

22 January 2018

VISION | COMMITMENT | RESULTS

ASX: PAN

Quarterly Report for the period ending 31 December 2017

Significant Points

GROUP

- Safety – no LTIs recorded

NICKEL

Savannah

- Updated Savannah Feasibility Study (Updated FS) released in October, which enhances the fundamentals for a decision to restart the Project. The results include:
 - LOM average C1 cash costs of US\$1.50/lb or A\$1.90/lb (nickel in concentrate)
 - LOM average operating cash costs of US\$2.40/lb or A\$3.10/lb (payable nickel)
 - Annual LOM average production (metal in concentrate) – 10,800t nickel, 6,100t copper, 800t cobalt
 - Mine life – approximately 8.3 years
- Updated financing proposals received from a range of potential financiers including offtake partners, traditional resources banks and other resource financing organisations – certain groups shortlisted for detailed review
- Offtake customers shortlisted and updated terms received
- High pressure cleaning of the processing plant undertaken to further refine the scope of refurbishment required
- Heritage assessments undertaken over ground proposed for the Savannah North ventilation raise and solar farm with no significant sites identified
- Planned exploration for 2018 includes drill testing four under-explored layered ultramafic intrusions located near Savannah

Lanfranchi

- Project remains on care and maintenance
- Site costs being offset from leasing out the accommodation village, lease extended to 30 November 2018

GOLD

Gum Creek (51% indirect)

- Exploration 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)

- Discussions on exploration results and future plans for the Project ongoing

CORPORATE

- Perth Office – maintained focus on reducing corporate overhead

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 operation remains on care and maintenance. During the quarter, the care and maintenance effort was focused on the following activities:

- Maintenance of the site water plumbing system in preparation for the wet season; and
- On going maintenance of mobile and fixed plant and assistance in the high pressure cleaning of the process plant.

Restart Plan – Updated Feasibility Study

The results of an update (“Updated FS”) to the February 2017 Savannah Feasibility Study were released on 27 October 2017 (*refer to the Company’s ASX announcement of 27 October 2017*). The Updated FS enhances the fundamentals prior to a decision to restart the Project, through further improvements to the mine plan and schedule, additional metallurgical testwork leading to a better understanding of expected flotation performance and updates to capital and operating estimates to reflect recent cost movements since the earlier studies.

Key physicals from the Updated FS are summarised in Table 1.

Table 1 – Updated FS Resource and Production Summary

Operating Metric	October 2017 Savannah Updated FS
Mineral Resource	13.2Mt @ 1.65% Ni, 0.75% Cu and 0.11% Co for 218,300t nickel, 99,100t copper and 14,900t cobalt
Mine Production*	7.65Mt @ 1.42% Ni, 0.68% Cu and 0.10% Co for 108,700t nickel, 51,700t copper and 7,300t cobalt
Mine Life	8.3 years
Life-of-mine metal in concentrate production	90,200t Ni, 50,700t Cu and 6,700t Co
Average annual metal in concentrate production	10,800tpa Ni, 6,100tpa Cu and 800t Co

*Approximately 1.1% of nickel in the Updated FS production target is from material classified as Inferred Resource. The maximum annual proportion of contained nickel derived from Inferred Resources is 2.4%, in Year 5 of the mine plan.

Cautionary Statement

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production targets themselves will be realised.

Table 2 summarises the financial outcomes of the Updated FS for the Base Case commodity prices/ US\$:A\$ FX rate and Long Term (LT) Real (2017\$) commodity prices/ US\$:A\$ FX rate.

Table 2 – Updated FS Financial Summary for the Base Case and Long Term US\$ commodity prices and US\$:A\$ FX rates (rounding to two significant figures)

Financial Metrics	Units	Base Case Prices	Long Term Prices*
Commodity Price Assumption - Ni	US\$/lb	5.50	6.75
Commodity Price Assumption - Cu	US\$/lb	3.10	2.72
Commodity Price Assumption - Co	US\$/lb	28.00	26.00
US\$:A\$ Exchange Rate Assumption	US\$	0.78	0.75
Revenue	A\$M	1,470	1,720
Up-front Capital (pre-production)	A\$M	36	32
LOM Capital (inclusive of up-front capital)	A\$M	240	230
Operating costs plus royalties	A\$M	900	920
Pre-tax cash flow	A\$M	330	570
Pre-tax NPV (8% discount rate)	A\$M	210	380
IRR	%	100	200
C1 cash costs (Ni in concentrate basis)	A\$/lb Ni	1.90	2.10
	US\$/lb	1.50	1.60
Operating cash costs (payable Ni basis)	A\$/lb Ni	3.10	3.40
	US\$/lb	2.40	2.60
Sustaining cash costs (operating cash costs plus sustaining capital, payable Ni basis)	A\$/lb Ni	4.50	4.80
	US\$/lb	3.50	3.60

* The Long Term (LT) Real (2017\$) US\$ nickel and copper prices and the US\$:A\$ FX rate are consensus forecasts sourced from UBS Global I/O Miner Price Review, dated 5 October 2017. The LT Real (2017\$) US\$ cobalt price is sourced from Macquarie Bank Limited Research Report titled “Price Forecast Changes”, dated 9 October 2017.

