

28 April 2017

Quarterly Report for the period ending 31 March 2017

Significant Points

GROUP

- Safety – no LTIs recorded
- Cash Position – \$12.8 million

NICKEL

Savannah

- Savannah Feasibility Study key outcomes:
 - Savannah Ore Reserve of 8.21Mt @ 1.37% Ni, 0.64% Cu and 0.09% Co for 112,600t nickel, 52,400t copper and 7,600t cobalt
 - minimal pre-production capital of approximately \$20 million
 - an initial ten-year mine life
 - LOM production target of 99,200t Ni, 51,500t Cu, 6,900t Co in concentrate
 - average LOM C1 cash cost of US\$2.00/lb Ni in concentrate and operating cash cost of US\$3.30/lb payable N
 - highly leveraged to forecast stronger nickel prices and the current high cobalt price given the Feasibility Study used a price assumption of US\$14.42/lb Co versus spot price of ~US\$25/lb Co
- Surface drilling detected a significant new EM target close to the Savannah orebody, drill testing planned for the June 2017 quarter

Lanfranchi

- Project on care and maintenance

GOLD

Gum Creek (51% indirect)

- Exploration and evaluation activities ongoing
- Project and corporate management being provided by Panoramic staff on a cost recovery basis

PGM

Panton

- Research work by Curtin University ongoing

Thunder Bay North (TBN)

- Rio has confirmed the minimum spend of C\$5 million on the Project has been achieved

CORPORATE

- Perth Office – downsizing of the office and reduction in corporate overheads continued
- Unmarketable parcel (UMP) Sale Facility – zero cost sale option for eligible small shareholders holding 1,724 PAN shares or less

Group Summary

Safety

No lost time injuries.

Environment

There were no significant environmental incidents recorded and the operations were maintained within all statutory, regulatory and licence conditions.

Nickel – Savannah Project

General

The Savannah and Copernicus operations remain on care and maintenance. During the quarter, the care and maintenance team was focused on managing the high volume of surface and underground water as a result of heavy rainfall.

The remaining 492dmt of bagged concentrate was shipped to China during the quarter, with a provisional sale value of A\$461,000.

Sale of redundant mobile equipment and spares resulted in a further \$206,000 in sundry income.

Table 1 – Savannah Project Operating Statistics (including Copernicus)

Area	Details	Units	3 mths ending 31 Mar 2017	3 mths ending 31 Dec 2016	2016/17 YTD	2015/16 Full Year
Mining	Ore mined	dmt	-	-	-	847,638
	Ni grade	%	-	-	-	1.33
	Ni metal contained	dmt	-	-	-	11,274
	Cu grade	%	-	-	-	0.75
	Co grade	%	-	-	-	0.06
Milling	Ore milled	dmt	-	-	-	870,542
	Ni grade	%	-	-	-	1.32
	Cu grade	%	-	-	-	0.74
	Co grade	%	-	-	-	0.06
	Ni Recovery	%	-	-	-	85.8
	Cu Recovery	%	-	-	-	93.5
	Co Recovery	%	-	-	-	88.6
Concentrate Production	Concentrate	dmt	-	-	-	131,789
	Ni grade	%	-	-	-	7.47
	Ni metal contained	dmt	-	-	-	9,845
	Cu grade	%	-	-	-	4.56
	Cu metal contained	dmt	-	-	-	6,011
	Co grade	%	-	-	-	0.36
	Co metal contained	dmt	-	-	-	476
Concentrate Shipments	Concentrate	dmt	492	-	10,719	124,962
	Ni grade	%	8.73	-	8.67	7.46
	Ni metal contained	dmt	43	-	929	9,316
	Cu grade	%	4.77	-	4.85	4.58
	Cu metal contained	dmt	23	-	520	5,728
	Co grade	%	0.44	-	0.41	0.35
	Co metal contained	dmt	2	-	44	436

Restart Plan

The Savannah Feasibility Study was completed and released in February (refer to the Company's ASX announcement of 2 February 2017). **Key points from the Savannah Feasibility Study are:**

