

4 December 2019

SAVANNAH NORTH UPDATE AND OPERATIONAL REVIEW OUTCOMES

Highlights

- Development of ore drive and primary underground infrastructure at Savannah North continues; first stoped ore on target for the March 2020 quarter
- Integrity of overall Savannah mine design and general operating parameters confirmed
- Strong expected ramp-up in contained metal production through calendar 2020 from transition to mining of Savannah North
- Updated Savannah life-of-mine schedule sees modest reductions in forecast ore tonnes (5%) and nickel grade (2%) relative to Feasibility Study
- Updated average “all-in-sustaining cost” (AISC) forecast over residual life of mine (FY2021 to FY2027) of US\$3.77/lb payable Ni (based on current spot commodity prices and A\$:US\$ FX rate), broadly similar to Feasibility Study (Oct 2017) estimates (after aligning for commodity prices and A\$:US\$ FX rate assumptions and adjusting for inflation)
- Significant upside potential given recent drilling of Savannah North upper zone and targeted diamond drilling of Inferred Resources and near-mine extensional targets
- Operational Review outcomes will inform the Panoramic Board’s assessment of the highly conditional IGO takeover offer
- KPMG appointed to prepare Independent Expert’s Report
- Panoramic Directors maintain their recommendation to **TAKE NO ACTION** in relation to the IGO takeover offer
- Assessment of funding alternatives continues

Panoramic Resources Limited (ASX: PAN “**Panoramic**” or the “**Company**”) provides an update on development progress at Savannah North and advises of the key outcomes from its recently completed operational review of the Savannah Project (“**Operational Review**”).

Savannah North development update

As recently announced, Panoramic has now accessed first development ore from the new Savannah North deposit. Ore development driving in the 1381 level of Savannah North continues, along with development of the primary infrastructure required to support stope ore production from the deposit.

Directors

PETER SULLIVAN

Non-Executive Chairman

VICTOR RAJASOORIAR

Managing Director & CEO

NICHOLAS CERNOTTA

Non-Executive Director

REBECCA HAYWARD

Non-Executive Director

GILLIAN SWABY

Non-Executive Director

TREVOR ETON

CFO / Company Secretary

Production of first stoped ore from Savannah North remains on target for the March 2020 quarter. The ramp-up of stoped ore volumes is then expected throughout the remainder of calendar year 2020.

Key operational issues to date during the re-start of the Savannah mine have predominantly been associated with remnant mining of the previously-mined Savannah orebody. The progressive increase in the proportion of ore sourced from Savannah North within the Savannah mine plan (relative to diminishing quantities of mined remnant ore from the Savannah deposit) is expected to be a key driver of improved operational performance at the Savannah mine over the next 12 months.

Objective, scope and key findings of the Operational Review

As announced in the Company's ASX announcement of 14 November 2019, titled: *Update on Savannah Project and IGO Offer*, the Company recently commenced a review of operations at Savannah (**Operational Review**) with the core objective of stabilising, improving and optimising operating performance and profitability.

All initial workstreams associated with the Operational Review have now been completed. The scope of these workstreams included:

- A detailed assessment and update of the Savannah life-of-mine schedule undertaken in conjunction with highly regarded industry consultant, Entech Pty Ltd;
- A review and optimisation of current operating cost levels and the forecast life-of-mine cost profile;
- Identification of opportunities to accelerate development to deliver further flexibility of ore sourcing; and
- Identification and implementation of initiatives to capture greater efficiencies, lift utilisation levels and enhance productivity within the underground operations.

The Operational Review has confirmed the integrity of the overall Savannah mine design and general operating parameters. It has also confirmed the absence of any fatal flaws in the overall project design and operating plan.

Key reliability and productivity opportunities assessed within the Operational Review and set to be implemented rapidly include:

- Diversification of backfill sources and utilisation; and
- Development acceleration, increased operational reliability and productivity gains through a planned transition to a predominant contract mining model.

Implementation of the updated life-of-mine schedule and Operational Review initiatives will be directly overseen at site by recently appointed General Manager (Operations), Mr David Hume. David is a Mining Engineer with more than 30 years' experience including significant underground operational management roles with Eldorado Gold, Perilya Mining, Newcrest Mining, Rio Tinto and Harmony Gold.