Other key work streams during the quarter

High pressure cleaning of the processing plant steelwork was undertaken to enable the scope of the refurbishment required to be further refined.

An aboriginal heritage assessment was undertaken over the ground proposed for Savannah North vent raise and solar farm. No sites of significant heritage importance were identified during the assessment.

The Company continued discussions with a range of potential financiers and has shortlisted preferred groups to undertake due diligence during the March 2018 quarter.

Offtake discussions progressed and the Company received revised terms from a shortlist of potential offtake partners. The Company intends to select its preferred offtaker(s) and advance formal negotiations during the March 2018 quarter.

Next steps

Ahead of a formal Board decision to restart operations, the Company intends to progress the following:

- Negotiations with potential product offtake customers and project financiers;
- Engagement process for key project personnel;
- Formal tendering process for major contracts;
- Refurbishment of major plant and equipment, including processing plant;
- Order long lead items; and
- Savannah North primary ventilation project.

Exploration

There were no specific exploration programs undertaken at Savannah during the quarter, due to the Company's focus on the Savannah Updated FS and Restart Plan.

It is the Company's intention to resume exploration activities in 2018, including drill testing four under-explored layered mafic-ultramafic intrusions located near Savannah. The impetus and focus of the 2018 exploration program is being driven by the results of a series of recently completed Panoramic / Minerals Research Institute of WA (MRIWA) funded research projects with CSIRO Mineral Resources. The aim of the research projects, which commenced in 2015, was to improve the Company's understanding of the petrography, mineralogy, geochemistry and geochronology of the *Savannah Style* layered mafic intrusions and the origin and emplacement mechanisms of their parental melts.

There are four layered mafic intrusions near Savannah that justify more detailed exploration: Subchamber D, Dave Hill, Wilsons and Frog Hollow (*Figure 1*). Little or no modern exploration has been conducted on these intrusions. Previous drilling by Panoramic has demonstrated that both Dave Hill and Wilsons host disseminated/blebby magmatic nickel-copper sulphide mineralisation (*refer to the Company's announcement of 28 April 2016*).

The research conducted by CSIRO Mineral Resources on Subchamber D, Dave Hill and Wilsons concluded that all three intrusions were emplaced at the same time and by the same magmatic event that was responsible for the emplacement of the mineralised Savannah and Savannah North intrusions. Consequently, the CSIRO considers all three intrusions to be highly prospective for *Savannah Style* magmatic nickel-copper sulphide mineralisation. The Frog Hollow intrusion, which has never been drill tested, was not part of the CSIRO research project but is included in the Company's 2018 exploration plans based on its many geological similarities with the other *Savannah Style* intrusions.

Nickel – Lanfranchi Project

General

The lease-out of the accommodation village has been extended for a further period to 30 November 2018. This arrangement continues to provide income for the Project during the ongoing care and maintenance period.

The Company agreed to settle with its power supplier in relation to disputed power charges (*refer to Note 26 (Guarantees and contingencies) of the Company's 2017 Consolidated Financial Statements presented in the 2017 Annual Report*). The settlement amount was paid in early January 2018.