- total Savannah Ore Reserve of 8.21Mt @ 1.37% Ni, 0.64% Cu and 0.09% Co for 112,600t nickel, 52,400t copper and 7,600t cobalt;
- a maiden Ore Reserve of 6.65 million tonnes at 1.42% Ni, 0.61% Cu and 0.10% Co for 94,500t nickel, 40,900t copper and 6,700t cobalt declared for Savannah North;
- initial ten-year mine life;
- production target of 99,200t nickel, 51,500t copper and 6,900t cobalt in concentrate over life-of mine (LOM);
- minimal pre-production capital of approximately \$20 million;
- average LOM C1 cash cost of US\$2.00/lb Ni in concentrate and operating cash cost of US\$3.30/lb payable Ni; and
- significant leverage to stronger commodity prices (refer Table 2), noting the cobalt price used in the Feasibility Study of US\$14.42/lb versus spot price of ~US\$25/lb.

Table 2 – Savannah Feasibility Study - Financial Summary for a range of US\$ nickel prices

Financial Metrics	Units	US\$5.00/lb	US\$6.00/lb	US\$7.00/lb	US\$8.00/lb
Revenue	A\$M	1,300	1,500	1,700	1,900
Up-front Capital (pre-production)	A\$M	20	20	20	20
LOM Capital (inclusive of up-front capital)	A\$M	230	230	230	230
Operating costs plus royalties	A\$M	950	960	970	980
Pre-tax cash flow	A\$M	110	300	490	670
Pre-tax NPV (8% discount rate)	A\$M	60	190	320	440
IRR	%	44	115	203	316
C1 cash costs (Ni in concentrate basis)	A\$/lb Ni	2.70	2.70	2.70	2.70
	US\$/lb	2.00	2.00	2.00	2.00
Operating cash costs (payable Ni basis)	A\$/lb Ni	4.50	4.50	4.60	4.70
	US\$/lb	3.30	3.30	3.40	3.40
Sustaining cash costs (operating cash costs plus sustaining capital, payable Ni basis)	A\$/lb Ni	6.00	6.00	6.10	6.10
	US\$/lb	4.40	4.40	4.50	4.50

Note: commodity price and FX assumptions: copper US\$2.57/lb, cobalt US\$14.42/lb and US\$:A\$ FX rate US\$0.7360

The optimisation of the Savannah Feasibility Study is underway. Work streams for the optimisation include:

- options to improve mining and milling rates using new mining and ore haulage technologies to enhance productivity and to reduce unit costs, recognising that the existing mill has the capacity to treat approximately 1.0Mtpa;
- the technical viability and economics of producing a higher nickel grade bulk concentrate (+9% Ni), separate nickel and copper concentrates, and/or nickel/copper/cobalt matte;
- opportunities to reduce power cost through alternative generation technologies (e.g. solar, hybrid systems)
- cost-benefit studies of owner-managed versus contractor for the provision of various ancillary services (e.g. camp management, concentrate haulage, in-bound freight logistics);
- growing the Resource base by undertaking additional exploration; and
- financing and offtake options.

The Savannah mine and mill operated continuously between 2004 and 2016. Over this twelve year period, Savannah milled 8.5 million tonnes at an average grade of 1.29% nickel, 0.65% copper and 0.06% cobalt to produce 1.22 million tonnes of concentrate containing 94,600 tonnes nickel, 53,000 tonnes copper and 5,000 tonnes cobalt. The assets are production ready and consist of an established underground mine, 1.0Mtpa processing plant, heavy mobile mining fleet, mine village and associated infrastructure.