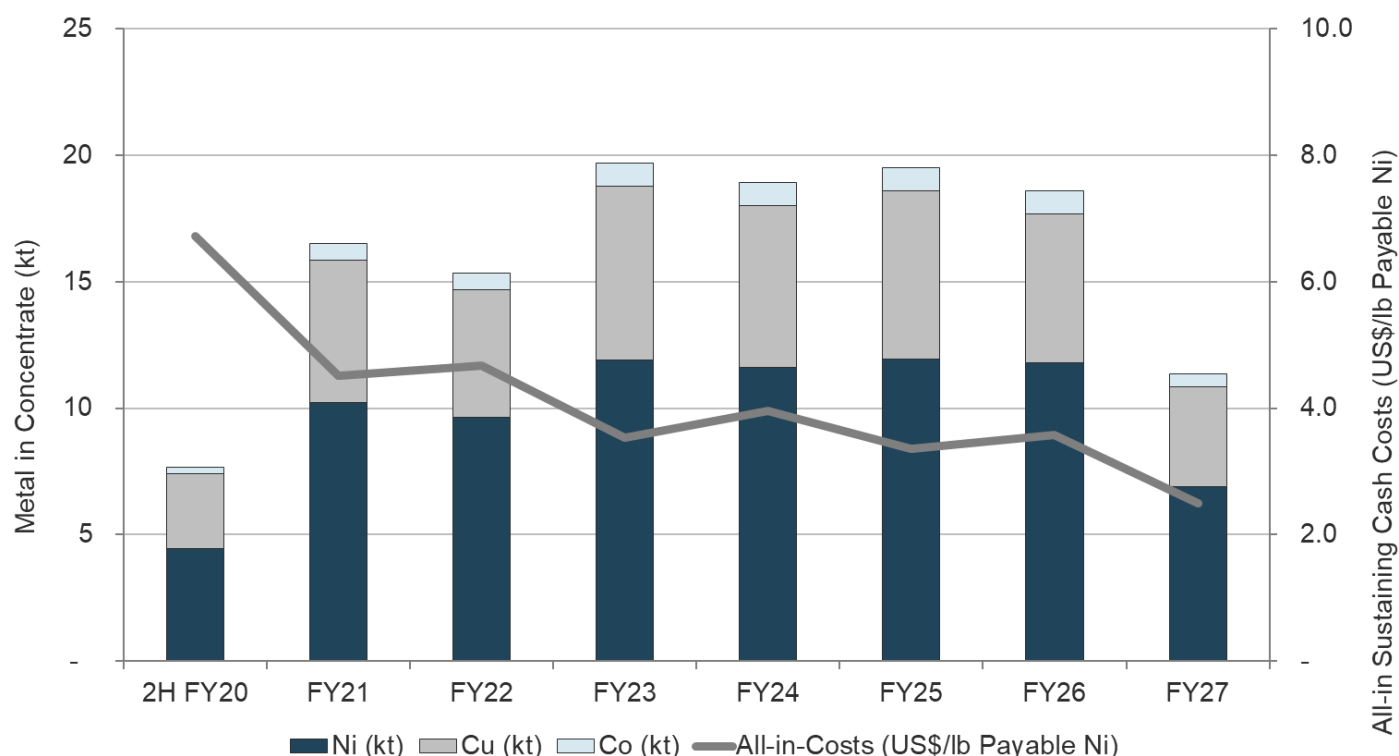
Updated Savannah life-of-mine schedule and cost forecasts

As part of the Operational Review, the life-of-mine schedule for the Savannah mine from the updated October 2017 Savannah Feasibility Study (as announced in the Company's ASX announcement of 27 October 2017) (**Feasibility Study**) was reviewed in detail and updated for the Company's current understanding of the remaining Savannah deposit and Savannah North orebody.

Revised production guidance for FY2020 of 7.0-7.5kt contained nickel, 4.5-5.0kt contained copper and 400-450t contained cobalt has previously been announced with respect to this schedule (*refer to the Company's ASX announcement of 25 November 2019*).

Figure 1 below provides a summary of key forecast parameters under the updated life-of-mine schedule (from 1 January 2020). It should be noted that the material assumptions underpinning those forecast parameters in Figure 1 are materially unchanged from the assumptions applying to the Feasibility Study.

Figure 1: Forecast Metal In-Concentrate Production (kt) and All-in Sustaining Costs (US\$/lb Payable Ni)



Note: All-in Sustaining Costs (AISC) are inclusive of all forecast site and product distribution operating costs, sustaining capital, royalties, by-product revenue credits, and exclusive of corporate and exploration costs. By-product credits and final metal payability levels are based on spot commodity prices and the A\$:US\$ FX rate as at 2 December 2019 of US\$6.19/lb Ni, US\$2.66/lb Cu, US\$16.01/lb Co and US\$0.68

Table 1 provides a summary of key physicals from the entire updated life-of-mine schedule (inclusive of actual production to date, residual forecast physicals to 31 December 2019 and the forecast physicals from 1 January 2020 contained in Figure 1) and compares these physicals with the equivalent output from the Feasibility Study.