Exploration

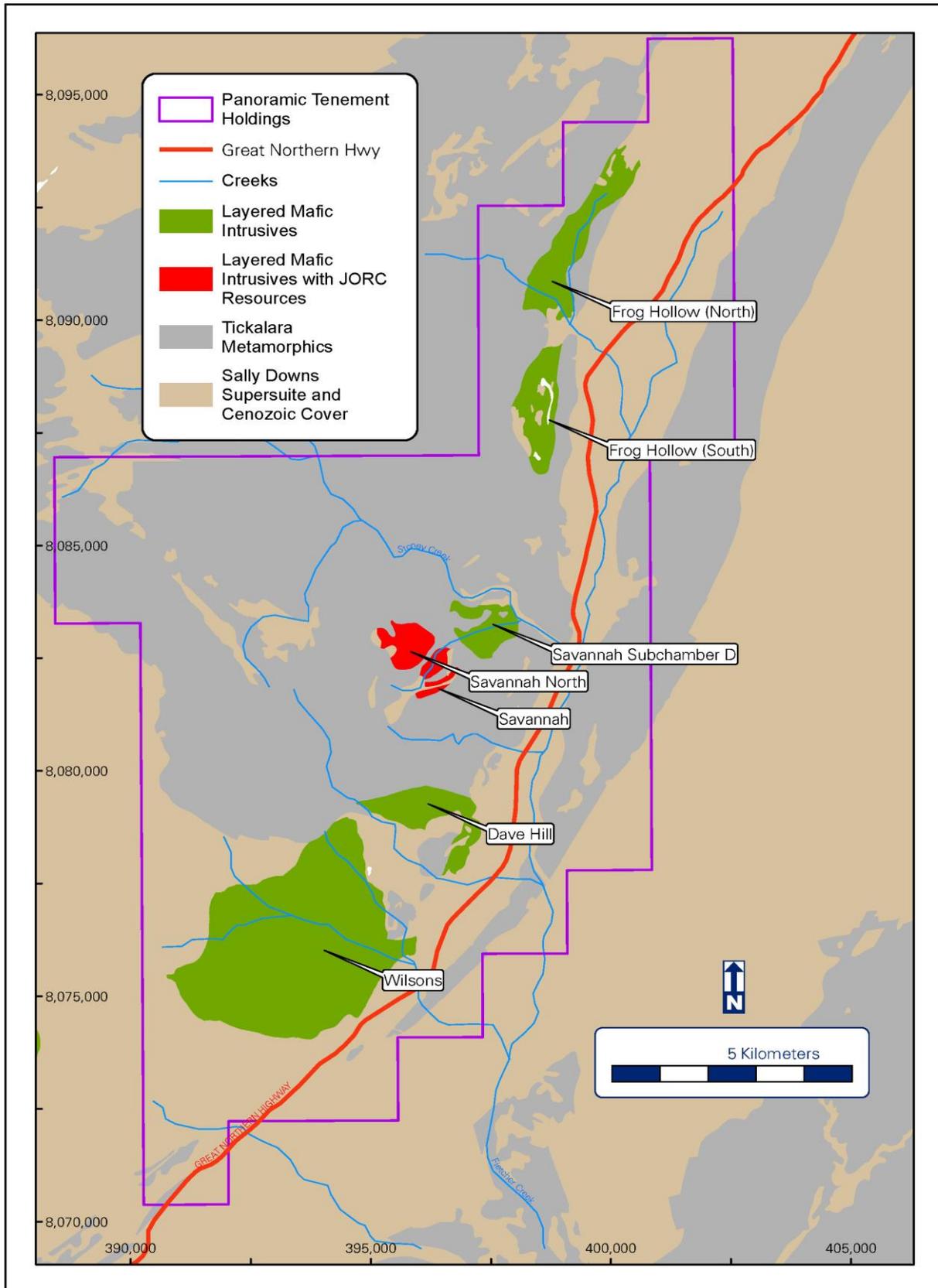
There were no exploration programs undertaken at the Lanfranchi Project during the quarter.

The Lanfranchi Project has Mineral Resources 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' categories (*refer to the Company's ASX announcement of 30 September 2016*).

The Lower Schmitz deposit, which contains a Resource of **131,000t at 5.1% Ni for 6,700t Ni** (*refer to the Company's ASX announcement of 28 April 2016*) remains one of the priority exploration targets at Lanfranchi. The Lower Schmitz mineralisation is confined within a pronounced "channel-like" zone, approximately 100m wide. **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, a program of drilling and associated downhole EM surveys to test for possible mineralisation offsets is required.

Other mineralised komatiite channels at Lanfranchi also remain open at depth, including the Lanfranchi, Deacon, East Deacon and Schmitz channels.

Figure 1 – Savannah Area Plan showing location of mafic-ultramafic intrusions scheduled for drill testing in 2018



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. In January 2017, RTEC confirmed that it had achieved the minimum spend of C\$5 million on the Project.

Panoramic and RTEC are continuing discussions on the results to date and the future plans and strategy for 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 an indirect interest in the Gum Creek Project through its 51% majority equity interest in Horizon Gold Limited (ASX Code: HRN). The market value of this investment in Horizon at 31 December 2017 was approximately \$9.8 million.

Exploration activities are ongoing at Gum Creek (refer to Horizon's December 2017 quarterly report for further details). Under the October 2016 Management Agreement, Panoramic staff are providing management services to Horizon on a cost recovery basis.