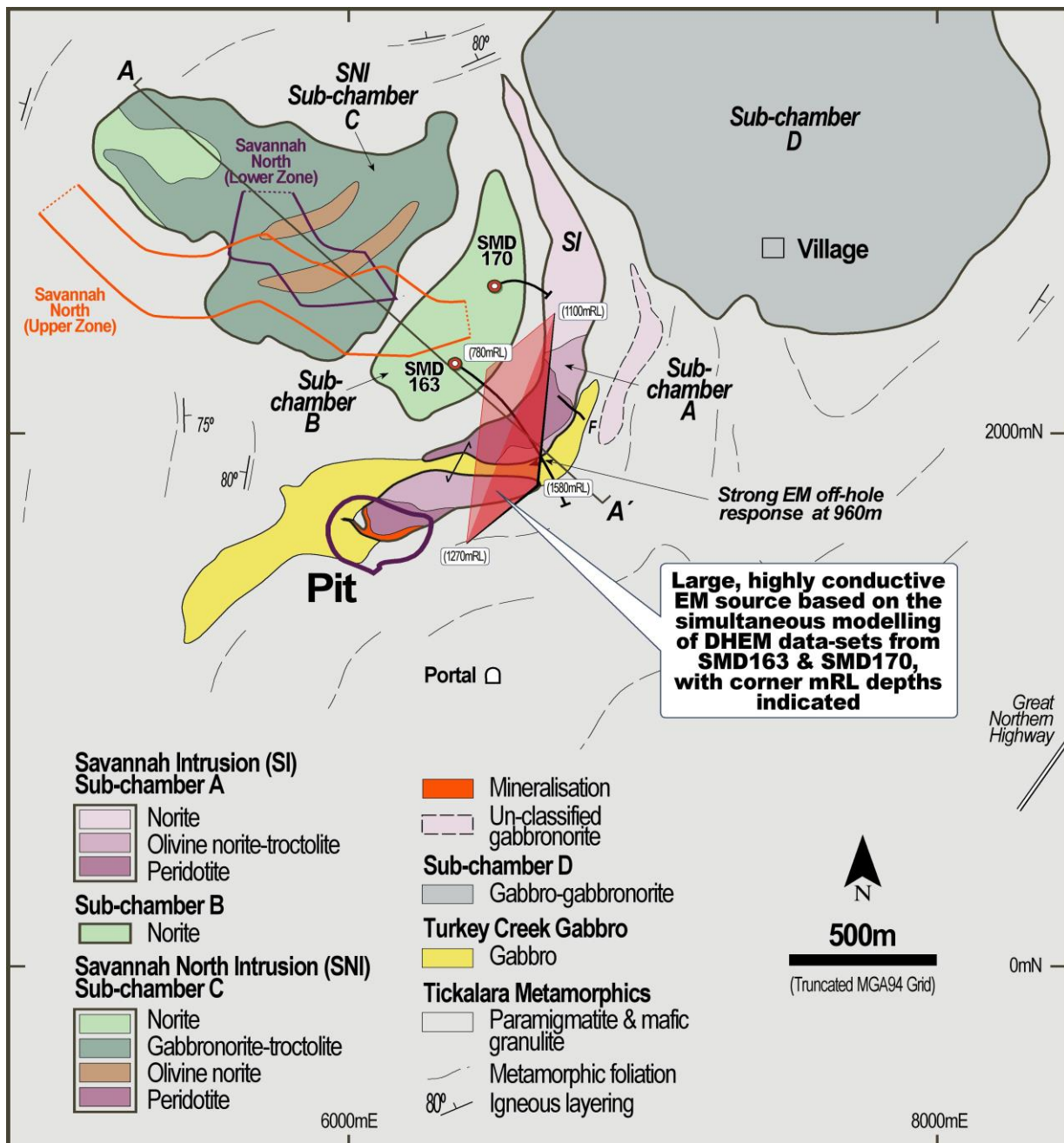
Subject to a sustainable recovery in the US\$ nickel price, **Savannah could be restarted in a short time frame for minimal capital investment.** Once operations resume, the Savannah Feasibility Study demonstrates that the combined Savannah Project Resource base could support operations for a significant period at metal production rates in excess of those rates achieved between 2004 and 2016.

Exploration

Savannah North Surface Drill Program

As reported in the previous quarterly report, drill hole SMD170 was completed in December 2016 as part of the 2016 Savannah North surface drill program. The down-hole electromagnetic (DHEM) surveying of the hole identified a strong EM response which was modelled as a large, strongly conductive source, dipping away to the north-west below SMD170 (Figure 1).