Table 1: Key physicals from updated Savannah life-of-mine plan compared with equivalent outputs from Feasibility Study

Key parameters		Updated Savannah LOM incl. physicals to date (December 2019)	Feasibility Study (October 2017)	% change
Ore mined and processed	Mt	7.23	7.65	(5%)
Average nickel grade	% Ni	1.39%	1.42%	(2%)
Average copper grade	% Cu	0.66%	0.68%	(2%)
Average cobalt grade	% Co	0.09%	0.10%	(3%)
Contained nickel in concentrate	kt	83.7	90.2	(7%)
Contained copper in concentrate	kt	46.9	50.7	(7%)
Contained cobalt in concentrate	kt	6.1	6.7	(9%)

As outlined in Table 1, the updated Savannah life-of-mine schedule sees modest reductions in forecast mined tonnes (5%) and nickel grade (2%) relative to the Feasibility Study. It should also be noted that the revised Savannah mine plan still incorporates only 2.3% of Inferred resource material*, which compares with a similarly minimal 1.1% of Inferred resource material in the Feasibility Study.

***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 target itself will be realised.

A review of existing operating cost and sustaining capital levels and forward expectations was undertaken as part of the Operational Review.

The outcome of this cost review and re-forecast is presented in Figure 1 as a forecast product unit “all-in-sustaining cost” (**AISC**). These AISC estimates have been presented on a by-product basis (i.e. net of forecast net copper and cobalt revenue) with by-product revenue calculated using spot commodity prices and A\$:US\$ FX rate (see footnote to Figure 1 for further details).

The forecast average AISC for the residual life-of-mine at Savannah is US\$3.77/lb, being the weighted average of the figures presented in Figure 1 excluding the second half of FY2020 (which is considered non-representative given the ongoing ramp-up and accelerated development strategy to be employed at Savannah North during this period).

For comparability purposes, if commodity price and foreign exchange rate assumptions equivalent to those in the Feasibility Study are utilised, and the updated estimate is adjusted for interim inflationary impacts, then forecast residual life-of-mine average AISC is similar to the equivalent life-of-mine estimate of Sustaining Cash Cost outlined in the Feasibility Study (i.e. US\$3.50/lb).

Diversifying backfill sources and utilisation

In order to minimise the impact of short-term paste fill performance on stope sequencing, the mine plan has been modified to introduce selective pillars and alternative fill in certain areas of the mine, rather than singular reliance on paste fill.

The operations team plans to implement the following practices from January 2020 with respect to backfill:

- Use of unclassified waste rock backfill where possible;
- Select use of cemented rock fill (CRF) where applicable;
- Completion of the paste reticulation upgrade; and
- Engineering of options to de-couple the paste plant so as to utilise reclaimed tailings material as a paste material source.

Development acceleration, increased operational reliability and efficiency gains through targeted contract mining transition

Reliance on second-hand owner equipment and the practice of hire leasing of equipment, along with the use of multiple contractors on site, has combined to present ongoing challenges to increasing underground operating rates and efficiencies at the Savannah mine restart.

The Operational Review has evaluated several changes to the current mining operations model, which are expected to be implemented from early 2020. These changes include targeted incorporation of:

- Newer mine fleet and equipment delivering enhanced reliability;
- Access to superior maintenance and support services (including personnel); and
- Recruitment of additional operator skills and expertise.

To safely and efficiently accelerate delivery of forecast development and mining physicals through the adoption of these changes, a scope of works outlining the underground schedule and planning for the next three years has been provided to several Tier 1 mining contractors. Pricing indications are expected to be received by the end of December 2019 and, if in-line with preliminary expectations, the Savannah Project is planned to be transitioned to a predominantly contract mining operation in January 2020.

Further upside opportunities

Additional potential productivity, cost and life extension opportunities identified by the Operational Review for further assessment, but not currently incorporated in the updated Savannah life-of-mine schedule, include:

- **Concurrent development of the Savannah North upper crown area with the development of the Savannah North upper central zone.** This would present the acceleration of additional development ore as well as enhancing overall mining and operational flexibility.
- **Infill drilling of the adjacent Inferred Resources around the Savannah North Ore Reserve.** This program would target upgrade of a substantial proportion of this mineralisation to Measured and/or Indicated categorisation for potential conversion to Ore Reserves (and inclusion in the Savannah life-of-mine schedule). Of the total Savannah North Resource estimate of 175kt contained nickel, approximately 47kt is classified as Inferred.
- **Drilling of the multiple up- and down-plunge extensional targets where the Savannah North mineralisation remains open.** Now that underground development has reached the Savannah North deposit, the Company's ability to establish suitable drill platforms for underground drilling of these targets is significantly enhanced. Any extensional success naturally has strong potential to offer robust economics and life extension potential given its proximity to existing and planned underground infrastructure.