Corporate

Cash

Group Cash at the end of the quarter totalled \$5.7 million. The movement in the cash position included the following transactions:

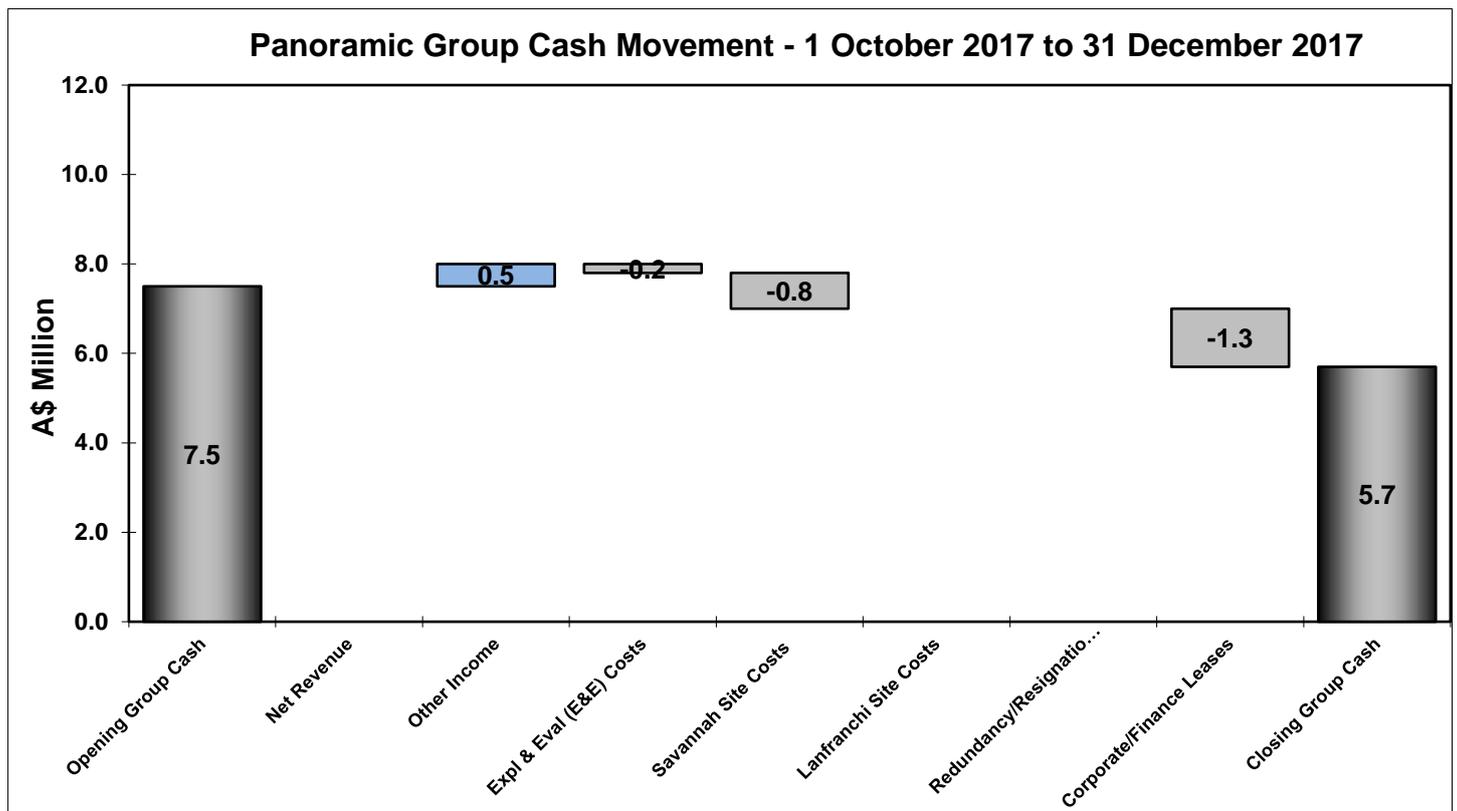
- \$0.2 million income from leasing-out the Lanfranchi village;
- \$0.2 million income from sub-leasing office space at the Perth office;
- \$0.2 million on tenement rents and rates; and
- \$0.8 million on care and maintenance expenses at Savannah.

Aggregate movements in the Group Cash balance over the quarter are shown in Figure 2.

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

Group finance leases for mobile equipment at 31 December 2017 totalled approximately \$0.4 million.

Figure 2 – Panoramic Group Cash Movement (December 2017 Quarter)



Perth Office

The Company is maintaining its focus on reducing corporate overheads.

Office resources and corporate overheads are being shared with Horizon Gold Limited.

No New Information or Data

This release contains references to exploration results, Mineral Resource and Ore Reserve estimates, and feasibility study results including production targets, 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 Resource and Ore Reserve estimates, and feasibility study results including production targets, 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 Pantom 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 December 2017, Panoramic had \$5.7 million in available and restricted 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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Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. 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, assumptions 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 announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.