Figure 1 – Savannah Geological Surface Plan showing relative position of highly conductive EM source identified at depth

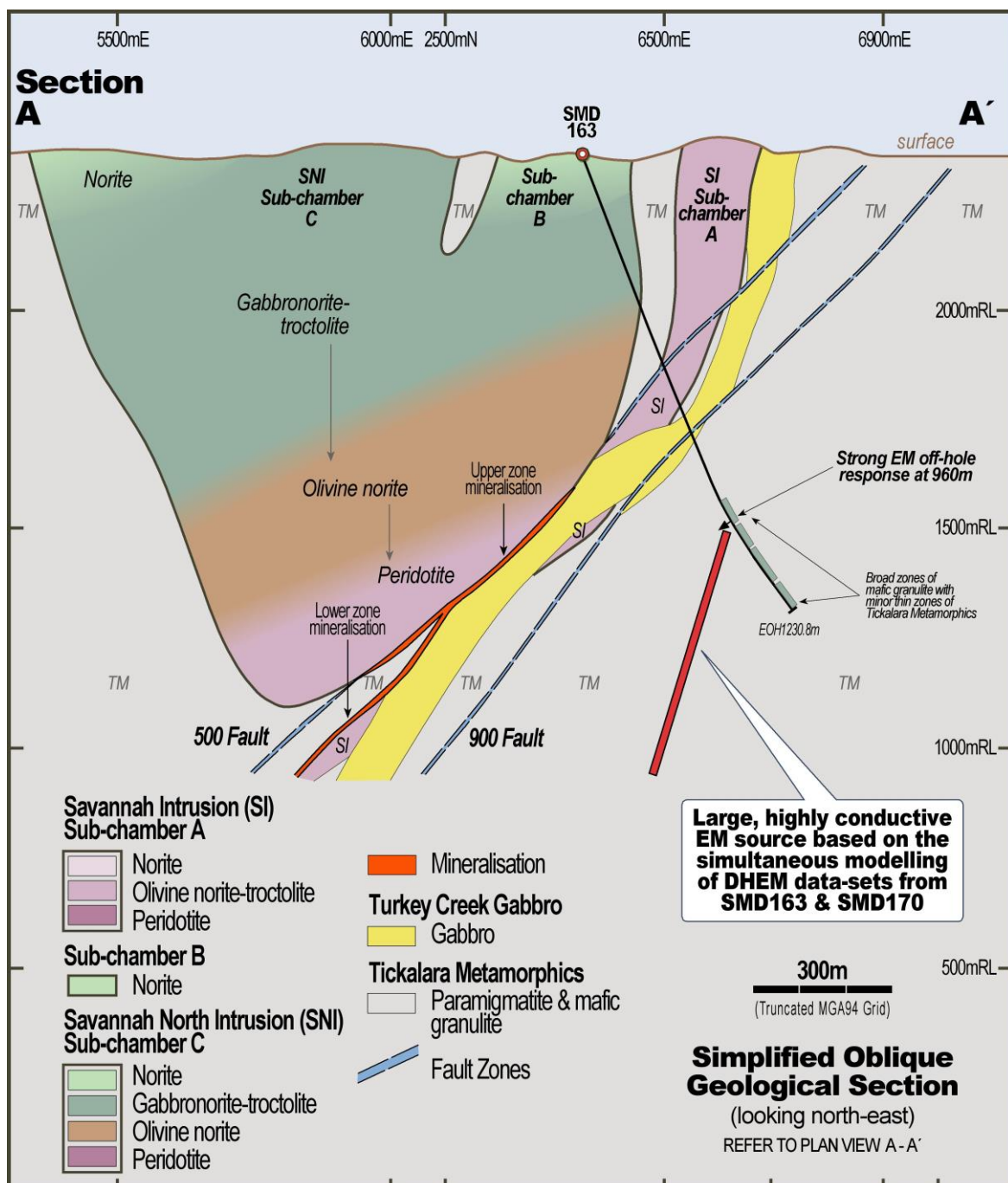


The DHEM response identified in SMD170 was similar to the DHEM responses identified in surface drill holes SMD162 and SMD163, located to the south of SMD170 (refer to Company's ASX announcement of 26 August 2015). Simultaneous modelling of the three DHEM data sets by the Company's geophysical consultants, Newexco Services Pty Ltd ("Newexco") indicated a single source was potentially responsible for all three responses.