Funding assessment ongoing

The Company continues to assess options available to it in relation to its short-term funding requirement which, as previously announced, may include an entitlement offer of new shares to Panoramic shareholders. If an entitlement offer is pursued, the Panoramic Board will use its best endeavours to minimise any potential effects of such an offer on control of Panoramic.

TAKE NO ACTION in relation to the IGO Takeover Offer

Results of the Operational Review will be used to further inform the Board's consideration of the unsolicited, highly conditional off-market takeover bid by IGO that was announced on 4 November 2019 and opened on 25 November 2019 ("**IGO Takeover Offer**").

The Board has also commissioned KPMG to prepare an independent expert's report (including a technical report by SRK Consulting Pty Ltd) on the fairness and reasonableness of the IGO Takeover Offer to the non-associated shareholders of Panoramic.

The Panoramic Board reiterates that **THERE IS NO NEED TO TAKE ANY ACTION** in relation to the IGO Takeover Offer and Panoramic shareholders should not respond to the Bidder's Statement nor take any steps to accept the IGO Takeover Offer at this time.

Panoramic will respond formally to the IGO Takeover Offer in its Target's Statement which is expected to be sent to Panoramic shareholders in mid-December 2019. The Company recommends that Panoramic shareholders properly consider the Target's Statement and seek independent advice about the IGO Takeover Offer and its consequences.

The IGO Takeover Offer remains highly conditional and the Company expects that there will still be a significant period of time for Panoramic shareholders to determine a course of action following receipt of the Target's Statement. **There is no benefit in accepting the IGO Takeover Offer (or taking any other action) at this time given the highly conditional nature of the IGO Takeover Offer.**

The Panoramic Board will continue to make announcements on further developments so that shareholders remain fully informed.

Shareholders continue to be advised to TAKE NO ACTION in relation to the IGO Takeover Offer or any document received from IGO until they receive the Target's Statement and the Panoramic Board's formal recommendation.



Information on the IGO Takeover Offer can be found on the Panoramic website and a shareholder information line has been established which shareholders are directed to contact with any inquiries. The Panoramic shareholder information line is open from 9:00am to 5:00pm AEDT and can be contacted on the following telephone numbers:

- 1300 362 398; or
- +61 2 8355 1004

Update on sale of Thunder Bay North Project

Further to the announcement made by the Company on 6 November 2019, the Company and Benton Resources Inc. of Canada (TSX-V:BEX) (“**Benton**”) have agreed to extend the time by which a Definitive Agreement needs to be signed until 31 January 2020.

The signing of a Definitive Agreement is one of the conditions precedent to the completion of the sale of shares in its 100% subsidiary, PAN PGMs Canada Limited (“**Panoramic PGMs**”), to Benton for a C\$9.0 million purchase price, payable in cash by way of instalments.

Panoramic PGMs is the 100% owner of the Thunder Bay North PGM Project situated in Northern Ontario, Canada.

Whilst it is still possible, subject to the Definitive Agreement being signed and the conditions precedent being satisfied, that the first tranche payment of C\$4.5 million will be paid before the end of 2019, it is more likely payment will be in the first quarter of 2020.

For further details of the transaction, refer to the Company’s ASX announcement of 3 September 2019.

This ASX release was authorised on behalf of the Panoramic Board by: Victor Rajasooriar, Managing Director & CEO

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No New Information or Data

This announcement 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.

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.

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 pending a sustained recovery in the nickel price.

After delivering an updated feasibility study on the Savannah Project in October 2017, securing an offtake customer and putting in place project financing in July 2018, the Company made the decision to restart operations at Savannah with first concentrate shipped from Wyndham on 13 February 2019. The Lanfranchi Project was sold in December 2018 for a total cash consideration of \$15.1 million, providing additional financial support for the re-commissioning of the Savannah Project.

Apart from the nickel, copper and cobalt inventory at Savannah, the Company has a diversified resource base including 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, which is in the process of being sold to Benton Resources for C\$9 million. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold is an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% shareholding in Horizon.