         | 94,200          |
| Swift                        |        | Jun-12           | -        | -            | -                | -            | 72,000           | 9.23         | 72,000           | 9.23         | 21,400          |
| Omega                        |        | Mar-06           | -        | -            | 31,000           | 9.20         | -                | -            | 31,000           | 9.20         | 9,200           |
| Kingfisher                   |        | Mar-06           | -        | -            | 390,000          | 6.80         | -                | -            | 390,000          | 6.80         | 85,300          |
| Wilsons                      |        | Aug-08           | -        | -            | 921,000          | 7.25         | 535,000          | 6.42         | 1,457,000        | 6.95         | 325,400         |
| <b>Sub total</b>             |        |                  | -        | -            | <b>1,549,000</b> | <b>7.37</b>  | <b>732,000</b>   | <b>7.14</b>  | <b>2,282,000</b> | <b>7.30</b>  | <b>535,500</b>  |

\* Totals may not add due to rounding.



Appendix 2: Project Location Map



\* 600,000tpa processing facility not in operation

## Limitations of the Gidgee 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, neither of which has been undertaken. 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 Gidgee Project will be developed. The Scoping Study (inclusive of the cost estimates contained within it) is subject to a range of sensitivities, qualifications, assumptions and risk factors, which could affect the Project's development. There is also a range of approvals required before Project development can commence, which have not yet been obtained.

This announcement contains "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 a 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 expressed, 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 variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement".

## Competent Persons Disclosure

### Gidgee Project

- Swan OC 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 UG resource cutoff grade is 4.0 g/t for Indicated resources and 5.0 g/t for Inferred resources
- Swift UG resource cutoff grade is 5.0 g/t
- Omega UG resource cutoff grade is 3.0 g/t
- Kingfisher UG resource cutoff grade is 3.0 g/t
- Individual Project Resources and Reserves are stated on an equity basis

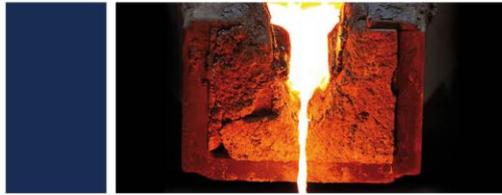
The information in this report that relates to the Swan OC, Eagles Peak, Orion, Deep South, Swan UG, Swift UG, Omega, and Kingfisher Mineral Resources is based on information compiled by or reviewed by Dr Spero Carras (FAusIMM). Dr Carras is the Executive Director of Carras Mining Pty Ltd and was acting 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 report 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
- Individual Project Resources and Reserves are stated on an equity basis

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 report of the matters based on their information in the form and context in which it appears.

- Wilsons resource cutoff grade is 4.5 g/t
- Individual Project Resources and Reserves are stated on an equity basis

The information in this report that relates to the Wilsons 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 report of the matters based on their information in the form and context in which it appears.



## 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 Top 200 Company with a strong balance sheet, minimal bank debt and a growing nickel, gold and PGMs resource base, employing more than 500 people.

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. With the recent resource upgrade and conditional agreement to purchase a 70% interest in the Mt Henry Gold Project, Panoramic's Gold Resources now contain 2.07M oz of gold. Panoramic is progressing a Scoping Study on the recommencement of gold production from Gidgee and will commence a Bankable Feasibility Study on Mt Henry assuming completion of the acquisition of its 70% interest in August 2012.

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 Top 100 Index.

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