On this geophysical evidence, Panoramic deepened drill holes SMD163 and SMD170 during the March 2017 quarter, with SMD163 and SMD170 being extended by 204m and 180m, respectively. After deepening, both holes were re-surveyed with DHEM, resulting in a significant improvement on the previous interpreted EM anomaly data.

The DHEM survey of SMD163 identified a very clear, late-time off-hole EM response at a depth of 960m, consistent with a large, highly conductive source located below the hole (Figure 2). Decay curve analysis indicated a time-constant in-excess of 250 milliseconds for the source, which is consistent with "Savannah style" nickel sulphide mineralisation. Geological logging of SMD163 recorded broad zones of mafic granulite with minor, thin zones of Tickalara Metamorphics at 960m, with neither rock type accounting for the EM response. No mineralisation was observed.

Figure 2 – Oblique Geological Section AA' showing relative position of strong off-hole EM response identified in SMD163



In SMD170, a partially covered, weaker EM response was detected, requiring the hole to be extended at least another 100m to provide a complete profile of the anomaly.

Simultaneous modelling of the two EM data sets by Newexco has demonstrated that a single, large, highly conductive off-hole source is consistent with both data-sets. A modelled plate measuring 800m by 450m with a conductance of approximately 3,500 Siemens was determined for the source. The modelled plate has a dip of approximately 70 degrees towards the north-west.

The cause of the EM source identified in SMD163 and SMD170 is unknown and the Company intends to drill test the modelled conductor in the June 2017 quarter as a high priority.

For further details of the drilling and DHEM program completed during the quarter, refer to the Company's ASX announcement of 11 April 2017.

Nickel – Lanfranchi Project

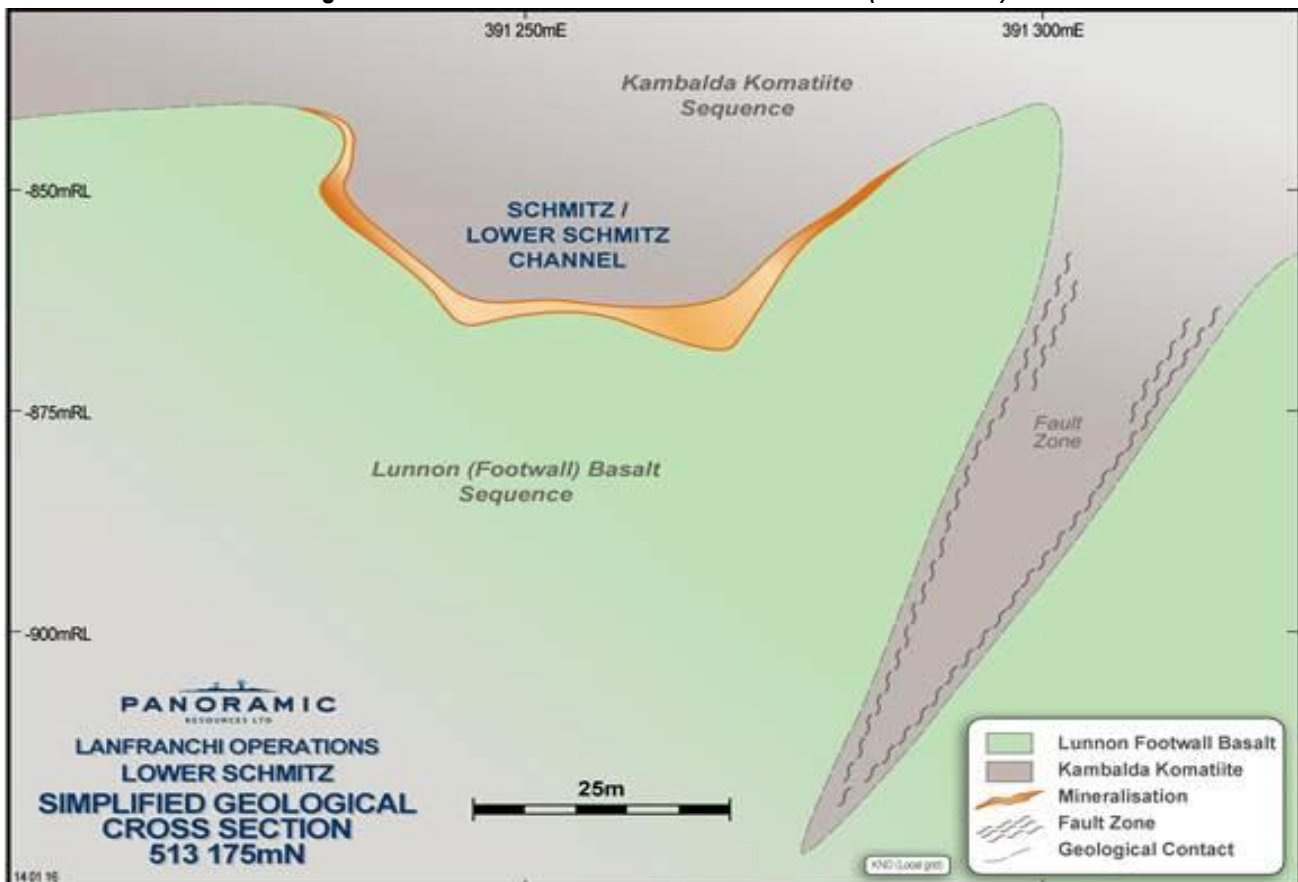
General

The Lanfranchi Project has a Resource base of approximately 5.65 million tonnes at an average grade of 1.69% Ni for 95,500 tonnes of nickel contained, with approximately half of the Resource classified in the 'Measured' or 'Indicated' category (refer to the Company's ASX announcement of 30 September 2016).

Since placing Lanfranchi on care and maintenance in November 2015, a maiden Resource estimate for Lower Schmitz of **131,000t at 5.1% Ni for 6,700t Ni** was defined (refer to the Company's ASX announcement of 28 April 2016). The Lower Schmitz mineralisation is confined within a pronounced "channel-like" zone, approximately 100m wide. A simplified geological cross section of the Lower Schmitz channel feature is shown in Figure 3. **Mineralisation, averaging 5-6% Ni, is consistent throughout the channel zone**, however, there is evidence to indicate that a steep west dipping fault has displaced mineralisation at depth to the NNE or SSW. To confirm this displacement, further exploration is required.

The Lower Schmitz mineralisation remains one of the priority exploration targets at Lanfranchi. Many of the other mineralised komatiite channels at Lanfranchi remain open at depth, including the Lanfranchi, Deacon, East Deacon and Schmitz channels.

Figure 3 – Lower Schmitz Channel Cross Section (153 175mN)



There were no exploration programs undertaken at Lanfranchi during the quarter.

PGM – Thunder Bay North Project

The Thunder Bay North (TBN) Project is located near Thunder Bay in northwest Ontario, Canada. The advanced exploration project claims cover an aggregate area of 40,816 hectares. The TBN Project Resource contains **10.4Mt at 1.13g/t Pt and 1.07g/t Pd for ~0.4Moz Pt and ~0.4Moz Pd** (refer to the Company's ASX announcement of 30 September 2016) with exploration potential at depth and along strike.

In 2015, Rio Tinto Exploration Canada Inc. (RTEC) commenced a farm-in whereby RTEC can earn a 70% interest in the TBN Project by sole funding C\$20 million in expenditure over five years, with a minimum spend of C\$5 million. By November 2015, RTEC had completed a diamond drilling program on the Project after drilling 11 holes, totalling 4,955 drill metres.

In September 2016, RTEC commenced a semi-airborne HeliSAM™ magnetics survey over the Escape Lake, Current Lake, Beaver Lake, SEA Intrusion, O25 Intrusion and Swamp Anomaly portions of the Project. The survey was curtailed due to the inability of the HeliSAM™ system to detect known near surface mineralisation at Current Lake.

In January 2017, Panoramic and RTEC held initial discussions on the results to date and on future plans for the Project. These discussions are ongoing. During those discussions, RTEC confirmed that it has achieved the minimum spend of C\$5 million on the Project.

PGM – Panton Project

Panton is located 60km south of the Savannah Nickel Project in the East Kimberley region of Western Australia. **Panton is a significant PGM Resource containing ~1.0Moz Pt at 2.2g/t and ~1.1Moz Pd at 2.4g/t** (refer to the Company's ASX Announcement of 30 September 2015) with exploration potential at depth and along strike.

Panoramic considers the Panton Project to be a quality PGM development asset which fits within the Company's commodity diversification and growth strategy and is a key part of its Kimberley Hub concept.

The Company is continuing to sponsor research being undertaken by Curtin University on alternative PGM leaching methods applicable to Panton ore.

Gold – 51% investment in Horizon Gold/Gum Creek Project

The Company has retained a 51% equity interest in Horizon Gold Limited (ASX Code: HRN) following the vending of the Gum Creek Project into Horizon in December 2016. The market value of this listed investment at 31 March 2017 was approximately \$12.9 million.

Exploration and evaluation activities are ongoing at Gum Creek (refer to Horizon's March 2017 quarterly report for further details). Panoramic staff provide management services to Horizon on a cost recovery basis.

Corporate

Cash Position

Group Cash at the end of the quarter totalled \$12.8 million. The movement in the cash position included the following transactions:

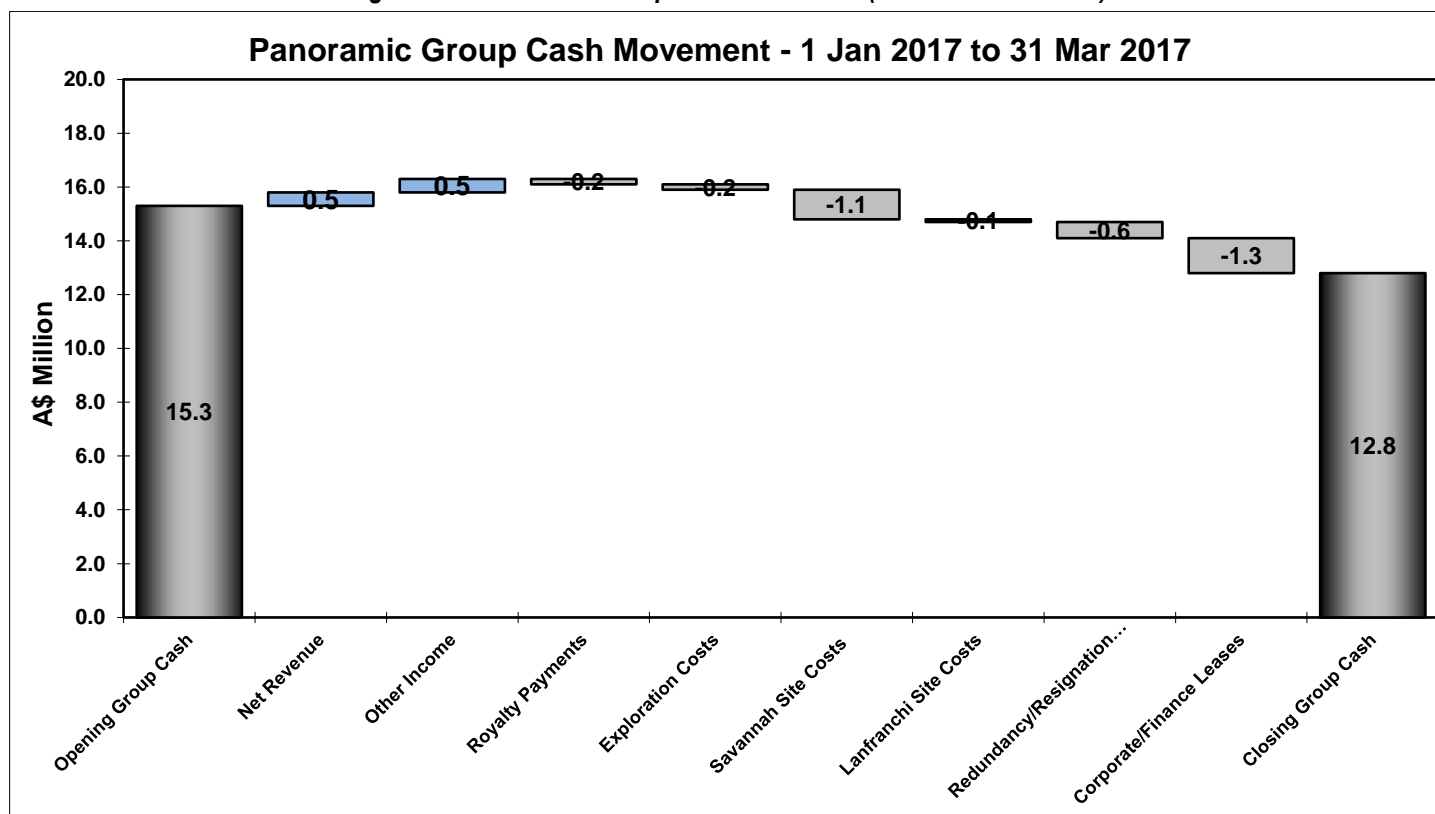
- \$0.5 million income from selling the remaining bagged nickel concentrate;
- \$0.5 million income from equipment sales and sundry income;
- \$0.2 million on exploration and evaluation studies on the Savannah project re-start;
- \$0.6 million on staff redundancies/resignation; and
- \$1.1 million on care and maintenance expenses at Savannah.

Aggregate movements in the Group Cash balance over the quarter are shown in Figure 4.

At 31 March 2017, \$1.8 million was cash-backed against the drawn amount on the Company's performance bond facility.

Group finance leases for mobile equipment and insurance premiums at 31 March 2017 totalled approximately \$1.0 million.

Figure 4 – Panoramic Group Cash Movement (March 2017 Quarter)



Perth Office

Staffing levels at the Savannah project and in the Perth Office were further reduced.

Office resources and corporate overheads were shared with Horizon during the quarter.

Unmarketable Parcel (UMP) Sale Facility

On 24 April 2017, the Company announced it had initiated an Unmarketable Parcel (UMP) Sale Facility to provide eligible shareholders with the opportunity to sell their small shareholding (1,724 PAN shares or less) in Panoramic without incurring brokerage or handling costs. By facilitating this sale, the Company expects to reduce the share registry costs associated with maintaining small unmarketable holdings. **If eligible shareholders wish to retain their shareholding, they must return a Share Retention Form to the Company's share registry office at Computershare Investor Services Pty Ltd by the Retention Date, 5pm (Perth time) on Monday, 5 June 2017.**

No New Information or Data

This release contains references to exploration results, and Mineral Resource and Ore Reserve estimates, all of which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

About the Company

Panoramic Resources Limited (**ASX code: PAN**) is a Western Australian mining company formed in 2001 for the purpose of developing the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned the \$65 million Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2014, the Company produced a record 22,256t contained nickel and produced 19,301t contained nickel in FY2015. The Lanfranchi and Savannah Projects were placed on care and maintenance in November 2015 and May 2016 respectively.

Following the successful development of the nickel projects, the Company diversified its resource base to include platinum group metals (PGM) and gold. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada, in which Rio Tinto is earning 70% by spending up to C\$20 million over five years. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold consists of an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% majority shareholding in Horizon.

Panoramic has been a consistent dividend payer and has paid out a total of \$114.3 million in fully franked dividends between 2008 and 2016. At 31 March 2017, Panoramic had \$12.8 million in cash and no bank debt.

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. The growth path will include developing existing resources, discovering new ore bodies, acquiring additional projects and is being led by an experienced exploration-to-production team with a proven track record.

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